

4 April 2019

Chris Morris  
Reporter  
Otago Daily Times

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Dear Chris

**Local Government Official Information and Meetings Act Request – Enterprise Dunedin Review**

I refer to your e-mail of 21 February 2019 requesting information relating to the Enterprise Dunedin Review. Answers to your questions are provided below.

1. A copy of the first draft of Martin Jenkins' report on Enterprise Dunedin sent to DCC.  
Please find a copy attached.
2. Copies of any subsequent correspondence between DCC reps (elected or staff) about Martin Jenkins' report(s), since DCC received the first draft.  
Copies of correspondence are attached.
3. Copies of any correspondence between DCC reps (elected or staff) and Martin Jenkins reps, since DCC received the first draft, covering any topic and up to the present date  
Copies of correspondence are attached.
4. A list showing how many drafts were submitted to the DCC before the final report was accepted  
Only one draft was submitted.
5. A copy of any final draft submitted, or any other document that exists, highlighting key changes in the Martin Jenkins report.

No document was submitted that highlighted any changes between the draft and the final document. However, the author of the report has advised that the only change made was the correction of a typo.

Yours faithfully

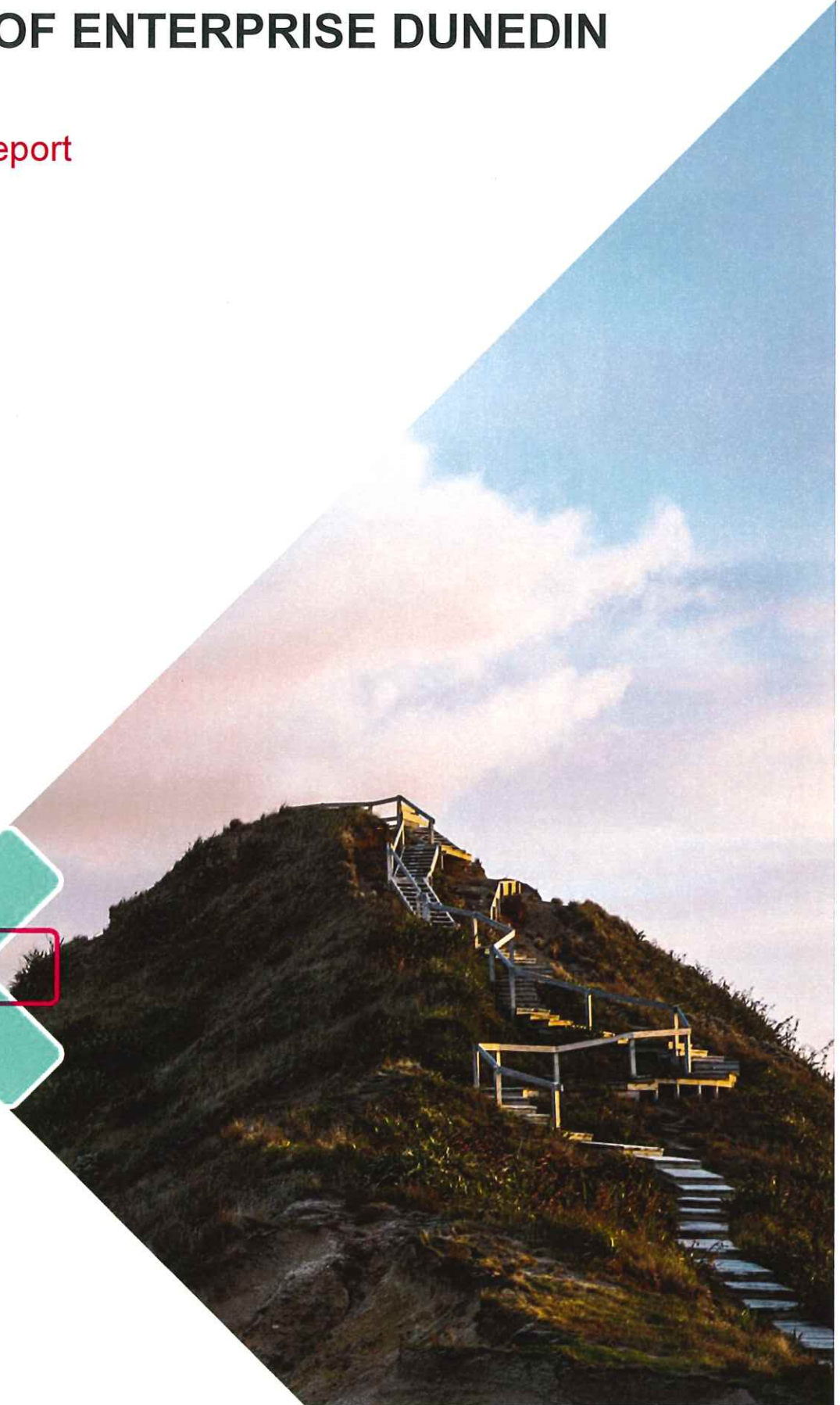
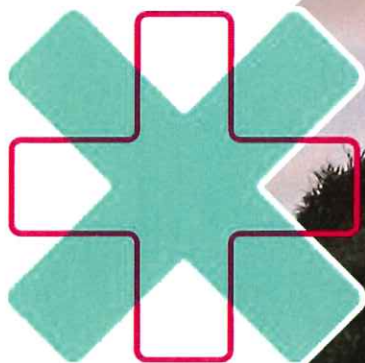


Jennifer Lapham  
Governance Support Officer

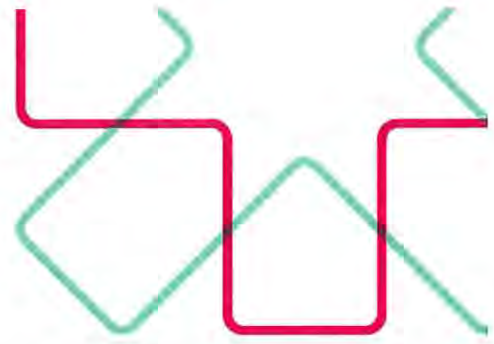
# REVIEW OF ENTERPRISE DUNEDIN

## Final Draft Report

18 September 2018







## CONTENTS

Executive Summary	1
Introduction	10
Strategic Context	16
Organisational Structure	27
Enhancing Delivery	40
Conclusions and Recommendations	56

## APPENDICES

Appendix 1 : Dunedin's Economy	59
Appendix 2 : Enterprise Dunedin – visitor sector survey summary	65

## TABLES

Table 1: Enterprise Dunedin Review - Approach	13
Table 2: Organisations Interviewed	14
Table 3: Summary of Interview Topic Guide	15
Table 4. Council economic development areas of focus, activities and resourcing	22
Table 5: DCC Investment in Enterprise Dunedin	23
Table 6: Key Economic Development Service Delivery Considerations	30
Table 7: Selection of economic development arrangements across New Zealand	31



# FIGURES

Figure 1:	Dunedin Strategic Framework	16
Figure 2:	Dunedin Destination Plan Actions	18
Figure 3:	Grow Dunedin Structure and Relationship to Project Groups	21
Figure 4:	Local government economic development spend as a proportion of operational expenditure (2015)	24
Figure 5:	Local government regional marketing and promotion spend per ratepayer (2015/16)	25
Figure 6:	Local government marketing and promotion spend per capita (2015/16)	25
Figure 7:	Growth in real GDP in Dunedin	59
Figure 8:	Compound annual growth in real GDP for Dunedin and New Zealand	59
Figure 9:	Growth in employment in Dunedin	60
Figure 10:	Compound annual growth in employment for Dunedin and New Zealand	60
Figure 11:	Population estimates for Dunedin for different age groups	61
Figure 12:	Growth in visitor expenditure in Dunedin over 2009-2018 (\$m)	64



# PREFACE

This report has been prepared for Dunedin City Council by Patrick McVeigh from MartinJenkins (Martin, Jenkins & Associates Limited).

MartinJenkins advises clients in the public, private and not-for-profit sectors. Our work in the public sector spans a wide range of central and local government agencies. We provide advice and support to clients in the following areas:

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MartinJenkins is a privately owned New Zealand limited liability company. We have offices in Wellington and Auckland. The company was established in 1993 and is governed by a Board made up of executive directors Kevin Jenkins, Michael Mills, Nick Davis, Allana Coulon and Richard Tait, plus independent director Hilary Poole.





# EXECUTIVE SUMMARY

## Introduction

In June 2018, Dunedin City Council (DCC) commissioned MartinJenkins to undertake a review of the city council's economic development unit, Enterprise Dunedin, with a view to identifying the best option for delivering economic development, tourism and promotion services in the future.

This report has been prepared following a process of desk research, stakeholder interviews and workshops with DCC councillors and the Grow Dunedin Partnership. The review spanned a four-month period from July 2018 to October 2018.

## Scope of the Review

The review provides a high-level assessment of the effectiveness of the current structure of Enterprise Dunedin, the in-house DCC agency which combines economic development agency, tourism and marketing functions, and to consider whether this is the most effective structure for the delivery of these services.

In considering the question of structure, the terms of reference for the review asked that consideration be given to three options:

- 1 **Status Quo** – with the responsibility for governance, funding and delivery continuing to be exercised by DCC in conjunction with Grow Dunedin Partners (GDP)
- 2 **External Council Controlled Agency (CCO)** – with the responsibility for economic development, marketing and tourism transferred to a CCO
- 3 **Mixed Model** – retaining status quo for either economic development or marketing and tourism and the responsibility for the remaining functions exercised by a COO

While the question of whether the agency should become a Council Controlled Organisation (CCO) is central to the review, to answer this question it has been necessary to adopt a wider focus on the context and rationale for the agency's activities, the effectiveness and efficiency of current services and the opportunities for improving delivery.

## Approach

The approach adopted consisted of five main stages to meet the review requirements

- **Project inception and establishment** – interviews with Enterprise Dunedin, DCC staff and Councillors, as well as workshops with the Economic Development Committee and Grow Dunedin Partnership Board.
- **Document review** – desk review of available strategies, plans, committee reports, and other relevant material provided to the review team.





- **Stakeholder interviews** – face to face and telephone interviews with local and national stakeholders.
- **Analysis** – syntheses of review findings, assessment of effectiveness of current arrangements and identification of opportunities for improvement.
- **Reporting** – formation of recommendations and report drafting.

Approximately 30 stakeholders were interviewed using a semi-structured topic guide focused on three key issues: the context and rationale of Enterprise Dunedin's activities; the effectiveness and efficiency of current services; and opportunities for improving delivery.

In addition, at the inception stage of the review, DCC requested that an additional on-line survey of a wider sample of tourism sector businesses and representatives was added to the approach. The survey was issued to 418 tourism sector contacts from Enterprise Dunedin's CRM and a total of 51 questionnaires were completed.

## Background to the Review

Enterprise Dunedin was established on 1 July 2014, bringing together DCC's previous economic development unit, the Dunedin i-SITE and the former functions of the CCO Tourism Dunedin into the new group responsible for the economic development and marketing of the city.

In terms of the total Council investment in economic development activities, this totalled around \$4.4 million in 2014/15 and has grown to around \$5.6 million in 2016/17. This rate, around 2% of total local government expenditure, is on par with the average level of local government investment across New Zealand.

## Review Findings

### Organisational Structure

In terms of economic development, Enterprise Dunedin, and DCC more generally, plays an important enabling and facilitation role, working to unlock future growth opportunities, to help connect existing businesses to appropriate support and services to enhance their growth and to attract secure investment into the city by attracting visitors, new residents, events, new businesses and investors. As well as helping new entrepreneurs and start-up businesses to establish themselves and create new jobs.

These are all typical functions of an economic development agency and in some cities, across New Zealand and elsewhere, there has been a trend to placing these activities, in structures that are at arm's length from local government. In New Zealand this would typically be achieved through the establishment of a CCO, with an independent private sector Board.

However, there is no single model or organisational structure that should be adopted and there should not be a 'one size fits all' approach. Stakeholder views on this question were mixed. Some felt that there was no question that a CCO was now required and that the 'experiment' to merge economic



development and city marketing and promotion into a single in-house unit of DCC had not delivered. Others felt that activities should be devolved out of Enterprise Dunedin to other organisations, or existing CCO's. Others still felt that organisational structure was inconsequential and there was no reason why the current structures could not be made to work.

In this instance, it is not clear that there would be a strong case for Enterprise Dunedin being established as a separate CCO. Given the relatively modest size of the unit and associated budget, the resulting organisation would unlikely be of sufficient size and scale to justify the change, particularly given the likelihood that council would still require some economic development capability to be maintained in-house to deliver wider council objectives.

While the case for change may not be immediately apparent, there are some additional benefits that come with a CCO model. Given the issues identified early in this report, some of the benefits appear to be relevant in the case of Enterprise Dunedin, including:

- Improved commercial focus arising from a company operating with a professional board of directors
- Independence arising from separation from political direction
- Streamlined bureaucracy enabling nimbleness and agility
- Ability to recruit and retain high-quality board members and staff
- Access to a wider range of funding sources

While these benefits need to be balanced against the possible disadvantages of a CCO model, for example less direct accountability, additional operating costs or reduced ability to manage risk, there is a case to be made that these benefits, if realised, would address some of the concerns raised by stakeholders during this review.

### **Recommended option**

Based upon the findings of the stakeholder interviews, a review of the available information and our wider experience, we have recommended that DCC should seek to enhance the current arrangements. We also considered whether the council should instead:

- Establish Enterprise Dunedin as a separate CCO
- Re-establish an economic development unit within DCC and transfer some activities to other organisations or existing CCO's
- Form separate city marketing and economic development units with DCC
- Establish a separate city marketing CCO

On balance, we believe that enhancing the status quo would be the most practical way forward. However, this assumes that the above recommendations for improvement are also implemented. Overall, our assessment of the pros and cons of the options and the Dunedin context suggests that the best option would be to implement the enhanced status quo. While this option only ranks slightly ahead of the alternative options, our view is that enhancing the current arrangements is the most pragmatic and cost-effective way of delivering the improvements necessary.



Our view is that there have already been considerable changes in the arrangements for economic development and city marketing over the course of the last 5 years and a more significant set of organisational changes, at this point in the policy and political cycle, would not only create uncertainty and disruption to service delivery.

Given the significant work associated with the forthcoming review of the Dunedin Economic Development Strategy as well as work associated with the development and implementation of Provincial Growth Fund activities, there would be a considerable delivery risk facing DCC if a more significant change was implemented at this time.

In addition, many of the improvements that are required to implement the enhanced status quo option, would also be required under most of the other options. These are key operational enhancements that, if implemented correctly, will make a considerable difference to the efficiency and effectiveness of the current performance of Enterprise Dunedin.

However, in recommending an enhanced status quo, some thought should be given to whether there are elements of the other options that could be incorporated. In particular, there may be some advantages of considering whether some of the current services delivered by Enterprise Dunedin that might be better contracted out or commissioned from another agency.

## Improving Delivery

In recommending that enhancing the status quo is the most appropriate way forward, the review makes it clear that there are a range of improvements necessary. In the main, these are operational, management and leadership issues, which are not necessarily a result of the current organisational structure. Consequently, it is questionable whether the current delivery model, specifically Enterprise Dunedin's status as an in-house agency within DCC, would need to change to address these areas for improvement.

The review identified several opportunities to enhance the current arrangements for delivering city marketing and economic development services across Dunedin. While the primary subject of the review is Enterprise Dunedin itself, in some instances we highlight wider issues of relevance to Dunedin City Council more generally or to the Grow Dunedin Partnership.

The findings are structured around five key themes:

- 1 Strategy and focus
- 2 Organisational capacity
- 3 Stakeholder relations, engagement and communications
- 4 Monitoring and reporting
- 5 Governance and advisory arrangements



## Strategy and focus

### Summary of findings

Enterprise Dunedin, and DCC more generally, plays a central role in progressing the objectives of the Dunedin Economic Development Strategy and has responded actively to new economic opportunities across the city, such as those associated with Gigcity, the emerging start-up sector or the current Provincial Growth Fund opportunities.

However, the absence of a detailed implementation plan, together with regular reporting and monitoring makes it difficult to demonstrate how much progress is being made against the Economic Development Strategy and whether a good return on investment is being realised.

One area where attention is required relates to the tourism sector. Tourism is an important part of Dunedin's economy and there is evidence that, at a strategy level, this is not fully reflected in the current arrangements. It is important that there is a focus on building shared momentum within destination related activities and there is an opportunity to work collaboratively with DunedinHost to produce a joint implementation plan that covers priorities contained in the Dunedin Destination Plan and the Tourism Growth Framework.

### Improvement recommendations

We recommend that

- 1 As part of the forthcoming revision of the Economic Development Strategy, DCC ensures that all stakeholders are fully engaged in the review process and that all aspects of economic development and city marketing are reflected in the revised strategy.
- 2 Following revision of the Economic Development Strategy, Enterprise Dunedin works with stakeholders to produce a detailed implementation plan which clearly identifies the roles of all stakeholders.
- 3 In preparing this implementation plan, Enterprise Dunedin works with the wider destination sector to give effect to the objectives and priorities of the Dunedin Destination Plan and to reconcile, where possible the Destination Plan actions and those contained in the Tourism Growth Framework.

## Organisational capacity

### Summary of findings

Enterprise Dunedin faces challenges that are not uncommon in any economic development organisation. Economic development encompasses a wide range of activities and ensuring that any organisation has access to the prerequisite skills and resources across all areas of activity is an ongoing task.

With regards to tourism activities, Enterprise Dunedin faces clear capacity challenges. This is a specific area of concern for many stakeholders, and there has been a loss of strategic capabilities and leadership in this area. This has been compounded by the failure to establish the proposed marketing



advisory group and a lack of true tourism sector representation on GDP. Addressing the current lack of tourism expertise and skills, specifically at a management level, should be a priority. In addition, given the importance of the tourism sector to Dunedin's economy there is a case for considering how additional financial investment might be made in destination marketing activities.

As part of DCC, Enterprise Dunedin has access to a wide range of other resources and expertise that would be more difficult to access if they were a separate organisation. However, on the other hand being part of council can perhaps make the organisation less agile, or at least perceived to be less agile.

There is a need to ensure that those activities that are market facing are delivered with enough commercial acumen and experience. Being part of DCC does not automatically mean that Enterprise Dunedin is not able to operate with a commercial focus, but there is a need to manage the interface with the political machinery carefully.

It is also clear that the economic development impacts associated with DCC activities go beyond the work of Enterprise Dunedin and the council will always need to have some economic development capability and capacity in-house.

## **Improvement recommendations**

We recommend that:

- 1 DCC establish and recruit a new senior city marketing manager position and recruit a senior and experienced marketing professional with experience and credibility across the visit, study, work and live continuum. This person should have lead responsibility for all of Enterprise Dunedin's destination related activities and can engage strategically with the city's visitor sector.
- 2 Enterprise Dunedin ensures that any open vacancies within the structure are recruited to ensure sufficient capacity is in place to support current and proposed activity and to support effective engagement with stakeholders and partners.
- 3 DCC consider whether additional resources can be available, through council, from private sector partners or as part of central processes such as the Provincial Growth Fund, to support future activities and specifically whether there are any additional resources available to support destination marketing activities.
- 4 DCC and Enterprise Dunedin consider whether some existing market facing activities or services, particularly those that are tourism related, might be better outsourced to another organisation or partner.

## **Stakeholder, engagement and communications**

### **Summary of findings**

The review has identified a clear need for a more strategic and proactive approach to communication across all of Enterprise Dunedin's activities. In terms of the visitor sector, it is clear that there has been a breakdown in the relationship across the sector and that this should be a priority area for improvement.



Given the ongoing importance of the tourism sector to the Dunedin economy, together with the opportunity for further growth, as well as the challenge presented from growth in other regions, it is critical that a constructive relationship is formed. This will require change from all parties and the process of rebuilding requires strong collective leadership and a willingness to move forward to benefit the whole sector and the city more widely.

In other areas, Enterprise Dunedin also needs to improve the consistency and frequency of stakeholder engagement and communication, but by and large the building blocks are already in place and there is just a need for more focus and a more systematic and managed approach.

### **Improvement recommendations**

We recommended that:

- 1 Dunedin City Council and Enterprise Dunedin invest time and attention to rebuilding the relationship with the tourism sector, this should involve an open and constructive dialogue across the sector which results in a shared improvement plan and commitment to changing the dynamic on all sides.
- 2 Enterprise Dunedin develops and implements a new stakeholder engagement and communications framework and customer relationship management approach, which should be based on consultation with stakeholders to ensure that there is a commitment to regular two-way engagement, communication and collaboration.
- 3 As part of this approach, Enterprise Dunedin introduces a voice of the customer measure across all areas of activity, this could possibly be an extension of the Net Promoter Score (NPS) model used in the Regional Business Partner Programme. The results of the voice of customer measure should be reported regularly to demonstrate progress and identify areas for improvement.

## **Monitoring and reporting**

### **Summary of findings**

Enterprise Dunedin are taking proactive steps to improve their approach to performance management, the development of clearer investment logic mapping and the think, plan, do approach that has also been introduced should be welcomed. However, these approaches are still relatively new, they have not been extended to all activity areas, they do not appear to be visible to stakeholders and it's not yet clear how they are being used to drive performance. Integrating these approaches in a wider performance framework would be a logical next step.

Similarly, there are some areas where consideration should be given to a more systematic and comprehensive approach to project review and evaluation. This could be reserved for those activities that are high strategic priority and where there has been considerable resource investment over time. Over the longer term, the extension of the investment logic mapping approach will also provide a solid foundation for ex-ante and ex-post evaluation.

In terms of reporting on the wider performance of the city's economy, Enterprise Dunedin could play a useful role, working with partners, to co-ordinate and disseminate accurate and timely information on key economic, sector and labour market data.



## Improvement recommendations

We recommend that:

- 1 Enterprise Dunedin ensures that where significant investments are made, there are clear performance measures in place and that the think, plan, do and investment logic mapping approach is applied. For larger and multiyear projects, undertake more comprehensive project reviews and evaluations that provide evidence of outcomes and impacts of investment over time.
- 2 Enterprise Dunedin ensures that progress against performance measure are regularly reported to the Economic Development Committee, the Grow Dunedin Partnership Board and to wider stakeholders and ratepayers. This should also include wider reporting on the performance of the Dunedin economy.
- 3 Enterprise Dunedin ensures that all relevant committee papers and reports prepared by Enterprise Dunedin are easily accessible via the Enterprise Dunedin and DCC websites and that key decisions are clearly communicated to stakeholders.
- 4 Enterprise Dunedin prepares and disseminate an annual report or review on all projects and programmes for distribution to stakeholders. The report should include a forward looking work programme that provides advanced information on planned activities, the aims and objectives of those activities and how success will be measured.

## Governance and advisory

### Summary of findings

It is important that Enterprise Dunedin has access to appropriate advice and experience to support decision making and action across all of its activities, strategic and operational. This could be provided by the Grow Dunedin Partnership and the various advisory groups that have been established or proposed. However, the current arrangements do not appear to be fulfilling their intended purpose, and the expertise that should be available to advise and support Enterprise Dunedin is not being fully utilised.

This appears in part to be a result of a lack of clarity on the role of the various groups and how they relate to each other, and in part it appears to be a result of a lack of structure and process around how the groups are supported and utilised. While the 2015 review of the governance of GDP led to some enhancements in the way in which the GDP Board operates, it does not seem that all of the recommendations have been fully implemented.

A further issue is the primary focus on the governance of Enterprise Dunedin, rather than the wider issue of governance as it relates to the Economic Development Strategy and the extent to which partners are working together to progress the shared objectives and collective actions contained within the strategy.



## Improvement recommendations

We recommend that:

- 1 A new simplified governance structure is put in place to provide ongoing support and advice to DCC and Enterprise Dunedin. This structure should build upon the current GDP Board but needs to ensure appropriate representation from all stakeholders and industry groups.
- 2 The new Board plays a key role on the development of the revised Economic Development Strategy, with a primary focus on the long term sustainable and inclusive growth of the Dunedin economy.
- 3 An independent chair is appointed by members of the Board and that the secretariat services are provided by DCC. Where additional advisory or working groups are require, these should be established as sub-groups of the new Board. As a general rule these sub-groups should be time limited groups tasked for a specific purpose.
- 4 Clarify and communicate governance and reporting arrangements between Enterprise Dunedin, the Economic Development Committee and the new Board to ensure that roles, responsibilities and sequencing of reporting and decision making is clear and transparent.
- 5 The Board runs on a quarterly meeting cycle and a standing agenda that monitors the performance of the Dunedin economy and considers the longer-term strategy for the city. In addition, operational funding decisions should be removed from the Board's remit, but some funding should be available to provide strategic economic insight and intelligence and to commission feasibility studies and business case development for major strategic initiatives.





# INTRODUCTION

In June 2018, Dunedin City Council (DCC) commissioned MartinJenkins to undertake a review of the city council's economic development unit, Enterprise Dunedin. The review is focused on the effectiveness of the current structure of Enterprise Dunedin, with a view to identifying the best option for delivering economic development, tourism and promotion services in the future. This report has been prepared following a process of desk research, stakeholder interviews and workshops. The review spanned a three-month period from July 2018 to September 2018.

## Background to the Review

It is helpful to start with a brief explanation of the background to this review, specifically it is helpful to understand the context of the city marketing review undertaken in 2013 and the subsequent establishment of Enterprise Dunedin.

### Dunedin City Marketing Review (2013)

In 2013 DCC commissioned Dr Lisa McNeill of McNeill Consulting to *“review and evaluate options for establishing a single marketing agency for Dunedin bringing together the marketing functions of the Council and Tourism Dunedin, to improve marketing outcomes for the city”*<sup>1</sup>

The city marketing review, which encompassed desk research, stakeholder interviews and steering group discussions, found that while Dunedin had a distinctive city brand there was a lack of city-wide organisation for strategic development and implementation of the brand. A clear case for change was established which highlighted the perceived opportunities that existed from implementing a city-wide marketing approach which extended beyond individual organisation or sector priorities.

As part of the review a range of operational models were assessed, and four options considered, specifically:

- 1 The establishment of an in-house marketing unit, formalised within DCC, with a separate advisory board
- 2 The creation of an external marketing unit as a Council Controlled Organisation
- 3 The appointment of an advertising agency contractor
- 4 Maintaining the status quo and establishing a new advisory board

The city marketing review, informed in part by the expressed preference of the 19 stakeholders interviewed as part of the process, recommended either a centralised or hybrid approach. The centralised approach would see the establishment of a marketing unit within DCC responsible for city marketing strategy, headed by a unit director responsible for developing overarching strategic initiatives for the city. The unit would be guided by a separate advisory board with representatives

<sup>1</sup> Dunedin City Council Marketing Review, Final Report, McNeill Consulting, 2013



from the tourism, education, business and community sectors, and with governance representation from DCC, focussed on assessment of the performance of the unit.

The hybrid marketing unit structure, which was recommended as the preferred option, would also have a board that reflected the key economic development areas of tourism, education, business and community, but would primarily be a skills-based board with the ability to assess marketing strategy, campaign performance and return on investment in these areas as well as in a broader city marketing sense. In this model, the unit director would have a strong background in marketing strategy and campaign management and would report to the advisory board on a quarterly basis and would be charged with ensuring a cohesive city-wide strategy is implemented by co-ordinating strategic initiatives across sectors.

## Establishment of Enterprise Dunedin

In considering the city marketing review findings, and following consultation with key stakeholders and staff, DCC on 23 January 2014 considered two further refined options, these being the establishment of an in-house marketing agency or the creation of a new marketing agency established as a CCO. The confidential report to council recommended that an in-house marketing agency would be established, based upon the hybrid model and guided by a skills-based advisory board.

In agreeing this recommendation, DCC made several specific resolutions, including to:

- Bring all city marketing functions together into a single marketing agency
- Establish the agency as an in-house agency covering tourism, education and business sectors
- Establish a marketing skills-based Advisory Board to advise the new agency, with the process for appointment to this board coming back to the Council prior to the establishment of the new agency
- Disestablish the CCO Tourism Dunedin with functions, budgets and appointed staff transferring to the new agency
- Establish as Transition Advisory Group to advise on the operational elements of the transition, noting that this group would be different from the advisory board
- Review the operation of the new agency at the end of 2015, including examination of whether the activities of the agency would benefit from becoming a CCO

In line with the DCC decision, Enterprise Dunedin was established on 1 July 2014, bringing together DCC's previous economic development unit, the Dunedin i-SITE and the former functions of Tourism Dunedin into the new group responsible for the economic development and marketing of the city.

## Scope of the Review of Enterprise Dunedin

The need for this current review stems from the original 2014 DCC decision to establish Enterprise Dunedin as a new *"in-house City marketing agency to align the city's promotional activities across key*



sectors and drive better marketing outcomes for the city.”<sup>2</sup> At the time of establishment, DCC resolved that “the Council reviews the operation of the new marketing agency at the end of 2015, and this review include examination of whether the activities of the agency would benefit from becoming a CCO”<sup>3</sup>

This review delivers on the original commitment to review the operations of the single city marketing unit. The review is intended to be a high-level assessment of the effectiveness of the current structure of Enterprise Dunedin, the in-house DCC agency which combines economic development, tourism and marketing functions, and to consider whether this is the most effective structure for the delivery of these services.

The timing of this review, while later than the Council's original intention, is opportune. While national economic growth has generally been strong, there have been signs of a slowdown and certainly business confidence has been falling over recent months.

As a city, Dunedin's economic performance has been mixed<sup>4</sup> and although the city has many opportunities for growth due to its research and knowledge base, pool of creative enterprises and people, and range of amenities, it naturally continues to face the challenges of scale, access to talent and connectivity challenges and how to balance growth and maintain its unique character and high-quality lifestyle. These issues are recognised in the Dunedin Economic Development Strategy, adopted in 2012 and developed in partnership with key stakeholders. The strategy covers the 2012-2022 period and DCC has also committed to a refresh of the Economic Development Strategy in the near future.

Consequently, it is important to ensure that the model for the delivery of economic development services is fit for purpose and future proofed. In addition, Central government is also placing greater emphasis on regional development and the ability to partner with capable local organisations to deliver national services. The emergence of the Provincial Growth Fund (PGF) as a mechanism for supporting economic development is also an important opportunity for Dunedin. The recent allocation of \$820,000 from the PGF to support the feasibility study and business case for a major waterfront development in the city should be welcomed. Looking forward, it is essential that the city has the right arrangements in place to fully capitalise and implement on these opportunities.

In considering the question of structure, which is the fundamental focus of this review, DCC has requested that consideration is to be given to three options:

- 1 **Status Quo** – with the responsibility for governance, funding and delivery continuing to be exercised by DCC in conjunction with Grow Dunedin Partners (GDP)
- 2 **External Council Controlled Agency (CCO)** – with the responsibility for economic development, marketing and tourism transferred to a CCO
- 3 **Mixed Model** – retaining status quo for either economic development or marketing and tourism and the responsibility for the remaining functions exercised by a CCO

<sup>2</sup> Dunedin City Council Press Release “DCC to Establish New Marketing Agency” 29 January 2014

<sup>3</sup> Dunedin City Council Resolution

<sup>4</sup> See Appendix 1



While the question of whether the agency should become a Council Controlled Organisation (CCO) is central to the review, to answer this question it has been necessary to adopt a wider focus on the context and rationale for the agency's activities, the effectiveness and efficiency of current services and the opportunities for improving delivery. That said, the focus of the review is still primarily on the appropriateness of the current in-house delivery structure, rather than assessing whether existing services should be altered, halted or whether new services should be added.

It should also be noted that one of the key recommendations of the city marketing review was the establishment of skills-based advisory board that would inform Enterprise Dunedin's marketing and promotion activities. However, the board, which was central to the recommended model and reflected in the DCC resolution, was never established. It is therefore worth acknowledging at the outset of this review that the absence of the advisory board is significant in terms of the implementation of the original decision to establish Enterprise Dunedin and has a bearing on the ability to assess the effectiveness of the current arrangements.

## Review Methodology

### Approach

The approach adopted for this current review consisted of five main stages as outlined in the following table.

**Table 1: Enterprise Dunedin Review - Approach**

Stage	Key Tasks	Timeline
Project inception and establishment	<ul style="list-style-type: none"> <li>• Inception meeting with DCC Chief Executive</li> <li>• Interviews with DCC staff and councillors</li> <li>• Workshop presentation and discussion with DCC Economic Development Committee</li> <li>• Workshop presentation and discussion with Grow Dunedin Partnership</li> </ul>	10 <sup>th</sup> – 13 <sup>th</sup> July 2018
Documentation review	<ul style="list-style-type: none"> <li>• Review of available strategies, plans, committee reports and other relevant material provided</li> <li>• Review of original 2013 City Marketing Review findings</li> </ul>	13 <sup>th</sup> July – 3 <sup>rd</sup> August 2018
Stakeholder interviews	<ul style="list-style-type: none"> <li>• Development of topic guide</li> <li>• Identification of key stakeholders</li> <li>• Face to face and telephone interviews with stakeholders</li> </ul>	6 <sup>th</sup> August – 17 <sup>th</sup> August 2018
Analysis	<ul style="list-style-type: none"> <li>• Analysis and synthesis of review findings</li> <li>• Assessment of effectiveness of current arrangements</li> <li>• Identification of opportunities for improvement</li> </ul>	13 <sup>th</sup> August – 24 <sup>th</sup> August 2018
Reporting	<ul style="list-style-type: none"> <li>• Preparation of draft report</li> <li>• Presentation to DCC Economic Development Committee</li> <li>• Final report</li> </ul>	August – October 2018



Throughout the review process, we have sought to triangulate our findings across each of the stages to inform our assessment of the efficiency and effectiveness of the current arrangements. This is necessary as the nature of the performance data available across each of Enterprise Dunedin’s activities is relatively light. This is not unusual, typically the impact of economic development activities is difficult to measure, and questions of causality make attribution a challenge.

In reviewing the available documentary evidence, we have drawn upon information and evidence provided to the review team or that which is readily accessible through the DCC and stakeholder websites. Consequently, there may be gaps in our understanding if there are other supporting materials that have not been provided, or that we have not managed to access.

## Stakeholder Interviews

In selecting key stakeholders to interview, we sought to strike a balance between inclusivity and representation, keeping in mind budget and time constraints. Our approach, consistent with other reviews of this nature, was to seek interviews with the following groups:

- Representatives of the governance and senior management of council
- Enterprise Dunedin staff and managers
- Grow Dunedin Partners including Ngāi Tahu, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers Association and the University of Otago
- Central government agencies that have experience of working with Enterprise Dunedin
- Representatives of local stakeholder and sector groups with involvement and interest in the work of Enterprise Dunedin

In total approximately 30 interviews were conducted, the majority of which were face to face, but a small number were completed by telephone and one respondent provided a written response. Only one interviewee declined to be interviewed on the basis that they were not sufficiently familiar with the work of agency. As part of the inception stage, we also interviewed six staff and managers from within Enterprise Dunedin, taking the total number of interviews to 34. Table 2 provides details on the organisations interviewed and the sector they primarily represent. In some instances, more than one respondent was interviewed from the named organisation.

**Table 2: Organisations Interviewed**

Organisation	Sector	Organisation	Sector
Dunedin Host	Visitor	University of Otago	Tertiary/GDP
OCCI Tourism Group	Visitor	Otago Polytechnic	Tertiary/GDP
Lanark Castle	Visitor	NZTE	Government
Tourism New Zealand	Visitor	MSD	Government
Air New Zealand	Visitor	Dunedin City Council	Local Government
Otago Girls High School	Study/Visitor	Enterprise Dunedin	Local Government
Innov8HQ	Commercial	Dunedin City Holdings	CCO



Organisation	Sector
Fisher & Paykel	Commercial
Esca	Commercial
Otago Chamber of Commerce	Employer/GDP
OSEA	Employer/GDP

Organisation	Sector
• Dunedin Railways	CCO
• Dunedin International Airport	CCO
• Dunedin Venues Management	CCO
Ngāi Tahu	Iwi/GDP

## Analysis

The stakeholder interviews followed a semi-structured format, supported by a pre-prepared topic guide which focused on three major issues and related questions, summarised in table 3 below.

**Table 3: Summary of Interview Topic Guide**

Topic	Key Questions
<b>Context and rationale:</b>	<ul style="list-style-type: none"> <li>• What are the key economic development opportunities and priorities for Dunedin that should be addressed?</li> <li>• Is the delivery of economic development services through Enterprise Dunedin consistent with these opportunities and priorities?</li> </ul>
<b>Effectiveness and efficiency of current services:</b>	<ul style="list-style-type: none"> <li>• How well are current activities being delivered through the Enterprise Dunedin model?</li> <li>• How well are services being coordinated with partner organisations and organisations delivering related support?</li> </ul>
<b>Opportunities for improving delivery:</b>	<ul style="list-style-type: none"> <li>• Are there alternative governance and delivery arrangements or models that could be more effective or efficient than the current model?</li> <li>• What are the pros and cons of these arrangements compared to the existing model?</li> </ul>

## Visitor Sector Survey

In addition, at the inception stage of the review, DCC requested an additional on-line survey of a wider sample of tourism sector businesses and representatives be added to the approach. This survey, the results of which are reported separately in Appendix 2, mirrored the interview guide used for the face to face stakeholder interviews as designed and administered through the SurveyGizmo platform. The survey was completed by 51 respondents, issued to a sample of 418 organisations, drawn from a database of 522 tourism organisation provided by Enterprise Dunedin.



# STRATEGIC CONTEXT

At the outset of this review it is worth considering the wider strategic framework within which Enterprise Dunedin operates, as well as the key strategies and plans that inform their activity.

## Dunedin Strategic Framework

Activities undertaken and supported by DCC are informed by the Dunedin Strategic Framework, as shown below.

Figure 1: Dunedin Strategic Framework



As part of DCC, all parts of this framework to varying degrees, are relevant to the work of Enterprise Dunedin. Of particular relevance is the Dunedin's Economic Development Strategy.



## Dunedin Economic Development Strategy

The Dunedin Economic Development Strategy was adopted by DCC in September 2012 and is focused on the 2013-2022 period. The Economic Development Strategy was the result of an extensive process, stretching back to 2010 and involving a range of key stakeholders including DCC, the Otago Chamber of Commerce, Otago Southland Employers' Association, Otago Polytechnic, University of Otago and Ngāi Tahu. The vision for the strategy is that "*Dunedin is one of the world's great small cities. We are renowned as a confident, competitive knowledge centre, a community where enterprise and creativity support a productive and sustainable city.*"<sup>5</sup>

This vision is supported by the two specific economic goals of

- 10,000 extra jobs over 10 years, and
- An average of \$10,000 extra income for each person

Beneath these goals sit five strategic themes: business vitality; alliances for innovation; a hub of skills and talent; linkages beyond our borders; and a compelling destination. Then within these themes, the strategy identified a series of initial actions. The framework provided by the Economic Development Strategy has informed the focus, actions and interventions of DCC generally and Enterprise Dunedin specifically.

Beyond the Economic Development Strategy, the other plan that is particularly relevant to the work of Enterprise Dunedin, which flows from the above framework and is an initiative of the Economic Development Strategy, is the Dunedin Destination Plan.

## Dunedin Destination Plan

In May 2018 DCC approved a new destination plan for the city covering the period to 2023. The Dunedin Destination Plan was developed by DCC in collaboration with stakeholders. The plan proposes a series of action areas that will inform activities of Enterprise Dunedin and industry stakeholders.

The vision articulated in the plan is for Dunedin to be "a compelling destination, with highly regarded attractions, education and lifestyle experiences" with the purpose of attracting visitors, investors and migrants.

The plan is presented as an initiative of the Economic Development Strategy, although it is worth noting that there was a considerable time lag between the adoption of the Economic Development Strategy and the preparation of the Destination Plan. The plan sets five goals, which can themselves be linked back to the Economic Development Strategy:

- 1 Ensure Dunedin is a great place to live, visit, study, work and invest
- 2 Maximise strategic opportunities and spend to support destination activity
- 3 Share resources and work collaboratively to develop innovative actions that can be delivered within fiscal constraints

<sup>5</sup> Dunedin Economic Development Strategy 2013-2022



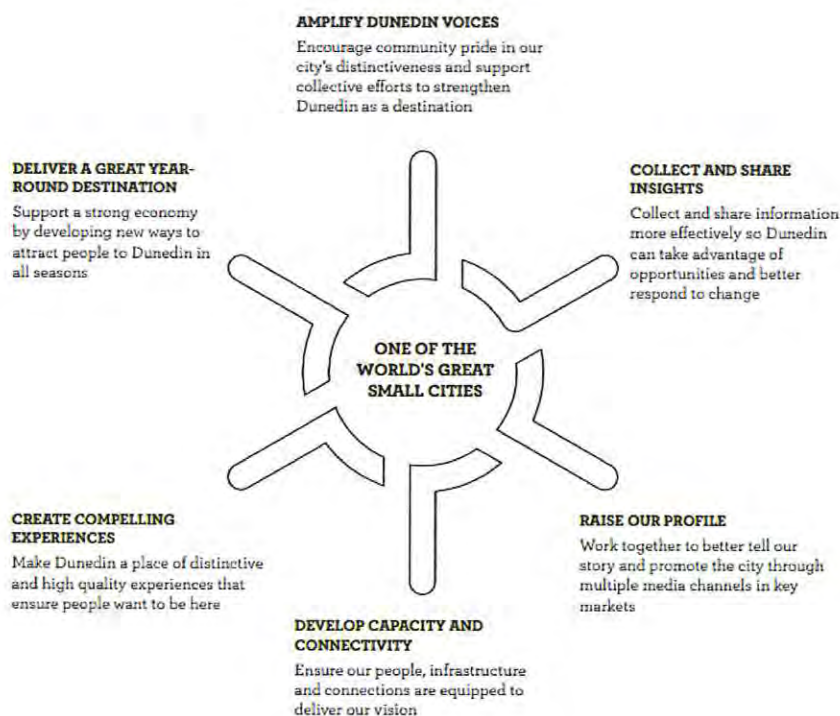


- 4 Maintain and build pride in Dunedin’s distinctiveness
- 5 Sustain and enhance our natural and built environment for the benefit of residents and visitors

The plan also proposed an annual Marketing Prospectus for the city, although a prospectus has not yet been produced for the current year, it is worth noting that an annual marketing prospectus was previously produced by Tourism Dunedin prior to disestablishment.

Sitting beneath the plan’s goals are a series of destination actions and activities, with associated success areas. The overall shape of the actions is summarised in Figure 2 below which is taken directly from the Destination Plan.

**Figure 2: Dunedin Destination Plan Actions**



While the plan provides significant detail on the proposed activities under each action, and on how success will be measured, it is not supported by further detail on lead responsibilities, resourcing or times. In addition, while the Destination Plan acknowledges the fact that there is also a draft Dunedin Tourism Growth Framework, developed by DunedinHOST, the primary industry body for tourism operators in and around Dunedin, the points of connection between the two strategies and how they will work in concert is less apparent.



## GigCity and Smart City Initiatives

A further strategic development, which also emerged post completion of the Economic Development Strategy was the December 2014 announcement that Dunedin was the winner of Chorus's 'Gigatown' competition, meaning that the city would be prioritised for fibre roll-out, have access to 1 gigabit per second internet speeds and standard fibre prices, and receive funding from Chorus for community and business projects relating to fibre use.

As part of the application, stakeholders from across the city collaborated to produce a 'Plan for Success' which described the steps the city would take to leverage the advantages of Gig fibre roll-out. The Plan for Success informed the work of partners, including DCC and Enterprise Dunedin, and over time DCC has assumed more of a leadership role to ensure that the city is able to more fully capture smart city outcomes. For Enterprise Dunedin, there are a number of associated actions and opportunities that most obviously sit with the unit's work skills set and where the team might reasonably be expected to play a leadership or facilitation role.

## Current Governance and Advisory Arrangements

While Enterprise Dunedin is a unit of DCC and is accountable to the council's Economic Development Committee, its activities are in part informed by a number of existing governance and advisory arrangements, specifically the Grow Dunedin Partnership Board and associated advisory groups.

### Grow Dunedin Partnership Board

Following the completion of the Dunedin Economic Development Strategy, the Steering Group that was put in place to inform the development of the strategy was retained in the form of the Grow Dunedin Partnership (GDP). The Partnership was established to develop and implement the Economic Development Strategy and consists of:

- DCC
- Otago Polytechnic
- University of Otago
- Otago Southland Employers Association
- Otago Chamber of Commerce
- Ngāi Tahu

The Partnership is governed by the Grow Dunedin Board. The specific objectives of the Board<sup>6</sup> are to:

- Identify and verify potential projects to facilitate economic growth in Dunedin
- Raise the awareness and profile of Dunedin from an economic perspective

<sup>6</sup> Grow Dunedin Board, Terms of Reference



- Ensure responsible investment of ratepayer and other investor/stakeholder funding in economic development initiatives
- Communicate progress to the Dunedin City Council and other investors/stakeholders on a regular basis

The membership and governance role of GDP was reviewed in 2015<sup>7</sup>. At this time, it was recognised that there was a need to widen the membership of the group, specifically it was determined that there was a need to include independent members on the group, to widen the representation of GDP beyond the original members. Independent membership was noted as bringing the additional benefits:

- A broader expertise set around the governance table
- A greater voice for key business sectors at the governance table, thus supporting the constructive engagement of these players in GDP
- Greater transparency and independence in decision making around projects that are funded and/or supported by the DCC via the Grow Dunedin Partnership. An issue at present is that GDP is approving projects that are directly or indirectly undertaken by the very organisations they represent.

It was agreed that that five independent members would be added to form a high-level governance board (the GDP Board), bringing the total membership of GDP to 12 members, including two DCC members in the form of the Chair of the Economic Development Committee and the DCC Chief Executive or their nominee. GDP would be chaired by the Chair of DCC Economic Development Committee and the Deputy Chair would be elected by the GDP Board from within their own ranks.

It was further agreed that GDP would meet at least six times a year and that where project steering groups or reference/advisory groups were required there would be a standardised approach so that:

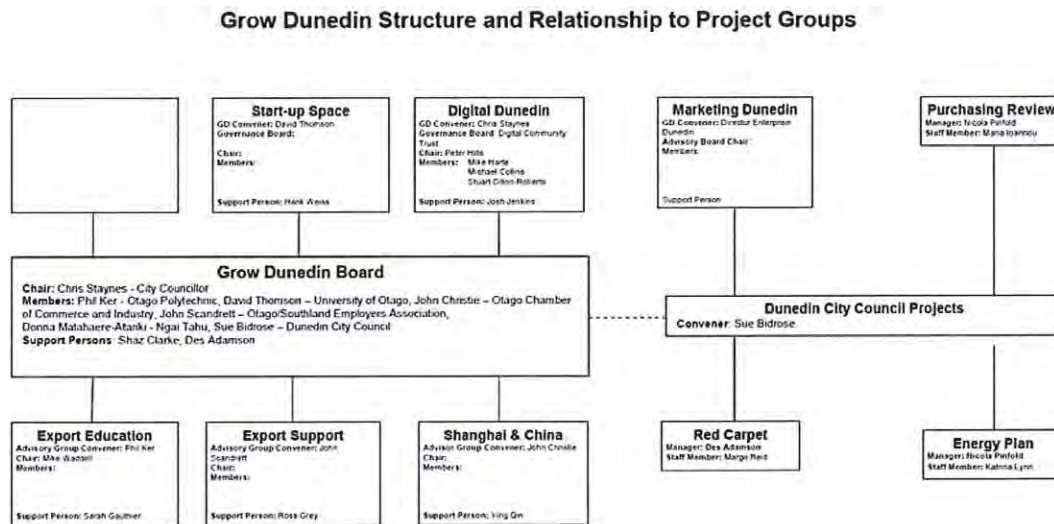
- Steering groups or equivalent would be established for each project
- Each group would have a Terms of Reference approved by the GDP Board
- The Chair of each group would be approved by the GDP Board
- Each project group would have a GDP Board member assigned in a liaison role ensuring that
  - The group meets on a regular basis
  - There is appropriate budgetary control
  - Key milestones are being met

The relationship between the Grow Dunedin Board and other project groups is illustrated in Figure 3.

<sup>7</sup> DCC, Economic Development Committee, 7th September 2015, Grow Dunedin Partnership Steering Group – Changes to the Membership and Governance Role, Attachment A



Figure 3: Grow Dunedin Structure and Relationship to Project Groups



**Notes:**

1. Conveners are ex-officio members on the
2. Dunedin City Council Project teams have a dotted line reporting function to the Grow Dunedin Board but report directly to their respective managers for project delivery.
3. The support person reports to the Advisory Group/Advisory Board or Governance Board for their project delivery performance

Source: Grow Dunedin Board, Terms of Reference

It was also noted that GDP, in conjunction with Enterprise Dunedin, would maintain an up-to-date knowledge base on matters important to Dunedin’s economic vitality. This knowledge base would in turn be used to identify potential areas of focus for future projects and opportunities to contribute to debate or lobbying on behalf of businesses and organisations where it was agreed that there were significant economic implications involved.

The retention and expansion of GDP, while beneficial in terms of maintaining the stakeholder engagement achieved during the development of the Economic Development Strategy, created an unanticipated form of governance as relates to Enterprise Dunedin, which was not considered as part of the original city marketing review.

## Role of Enterprise Dunedin

The above context is useful to consider before looking at the role of Enterprise Dunedin. As an agency with DCC, Enterprise Dunedin undertakes a range of economic development services and activities.

Table 4 provides a summary of the major areas of focus and resourcing of economic development services and activities by the Council.



**Table 4. Council economic development areas of focus, activities and resourcing**

Dunedin City Council	
<b>Vision</b>	Dunedin is one of the world's great small cities. We are renowned as a confident, competitive knowledge centre, a community where enterprise and creativity support a productive and sustainable city.
<b>Economic goals</b>	<ul style="list-style-type: none"> <li>• 10,000 extra jobs over 10 years (2013-2023 – requiring employment growth of approximately 2 percent per annum)</li> <li>• An average \$10,000 of extra income for each person (requiring GDP per capita to rise by about 2.5% per annum).</li> </ul>
<b>Relevant community outcomes</b>	<p>A thriving and diverse economy – Where Dunedin has an ambitious, prosperous, diverse and resilient economy that builds on its strengths and is:</p> <ul style="list-style-type: none"> <li>• A city that grows businesses and industries through added value/productivity.</li> <li>• A city that encourages employment opportunities for everyone.</li> <li>• A city that actively attracts visitors, skilled staff and entrepreneurs and investors.</li> <li>• A city that encourages creativity, research, and entrepreneurial excellence.</li> <li>• A city that builds alliances between local businesses, community, education and research providers that offer mutual benefit.</li> </ul>
<b>Areas of focus</b>	<ul style="list-style-type: none"> <li>• Business vitality – to improve the ease of doing business.</li> <li>• Alliances for innovation – to improve linkages between industry and research.</li> <li>• A hub of skills and talent – to increase retention of graduates, build the skills base and grow migrant numbers.</li> <li>• Linkages beyond our borders – to increase international investment and establish projects with other cities.</li> <li>• A compelling destination – to increase the value of tourism and events and improve the understanding of Dunedin's advantages.</li> </ul>
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Business development – business advice and referrals to local experts, business clinics, business internships, support for the start-up ecosystem, and facilitation of NZTE and Callaghan Innovation services as one of the Regional Business Partners</li> <li>• Industry development – facilitating business collaboration to overcome barriers and achieve joint opportunities</li> <li>• Gig-City/Smart City initiatives</li> <li>• Talent and investment promotion, including Study Dunedin</li> <li>• Marketing and promotion, including the Dunedin Brand, business events and marketing campaigns</li> <li>• the i-SITE visitor centre</li> <li>• Implementing the Economic Development Strategy initiatives and other major projects, including Project China, the Energy Plan, the Food Resilience Project, amongst others</li> <li>• Economic and visitor monitoring information.</li> </ul>

Source: Annual reports.

In terms of the total Council investment in economic development activities, table 2 shows the breakdown of staff and financial investment over the 2013-2017 period, showing that this was around \$4.4 million in 2014/15 and has grown to around \$5.6 million in 2016/17.



**Table 5: DCC Investment in Enterprise Dunedin**

	2014/15	2015/16	2016/17
Expenditure	\$3.76m (2014/15)	\$4.644m (2015/16)	\$5.635m (2016/17)
	Key areas of investment:	Key areas of investment:	Key areas of investment:
	<ul style="list-style-type: none"> <li>Marketing Dunedin: \$1.486m (34 percent)</li> <li>Economic Development: \$1.754m (40 percent)</li> <li>Visitor Centre: \$1.136m (26 percent)</li> </ul>	<ul style="list-style-type: none"> <li>Marketing Dunedin: \$1.579m (34 percent)</li> <li>Economic Development: \$1.794m (39 percent)</li> <li>Visitor Centre: \$1.271m (27 percent)</li> </ul>	<ul style="list-style-type: none"> <li>Marketing Dunedin: \$1.869m (33 percent)</li> <li>Economic Development: \$2.487m (44 percent)</li> <li>Visitor Centre: \$1.279m (23 percent)</li> </ul>

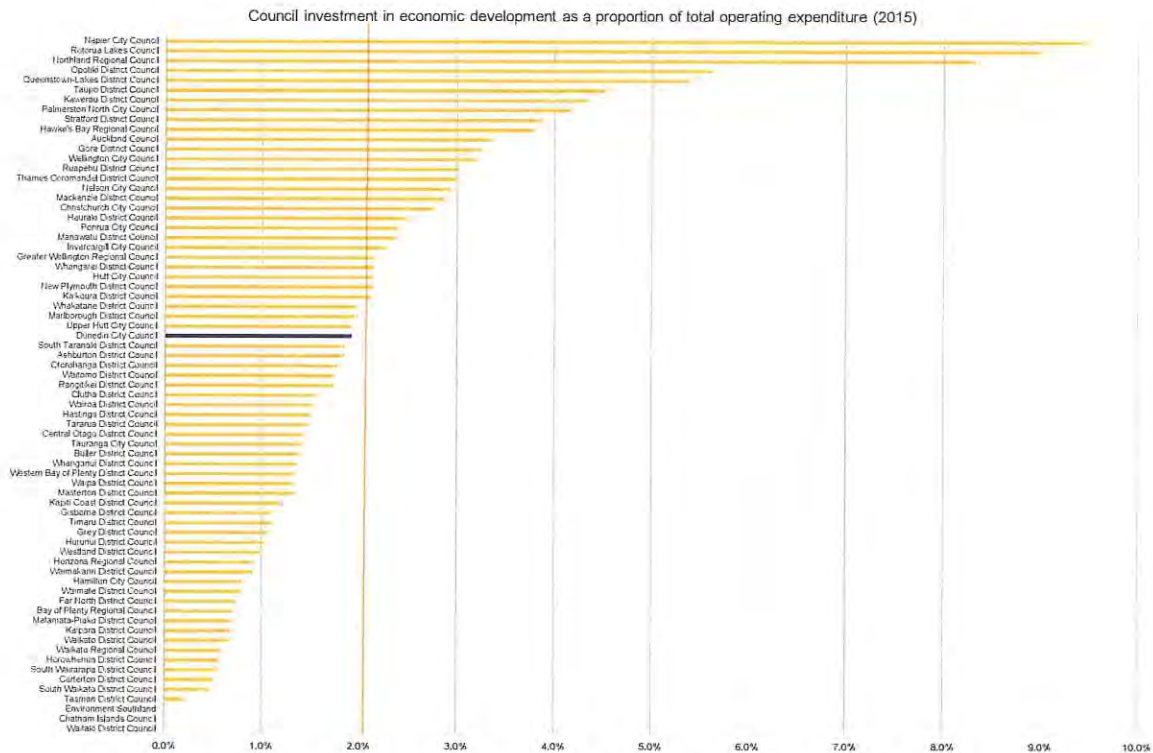
Source: Annual reports.

Council investment in economic development represented around 2.0 percent of total local government operating expenditure in the region in 2015. The investment was the equivalent of close to \$35 of economic development spend per capita.

This is an average level of Council investment compared to other regions as shown in Figure 4 below. Councils across New Zealand spent an average of 2.1 percent of operational expenditure (\$36 per capita) on economic development in 2015.



**Figure 4: Local government economic development spend as a proportion of operational expenditure (2015)**



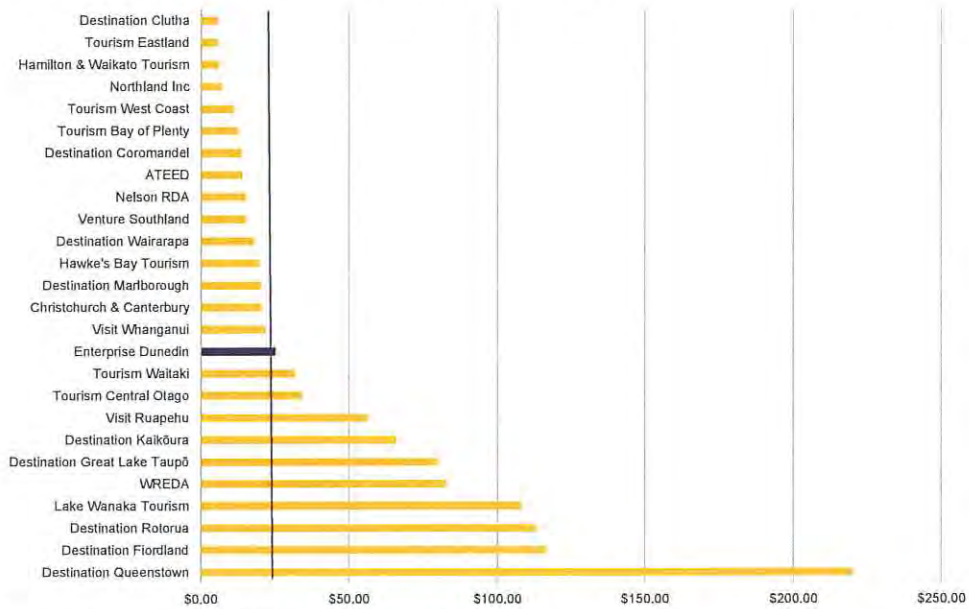
Source: LGNZ Survey and MartinJenkins calculations. Orange vertical line is national average.

Given the significance of destination marketing in the activity mix, it is worth considering how local government investment in marketing activities compares to other regions. Excluding spending on i-SITEs, in 2016 the region invested around \$25 per rateable property, \$11 per capita and \$1.49 per guest night in destination marketing and promotion (receiving \$497 of visitor spend per council dollar), compared to an average of \$23 per ratepayer, \$10 per capita and \$1.11 per guest night (and \$628 of visitor spend per council dollar) across all RTOs.<sup>8</sup> Hence Dunedin's marketing spend was around the national average as shown in Figure 5 and Figure 6.

<sup>8</sup> Based on the most recent benchmarking survey of Regional Tourism Organisations or RTOs (MacIntyre, 2016)

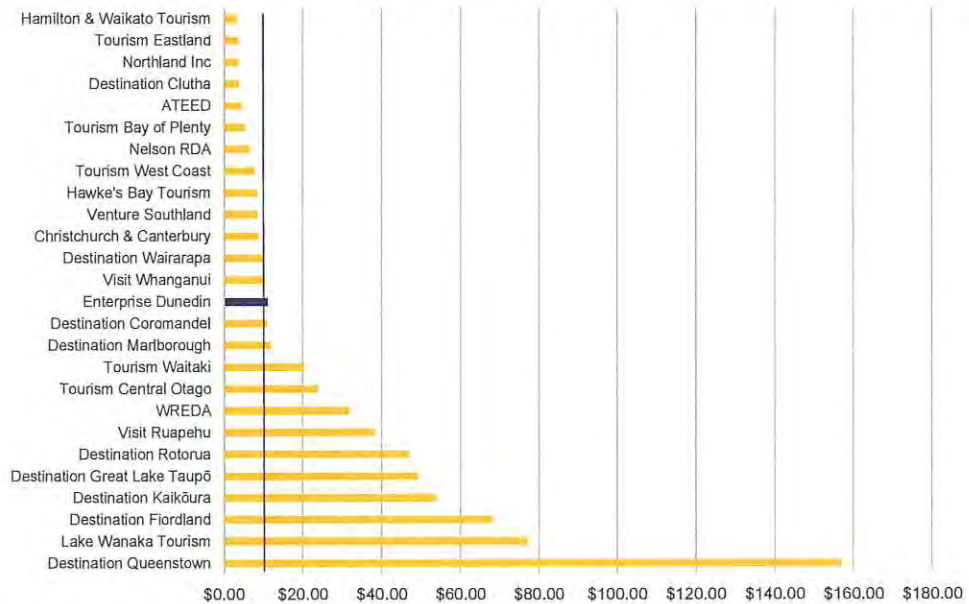


**Figure 5: Local government regional marketing and promotion spend per ratepayer (2015/16)**



Source: Data from MacIntyre, 2016. Vertical line is the New Zealand average.

**Figure 6: Local government marketing and promotion spend per capita (2015/16)**



Source: Data from MacIntyre, 2016. Vertical line is the New Zealand average.





Overall, this suggests that DCC is investing a reasonable level of funding in economic development relative to other local authorities. However, given the significance of the visitor sector to the city's economy, it is worth noting that this level of expenditure is low when compared to other tourism destinations.

Beyond ratepayer funded activity, Enterprise Dunedin is also the government's appointed provider under the Regional Business Provider (RPB) Programme. The programme has been running since 2010 and Enterprise Dunedin was reappointed in 2015 to deliver business support services under the programme. These services, which are delivered in collaboration with the Otago Chamber of Commerce and the Otago Southland Employers' Association has four principal components:

- Assessment and advice – business advisors assessing businesses' needs and providing direct advice, connections and support.
- NZTE Vouchers – Capability Development Vouchers allocated to clients to fund up to 50% of the cost of specialist business support and training (up to \$5000 per voucher).
- Callaghan Innovation R&D support – R&D grants funded by Callaghan Innovation, support for making application for larger grants and acting as a shop front for Callaghan Innovation.
- Business Mentors New Zealand – supporting the delivery of one-to-one mentoring by volunteer mentors for SMEs and start-ups.



# ORGANISATIONAL STRUCTURE

Having set out the context for Enterprise Dunedin's activities, in this section we consider the key issue for this review, specifically whether the current delivery model for economic development and city marketing services needs to change. Specifically the purpose of the review is to consider some or all of Enterprise Dunedin's current activities would be better delivered through an alternative organisational structure, such as a CCO.

## Is there a case for change?

The current arrangements for delivering economic development activities have been operating for a number of years. During that time the performance of the city's economy, as summarised in Appendix 1, has not been exceptionally strong. However, Enterprise Dunedin does not have sole responsibility for delivering economic growth across the city and the level of investment that is made by DCC, while on par with national averages, could not be expected, on its own, to make a significant difference to the city's economic performance.

Enterprise Dunedin, and DCC more generally plays an important enabling and facilitation role. A key part of this role is to work across the council and wider community to unlock future growth opportunities, to help connect existing businesses to appropriate support and services to enhance their growth and to attract secure investment into the city by attracting visitors, new residents, events, new businesses and investors. As well as helping new entrepreneurs and start-up businesses to establish themselves and create new jobs.

These are all typical functions of an economic development agency and in some cities, across New Zealand and elsewhere, there has been a trend to placing these activities, even when they are funded primarily by the public sector, in structures that are at arm's length from local government. In New Zealand this would typically be achieved through the establishment of a CCO, with an independent private sector Board.

DCC has already applied this model to a number of key areas including the operations of the airport, the railway and venues. Together these CCOs are overseen by Dunedin City Holdings. A case could be made that some of the activities undertaken by Enterprise Dunedin that are more market facing might better be delivered through a CCO model, either as a new CCO or where the activities are aligned with the activities of an existing CCO they could reasonably be transferred. The following section considers this question more fully.

## Is a Council Controlled Organisation required?

On the surface this should be a relatively simple question to answer. Ultimately, given the outcomes the city is seeking from its investment in Enterprise Dunedin, there is a need to determine whether a CCO is the right vehicle for delivering the associated services, as well as the wider objectives of the Economic Development Strategy.



Guidance from the Controller and Auditor General<sup>9</sup> is clear on the factors that a local authority needs to take into account when deciding if a CCO model is appropriate, including whether a CCO is the best means of delivering the desired outcomes, whether the option is cost effective and of sufficient size and capability to be a viable business and whether the local authority itself has the capability and capacity to manage a relationship with and monitor the performance of the CCO.

Based on the guidance, it is not clear that there would be a strong case for Enterprise Dunedin being established as a separate CCO. Given the relatively modest size of the unit and associated budget, the resulting organisation would unlikely be of sufficient size and scale to justify the change, particularly given the likelihood that council would still require some economic development capability to be maintained in-house to deliver wider council objectives.

However, while the case for change may not be immediately apparent, the OAG guidance also notes some additional benefits that come with a CCO model. Given the issues identified early in this report, some of the benefits appear to be relevant in the case of Enterprise Dunedin, including:

- Improved commercial focus arising from a company operating with a professional board of directors
- Independence arising from separation from political direction
- Streamlined bureaucracy enabling nimbleness and agility
- Ability to recruit and retain high-quality board members and staff
- Access to a wider range of funding sources

While these benefits need to be balanced against the possible disadvantages of a CCO model, for example less direct accountability, additional operating costs or reduced ability to manage risk, there is a case to be made that these benefits, if realised, would address some of the concerns raised by stakeholders during this review, which are discussed later in this report.

Some stakeholders felt that, where activities were commercial or market facing in nature, it was harder for Enterprise Dunedin to have the necessary skills, experience and commercial acumen, either at a staff or leadership level to be truly effective. In these instances, it was felt that it might be more appropriate to look at how other partners, or another CCO, might be better placed to deliver the activities, either by transferring responsibilities or by contracting out services.

This point was most consistently raised in terms of tourism promotion activities where many stakeholders felt that these activities might better sit with either Dunedin Venues Management Limited or with Dunedin Airport Limited, both CCOs and therefore part of the wider council group.

This view was not reserved solely for tourism related activities, for example looking at the delivery arrangements for the Regional Business Partners Programme<sup>10</sup>, it was suggested that the overall service would be enhanced if it was delivered outside of the council structures as this would allow for greater commercial expertise to be accessed and would create greater agility and reduce some of the bureaucracy that can result from services being delivered from inside council structures.

<sup>9</sup> Controller and Auditor General, Governance and Accountability of Council Controlled Organisation, September 2015

<sup>10</sup> Where Enterprise Dunedin holds the contract, but the services are delivered jointly with the Otago Chamber of Commerce and the Otago and Southland Employers Association



This is not to say that stakeholders did not see some benefits of Enterprise Dunedin being part of council. It was noted that there were signs that improvements were starting to be seen in the destination space with the benefits of integration becoming more evident. Specifically, the example of TRENZ, which Dunedin hosted in May 2018, was cited as an example of where Enterprise Dunedin had led the city's engagement and investment and had also co-ordinated the involvement of other business units across DCC. This was a good example of where economic and visitor outcomes can be delivered together and where the benefits of being part of the wider council were noticeable. However, it is also worth noting that some stakeholders felt that the role Enterprise Dunedin had played was perhaps overstated as the event management and organisation was primarily led by Tourism Industry Aotearoa (TIA).

However, here were several other stakeholders who questioned both whether Enterprise Dunedin should be part of DCC as opposed to a CCO, and also whether the benefits for integrating economic development and city marketing were being realised. There was a recognition that as a council there were wider economic development outcomes that were being delivered that stretched beyond the activities of Enterprise Dunedin, but where input from Enterprise Dunedin was beneficial. For example, the economic and employment benefits that were likely to emerge from wider infrastructure investments that were being progressed, or the visitation and city marketing benefits emerging from recent music or sporting events secured in the city.

In this regard, irrespective of wider questions as to whether Enterprise Dunedin should be a CCO, there was still a view that the council would still to retain some economic development capacity in-house. Recognising this point, there were some stakeholders who therefore were opposed to the creation of a separate CCO as it would simply increase costs, lead to potential duplication and put strain on already scarce resources. Although there was a view from some other stakeholders that many of the activities, particularly those relating to city marketing and promotion, could be transferred to other existing CCOs.

The question as to whether some services, particularly in the city marketing space, could not be instead delivered through an existing CCO or through some other commissioning or partnership-based arrangement came up a number of times. There is certainly some support for this model from stakeholders and existing CCOs, but this approach would run counter to the findings of the original city marketing review and the assumed benefits of integration. This issue is considered later in this section.

## Are services best delivered in-house or externally?

In considering whether economic development services or activities are best delivered within a Council or through an external agency, table 5 provides a high-level series of questions that should be taken into account when determining the most appropriate arrangement.



**Table 6: Key Economic Development Service Delivery Considerations**

Issue	Considerations
<p>Services are of high strategic importance to the Council as they give effect to key plans, objectives and policies. They require close coordination and integration with other Council activities or involve important strategic relationships that need to be maintained.</p>	<p>Depending on the stated priorities of the Council and their existing arrangements, for many economic development activities, for example business development, innovation support or destination marketing there is not always a compelling case for in-house service delivery. While these services are important they are not necessarily core to Council business or as critical to long-term plan goals. The exceptions to this are:</p> <ul style="list-style-type: none"> <li>• The development of economic strategies, including related engagement with industries and communities</li> <li>• Collection and dissemination of economic and industry intelligence, which can be core to the effective functioning of Council</li> </ul>
<p>Activities are significant in scale and scope and involve major risks that need to be managed or where frequent Council decision making is required.</p>	<p>If there is a high level of risk and significant expectations attached to activities, there may be a desire for greater control over what is provided and for the outcomes. In these circumstances there may be a preference to manage risk in-house. However, for most economic development services this is not normally the case, except in instances where a significant asset might be involved, for example the development of a research or innovation centre, or where the activity might involve a major investment attraction effort involving significant land/property or facilities.</p>
<p>Decisions or activities that are commercial in nature and are better placed at arms-length from Council.</p>	<p>For many economic development activities this can be the case. Business support and advice, marketing initiatives and events often benefit from commercial experience and entrepreneurial insight that are not generally found within Council. In these instances, the business community may expect decisions to be free from any perceived political influence. The exception again would typically be strategy development activity or investment in significant projects or assets.</p>
<p>Activities where Council has a natural advantage or access to the best information to guide implementation and the ability to organise and secure resources from industry.</p>	<p>A Council may consider providing the activity itself if it has a particular advantage in doing so, for example if it can provide the activity more efficiently and effectively than other providers. For example, assistance to business, industry or community organisations to work through council processes or understand regulatory or planning requirements are better delivered by council than an external agency.</p>
<p>Activities that cannot be contracted out or are complex in nature or delivery.</p>	<p>If there are difficulties in specifying the nature of the outputs required or if there is likely to be a need to frequently change the outputs, it is unlikely that the activities will be able to be contracted out efficiently or effectively.</p>
<p>Activities where there are established or alternative providers.</p>	<p>If there are existing potential providers, which could include business advisory companies or industry associations, it may be preferable to contract directly to these providers as they may already have the skills and networks to deliver efficiently and effectively. If there is no existing or potential provider, then delivery by the Council or a Council organisation will likely be required, at least initially.</p>

In most other cases, much of the information and networks required to be effective in economic development is derived from the private sector, so private sector or arms-length agencies with a private sector Board may have a better ability to obtain this information. Although this could be obtained through an advisory board to Council and in the case of Dunedin, an enhanced version of the Grow Dunedin Partnership could deliver this outcome.

Similarly, although this may not be the reality, it can be perceived by the private sector that an external agency, with a private sector Board, has more credibility and impartiality. Some businesses may not be willing to work on economic development initiatives directly with a Council if they have existing issues with other Council activities, for example consenting. Conversely, some industry groups may



prefer to work with a Council directly as the Council may control the levers that they want to influence, for example infrastructure provision or regulation.

Generally, the above analysis suggests that most economic development services might best be delivered by an external agency, except for those that involve facilitating business and industry access to or understanding of Council processes, or regulatory or infrastructure issues. There is, however, a strong case for strategy development and economic intelligence gathering and analysis to be undertaken within Council, this means that Council's cannot remove themselves entirely from the economic development process.

Moreover, the appropriate arrangements for any specific location are highly context dependent. As noted above, certain activities may be of high strategic importance to a Council and therefore a priority that they wish to keep in-house. Whereas in other areas the same activity may not be a priority and consequently is best left to other organisations. In some instances, there may also be a lack of external organisations or associations with the capability or capacity to deliver economic development services. Elsewhere, Councils may decide to make funding decisions itself rather than allow an external agency to take responsibility if there were potential conflicts of interest due to the make-up of the Board. In some cases, Councils have taken on direct delivery of programmes for a period due to poor performance of an external agency.

Consequently, there is no single organisational model for how economic development services, including destination marketing, are structured or delivered. Table 6 provides an overview of economic development delivery arrangements in a selection of areas across New Zealand. Some key observations for from comparison are:

- The delivery of the bulk of economic development activities in several regions occurs through external agencies, typically CCOs
- In a smaller number of areas, notably Dunedin itself and Thames-Coromandel, a significant amount of service is delivered by business units within the Council
- The split of functions across external agencies and Councils differs considerably. For example, while Northland Inc is the main deliverer of economic development activities in Northland, Whangarei District Council plays a significant role in supporting and promoting events and has a joint role with Northland Inc in investment attraction and facilitation. In contrast, In Timaru, Aoraki Business and Tourism, a CCO, delivers most support with the Council playing a limited direct role.

**Table 7: Selection of economic development arrangements across New Zealand**

Region	Organisation	Relationship with Council	Key Activities
Northland	Northland Inc	CCO of NRC	Regional destination marketing and management, Business development support, innovation support, investment attraction & facilitation
	Northland Regional Council		Regional economic strategy & action plan, co-investment in major industry and tourism projects, economic monitoring



Region	Organisation	Relationship with Council	Key Activities
	District Councils		District marketing, district events, community and town development initiatives; investment facilitation (Whangarei), i-SITEs, sister city relationships
Auckland	ATEED		Destination marketing and management; business support and industry development; innovation and entrepreneurship, student attraction, major events and conventions, business and investment attraction, economic intelligence, skills, employments and talent attraction, trade development, local economic development
	Auckland Council		Community events, arts and culture, economic strategy and intelligence
	Local Boards		Local economic development, local events and promotion
Thames-Coromandel	Destination Coromandel	CO of TCDC	District destination marketing and promotion, i-SITEs
	Council		Business broker services, investment facilitation, youth employment
Western Bay of Plenty	Priority One	Independent	Business development support, cluster facilitation, supports film office, supports international education promotion, investment attraction, skills attraction, innovation support, economic and industry monitoring
	Tourism Bay of Plenty	CCO	District destination marketing and promotion, events attraction and i-SITE
	Tauranga City Council		Supports film office and international education promotion, sister city relationships
Greater Wellington	WREDA	CCO	Destination marketing; business support and industry development; innovation and entrepreneurship, major events and conventions, business and investment attraction, talent and student attraction, trade development, local economic development, i-Site, business and investment attraction and venues management & marketing
	Greater Wellington Regional Council		Economic strategy, monitoring and intelligence
	Councils		Product development, start up and local business support, economic intelligence, place promotion and renewal
Nelson-Tasman	Nelson Regional Development Agency	CCO	Destination market, event promotion, i-SITE, business development, cluster facilitation, investment attraction, workforce development, China market development, economic monitoring
	Nelson City Council		Events funding support, international education support, sister city relationships
Timaru	Aoraki Business and Tourism	CCO	Supporting town centre enhancement, workforce development, industry facilitation, youth transitions, supporting sister city relationships, district promotion
	Timaru District Council		Sister city relationships
Taranaki	Venture Taranaki	CCO	Destination marketing, business support and innovation, sector development, talent and student attraction, economic intelligence



Region	Organisation	Relationship with Council	Key Activities
	Taranaki Regional Council		Economic strategy (in partnership)
	Councils		District intelligence, i-SITES

Sources: Annual Plans and Annual Reports of EDAs, RTOs and Councils

## Does integration deliver benefits?

In general terms, where services are mutually reinforcing, which reflect common issues and opportunities, which are targeted at achieving common outcomes and involve a common client base, then there are benefits from integration. These benefits may both be strategic but also from an efficiency and effectiveness perspective.

On the specific issue of city marketing activities, as set out in original review of city marketing activities, there is a clear case for cities taking an integrated approach to how they position their offering across the tourism, business visitors, students, residents, events and investment attraction segments. The case and benefits of an integrated approach, as seen in many other New Zealand and international cities, has not changed. However, there is still a need to tailor specific messages for each of these segments to present a clear, distinctive and compelling offer.

Some stakeholders recognised that being part of council and taking an integrated approach to marketing the city should deliver benefits, however the issue was that there was not a clear plan or focused action to realise these benefits. Consequently, other partners were equally clear that activities should be delivered separately and outside of council.

Looking more broadly, across New Zealand, irrespective of organisational structure, it is common to see the following economic development services generally delivered together:

- **Visitor and events attraction, promotion and marketing** – these activities involve marketing the advantage and amenities of the city, domestically and internationally, to attract additional visitor spending.
- **Business development and innovation support** – these services are typically focused on business opportunities and are aimed at building capability and connecting businesses to networks, to increase productivity and value added.
- **Skills support, investment attraction and industry development support** – these services are focused on improving business and industry access to resources they need to produce goods and services.
- **Strategy development and economic intelligence and monitoring** – these activities require analysis of and access to a wide range of data and research.

In some cases, all these activities are delivered together by the same agency, reflecting commonalities across broader groups of clients and opportunities, for example, industries that benefits from business development support may also require and benefit from skills, sector development and investment attraction support. In addition to this being the case in Dunedin, this model is also seen in





Auckland (ATEED), Taranaki (Venture Taranaki), Wellington (WREDA), Nelson-Tasman (NRDA), Christchurch (Christchurch NZ), and Southland (Venture Southland).

In other cases, regional visitor and events attraction and promotion are delivered separately from the other services reflecting the emphasis that the region or locality places on the importance of tourism in the economy. This model is seen in Bay of Plenty, Taupō and Queenstown. In addition, the newly formed Waikato Regional Development Agency, has also remained separate from the existing Regional Tourism Organisation, Hamilton and Waikato Tourism.

Within visitor promotion and marketing activities, i-SITES information services are sometimes delivered separately, via council or via interdependent organisations, as they can be more customer service oriented than developmental in nature. In Auckland, following a period of consolidation and transfer, all i-SITES now sit outside of ATEED, with the remaining three i-SITES having been recently sold to a consortium of New Zealand owned tourism companies.

## What options should be considered?

As highlighted above, there are a range of options available to Councils when determining how best to organise to deliver economic development and city marketing activities. While it is generally beneficial for many of the services associated with these functions to sit outside of direct Council delivery, this is by no means a hard and fast rule and ultimately DCC needs to consider what outcomes they wish to see for their investment into these activities and how close they need to be to the decision making and service delivery arrangements.

Given the local context and the preceding analysis, in our view practical structural options for consideration are as follows:

- 1 **Enhanced Status Quo** – this would mean retaining Enterprise Dunedin in its current organisational form but enhancing some of the current arrangements, particularly those related to current governance and advisory arrangements, increased visitor sector capability, and improved stakeholder engagement and communications.
- 2 **Establishing Enterprise Dunedin as a CCO** – this would involve the existing unit transitioning to become a Council Controlled Organisation, with a separate private sector led Board and an agreed Statement of Intent.
- 3 **Implementation of a transfer and commissioning model** – re-establishing an economic development unit within DCC and transferring any activities that might alternatively be delivered by other CCOs or external agencies.
- 4 **Formation of a separate city marketing unit within DCC** – this would require a separation of economic development and city marketing activities and the creation of a new unit within DCC headed by a new senior officer responsible for city marketing.
- 5 **Establishment of a separate city marketing CCO** – separating economic development and city marketing functions and creating a new Council Controlled Organisation responsible for destination marketing, with a private sector Board and agreed Statement of Intent.



## What are the pros and cons of different options?

At a high-level, the pros and cons of the different options can be assessed on the following criteria:

- **Practicality** – will the model be able to be implemented and will the changes be relatively easy to make, with minimal disruption to existing services?
- **Effectiveness** – will the model be likely to be effective in delivering the required services and required areas of improvement?
- **Representation and responsiveness** – will the economic development and city marketing needs of residents, business and stakeholders be reflected in the model?
- **Likely costs of change** – are the costs acceptable relative to the likely returns and are they acceptable given the overall level of investment in services?
- **Capacity to deliver services** – will the model ensure that activities are delivered or administered by an organisation with the capacity to deliver the required range of services?
- **Accountability to key funders and alignment with funders' priorities** – to what extent is the model likely to ensure accountability to the Council and other funders?
- **Ability to attract and retain the right expertise** – to deliver the required services and at a governance and staff level?
- **Ability to leverage the resources of others** – including additional government and private sector funding for services?

The following sections look in slightly more detail at each of the options.

### Option 1 - Enhanced Status Quo

As noted, this model would essentially see the current organisational structure of an in-house DCC unit remain in place and for economic development and city marketing activities to continue to be delivered in an integrated way. However, in retaining this model it would be important to implement a range of enhancements in terms of current governance and advisory arrangements, increased visitor sector capability, and improved stakeholder engagement and communications.

A major benefit of this option is that it would be relatively straightforward to implement and there would be limited risk to the ongoing delivery of services. Introducing the recommended enhancements relating to enhanced governance, increased visitor sector capability, and improved stakeholder engagement and communications would improve the effectiveness of the existing arrangements and address many of the concerns raised by stakeholders. Although there are costs associated with implementing this option, they will be relatively small compared to some of the other options.

However, on the downside there may be a perception that despite the review, little significant changes have been made and there is an implementation risk if the range of enhancements are not fully realised. While this might be a low risk, the fact that key recommendations from the original city marketing review, specifically the establishment of a Marketing Advisory Board, was not implemented may raise concerns with some stakeholders. In pursuing this option, Council will also need to devote time to process enhancements which, in the short-term, may place pressure on staff resource.



## **Option 2 - Establishing Enterprise Dunedin as a CCO**

As with the enhanced status quo option, this option would retain all the current economic development and city marketing activities in a single integrated agency. However, Enterprise Dunedin would cease to be an in-house unit within DCC and would instead be established as a Council Controlled Organisation. Implementing this option would require several elements, not least the establishment of the private sector Board and the development of a performance framework and associated Statement of Intent.

The advantage of establishing Enterprise Dunedin as a CCO would be the ability to ensure that those activities that require greater commercial acumen and focus would be enhanced and some of the current challenges relating to governance could be addressed via the appointment of a Board. The process of appointing a private sector led Board, typical of a CCO model, would also provide the opportunity to ensure that the members are chosen for the balance of skills that are required to guide the activities of Enterprise Dunedin. In addition, the appointment of a private sector led board would also be likely to carry weight with the wider business community across the city.

However, the transition of the existing unit to become a CCO, even with enhanced governance, would not in itself address all the areas where improvements are required. This would mean that the improvements required under the enhanced status quo option would still be required. In addition, if Enterprise Dunedin was outside of Council, DCC would still need to maintain some internal capacity and capability, both to support wider Council activities where there is an associated economic development dimension, and in terms of economic strategy and intelligence. This would likely incur additional costs.

Also, if Enterprise Dunedin was to become a CCO, it would also lose its direct link to other council departments, which would make the delivery of activities such as Red Carpet not Red Tape more complex. In addition, moving Enterprise Dunedin outside of the core Council and would likely impact upon the ability of the Council to successfully leverage the wider economic development benefits associated with wider activities and infrastructure projects, such as the Hospital rebuild, housing development or main street renewal.

## **Option 3 - Implementation of a transfer and commissioning model**

With this option, DCC would keep an economic development unit within Council and retain in that unit those activities that benefit from being close to Council, either because Council has some advantage in delivering those services, they are strategically significant, or they require close connectivity with other Council services. Those activities and services that do not derive any real benefit from being close to Council would either be transferred to another agency or organisation. Activities could potentially be transferred to an existing CCO, another public sector entity or to an appropriate partner organisation. There may also be opportunities to commission services directly from the private sector.

The attractiveness of this model is that DCC would retain some core economic development capabilities in-house but, for those activities that would benefit from being more market facing, would be able to draw upon existing structures and expertise from established CCOs. Similarly, where services are contracted out, DCC can ensure that appointed contractors have the necessary skills, experience and track record to deliver the required services.



The disadvantage of this model is that there is a danger of service fragmentation, which may erode some of the benefits of integration or opportunities to create leverage. There are also potential cost implications associated with services that are contracted out, which may be more expensive to deliver via a third party.

#### **Option 4 - Formation of a separate city marketing unit within DCC**

As outlined, this model would see the separation of economic development and city marketing activities currently integrated within Enterprise Dunedin. Economic development activities and services would remain with the current arrangements and all city marketing activities would be transferred to a new unit city marketing unit within DCC. The unit would need to be headed by a new senior officer, responsible for and with a track record in destination marketing.

The benefit of this option is that it allows for specialisation, while ensuring that both economic development and city marketing are retained within DCC, therefore maximising opportunities for integration and leverage, and the likely costs associated should not be overly significant compared to the current arrangements.

However, there is still some risk of fragmentation and there would still be a need to also implement the improvements identified above relating to governance and stakeholder engagement and communication. In addition, there would still be a need to address a number of the other areas for improvement identified as part of this review.

#### **Option 5 - Establishment of a separate city marketing CCO**

This final option is a variation on option 4, with the city marketing unit being established as a Council Controlled Organisation rather than an in-house DCC unit. Under this option DCC would still retain an in-house economic development unit.

The advantage of this model is that it allows for a strong commercial approach to be applied to city marketing activities, including an enhanced ability to bring private sector expertise to the table via the CCO Board. The main disadvantage is that this would likely to be a relatively high cost option, relative to the budget available to support resulting services. In addition, this option may lead to increased fragmentation.

## **What is the recommended option?**

Overall, our assessment, given the pros and cons of the options, the scale of the investment currently being made, the costs of change and the wider Dunedin context, is that the best option would be to implement the enhanced status quo option. Our assessment is that enhancing the current arrangements is the most pragmatic and cost-effective way of delivering the improvements necessary.

This recognises that there have already been considerable changes in the arrangements for economic development and city marketing over the course of the last 5 years and a more significant set of organisational changes, at this point in the policy and political cycle, would create uncertainty and disruption to service delivery.



Given the significant work associated with the forthcoming review of the Dunedin Economic Development Strategy as well as work associated with the development and implementation of Provincial Growth Fund activities, there would be a considerable delivery risk facing DCC if a more significant change was implemented at this time.

In addition, many of the improvements that are required to implement the enhanced status quo option, would also be required under most of the other options. These are key operational enhancements that, if implemented correctly, will make a considerable difference to the efficiency and effectiveness of the current performance of Enterprise Dunedin.

However, in recommending an enhanced status quo, some thought should be given to whether there are elements of the other options that could be incorporated. In particular, applying the assessment contained in table 5 above, there may be some advantages of considering whether some of the current services delivered by Enterprise Dunedin that might be better contracted out or commissioned from another agency.

## What are the key benefits and costs of change?

Key potential benefits associated with the recommended option and associated improvements include:

- **Ease of implementation** – with political and management commitment it should be relatively straight forward to implement the enhanced status quo option as no major structural changes are required.
- **Service continuity** – enhancing the current arrangements without the need for major structural changes will allow for service continuity at a time when there are significant economic development activities underway or proposed, including activities associated with the Provincial Growth Fund and the forthcoming review of the Economic Development Strategy.
- **Controlled costs** – while there is a need to invest in some of the areas for improvement that support the enhanced status quo, this option is likely to be lower cost than any of the other options.
- **Clearer governance** – if the proposed governance changes are implemented, there is an opportunity to clarify and simplify the governance and advisory arrangements while ensuring that Enterprise Dunedin has access to the appropriate expertise and advice to inform their ongoing activities.
- **Enhanced capacity and capability** – a key component of the enhanced status quo option is ensuring that additional expertise in city marketing is added to the Enterprise Dunedin team and any visitor sector related vacancies are filled at the earliest opportunity.
- **Improved reporting and economic intelligence** – the introduction of clearer and more frequent reporting on both activities and outcomes will support greater visibility and transparency across all activities undertaken by Enterprise Dunedin. In addition, improving wider economic reporting on the Dunedin economy will also assist in building a shared evidence base across stakeholders on how the city is performing in a wider New Zealand context.
- **Enhanced stakeholder management and communications** – this is one of the most significant areas where there are real benefits to be gained from improving the way in which stakeholder



relationships are managed. Clear, timely and regular communication with stakeholders will be essential if the benefits of an enhanced status quo model are to be realised.

Key costs and risks associated with the recommended improvements include:

- **Stakeholder perceptions** – one of the key risks with pursuing an enhanced status quo model is the danger that stakeholders might think that the review will not deliver any real changes or improvements. If a more radical change was implemented then change, or at least the signal of change, would be more immediately visible.
- **Partial or incomplete implementation** – because the recommended option builds from the status quo, there is a risk that business as usual activity detracts from the implementation of the improvements that are required to increase the effectiveness of the current arrangements.
- **Increased reporting requirements** – while there is a real need to improve reporting requirements, it should be acknowledged that this will require more staff and management time.
- **Increased governance** – while the proposals relating to establishing clearer governance arrangements are undoubtedly required, they will also necessitate greater leadership and senior manager input.
- **Increased costs** – while the enhanced status quo option is a lower cost option, when compared to the costs associated with the other options, the implementation of the recommended improvements would require some additional investment.

## Improving the current arrangements

While our recommendation is to enhance the current arrangements, retaining Enterprise Dunedin as an in-house unit of Council, the stakeholder interviews conducted as part of this review, suggest a very real need for improvements across a range of areas.

In our view, maintaining the status quo without addressing any of the areas where improvements are required would not be advisable. The review findings, set out in the following section, make it clear that there is a need for improvements across the following dimensions:

- Strategy and focus
- Organisational capacity
- Stakeholder relations, engagement and communications
- Monitoring and reporting
- Governance and advisory arrangements

In the main, these are operational, management and leadership issues, which are not necessarily a result of the current organisational structure. Consequently, it is questionable whether the current delivery model, specifically Enterprise Dunedin's status as an in-house agency within DCC, would need to change to address these areas for improvement. Similarly, there is also a case to be made that simply changing the organisational structure of Enterprise Dunedin, without addressing these operational and management issues would deliver any significant improvements.



# ENHANCING DELIVERY

In this section, we draw upon the desk research and stakeholder interviews to set out recommendations for improving the effectiveness of the current arrangements. The findings are presented in such a way as to focus on the key themes that we have identified where there are opportunities to enhance the current arrangements for delivering city marketing and economic development services across Dunedin. While the primary subject of the review is Enterprise Dunedin itself, in some instances we highlight wider issues of relevance to Dunedin City Council more generally or to Grow Dunedin Partnership.

The findings are structured around five key themes:

- Strategy and focus
- Organisational capacity
- Stakeholder relations, engagement and communications
- Monitoring and reporting
- Governance and advisory arrangements

Under each theme we adopt a standard reporting approach which covers: description of the issue; stakeholder views; an assessment of performance; and opportunities for improvement.

## Strategy and Focus

### Issue Description

A clear strategy is critical to any organisation and provides the framework for action and performance measurement. During this review we examined available information on Enterprise Dunedin's strategic direction and associated activities and the fit between these activities and the Dunedin Economic Development Strategy. As part of the interviews, we also sought stakeholders' views on whether the focus of Enterprise Dunedin reflected the current economic issues and challenges facing the city and whether there were any gaps, overlaps or areas of duplication.

In most areas, there is a good high-level alignment between the activities undertaken by Enterprise Dunedin and the Dunedin Economic Development Strategy. This is positive as the Economic Development Strategy was based upon a detailed assessment of the city's performance and trajectory and should be shaping how all partners prioritise activity.

Recognising that the Economic Development Strategy sets a broad strategic direction for the city over the longer term, and acknowledging that the strategy itself is due for a refresh, we also looked for further evidence on how activities are prioritised and reviewed over time. In this regard we found that there was a need for a more systematic approach to planning, reporting and performance measurement.



Enterprise Dunedin has taken steps to introduce a more strategic approach to implementation planning, which incorporates a 'Plan, Do, Review' approach, together with the development of a strategic work programme and supporting investment logic mapping. This work, while welcome, still appears to be in its early stages and consequently the information provided to the review team was somewhat light on detail.

## Stakeholder views

A key observation from the stakeholder interviews was the collective desire and commitment from those organisations interviewed to work together to make Dunedin the best city it can be. There was a view that the city had until recently been underperforming but the opportunity is there to be grabbed and it felt like the dynamic had shifted, that Dunedin is a city that is going places and that the significant infrastructure investment that is planned, including the hospital rebuild, will provide new economic and employment opportunities for the city.

On this point, it was noted by some stakeholders, that Enterprise Dunedin sometimes failed to grasp or engage with opportunities that had the potential to deliver wider social and economic benefits but that maybe sat outside a narrow definition of economic development. This was a particular concern from an iwi perspective.

Stakeholders felt that the size of the city is one where it's big enough to get things done, and small enough to effectively engage with others. It was encouraging to them that DCC has adopted an investment mind-set and that this will create opportunity. However, for some stakeholders, it was unclear how these opportunities were reflected in Enterprise Dunedin's work, or indeed whether they had mandate or capability to be central to these opportunities.

They felt that the context within which the city operates has changed in the last five years ago – with better activity and visible future growth. Some felt that the city has moved on from a position of not enough tourists, to more than enough tourism and growth. Although others felt that the city had fallen backwards in terms of visitor attraction and was not securing its fair share of national tourism growth.

There was an acknowledgment that the economic context had changed and that the emergence of a stronger start up economy and the potential associated with GigaCity needed to be reflected in the forthcoming refresh of the Economic Development Strategy. This momentum in less traditional (or anticipated) areas was important. To them the start-up climate is important right now with many start-ups based in the city, managed by entrepreneurs who think and act in a different way, through their use of tech, contracting model and the growth of the digital economy. It was felt there was a strong education sector with a good reputation, and this provided leverage opportunities which were not yet being fully realised.

Some stakeholders believe that the city is not growing fast enough and questioned whether Dunedin's lifestyle, including recreational and cultural offerings, was enough to attract people here. They outlined challenges around retaining skills and talent but noted that the younger generation can move around, and Dunedin should be an agile city. A range of stakeholders from several sectors believe that there is not enough done to market the city, with a focus on generic liveability dimensions and not enough attention being paid to the different visitor segments. This was a view held particularly strongly by tourism sector stakeholders.





Generally, there was a feeling that Enterprise Dunedin was spread too thinly across too many areas of activity and that there was perhaps a need for further prioritisation and focus. It was recognised that the total budget available made it even more important to ensure that investment was both prioritised and that it was impactful. The absence of detailed reporting and evaluation evidence made it very difficult to know that this was the case.

There was also a specific concern raised by many of the stakeholders interviewed, across all sectors represented, that there was too much of a focus within Enterprise Dunedin and DCC more generally, on China. While there was an acknowledgement that the China relationship was strong and that sister city arrangements are important, it was felt that too much time, effort and resources were being focused on this market and that the evidence of return on investment was still somewhat limited. One of the contributing factors to this could be the difference in size and capacity for relationship leverage activities (such as delegations) between Dunedin and its sister city, Shanghai. However, it is also worth noting that the focus on China was a decision of the Grow Dunedin Partnership, in recognition of the importance of international education to the city's wider economy.

In terms of those tourism sector stakeholders interviewed, there was some clear dissatisfaction with the way in which the Dunedin Destination Plan had been developed. While stakeholders were given the opportunity to input and were invited to workshops, there was feeling that the requests for input or participation were generally at too short notice, and it was not always apparent how their input had been taken on board and that this ultimately affect this relevance of the final plan. However, other stakeholders felt that there had been wide consultation and the range of viewpoints accommodated.

While the feedback from stakeholders was clearly mixed, there was a general view that the Destination Plan had taken significant time to progress through Council and that during this time there was little communication with stakeholders. There were also questions as to why the Plan had little detail in terms of specific actions, timelines, measure and KPIs. The relationship between the Plan and the DunedinHOST Tourism Growth Framework was also unclear to some stakeholders, with some questioning why two separate processes and plans were required.

Looking forward, there was a consistent view from those stakeholders interviewed that there was a need for a shared vision and aspiration for the future of Dunedin and that all stakeholders need to understand where this city needs to head, and that all stakeholders then need to adopt the right mindset to achieve this vision.

These comments were frequently linked to the forthcoming review of the Economic Development Strategy, noting that this was the right time to revisit the strategy. In terms of the Economic Development Strategy, the following specific observations were made by stakeholders:

- The revised Economic Development Strategy needs to consider how liveability should be measured, both in a Dunedin context but also light of the development of NZ Treasury's Living Standard's Framework.
- While there was a strong partnership approach to the development of the original strategy, it was not clear that all those that had inputted to the development of the strategy had been fully engaged in its delivery.
- The revised strategy needs to take a wider view of the economy and also to consider how it connected to the city's other plans and strategies.



- The review was an opportunity to look at the impact of initiatives to date and to consider gaps in delivery or reporting, in particular some reference was made to a need to understand what was being done to improve export performance and a view that the city had become too narrowly focused on opportunities related to China at the expense of other markets.
- Some stakeholders felt that while it was not intended that DCC would assume lead implementation responsibilities on all aspects of the strategy, they had become the defacto implementation lead and were frequently doing the most to progress activities. There was a feeling that this should be reviewed with a better balance being achieved in future.
- The review of the Economic Development Strategy provided an opportunity to re-set roles and responsibilities across all stakeholders and to ensure the city has the capability for future implementation and delivery.
- There was need to ensure that the revised strategy was supported by a clear implementation plan, with stakeholders noting that the absence of such a plan had held back progress and hindered effective monitoring.
- Progress reporting and monitoring was seen to be a significant issue by most stakeholders, not just as it relates to those activities undertaken by Enterprise Dunedin but also more generally across all stakeholders.
- From a governance perspective, most stakeholders felt the current arrangements were unclear and incomplete. There was a clear view that the Grow Dunedin Partnership Board was not fulfilling its potential and that the absence of any real input from the tourism sector, either on the Board or via a separate Advisory Group.
- There was also a view that the reporting arrangements between Enterprise Dunedin, GDP and DCC's Economic Development Committee were too informal, particularly as they relate to progress against the Economic Development Strategy.

A number of these issues are picked up more fully in later sections of this report.

## Performance assessment

Considering the information made available to the review team, as well as the findings from the stakeholder interviews, our view is that in terms of strategy and focuses there is a mixed performance. The fact that DCC generally and Enterprise Dunedin specifically are playing a central role in progressing the objectives of the Dunedin Economic Development Strategy is positive and this should be acknowledged.

It is also positive that DCC and Enterprise Dunedin have responded actively to new economic opportunities across the city, such as those associated with Gigcity or the emerging start-up sector. The leadership shown by the council in these areas should be recognised.

However, in terms of overall progress against the Economic Development Strategy the absence of a detailed shared implementation plan, together with regular reporting and monitoring makes it difficult to demonstrate how much progress is being made and whether a good return on investment is being realised. While Enterprise Dunedin has made steps towards preparing an annual work plan, this process is still relatively new and there is a need for further detail on activities and measures and a



process which engages stakeholders. Ideally, this should also be a shared work plan when other partners also provide detail on their proposed activities.

One obvious area where urgent attention is required relates to the city's strategic approach to the tourism sector. Tourism is an important part of Dunedin's economy and there is evidence that, at a strategy level, this is not fully reflected in the current arrangements.

While there were questions raised by some stakeholders regarding the meaningfulness of consultation and engagement in the preparation of the Dunedin Destination Plan, the city does now have a plan in place and there is an opportunity to more fully embed this in the revised Economic Development Strategy and to ensure that this is ultimately reflected in subsequent implementation planning and governance.

It is therefore important that there is now a focus on building some shared momentum within destination related activities, particularly given the fact that the overriding view of stakeholders within the tourism sector is that Enterprise Dunedin has not been sufficiently engaged, at a strategic level, in considering the role of tourism in the Dunedin economy and how to maximise and grow the value of the sector and the associated benefits that then spill over into other parts of the city's economy. There is perhaps an opportunity to work collaboratively with DunedinHost to produce a joint implementation plan that covers priorities contained in the Dunedin Destination Plan and the Tourism Growth Framework prepared by DunedinHost.

On the issue of governance, while this is looked at in more detail later in this report, it is worth noting that the current arrangements are sub-optimal, for stakeholders, for DCC and for Enterprise Dunedin and it will be critical that, as the Economic Development Strategy is revised, a new and comprehensive set of governance arrangements are established.

Finally, as we will note elsewhere in this report, in some instances the issues raised above are not unknown and there have been ongoing attempts or previous proposals to address these matters. For example, in the 2015 review of GDP it was agreed that there would be standardised approach to establishing project advisory or reference groups with clear terms of reference and regular milestone report. In these instances, what appears to be missing is enough clarity on roles and responsibilities, sufficient resource allocation to ensure that agreed actions are implemented and enough leadership, management discipline and accountability to ensure completion.

## Improvement Recommendations

Looking ahead, there are some clear steps that could be taken to respond to the issues raised above to ensure that from a strategy and focus perspective the current arrangements are enhanced. The most obvious opportunity for implementing these improvements relates to the forthcoming revision of the Dunedin Economic Development Strategy, however, that does not mean that action cannot be taken in advance of the process.

We recommend that

- 1 As part of the forthcoming revision of the Economic Development Strategy, DCC ensures that all stakeholders are fully engaged in the review process and that all aspects of economic development and city marketing are reflected in the revised strategy.



- 2 Following revision of the Economic Development Strategy, Enterprise Dunedin works with stakeholders to produce a detailed implementation plan which clearly identifies the roles of all stakeholders.
- 3 In preparing this implementation plan, Enterprise Dunedin works with the wider destination sector to give effect to the objectives and priorities of the Dunedin Destination Plan and to reconcile, where possible the Destination Plan actions and those contained in the Tourism Growth Framework.

## Organisational Capacity

### Issue Description

Alongside the issue of strategy and focus, effective implementation requires that there is enough organisational capacity to give effect to plans and strategies and to support action on the ground. While this review is specifically focused on Enterprise Dunedin, it should be noted that questions of capacity might also be considered more widely as they relate to the ability of the city to deliver on stated priorities not just Enterprise Dunedin.

Capacity relates to the individual or organisation having enough available time and resource to deliver on agreed activities. In assessing this issue, we have based our findings primarily on what we have heard from Enterprise Dunedin staff and from stakeholders, undertaking any more comprehensive assessment was beyond the scope of this review.

### Stakeholder views

The starting point for most discussions with stakeholders on their perceptions of organisational capacity of was a positive acknowledgement that in most operational areas the staff were committed, professional and skilled at their jobs. While this is a positive finding there were some notable gaps in the current arrangements, particularly at the strategic level and particularly with respect to tourism activities.

With regard to Enterprise Dunedin's tourism activities, it was felt that, at a strategic and leadership level, the unit has insufficient capacity in the tourism sector. While stakeholders frequently acknowledged the fact that those staff working in this space were skilled, experienced and committed to their work, they were under-resourced, over-committed and that the absence of a senior manager with real experience and knowledge of the sector was holding the team back from fulfilling both their potential and their responsibilities as the city's primary marketing agency.

Looking beyond tourism, there was a view that Enterprise Dunedin had more of the skills needed to deliver in other areas and that they had played a helpful role in supporting the start-up and technology sectors across the city. There was a view that in these areas, unlike with the tourism sector, Enterprise Dunedin had stronger networks and more functional relationships with partners.

There was recognition that the team were good at making connections and helping businesses understand and navigate council processes. Although, sometimes there was a risk that Enterprise



Dunedin was seen to be the council, which could hamper engagement with private sector partners and investors.

One of the areas that was explored in the stakeholder interviews was the perceived benefits, in terms of capacity, arising from Enterprise Dunedin being part of DCC as opposed to external to the council. This was an important area for discussion, with some stakeholders believing that if Enterprise Dunedin was a Council Controlled Organisation (CCO) rather than a unit within council it would be easier to recruit and retain the skills required at both a staff, a management and a governance level.

In some instances, there was a general acknowledgement that being part of the core council gave Enterprise Dunedin the necessary skills, experience and relationships that would be harder to access if they sat outside of DCC. For example:

- **Project China** – where the importance of political involvement and leadership, as well as the wider sister city relationships, were fundamentally important and where they could not be easily replicated.
- **Red Carpet Not Red Tape** – where Enterprise Dunedin had access to the wider council machinery and business relationship management model to make the programme effective and enabled a business-friendly approach across DCC.
- **Film** – where Enterprise Dunedin can effectively and quickly engage with DCC to process consents, gain access to buildings, roads, parks and reserves using internal contacts and networks, including to iwi.

On the specific issue of capacity, there was a consistent view that Enterprise Dunedin was under-resourced and that there was either a need to reduce what the team was trying to do or find a way of securing additional resources to build more capacity. Some stakeholders felt that if the city was in a growth mindset, then it was only right that they should look at powering up their economic development activities, and that this should be considered as part of the Long-Term Planning Process.

A specific example of the resourcing challenges the team was facing was the current focus on the Provincial Growth Fund process. This was recognised as an important opportunity for the city and one where Enterprise Dunedin had an important role to play, however the process was diverting resources from other activities and was seen to be impacting performance in some of the business as usual activities.

## Performance assessment

Taking the range of stakeholder views and perspectives into account, it is apparent that, in terms of competence, capacity and capability, Enterprise Dunedin faces challenges that are not uncommon in any economic development organisation. Economic development encompasses a wide range of activities and ensuring that any organisation has access to the prerequisite skills and resources across all areas of activity is an ongoing task.

In the case of Enterprise Dunedin, it is particularly clear that during the transition from the previous arrangements, specifically a separate tourism CCO and an economic development unit within council, has resulted in a loss of strategic capabilities and leadership in the tourism space. This has been compounded by the failure to establish the proposed marketing advisory board and a lack of true



tourism sector representation on GDP. Addressing the current lack of tourism expertise and skills, specifically at a management level, should be a priority.

This does not mean that the decision to establish an integrated approach to city marketing and economic development was incorrect, as there continue to be clear benefits from taking a more joined up and holistic approach. However, in Dunedin, these benefits have yet to be fully realised, although recent progress has been made, as demonstrated in the case of TRENZ. In addition, there is also a wider issue in that the total level of expenditure per ratepayer on destination marketing, while comparable with the national averages is low when compared to other locations where tourism is a key part of the local economy.

In terms of the need to ensure that those activities that are market facing are delivered with enough commercial acumen and experience this is a key issue. Being part of DCC does not automatically mean that Enterprise Dunedin is not able to operate with a commercial focus, but there is a need to manage the interface with the political machinery carefully to ensure that focus remains and is not subject to unnecessary political pressures.

That said, consideration should be given to whether there are any current commercially focused activities that might be better delivered through other partners, either within the Council group or outside it. This might particularly relate to the some of the tourism focused activities, where it is widely recognised that, the current arrangements are sub-optimal because of a lack of resource and absence of strategic leadership of tourism activities within Enterprise Dunedin.

However, it is also clear that the economic development impacts associated with DCC activities go beyond the work of Enterprise Dunedin and the council will always need to have some economic development capability and capacity in-house.

## Improvement recommendations

Based on the above analysis, we recommend that:

- 1 DCC establish and recruit a new senior city marketing manager position and recruit a senior and experienced marketing professional with experience and credibility across the visit, study, work and live continuum. This person should have lead responsibility for all of Enterprise Dunedin's destination related activities and can engage strategically with the city's visitor sector.
- 2 Enterprise Dunedin ensures that any open vacancies within the structure are recruited to ensure sufficient capacity is in place to support current and proposed activity and to support effective engagement with stakeholders and partners.
- 3 DCC consider whether additional resources can be available, through council, from private sector partners or as part of central processes such as the Provincial Growth Fund, to support future activities and specifically whether there are any additional resources available to support destination marketing activities.
- 4 DCC and Enterprise Dunedin consider whether some existing market facing activities or services, particularly those that are tourism related, might be better outsourced to another organisation or partner.



# Stakeholder Engagement and Communications

## Issue Description

There are few, if any, areas of activity where Enterprise Dunedin is the sole organisation with responsibility, across all areas of operation there are other stakeholders who also play a role or who at the very least are impacted by Enterprise Dunedin's activities. Consequently, stakeholder engagement is key to successful partnership and successful delivery.

Stakeholder engagement is also a means by which to facilitate wider, more inclusive public participation and can improve communications, obtain wider support, gather useful information and ideas, enhance organisational reputation, and provide for more informed and credible decision making.

Similarly, active communication and consultation with stakeholders is essential if an organisation is seeking to build a shared commitment to action. Constructive communication and consultation is critical to building productive long-term relationships built on trust and reciprocity.

As part of this review, stakeholders were asked whether they felt that there was enough engagement and consultation on the activities undertaken by Enterprise Dunedin. The findings are presented in the following section.

## Stakeholder views

The general view from the stakeholders interviewed was that more could be done to enhance the way in which Enterprise Dunedin engages with and communicates with stakeholders. Most organisations did not feel that they were adequately or regularly consulted on the activities of Enterprise Dunedin and few were aware of the work plan, priorities or forthcoming activities. There was also a view that when consultation did occur, it was typically late in the process, was focused on submission of views rather than engagement and it was often unclear on the next steps or how consultation responses would be treated.

However, by admission many stakeholders also noted that they themselves equally didn't systematically consult Enterprise Dunedin on their own proposed activities. Those stakeholders involved with GDP felt that this should be one of the roles of GDP but it was not being realised.

Stakeholders felt that not enough was being done to tell good stories about current projects, even if they weren't completed. It was felt that there was a tendency to wait until key milestones were met or projects were completed but until that point there was often an information gap and stakeholders were often unaware how projects were progressing. It was recognised that while some good work was being done, it wasn't well communicated or promoted. This creates a risk that some segments of the business community would think that nothing was happening.

Some stakeholders discussed the perceived lack of proactive communications from Enterprise Dunedin and felt the approach was too reactive and that there was no clear overarching communications strategy. Others with an interest in key segments, such as the tech sector or the tourism sector, felt that outside of very specific events, for example TechWeek or TRENZ, the level of communication was too low key.



While it was accepted that some parts of the story were being told through various communications channels, the overall feeling was that communications were ad hoc and tactical, and some but not all, stakeholders held a view that it sometimes felt that Enterprise Dunedin appeared to be taking credit for good news stories even if they were not the lead or only organisation involved.

Overall, there was a view that there was need for a more considered communications strategy, developed in partnership with stakeholders and where stakeholders could also contribute to the implementation of the strategy in a more active way.

In terms of engaging with the wider community, the overall feeling was that this was a low priority for Enterprise Dunedin. It was felt that the team appears to engage well with key sector contacts but outside of that they were not visible and not seen to be active participants in the wider ecosystem. Many stakeholders interviewed felt that the broader community were not always aware of how Enterprise Dunedin contribute or seek to contribute to economic development in Dunedin.

In terms of stakeholder engagement and communication, one very specific area of concern that needs to be highlighted is the relationship between Enterprise Dunedin and the tourism sector. Setting aside the operational relationships between Enterprise Dunedin's tourism focused staff, which is acknowledged by tourism sector stakeholders to be positive, at the strategic and leadership level there has been a breakdown in the relationship between Enterprise Dunedin and the wider tourism sector across the city.

While some stakeholders felt that the situation was improving and that TRENZ had helped with this, and while it was noted that the absence of a senior manager with experience and responsibility for tourism had not helped the situation, the overriding message was that the relationship needed to be reset.

Many stakeholders, including those with a national remit, felt that the consequence of this breakdown was the city was losing out and would continue to lose out on significant opportunities to grow and enhance Dunedin's visitor economy. There was a consistent view that there was significant scope for growth across the tourism sector and that Dunedin had a compelling destination offer which was suffering because of a lack of collaboration. It was further felt that as a result opportunities for co-investment were also being missed. A number of local and national partners indicated that they would be prepared to invest alongside DCC in marketing and promoting the city if there was a more coherent plan, better engagement and demonstrated commitment.

## Performance assessment

A more strategic and proactive approach to communication is clearly needed and there could be significant early gains by focusing time and effort in this area. However, there is also a need to acknowledge the need to create a new dynamic in how Enterprise Dunedin and the city's tourism sector work together. The strength of feeling on this issue, specifically as it relates to the current relationship with the tourism sector is difficult to overlook. It is very clear that there has been a breakdown in the relationship across the sector and that this should be a priority area for improvement. While the areas for improvement identified in other areas of this report would also assist in enhancing the relationship with the tourism sector, this issue needs to be given specific focus and attention.





Given the ongoing importance of the tourism sector to the Dunedin economy, together with the opportunity for further growth, as well as the challenge presented from growth in other regions, it is critical that a constructive relationship is formed. This will require change from all parties and the process of rebuilding requires strong collective leadership and a willingness to move forward to benefit the whole sector and the city more widely.

In other areas, Enterprise Dunedin also needs to improve the consistency and frequency of stakeholder engagement and communication, but by and large the building blocks are already in place and there is just a need for more focus and a more systematic and managed approach.

## Improvement recommendations

In terms of stakeholder engagement and communications, we recommended that:

- 1 Dunedin City Council and Enterprise Dunedin invest time and attention to rebuilding the relationship with the tourism sector, this should involve an open and constructive dialogue across the sector which results in a shared improvement plan and commitment to changing the dynamic on all sides.
- 2 Enterprise Dunedin develops and implements a new stakeholder engagement and communications framework and customer relationship management approach, which should be based on consultation with stakeholders to ensure that there is a commitment to regular two-way engagement, communication and collaboration.
- 3 As part of this approach, Enterprise Dunedin introduces a voice of the customer measure across all areas of activity, this could possibly be an extension of the Net Promoter Score (NPS) model used in the Regional Business Partner Programme. The results of the voice of customer measure should be reported regularly to demonstrate progress and identify areas for improvement.

## Monitoring and Reporting

### Issue Description

While effective performance measurement and reporting is critical for all organisations, there is an expectation that public sector agencies can demonstrate on-going value for ratepayer funded activities. Where public organisations can clearly show the impact and return on investment of supported activities and services, there is a good opportunity to demonstrate value and relevance. In addition, good performance reporting can generate trust and confidence amongst stakeholders and the wider public.

Measuring and monitoring results also allows organisations to track how they are delivering to agreed strategies and plans, as well as the effectiveness of individual programmes and projects. Over the longer term, this performance information is essential when seeking to evaluate the effectiveness of chosen interventions and to determine whether new approaches are needed.

While issues of causality and attribution are always a challenge, understanding the true impact of services improves future policy development and implementation and future delivery. All organisations



face similar challenges in identifying robust performance data, particularly in the field of economic development which is widely recognised to be difficult to measure. Making the best use of available data and knowledge to define measures, set targets and collect performance information is critical to improving the performance. Good performance information also helps identify what policies and processes work and why they work.

As public sector organisation, using ratepayer money to deliver services, it is important that Enterprise Dunedin can demonstrate impact and be held accountable for performance. Performance information is also key to effective management, including strategic and operational planning, monitoring and evaluation.

In addition, while not strictly part of organisational performance monitoring, given Enterprise Dunedin's role in supporting the growth and development of the Dunedin economy, there is also a role for the organisation to play in monitoring the performance of the wider city economy, understanding how the city compares to national trends and to the performance of comparable towns and cities.

## Stakeholder views

It was felt that reporting on Enterprise Dunedin's activities seems to be through multiple, uncoordinated channels, with multiple reports, committees and groups, but there was no overall reporting framework that was comprehensive, coherent or consistently applied. Where dashboards had been introduced, for example in the case of the Regional Business Partners Programme, some concerns were expressed in terms of the data quality assurance processes and the subsequent accuracy of reports. Some stakeholders indicated that they had previously requested better performance reporting, but not enough progress had been made in this area.

On the issue of evaluation, impact and evidence of the current return on investment being achieved from Enterprise Dunedin's activities. Stakeholders recognised that this was a challenging exercise and that measuring the impact of economic development activities was difficult, but there was still a view that more could be done to enhance the current monitoring and reporting arrangements.

In terms of the wider issue of Enterprise Dunedin's role in monitoring and reporting on the performance of the Dunedin economy, stakeholders felt that there is not enough collaboration across stakeholders and key sectors to identify what data and intelligence is available and how it might be better collated and presented. Several stakeholders outlined data sets that are available and that could be shared, but they felt that there neither opportunity nor openness to collaboration.

For example, some tourism operators monitor visitor information and data on a weekly and monthly basis and that this information could be more systematically analyzed and shared. In terms of data reporting by Enterprise Dunedin, it was felt that that any data that was shared came too late and added little value, as it frequently confirmed what stakeholders already knew.

## Performance assessment

Enterprise Dunedin are taking proactive steps to improve their approach to performance management, the development of clearer investment logic mapping and the think, plan, do approach that has also been introduced should be welcomed. However, these approaches are still relatively new, they have not been extended to all activity areas, they do not appear to be visible to stakeholders and it's is not



yet clear how they are being used to drive performance. Integrating these approaches in a wider performance framework would be a logical next step.

Without good monitoring and performance data, there is an ongoing pressure to do more, as opposed to focus and prioritise those activities that make the biggest difference. The extension and adoption of the think, plan, do approach, combined with investment logic mapping for significant investments, would also be beneficial, and particularly as this is combined by more effective communication with stakeholders.

Similarly, there are some areas where consideration should be given to a more systematic and comprehensive approach to project review and evaluation. While there is a need to balance the costs of evaluation with the corresponding level of investment made into any project or programme, it would be beneficial to consider where greater evidence of impact is required to justify ongoing investment and demonstrate return on investment.

This could be reserved for those activities that are seen as high strategic priority and where there has been considerable resource investment over time. For example, given the priority that has been placed on engagement with China, this area of activity may warrant a formal independent impact evaluation or review. Over the longer term, the extension of the investment logic mapping approach will also provide a solid foundation for ex-ante and ex-post evaluation.

In terms of reporting on the wider performance of the city's economy. Enterprise Dunedin could play a useful role, working with partners, to co-ordinate and disseminate accurate and timely information on key economic, sector and labour market data. We are aware that Enterprise Dunedin has undertaken work in this area previously, but that capacity constraints have held the organisation back from making this regularly updated and available.

## Improvement recommendations

In terms of monitoring and reporting we recommend that:

- 1 Enterprise Dunedin ensures that where significant investments are made, there are clear performance measures in place and that the think, plan, do and investment logic mapping approach is applied. For larger and multiyear projects, undertake more comprehensive project reviews and evaluations that provide evidence of outcomes and impacts of investment over time.
- 2 Enterprise Dunedin ensures that progress against performance measure are regularly reported to the Economic Development Committee, the Grow Dunedin Partnership Board and to wider stakeholders and ratepayers. This should also include wider reporting on the performance of the Dunedin economy.
- 3 Enterprise Dunedin ensures that all relevant committee papers and reports prepared by Enterprise Dunedin are easily accessible via the Enterprise Dunedin and DCC websites and that key decisions are clearly communicated to stakeholders.
- 4 Enterprise Dunedin prepares and disseminate an annual report or review on all projects and programmes for distribution to stakeholders. The report should include a forward looking work programme that provides advanced information on planned activities, the aims and objectives of those activities and how success will be measured.



## Governance and Advisory

### Issue Description

The final theme that emerged during this review was the issue of governance and advice. Specifically, whether the current arrangements were sufficiently robust and transparent and whether they also provided an appropriate level of advice and expertise to inform the activities of Enterprise Dunedin in a way that added real value and was meaningful.

Governance in a public sector context is a complicated issue and public sector organisations must satisfy a complex range of political, economic and social objectives, which creates a different set of operating considerations and constraints. While the democratic processes create a clear accountability framework, effective governance typically requires more than political oversight and public organisations are also subject to forms of accountability to various stakeholders, which are different to those that a private company might experience.

The public sector plays a major role in society, and effective governance in the public sector creates a framework for control and accountability and can encourage the efficient use of resources, all of which are essential in building stakeholder and ratepayer confidence.

For local government, one reason for the establishment of separate entities, be they business units or separate Council Controlled Organisations, may be the expectation that this will deliver greater efficiency and provide access to expertise advice and expertise. Public sector organisations also need, operationally and in terms of governance, enough freedom to manage operations in an agile and flexible way, while ensuring they are operating within a framework of effective governance and accountability.

As part of this review, consideration was given to the nature of Enterprise Dunedin's current governance arrangements and whether they were supporting the effective operation of the organisation. Our assessment was based upon interviews with councillors, staff and stakeholders, as well as direct observations.

### Stakeholder views

Some stakeholders raised a concern the current arrangements, specifically the fact that Enterprise Dunedin was essentially part of council, created a risk that the activities of the unit were overly influenced by DCC politics or by individual politicians and their specific interests. However, this should perhaps be a perceived risk as there were no specific examples provided of this having been the case, more of general concern amongst some stakeholders.

There was a view that there was an ongoing lack of clarity in the current arrangements, in terms of how the governance architecture worked, in theory and in practice, and in terms of the respective roles and responsibilities of the different groups and committees. While some groups appear to have terms of reference for their activities, there are not necessarily well understood and most of those stakeholders interviewed did not feel these terms of reference were closely adhered to.

The lack of clarity relating to roles and responsibilities, not just of the current governance arrangements but also the individual roles and responsibilities of partners, was seen to be holding the city back in progressing key objectives. It was noted that this lack of clarity made it difficult to understand issues ownership and accountability. From a governance perspective, the lack of clear



Key Performance Indicators (KPIs) for all activities, as previously noted in terms of monitoring and reporting, was also acknowledged to be a governance challenge.

Stakeholders were particularly confused and dissatisfied with the role, function and purpose of the Grow Dunedin Partnership Board. It was felt that the GDP was established for the right reasons but, despite the changes following the 2015 review, the Board was not being used effectively and members were not getting or giving enough value for the time they were freely giving. It was also noted that the review had not been effective in securing real input from the tourism sector as the individual who was added to the Board was a hotel investor and was not representative of the wider sector.

It was felt that GDP's focus on approving minor funding requests, primarily for Enterprise Dunedin projects, was diverting the group from playing a more strategic role, focused on the longer-term growth of the city's economy. This was seen to be a concern for iwi stakeholders, who were concerned that discussions were sometimes too operational and immediate and not enough focus was being placed on the broader picture and how the growth of the city can bring long term benefits.

Questions were also raised as to the appropriateness of an unelected group such as GDP making investment decisions on ratepayer funded activities. The relationship, and sequencing of decisions and reporting, between GDP and the Economic Development Committee was seen to be particularly problematic. There appeared to be no coherent or systematic approach to sharing reports, minutes, information, advice or decisions between the two bodies and that this combined to suggest a fundamental lack of oversight and accountability.

In term of current advisory arrangements, this was also an area where stakeholders felt there was a need for improvement. It was recognised that, given the wide scope of Enterprise Dunedin activities and the fact that it is not a CCO with a skills-based independent board, the ability of the unit to access effective advice is essential. However, it was unclear to stakeholders that the current arrangements were delivering on this requirement. Multiple stakeholders questioned why a skills-based marketing advisory board had not been established, particularly given it was an agreed recommendation from the original review.

This view was shared across stakeholder groups, not only those stakeholders from within the tourism sector, and it was felt that the omission of this advisory group had left the tourism sector isolated from other stakeholders and from the Enterprise Dunedin model and that this had contributed to the current dysfunction in the relationship and had resulted in the sector preparing its own strategy, which was not integrated with the wider Economic Development Strategy or Destination Plan.

## Performance assessment

Given Enterprise Dunedin is a part of DCC and not a CCO with an independent board, it is important that the unit has access to appropriate advice and experience to support decision making and action across all of its activities, strategic and operational. In theory, this could be provided by a group such as the GDP Board and the various advisory groups that have been established or proposed. However, the current arrangements do not appear to be fulfilling their intended purpose, and the expertise that should be available to advise and support Enterprise Dunedin is not being fully utilised.

This appears in part to be a result of a lack of clarity on the role of the various groups and how they relate to each other, and in part it appears to be a result of a lack of structure and process around how the groups are supported and utilised. Overall, the current arrangements seem unnecessarily complex



for a city the size of Dunedin and given the level of investment being made in economic development and city marketing activities.

As identified above, where terms of reference exist for groups, such as GDP, these do not appear to be well understood or followed. In addition, for some of the other working groups, terms of reference do not appear to be in place or if they have been prepared they were not provided to the review team. In addition, while the 2015 review of the governance of GDP led to some enhancements in the way in which the GDP Board operates, it does not seem that all of the recommendations have been fully implemented. It also does not seem like the governance framework, as it relates to sub-groups of GDP, as described in that review and shown earlier in this report has been fully implemented.

A further issue would seem to be the fact that the notion of governance across stakeholders was primarily focused on the governance of Enterprise Dunedin, rather than the wider issue of governance as it relates to the Economic Development Strategy and the extent to which partners are working together to progress the shared objectives and collective actions contained within the strategy. This reflects the nature and maturity of governance and stakeholder relationships across the city.

In our view, this review, together with the forthcoming revision of the Economic Development Strategy, provides an ideal opportunity to refine, refresh and simplify the current arrangements. While there are questions regarding the effectiveness of GDP, in its current format, there is a clear need to bring together partners, such as those represented on GDP, to inform and shape the future direction of the city's economy.

## Opportunities for improvement

In terms of governance arrangements we recommend:

- 1 A new simplified governance structure is put in place to provide ongoing support and advice to DCC and Enterprise Dunedin. This structure should build upon the current GDP Board but needs to ensure appropriate representation from all stakeholders and industry groups.
- 2 The new Board plays a key role on the development of the revised Economic Development Strategy, with a primary focus on the long term sustainable and inclusive growth of the Dunedin economy.
- 3 An independent chair is appointed by members of the Board and that the secretariat services are provided by DCC. Where additional advisory or working groups are require, these should be established as sub-groups of the new Board. As a general rule these sub-groups should be time limited groups tasked for a specific purpose.
- 4 Clarify and communicate governance and reporting arrangements between Enterprise Dunedin, the Economic Development Committee and the new Board to ensure that roles, responsibilities and sequencing of reporting and decision making is clear and transparent.
- 5 The Board runs on a quarterly meeting cycle and a standing agenda that monitors the performance of the Dunedin economy and considers the longer-term strategy for the city. In addition, operational funding decisions should be removed from the Board's remit, but some funding should be available to provide strategic economic insight and intelligence and to commission feasibility studies and business case development for major strategic initiatives.



# CONCLUSIONS AND RECOMMENDATIONS

## Conclusions

This report has considered the findings of our review of Enterprise Dunedin, with a focus on whether the current organisational structure is effective in supporting economic development and city marketing services.

The review findings suggest that several areas where there is scope for improvement in how the current arrangements are working. However, in most instances the areas where improvements are required are not necessarily a consequence of the fact that Enterprise Dunedin sits within the main Dunedin City Council structure.

While it is not uncommon for the activities delivered by Enterprise Dunedin to be in a Council Controlled Organisation, this is not the only model. Across New Zealand there is variation in the structure and organisational form of economic development, tourism and marketing activities and it is ultimately a decision for elected politicians to decide where these functions should sit.

Based upon the findings of the stakeholder interviews, a review of the available information and our wider experience, we have recommended that DCC should seek to enhance the current arrangements, rather than implement more substantive changes.

We also considered whether the council should instead:

- Establish Enterprise Dunedin as a separate CCO
- Re-establish an economic development unit within DCC and transfer some activities to other organisations or existing CCOs
- Form separate city marketing and economic development units with DCC
- Establish a separate city marketing CCO

On balance, we believe that enhancing the status quo would be the most practical way forward. However, to enhance the current arrangements, the review has identified five areas where improvements are recommended. Implementing these recommendations are essential if the enhanced status quo model is to be a success.

## Recommendations

### Strategy and focus

- 1 As part of the forthcoming revision of the Economic Development Strategy, DCC ensures that all stakeholders are fully engaged in the review process and that all aspects of economic development and city marketing are reflected in the revised strategy.



- 2 Following revision of the Economic Development Strategy, Enterprise Dunedin works with stakeholders to produce a detailed implementation plan which clearly identifies the roles of all stakeholders.
- 3 In preparing this implementation plan, Enterprise Dunedin works with the wider destination sector to give effect to the objectives and priorities of the Dunedin Destination Plan and to reconcile, where possible the Destination Plan actions and those contained in the Tourism Framework.

### Organisational capacity

- 1 DCC establish and recruit a new senior city marketing manager position and recruit a senior and experienced marketing professional with experience and credibility across the visit, study, work and live continuum. This person should have lead responsibility for all of Enterprise Dunedin's destination related activities and can engage strategically with the city's visitor sector.
- 2 Enterprise Dunedin ensures that any open vacancies within the structure are recruited to ensure sufficient capacity is in place to support current and proposed activity and to support effective engagement with stakeholders and partners.
- 3 DCC consider whether additional resources can be available, through council, from private sector partners or as part of central processes such as the Provincial Growth Fund, to support future activities.
- 4 DCC and Enterprise Dunedin consider whether some existing market facing activities or services, particularly those that are tourism related, might be better outsourced to another organisation or partner.

### Stakeholder engagement and communications

- 1 Dunedin City Council and Enterprise Dunedin invest time and attention to rebuilding the relationship with the tourism sector, this should involve an open and constructive dialogue across the sector which results in a shared improvement plan and commitment to changing the dynamic on all sides.
- 2 Enterprise Dunedin develops and implements a new stakeholder engagement and communications framework and customer relationship management approach, which should be based on consultation with stakeholders to ensure that there is a commitment to regular two-way engagement, communication and collaboration.
- 3 As part of this approach, Enterprise Dunedin introduces a voice of the customer measure across all areas of activity, this could possibly be an extension of the Net Promoter Score (NPS) model used in the Regional Business Partner Programme. The results of the voice of customer measure should be reported regularly to demonstrate progress and identify areas for improvement.

### Monitoring and reporting

- 1 Enterprise Dunedin ensures that where significant investments are made, there are clear performance measures in place and that the think, plan, do and investment logic mapping





approach is applied. For larger and multiyear projects, undertake more comprehensive project reviews and evaluations that provide evidence of outcomes and impacts of investment over time.

- 2 Enterprise Dunedin ensures that progress against performance measure are regularly reported to the Economic Development Committee, the Grow Dunedin Partnership Board and to wider stakeholders and ratepayers. This should also include wider reporting on the performance of the Dunedin economy.
- 3 Enterprise Dunedin ensures that all relevant committee papers and reports prepared by Enterprise Dunedin are easily accessible via the Enterprise Dunedin and DCC websites and that key decisions are clearly communicated to stakeholders.
- 4 Enterprise Dunedin prepares and disseminate an annual report or review on all projects and programmes for distribution to stakeholders. The report should include a forward looking work programme that provides advanced information on planned.

## Governance and advisory

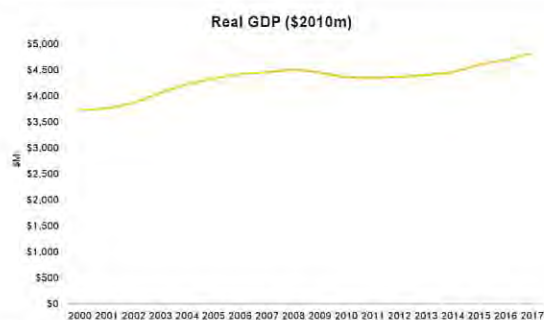
- 1 A new simplified governance structure is put in place to provide ongoing support and advice to DCC and Enterprise Dunedin. This structure should build upon the current GDP Board but needs to ensure appropriate representation from all stakeholders and industry groups.
- 2 The new Board plays a key role on the development of the revised Economic Development Strategy, with a primary focus on the long term sustainable and inclusive growth of the Dunedin economy.
- 3 An independent chair is appointed by members of the Board and that the secretariat services are provided by DCC. Where additional advisory or working groups are require, these should be established as sub-groups of the new Board. As a general rule these sub-groups should be time limited groups tasked for a specific purpose.
- 4 Clarify and communicate governance and reporting arrangements between Enterprise Dunedin, the Economic Development Committee and the new Board to ensure that roles, responsibilities and sequencing of reporting and decision making is clear and transparent.
- 5 The Board runs on a quarterly meeting cycle and a standing agenda that monitors the performance of the Dunedin economy and considers the longer-term strategy for the city. In addition, operational funding decisions should be removed from the Board's remit, but some funding should be available to provide strategic economic insight and intelligence and to commission feasibility studies and business case development for major strategic initiatives.



# APPENDIX 1: DUNEDIN'S ECONOMY

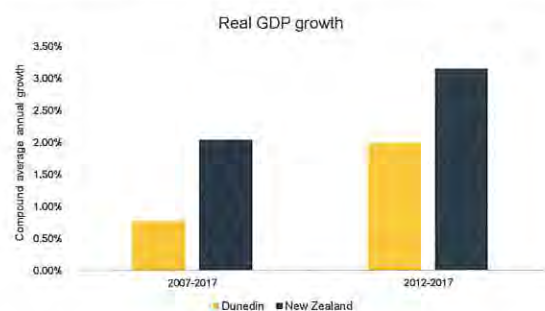
In 2017, Dunedin's real GDP (\$2010) was estimated at close to \$4.82 billion. Estimates indicate that Dunedin achieved real GDP growth of 0.8 percent per annum over 2007-2017, below the national 2.0 percent per annum growth rate.<sup>11</sup> Over 2012-2017 real GDP growth has also been lower than New Zealand's at 2.0 percent per annum compared to 3.2 percent per annum. Growth in the city has been below most comparable cities such as Whangarei (3.4 percent per year over five years), Hamilton (2.7 percent per year), Tauranga (4.2 percent per year), New Plymouth (2.6 percent per year), Wellington (3.3 percent per year), Christchurch (4.3 percent per year) but was higher than Napier (1.6 percent per year) and Nelson (1.5 percent per year).

Figure 7: Growth in real GDP in Dunedin



Source: Infometrics regional database

Figure 8: Compound annual growth in real GDP for Dunedin and New Zealand



Employment growth (filled jobs) has been well below the New Zealand average over the long-term – at 0.03 percent per annum over the last decade compared to 1.2 percent per year nationally. This was lower than comparable cities such as Whangarei, Hamilton, Tauranga, Gisborne, New Plymouth, Wellington, Nelson and Christchurch, although was higher than Napier. There was stronger growth in jobs in Dunedin over 2012-2017 at 0.9 percent per annum, but this was slower than job growth nationally (2.1 percent per year).<sup>12</sup> Again, this was lower than several comparable cities, including Whangarei (1.8 percent per year), Hamilton (1.9 percent per year), Tauranga (3.4 percent per year), Wellington (1.7 percent per year), Christchurch (2.6 percent per year), but was the same as Gisborne and higher than Napier (0.4 percent per year), New Plymouth (0.6 percent per year) and Nelson (0.2

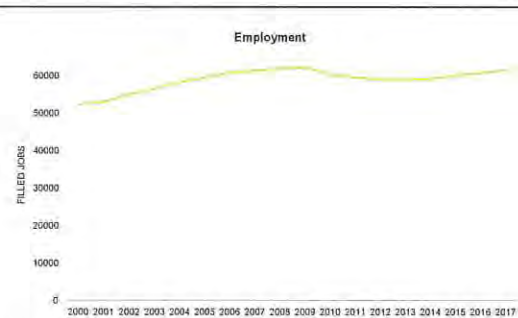
<sup>11</sup> Real GDP estimates from Infometrics economic profile for Dunedin on the Council's website.

<sup>12</sup> Infometrics economic profile.

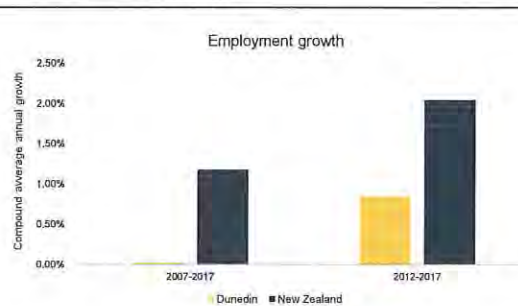


percent per year). Unemployment was relatively high at 7.1 percent for the year to March 2018 compared to 4.6 percent nationally. It has been tracking above the national average since 2016.

**Figure 9: Growth in employment in Dunedin**



**Figure 10: Compound annual growth in employment for Dunedin and New Zealand**



Source: Infometrics regional database

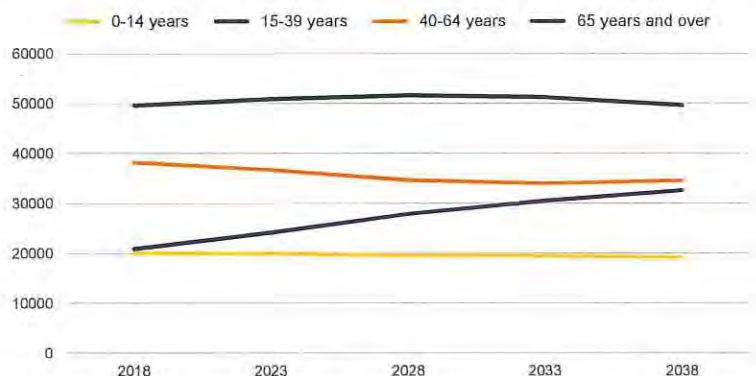
The city's population was estimated at 128,800 in 2017. Population growth has been below the national average over the last ten years at 0.55 percent per annum (compared to 1.3 percent per year), and has remained below the national average over the last five years at 0.84 percent per annum (compared to 1.7 percent per annum nationally).<sup>13</sup> Dunedin's population growth rate has been below several comparable cities such as Whangarei (1.4 percent per year over 10 years), Tauranga (1.9 percent per year), Napier (0.8 percent per year), New Plymouth (1.2 percent per year), Wellington (1.2 percent per year) and Nelson (1.4 percent per year), but was above Christchurch (0.4 percent per year) and around the same as Gisborne (0.6 percent per year).

The region is expected to have limited, if any, population growth over the long-term. Statistics New Zealand's medium level population estimates suggest 0.4 percent population growth per year over 2018 to 2028 and 0.3 percent growth per year over 2028 to 2038. As with several other areas of New Zealand, the young and working age population is expected to decline over the next two decades while the population of over 65-year olds is expected to grow quite strongly (by 2.9 percent per year over 2018 to 2028).

<sup>13</sup> Ibid.



**Figure 11: Population estimates for Dunedin for different age groups**



Source: Statistics New Zealand subnational population projections (medium projection)

In comparison, New Zealand's population rate is expected to grow by 1 percent per annum over the next 10 years and 0.7 percent per annum over 2028 to 2038. While growth in the population of over 65-year olds drives much of this growth, there is still expected to be some growth in young and working age populations. Dunedin's decline in the working age group population contrasts with expected growth in Whangarei, Hamilton, Tauranga and Wellington, but is similar to expected declines in Gisborne, Napier and Nelson.

Estimated productivity in the region is lower than nationally at around \$78,170 compared to \$97,700 in 2017<sup>14</sup> and has grown moderately over the last ten years (GDP per FTE in Dunedin has grown by 0.8 percent per annum over 2007-2017 compared to 0.9 percent growth per annum nationally). Estimated productivity is lower than several comparable cities including Whangarei, Hamilton, New Plymouth, Wellington and Christchurch, but is similar to Tauranga's, and higher than productivity in Napier, Nelson and Gisborne. Productivity has grown moderately over the last five years, at 1.1 percent per year (the same as growth nationally).

Real GDP per capita is much lower in Dunedin than nationally, at around \$37,450 compared to \$49,120 in 2017. Estimated growth in real GDP per capita has been below the national average over the last decade at 0.2 percent per annum (compared to 0.6 percent per year), and also grew more slowly over the last five years (by 1.1 percent per annum compared to growth nationally of 1.4 percent per annum). Mean annual earnings (\$53,360 in 2017<sup>15</sup>) and median annual personal income (\$23,300 in 2013<sup>16</sup>) are lower than national figures (\$57,800 and \$28,500). The mean earnings level in Dunedin is lower than several comparable cities such as Whangarei, Hamilton, Tauranga, Wellington and Christchurch but is higher than mean earnings in Gisborne, Napier and Nelson. Median personal income in Dunedin in 2013 was lower than all comparable city areas, likely reflecting the relatively high student population.

<sup>14</sup> A rough estimate of productivity as defined as GDP per employee. From Infometrics economic profile.

<sup>15</sup> Infometrics economic profile.

<sup>16</sup> Based on Census 2013.



Median household income in the region is lower than median income nationally – in 2013 the median household income in Dunedin was \$54,400, compared to \$63,800 nationally.<sup>17</sup> However, national median household income is skewed by Auckland and Wellington. Dunedin's level of median household income was similar to several other cities such as Whangarei (\$52,000), Tauranga (\$55,800), Gisborne (\$50,500), Napier (\$51,900) and Nelson (\$54,300).

Overall, the Dunedin economy has been poorly performing – achieving relatively slow growth in value added, jobs and population over the long-term, and generating low productivity, earnings and incomes.

## Industry Trends

The Dunedin city economy is somewhat concentrated in particular sectors. It has an average tress index of around 62<sup>18</sup>, which has remained fairly constant over the last decade. This compares to a New Zealand index of 51.

Health care & social assistance represents around 10 percent of the local economy, education & training represents 9.4 percent, professional & technical services represents 6.3 percent, and accommodation & food services another 4.2 percent. Other major sectors (excluding property and government sectors) include construction services (3.8 percent), other store & non-store retailing (3.3 percent), wholesale trade (3.3 percent), electricity & gas supply (3.2 percent), and postal & warehousing services (2.5 percent).

One of the major sectors has not performed well over the medium-term. The value of education & training declined by -0.8 percent per annum over 2012 to 2017. The city has a strong comparative advantage (high location quotient) in education & training.

Three major service sectors have achieved quite strong growth, with construction services growing by 6.3 percent per year over the last five years, accommodation & food services growing by 3.3 percent per year, and health care & social services growing by 2.8 percent per year. Dunedin has a revealed comparative advantage in both health care & social assistance and accommodation & food services.<sup>19</sup>

Some smaller construction and infrastructure related sectors have grown strongly, including heavy & civil engineering construction (13.3 percent per annum growth), building construction (6.8 percent per year), road transport (5.3 percent per year) and water & waste services (5.3 percent per year).

<sup>17</sup> Based on Census 2013.

<sup>18</sup> MartinJenkins calculations. The tress index measures the degree of concentration of an economy on an industry or sector basis. A tress index of zero represents a totally diversified economy, while an index close to 100 means the economy is highly concentrated in a particular sector or sectors. Formally, a tress index is developed by calculating each sector's contribution to the local economy; multiplying each sector's total employment by its share of the economy; calculating the sum totals of the weighted values for each sector and then indexing the totals.

<sup>19</sup> As measured by employment location quotients. Location Quotients (LQs) measure the concentration of industries in an area and can provide an indication of a region's comparative advantages. They measure industry employment (or GDP) within a specified location relative to industry employment (or GDP) nationally. An LQ greater than one means that the industry or segment is 'over-represented' and concentrated relative to the rest of New Zealand, which suggests it is a net exporter and that some comparative advantages exist.



Other major service sectors grew more moderately, with professional & technical services growing by 1.8 percent per year, wholesale trade growing by 1.7 percent per year and other store & non-store retailing achieving 2 percent per annum growth. Dunedin does not have demonstrated advantages over other cities or regions in any of these sectors.<sup>20</sup>

There have been mixed results for manufacturing industries. Fruit, cereal and other food product manufacturing declined in value over the five years by 4.9 percent per year and transport equipment manufacturing declined by 1.5 percent per year. However, machinery & other equipment manufacturing grew by 2.7 percent per year, and fabricated metal product manufacturing and beverage product manufacturing grew strongly at 4.1 percent and 4.9 percent per annum respectively. The city does not have comparative advantages in any of these sectors.

Dunedin's primary industries are small and have also achieved mixed results. Forestry & logging and dairy cattle farming have both grown strongly (by 5.2 percent and 4.9 percent per year respectively over 2012 to 2017), and mining and poultry & other livestock farming have significantly expanded in value terms (by 17.9 percent and 16.7 percent per year respectively), albeit from small bases. But sheep & beef cattle farming and horticulture & fruit growing have declined and fishing & aquaculture has achieved limited growth.

Overall, growth in the Dunedin economy over the last five years has been driven by construction, health services and international tourism.

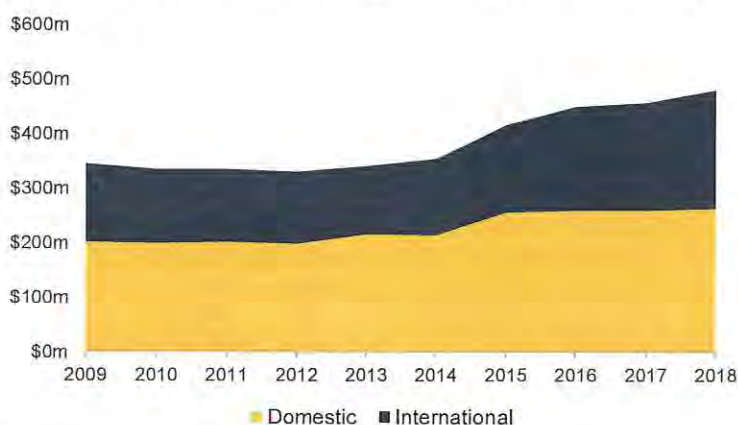
## The visitor economy

Visitor expenditure in the year ended March 2018 was \$743 million. This was similar to or higher than many other small city areas such as Whangarei (\$482 million), Tauranga (\$792 million), Gisborne (\$151 million), Napier (\$344 million), New Plymouth (\$314 million), and Nelson (\$362 million). However, visitor expenditure has grown moderately over 2012-2017 at 5.7 percent per annum compared to 8.2 percent per annum nationally. Visitor expenditure growth has been lower than several comparable city areas.

<sup>20</sup> As measured by employment location quotients.



**Figure 12: Growth in visitor expenditure in Dunedin over 2009-2018 (\$m)**



Source: MartinJenkins using MBIE regional tourism estimates (years ended March).

Commercial accommodation nights increased by 3.3 percent per year over 2012-2017 (December years), which was lower than the growth rate nationally (4.6 percent per year). Dunedin's average length of visitor stay in the year ended December 2017 was 1.8 days, slightly below the New Zealand average (2 days).

International visitor expenditure has grown over the five years (March years) by 11.7 percent per annum, just over the New Zealand growth rate (11.3 percent). The number of international visitors was estimated to increase by 15.6 percent per year over the same period (December years), compared to 13.5 percent per year nationally. International visitor nights in commercial accommodation increased by 4.2 percent per annum over 2012-2017 (December years) compared to 7.3 percent per year nationally.

Domestic visitor expenditure has grown relatively slowly over the period, by 3.7 percent per annum compared to 5.9 percent per annum across New Zealand overall. However, domestic commercial accommodation guest nights increased by 2.8 percent per annum over 2012-2017, equal to the growth experienced across New Zealand as a whole. The city has a relatively high proportion of domestic expenditure at 70 percent of total visitor expenditure compared to an average of 60 percent across New Zealand.

Dunedin has a similar profile of visitor expenditure to expenditure nationally. The only major difference is that, in the year ended December 2017, 24 percent was on 'other retail' compared to 34 percent nationally.



# APPENDIX 2: ENTERPRISE DUNEDIN – VISITOR SECTOR SURVEY SUMMARY

## Respondent demographics

As part of the review, DCC requested a separate survey of the city's tourism sector. Using a database provided by Enterprise Dunedin, an online survey was administered through the SurveyGizmo platform. The survey questionnaire mirrored the interview guide used for the face to face stakeholder interviews and was issued to a sample of 418 organisations, drawn from a database of 522 tourism organisations. The survey ran for a period of 3 weeks and at the close a total of 51 completed response were received.

As shown in table 1, below, the majority (80%) of responding businesses employed less than 50 staff, and almost a third (31%) employed less than 5 staff. Table 2 shows that approximately half of all businesses (48%) were providing services directly to customers, with a further 46% focused on both B2B and B2C. In terms of customer base (table 3) there was almost an even split between international (51%) and domestic clients (49%).

**Table 1: How many people are employed by your business?**

	Respondents	Percentage
0-5	15	31%
6-10	7	14%
11-50	17	35%
51-100	4	8%
101+	6	12%

**Table 2: Is your business:**

	Respondents	Percentage
Business-to-business	3	6%
Business-to-customer	23	48%
Both	22	46%





**Table 3: What percentage of your customers/clients are (average of all responses)**

	Percentage
International	51%
Domestic	49%

## Context and rationale

### Challenges

As shown in table 4, suggests that the most significant challenges facing the Dunedin visitor economy are:

- The image and perception of Dunedin as a visitor destination (61% of respondents)
- Destination management and pressures on visitor infrastructure (45% of respondents)
- Fluctuating demand due to seasonality of tourism (41% of respondents)

While these are seen as the most significant issues, respondents largely felt that these issues were not sufficiently reflected in Enterprise Dunedin's work programme. Table 5 provides further detail on this point and Table 6 shows those areas that respondents felt should be prioritised by the organisation and suggest a strong view that greater emphasis should be placed on enhancing the image and perception of Dunedin as a visitor destination (81% of respondents) and increasing visitor numbers (75% of respondents).

**Table 4: In your view, what are the primary challenges facing the visitor economy in Dunedin?**

	Respondents	Percentage
Destination management and pressures on visitor infrastructure	23	45%
Level or quality of accommodation across the city	14	27%
Fluctuating demand due to seasonality of tourism	21	41%
Availability of sufficient tourism products or experiences	9	18%
Image and perception of Dunedin as a visitor destination	31	61%
Insufficient visitor numbers	12	24%
Other	11	22%

**Note**

Multiple responses were permitted for this question. Responses may not sum to 100%



**Table 5: To what extent are these challenges reflected in the work currently undertaken by Enterprise Dunedin?**

	Not at all		2		3		4		Very much		Don't know	
Destination management and pressures on visitor infrastructure	3	13%	9	39%	6	26%	3	13%	0	0%	0	9%
Level or quality of accommodation across the city	3	21%	8	57%	1	7%	0	0%	1	7%	0	7%
Fluctuating demand due to seasonality of tourism	0	24%	0	10%	0	24%	0	10%	0	5%	0	29%
Availability of sufficient tourism products or experiences	0	0%	3	33%	5	56%	0	0%	0	0%	0	11%
Image and perception of Dunedin as a visitor destination	6	19%	7	23%	9	29%	6	19%	2	6%	0	3%
Insufficient visitor numbers	2	17%	5	42%	2	17%	1	8%	1	8%	0	8%
Other	2	20%	1	10%	3	30%	1	10%	3	30%	0	0%

**Table 6: To what extent should these challenges be reflected in the work currently undertaken by Enterprise Dunedin?**

	Not at all		2		3		4		Very much		Don't know	
Destination management and pressures on visitor infrastructure	1	4%	0	0%	1	4%	8	35%	13	57%	0	0%
Level or quality of accommodation across the city	1	7%	2	14%	2	14%	1	7%	8	57%	0	0%
Fluctuating demand due to seasonality of tourism	1	5%	0	0%	5	24%	7	33%	7	33%	1	5%
Availability of sufficient tourism products or experiences	0	0%	1	11%	0	0%	3	33%	5	56%	0	0%
Image and perception of Dunedin as a visitor destination	0	0%	0	0%	3	10%	3	10%	25	81%	0	0%
Insufficient visitor numbers	0	0%	0	0%	1	8%	1	8%	9	75%	1	8%
Other	0	0%	0	0%	1	10%	1	10%	8	80%	0	0%



## Opportunities

Looking at the city's primary opportunities for growing the visitor economy, the top three areas identified by respondents (Table 7) were:

- Capitalising upon Dunedin's history, culture and natural setting (71%)
- Developing Dunedin as a visitor hub for the wider South Island (53%)
- Maximising opportunities associated with major sporting, music and business events (47%)

Tables 8 and 9 suggests that there is scope for Enterprise Dunedin to enhance their focus on these opportunities and that this would be welcomed by respondents.

**Table 7: In your view, what are the primary opportunities for the visitor economy in Dunedin?**

	Respondents	Percentage
Leverage Dunedin's overarching brand and identity to reach greater visitor numbers	18	35%
Capitalise upon Dunedin's history, culture and natural setting	36	71%
To target visiting friends and relatives of the city's student population	5	10%
To maximise opportunities associated with major sporting, music and business events	24	47%
To attract greater numbers of Free and Independent Travellers from China, India and other international markets	12	24%
To develop Dunedin as a visitor hub for wider South Island touring	27	53%
To develop new tourism products and experiences, including those associated with the proposed waterfront development	19	37%
Other	4	8%

**Note**

Multiple responses were permitted for this question. Responses may not sum to 100%



**Table 8: To what extent are these opportunities reflected in the work currently undertaken by Enterprise Dunedin?**

	Not at all		2		3		4		Very much		Don't know	
Leverage Dunedin's overarching brand and identity to reach greater visitor numbers	2	11%	7	39%	4	22%	2	11%	1	6%	2	11%
Capitalise upon Dunedin's history, culture and natural setting	3	8%	5	14%	15	42%	9	25%	0	0%	4	11%
To target visiting friends and relatives of the city's student population	1	20%	1	20%	1	20%	0	0%	1	20%	1	20%
To maximise opportunities associated with major sporting, music and business events	4	17%	6	25%	4	17%	5	21%	2	8%	3	13%
To attract greater numbers of Free and Independent Travellers from China, India and other international markets	3	25%	5	42%	3	25%	1	8%	0	0%	0	0%
To develop Dunedin as a visitor hub for wider South Island touring	7	26%	10	37%	4	15%	0	0%	1	4%	5	19%
To develop new tourism products and experiences, including those associated with the proposed waterfront development	4	21%	3	16%	6	32%	1	5%	1	5%	4	21%
Other	1	25%	1	25%	2	50%	0	0%	0	0%	0	0%

**Table 9: To what extent should these opportunities be reflected in the work currently undertaken by Enterprise Dunedin?**

	Not at all		2		3		4		Very much		Don't know	
Leverage Dunedin's overarching brand and identity to reach greater visitor numbers	0	0%	0	0%	1	6%	2	11%	15	83%	0	0%
Capitalise upon Dunedin's history, culture and natural setting	0	0%	0	0%	2	6%	5	14%	29	81%	0	0%
To target visiting friends and relatives of the city's student population	0	0%	0	0%	0	0%	1	25%	3	75%	0	0%



	Not at all		2		3		4		Very much		Don't know	
To maximise opportunities associated with major sporting, music and business events	0	0%	0	0%	1	4%	4	17%	19	79%	0	0%
To attract greater numbers of Free and Independent Travellers from China, India and other international markets	0	0%	0	0%	2	17%	2	17%	8	67%	0	0%
To develop Dunedin as a visitor hub for wider South Island touring	0	0%	0	0%	4	15%	2	7%	21	78%	0	0%
To develop new tourism products and experiences, including those associated with the proposed waterfront development	0	0%	1	5%	2	11%	3	16%	13	68%	0	0%
Other	0	0%	0	0%	0	0%	0	0%	4	100%	0	0%

## Consultation and delivery of activities

Table 10 suggests that respondents currently do not feel that they are regularly consulted on Enterprise Dunedin's priorities and activities with 55% of respondents reporting that they are not consulted or not consulted at all, and only 20% of respondents feeling that they are consulted or that they are regularly consulted.

Table 11, perhaps unsurprisingly shows that the vast majority (84% of respondents) believe that the visitor sector should have a greater say in the organisation's tourism activities. Table 12 shows that nearly three quarters of respondents (73%) also feel that there is insufficient clarity on Enterprise Dunedin's role and responsibilities in the visitor sector.

**Table 10: To what extent is your organisation currently consulted on Enterprise Dunedin's priorities and activities - particularly as they relate to growing and promoting Dunedin's visitor economy?**

	Respondents	Percentage
We are not consulted at all	12	24%
We are not consulted	16	31%
Neutral	13	25%
We are consulted	8	16%
We are consulted very regularly	2	4%



**Table 11: Should the visitor sector have a greater role in determining the priorities and activities of Enterprise Dunedin's work in the tourism economy?**

	Respondents	Percentage
Yes	43	84%
No	2	4%
Don't know	6	12%

**Table 12: In your view, is there sufficient clarity about the roles and responsibilities across Enterprise Dunedin, and other organisations supporting Dunedin's visitor economy?**

	Respondents	Percentage
Very insufficient	12	24%
Insufficient	25	49%
Neutral	8	16%
Sufficient	3	6%
Very sufficient	0	0%
Don't know	3	6%

Table 13 shows that almost half of all respondents (49%) felt that some visitor economy activities might better rest with other organisations, with the most frequently mentioned activities being conference and event attraction and destination marketing and promotion. A number of these respondents also suggested that a separate Regional Tourism Organisation (RTO) was required.

Table 14 shows that 30% of respondents feel that there are some activities that are relevant to the visitor economy that can only be delivered by Enterprise Dunedin/DCC. The most frequently mentioned activities being ensuring consistent branding and destination management, coordinated communication with the sector regarding council activities, infrastructure provision and attracting new businesses to the city.

**Table 13: Are there any activities that relate to the visitor economy in Dunedin that you believe might better rest with other organisations?**

	Respondents	Percentage
Yes	25	49%
No	7	14%
Don't know	19	37%

**Which activities that relate to the visitor economy in Dunedin do you believe might better rest with other organisations?**

24 comments



- Conference and event attraction
- Destination marketing/promoting Dunedin as a visitor destination
- Need a standalone RTO

**Table 14: Are there any activities that support the visitor economy that you believe can only be delivered by Enterprise Dunedin/ Dunedin City Council?**

	Respondents	Percentage
Yes	15	30%
No	21	42%
Don't know	14	28%

**Which activities that support the visitor economy do you believe can only be delivered by Enterprise Dunedin/ Dunedin City Council?**

14 comments

- Ensuring consistent branding and destination management, both domestically and internationally
- Coordinated communication with the tourism industry regarding Council activities
- Infrastructure provision
- Attracting new businesses to Dunedin

## Effectiveness and efficiency

Table 15 suggests that there is scope to improve partnerships between Enterprise Dunedin and other organisations to deliver visitor marketing and Table 16% suggests the need to clarify any areas of perceived overlap or duplication. Overall, Table 17 shows that while 44% of respondents felt that the quality of Enterprise Dunedin's interaction with the visitor industry was poor or very poor, 20% of respondents felt the quality was good or very good.

As shown in Table 18, slightly more than half of respondents (56%) felt that the current model was not working well for the visitor sector but the remaining respondents felt that the model either was working (16%) or they were unsure (28%). Table 19 shows that 60% of respondents felt that the current arrangements were less effective than the previous arrangements under Tourism Dunedin. While Table 20 shows that the majority (60%) of respondents do agree that the city needs to adopted and integrated marketing approach.



**Table 15: To what extent does Enterprise Dunedin work in effective partnership with other organisations to deliver visitor marketing for Dunedin?**

	Respondents	Percentage
Not at all	5	10%
To a small extent	19	38%
Neutral	12	24%
To a moderate extent	12	24%
To a great extent	2	4%

**Table 16: Do you believe there are any areas of service overlap or duplication with other organisations?**

	Respondents	Percentage
Yes	13	26%
No	12	24%
Don't know	25	50%

#### In which specific areas are there duplication?

10 comments

- Marketing the city as a destination/destination awareness (operators undertaking their own sales & marketing work which is not aligned with the work of Enterprise Dunedin).
- Lack of consultation with Chamber of Commerce and Dunedin Host.





**Table 17: How would you rate the overall quality of Enterprise Dunedin’s interactions with the visitor industry?**

	Respondents	Percentage
Very poorly	11	22%
Poorly	11	22%
Neutral	18	36%
Well	8	16%
Very well	2	4%

**What visitor marketing or promotion activities delivered by Enterprise Dunedin do you think are working well and having the greatest impact?**

29 comments

- Dedicated and capable staff
- Successfully international marketing
- “Nothing”, “I can’t think of any”

**What services or activities do you think should be improved?**

33 comments

- Services provided by the visitor centre
- Communication and collaboration with tourism providers across the region
- Conference and event marketing (domestic and international)
- General marketing and promotion (including “Brand Dunedin”)



**Table 18: Overall, do you think the current delivery model of Enterprise Dunedin is working well for the visitor sector?**

	Respondents	Percentage
Yes	8	16%
No	28	56%
Don't know	14	28%

**Can you tell us why?**

*4 comments*

- Active marketing with overseas target markets is producing economic results
- Enterprise Dunedin do an excellent job with limited resources

**Can you tell us why not?**

*20 comments*

- An overly-bureaucratic organisation
- Lack of engagement with the tourism sector
- Poor tourism performance in comparison to other cities/regions
- Overly focused on economic development activities – insufficient focus on tourism specifically



**Table 19: From a visitor economy perspective, how do you think the current Enterprise Dunedin model compares to the previous Tourism Dunedin arrangements?**

	Respondents	Percentage
Much less effective	17	34%
Less effective	13	26%
Neutral	10	20%
More effective	5	10%
Much more effective	1	2%
Don't know	4	8%

**Table 20: Do you agree that the marketing and promotion of Dunedin should reflect an integrated approach to marketing the city to visitors, students, businesses and investors?**

	Respondents	Percentage
Yes	30	60%
No	15	30%
Don't know	5	10%

#### Why do you feel that reflecting an integrated approach is necessary?

20 comments

- To deliver a consistent “brand story”
- Each sector adds something unique to the approach
- Avoid overlap/duplication, thereby saving money
- It encompasses the entire city, not just parts of it

#### Why do you feel that reflecting an integrated approach is not necessary?

15 comments

- Very different markets/market segments
- Very different audiences (marketing to a business to move to Dunedin versus marketing to tourists) requires a tailored approach



## Opportunities for improving arrangements

Looking to the future Table 21 shows the majority of respondents (64%) would welcome a change to the current model but Table 22 also shows that 63% feel that relationships could be improved even if the model does not change.

**Table 21: Do you think the current model and arrangements should change?**

	Respondents	Percentage
Yes	32	64%
No	6	12%
Don't know	12	24%

### Why do you think the current model should change?

23 comments

- There needs to be an independent tourism body, separate from the Council
- "Council should not be involved in tourism"
- Current model is failing to attract visitors
- A lack of collaboration between the sector and Enterprise Dunedin

### Why do you think the current model should not change?

3 comments

- The model is working and delivering results



**Table 22: Are there areas where working relationships between the visitor sector and Enterprise Dunedin could be improved (even if the delivery model did not change)?**

	Respondents	Percentage
Yes	31	63%
No	4	8%
Don't know	14	29%

**In what way could relationships be improved?**

*24 comments*

- Greater ongoing/continuous engagement across the sector
- A need for more consultation and collaboration between Enterprise Dunedin and the sector
- More frequent communication

**Why do you feel that relationships could not be improved?**

*2 comments*

- The sector does not trust the Council
- The lack of vision and coordination won't be improved by changing relationships



## Re: Enterprise Dunedin Review

**Patrick McVeigh** <Patrick.McVeigh@martinjenkins.co.nz>  
19/10/2018 at 14:41:38

**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** 19/10/2018 at 14:41:38  
**To:** Vivienne Harvey <vivienne.harvey@dcc.govt.nz>  
**Cc:**

Ok thanks

Get Outlook for iOS

**From:** Vivienne Harvey <Vivienne.Harvey@dcc.govt.nz>  
**Sent:** Friday, October 19, 2018 2:08:54 PM  
**To:** Patrick McVeigh  
**Subject:** RE: Enterprise Dunedin Review

Hi Patrick

I am told that the figures in table 5 were as per the Annual report which were published figures which should be the ones to include in the review.

Sue hasn't given me advice on next steps yet.

Thanks

Vivienne

---

**From:** Patrick McVeigh [mailto:Patrick.McVeigh@martinjenkins.co.nz]  
**Sent:** 18 October 2018 3:57 PM  
**To:** Sue Bidrose <Sue.Bidrose@dcc.govt.nz>  
**Cc:** Vivienne Harvey <Vivienne.Harvey@dcc.govt.nz>  
**Subject:** Enterprise Dunedin Review

Kia ora Sue

Please find attached the final draft report – I am still waiting for Suz to confirm the figure in table 5 but can amend these as required. It would be helpful if you can confirm next steps and date for presentation to council – I'm happy to come and give this presentation

Ngā mihi

Patrick


**Patrick McVeigh**


Lead, People and Places

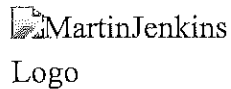
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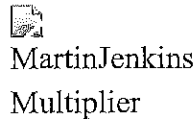
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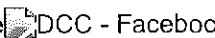

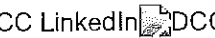
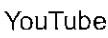
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## John Christie

---

**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** Thursday, 25 October 2018 06:17 p.m.  
**To:** Sue Bidrose  
**Cc:** John Christie  
**Subject:** RE: Review

Hi Sue

Thanks – I'll lock that time into the diary then and look to sort some flights

Very happy to work with you and John and point 5 – an important next step will also be rebuilding a sense of shared endeavour now review is complete

We can also discuss format for committee nearer the time

Kind regards

Patrick

**Patrick McVeigh**  
Lead, People and Places

**M** +64 27 241 1326

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**E** [Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)

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---

**From:** Sue Bidrose [mailto:Sue.Bidrose@dcc.govt.nz]  
**Sent:** Thursday, 25 October 2018 3:19 p.m.  
**To:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Cc:** John Christie <John.Christie@dcc.govt.nz>  
**Subject:** RE: Review

Hi Patrick

Please do hold this date. We are just working on the idea of a report saying

“here is the review. Problem not structural, so solution not structural either - but there are problems we need to address. Plan is (eg)

1. Hire head of marketing with cred
2. Form tourism sector advisory group that feeds in through the refreshed Grow Dunedin Partnership type mechanism to lead decision making on tourism initiatives and activities
3. Talk through the annual plan about the level of marketing spend, as the tourism sector has definitely lost ‘share’ due to the integration of marketing for visit/study/work/invest



4. Develop KPIs so council can monitor change and delivery of the change required
5. Come back to Council early 2019 with a formal change plan to integrate your recommendations in a refreshed ED structure...

Might you be available to assist with that 5<sup>th</sup> point if that is where we get to?

*Dr Sue Bidrose*  
Chief Executive Officer/Kaiwhakahaere Matua  
Dunedin City Council/Kaunihera-a-rohe o Otepoti

50 The Octagon, Dunedin;  
P O Box 5045, Moray Place, Dunedin 9058, New Zealand  
Telephone: 03 474 3851; Cell: 021 378790  
Email: [sue.bidrose@dcc.govt.nz](mailto:sue.bidrose@dcc.govt.nz); [www.dunedin.govt.nz](http://www.dunedin.govt.nz)

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**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]  
**Sent:** Tuesday, 23 October 2018 1:32 p.m.  
**To:** Sue Bidrose <[Sue.Bidrose@dcc.govt.nz](mailto:Sue.Bidrose@dcc.govt.nz)>  
**Cc:** Vivienne Harvey <[Vivienne.Harvey@dcc.govt.nz](mailto:Vivienne.Harvey@dcc.govt.nz)>  
**Subject:** Review

Hi Sue

Let me know if you need anything else from me – I'm currently holding 20<sup>th</sup> November in my diary as I understand that's the next date for ED committee? But if you want to confirm whether that's correct or if you want to arrange the presentation to councillors at a different time? Either way is good – just conscious diary will fill up soon.

Regards


Patrick

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Lead, People and Places

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## John Christie

---

**From:** Michelle Nicholls  
**Sent:** Friday, 26 October 2018 04:37 p.m.  
**To:** Suz Jenkins  
**Cc:** John Christie  
**Subject:** RE: Enterprise Dunedin Funding

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Hi Suz

Tried calling but you were busy. These aren't numbers that I provided. I'm out of the office for the rest of the day so will talk with you on Monday about this.

Cheers, Michelle

---

**From:** Suz Jenkins  
**Sent:** Friday, 26 October 2018 11:10 a.m.  
**To:** Michelle Nicholls <Michelle.Nicholls@dcc.govt.nz>  
**Cc:** John Christie <John.Christie@dcc.govt.nz>  
**Subject:** Enterprise Dunedin Funding  
**Importance:** High

Hi Michelle

Donna advised that you provide the numbers for the Annual Reports; are you able to confirm the funding details for Enterprise Dunedin as outlined in the table below are correct.

Martin Jenkins have completed a report for Council/Sue Bidrose. Sue has ask that I confirm this ASAP; as the report is in draft until numbers have been confirmed.

Please give me a call (extn 3035 or 021393057) if you need to me to clarify my request further  
Many thanks Suz

**Table 4. Council economic development areas of focus, activities and resourcing**

Dunedin City Council	
<b>Vision</b>	Dunedin is one of the world's great small cities. We are renowned as a confident, competitive knowledge centre, a community where enterprise and creativity support a productive and sustainable city.
<b>Economic goals</b>	<ul style="list-style-type: none"><li>• 10,000 extra jobs over 10 years (2013-2023 – requiring employment growth of approximately 2 percent per annum)</li><li>• An average \$10,000 of extra income for each person (requiring GDP per capita to rise by about 2.5% per annum).</li></ul>
<b>Relevant community outcomes</b>	<p>A thriving and diverse economy –</p> <p>Where Dunedin has an ambitious, prosperous, diverse and resilient economy that builds on its strengths and is:</p> <ul style="list-style-type: none"><li>• A city that grows businesses and industries through added value/productivity.</li><li>• A city that encourages employment opportunities for everyone.</li></ul>

## Dunedin City Council

### Areas of focus

- A city that actively attracts visitors, skilled staff and entrepreneurs and investors.
- A city that encourages creativity, research, and entrepreneurial excellence.
- A city that builds alliances between local businesses, community, education and research providers that offer mutual benefit.

### Activities

- Business vitality – to improve the ease of doing business.
- Alliances for innovation – to improve linkages between industry and research.
- A hub of skills and talent – to increase retention of graduates, build the skills base and grow migrant numbers.
- Linkages beyond our borders – to increase international investment and establish projects with other cities.
- A compelling destination – to increase the value of tourism and events and improve the understanding of Dunedin's advantages.
- Business development – business advice and referrals to local experts, business clinics, business internships, support for the start-up ecosystem, and facilitation of NZTE and Callaghan Innovation services as one of the Regional Business Partners
- Industry development – facilitating business collaboration to overcome barriers and achieve joint opportunities
- Gig-City/Smart City initiatives
- Talent and investment promotion, including Study Dunedin
- Marketing and promotion, including the Dunedin Brand, business events and marketing campaigns
- the i-SITE visitor centre
- Implementing the Economic Development Strategy initiatives and other major projects, including Project China, the Energy Plan, the Food Resilience Project, amongst others
- Economic and visitor monitoring information.

### FTEs

26 FTEs (+ 3 seasonal FTEs)

### Funding

\$4.376m (2014/15)

\$4.644m (2015/16)

\$5.635m (2016/17)

Key areas of investment:

- Marketing Dunedin: \$1.486m (34 percent)
- Economic Development: \$1.754m (40 percent)
- Visitor Centre: \$1.136m (26 percent)

Key areas of investment:

- Marketing Dunedin: \$1.579m (34 percent)
- Economic Development: \$1.794m (39 percent)
- Visitor Centre: \$1.271m (27 percent)

Key areas of investment:

- Marketing Dunedin: \$1.869m (33 percent)
- Economic Development: \$2.487m (44 percent)
- Visitor Centre: \$1.279m (23 percent)

Source: Annual reports.

### Patrick McVeigh

Practice Lead, People and Places

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**From:** Suz Jenkins [<mailto:Suz.Jenkins@dcc.govt.nz>]  
**Sent:** Tuesday, 9 October 2018 12:38 PM  
**To:** Patrick McVeigh <[Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks Patrick

Apologies for the delay, I have sorted it now. Payment for August and September will be included in the October payment run.

I'll have a look at those funding numbers and come back to you later.

Kind regards Suz

---

**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]  
**Sent:** Tuesday, 9 October 2018 12:13 p.m.  
**To:** Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>  
**Subject:** FW: Enterprise Dunedin Review

Hi Suz

It was this one

Thanks

Patrick

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## Suz Jenkins

---

**From:** Suz Jenkins  
**Sent:** Monday, 29 October 2018 12:08 p.m.  
**To:** 'Patrick McVeigh'  
**Cc:** John Christie; Sue Bidrose  
**Subject:** Enterprise Dunedin Review | Financial Confirmation

Hi Patrick

I have received confirmation from Finance today that the numbers in the Funding section, are the annual expenditure amounts, for those areas as reported in our Annual Reports.  
So I agree with Steven's recommendation that we amend the terminology from 'Funding' to 'Expenditure'.

Let me know if you need any further clarification.  
Kindest regards Suz

Suz Jenkins  
Finance & Operations Manager  
Enterprise Dunedin  
Dunedin City Council

48 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9058, New Zealand  
Telephone: 03 471 8835 Cell 021 393 057  
Email: [suz.jenkins@dcc.govt.nz](mailto:suz.jenkins@dcc.govt.nz)



---

**From:** Patrick McVeigh [mailto:Patrick.McVeigh@martinjenkins.co.nz]  
**Sent:** Wednesday, 17 October 2018 9:18 a.m.  
**To:** Suz Jenkins <Suz.Jenkins@dcc.govt.nz>  
**Cc:** John Christie <John.Christie@dcc.govt.nz>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks – I'll leave them in for now and will amend as required

Final report just being proofed

**Patrick McVeigh**


Lead, People and Places

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**From:** Suz Jenkins [<mailto:Suz.Jenkins@dcc.govt.nz>]

**Sent:** Tuesday, 16 October 2018 9:35 PM

**To:** Patrick McVeigh <[Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)>

**Cc:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>

**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks Patrick.

I have referred to our Finance team for confirmation. My thinking is that the Annual Report numbers are audited, so they should be used – however we will wait to obtain confirmation from the finance team if that's okay.

Kind regards Suz

---

**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]

**Sent:** Monday, 15 October 2018 10:28 a.m.

**To:** Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>

**Cc:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>

**Subject:** RE: Enterprise Dunedin Review | Payments

Hi Suz

I spoke with Steve Knuckey who pulled this data together from reports – he suggests I change the title to Expenditure rather than Funding. He said that the issue he struggled with was the costs associated with the "Dunedin Centre" venue as it sn't included in the scope of ED activities but it is included in their revenue and expenditure in the annual reports, so he remove it.

The 2015 comparison figure and graphs is based on your own calculation of ED investment as per the LGNZ survey that we conducted and that figure was \$4.376m for 2015 this is the same as as the figure Steve identified for 2015 figure in the table.

If you have a better/different set of numbers it would be helpful to see them?

Thanks

Patrick

**Patrick McVeigh**

Lead, People and Places

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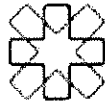
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**From:** Suz Jenkins [<mailto:Suz.Jenkins@dcc.govt.nz>]

**Sent:** Thursday, 11 October 2018 6:51 PM

**To:** Patrick McVeigh <[Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)>

**Cc:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>

**Subject:** RE: Enterprise Dunedin Review | Payments

Hi Patrick

Apologies for the delay; however I need to clarify what we include as Funding please?

I notice that the Annual Reports have been used; I've checked against the actual reports and there are some variances.

For example do we include Ratepayer funding and external financial partner contribution?

Important that I confirm, in the event these numbers may be queried.

Thanks Suz

**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]

**Sent:** Tuesday, 9 October 2018 2:35 p.m.

**To:** Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>

**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks

It's probably worth looking at full table

**Table 4. Council economic development areas of focus, activities and resourcing**

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## Dunedin City Council

### Relevant community outcomes

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Where Dunedin has an ambitious, prosperous, diverse and resilient economy that builds on its strengths and is:

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Source: Annual reports.


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**Sent:** Tuesday, 9 October 2018 12:38 PM  
**To:** Patrick McVeigh <[Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks Patrick

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I'll have a look at those funding numbers and come back to you later.

Kind regards Suz

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**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]  
**Sent:** Tuesday, 9 October 2018 12:13 p.m.  
**To:** Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>  
**Subject:** FW: Enterprise Dunedin Review

Hi Suz

It was this one

Thanks

Patrick

**Patrick McVeigh**


Practice Lead, People and Places

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**E** [Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)

 [MartinJenkins](#)

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## John Christie

---

**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** Monday, 29 October 2018 12:19 p.m.  
**To:** Suz Jenkins  
**Cc:** John Christie; Sue Bidrose  
**Subject:** RE: Enterprise Dunedin Review | Financial Confirmation

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Great thanks Suz

I think we are covered then as I changed the table in the report as follows

### Table 5: DCC Investment in Enterprise Dunedin

	2014/15	2015/16
Expenditure	\$3.76m (2014/15)	\$4.644m (2015/16)
	Key areas of investment:	Key areas of investment:
	<ul style="list-style-type: none"><li>• Marketing Dunedin: \$1.486m (34 percent)</li><li>• Economic Development: \$1.754m (40 percent)</li><li>• Visitor Centre: \$1.136m (26 percent)</li></ul>	<ul style="list-style-type: none"><li>• Marketing Dunedin: \$1.579m (34 percent)</li><li>• Economic Development: \$1.794m (39 percent)</li><li>• Visitor Centre: \$1.271m (27 percent)</li></ul>

---

Source: Annual reports.

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**From:** Suz Jenkins [mailto:Suz.Jenkins@dcc.govt.nz]  
**Sent:** Monday, 29 October 2018 12:08 PM  
**To:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Cc:** John Christie <John.Christie@dcc.govt.nz>; Sue Bidrose <Sue.Bidrose@dcc.govt.nz>  
**Subject:** Enterprise Dunedin Review | Financial Confirmation

Hi Patrick

I have received confirmation from Finance today that the numbers in the Funding section, are the annual expenditure amounts, for those areas as reported in our Annual Reports.

So I agree with Steven's recommendation that we amend the terminology from 'Funding' to 'Expenditure'.

Let me know if you need any further clarification.

Kindest regards Suz

Suz Jenkins  
Finance & Operations Manager  
Enterprise Dunedin  
Dunedin City Council

48 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9058, New Zealand  
Telephone: 03 471 8835 Cell 021 393 057  
Email: [suz.jenkins@dcc.govt.nz](mailto:suz.jenkins@dcc.govt.nz)



---

**From:** Patrick McVeigh [mailto:Patrick.McVeigh@martinjenkins.co.nz]  
**Sent:** Wednesday, 17 October 2018 9:18 a.m.  
**To:** Suz Jenkins <Suz.Jenkins@dcc.govt.nz>  
**Cc:** John Christie <John.Christie@dcc.govt.nz>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks -- I'll leave them in for now and will amend as required


Final report just being proofed


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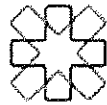
E [Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)

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**From:** Suz Jenkins [<mailto:Suz.Jenkins@dcc.govt.nz>]  
**Sent:** Tuesday, 16 October 2018 9:35 PM  
**To:** Patrick McVeigh <[Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)>  
**Cc:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks Patrick.

I have referred to our Finance team for confirmation. My thinking is that the Annual Report numbers are audited, so they should be used – however we will wait to obtain confirmation from the finance team if that's okay.

Kind regards Suz

---

**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]  
**Sent:** Monday, 15 October 2018 10:28 a.m.  
**To:** Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>  
**Cc:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Hi Suz

I spoke with Steve Knuckey who pulled this data together from reports – he suggests I change the title to Expenditure rather than Funding. He said that the issue he struggled with was the costs associated with the "Dunedin Centre" venue as it sn't included in the scope of ED activities but it is included in their revenue and expenditure in the annual reports, so he remove it.

The 2015 comparison figure and graphs is based on your own calculation of ED investment as per the LGNZ survey that we conducted and that figure was \$4.376m for 2015 this is the same as as the figure Steve identified for 2015 figure in the table.

If you have a better/different set of numbers it would be helpful to see them?

Thanks

Patrick


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**From:** Suz Jenkins [<mailto:Suz.Jenkins@dcc.govt.nz>]  
**Sent:** Thursday, 11 October 2018 6:51 PM  
**To:** Patrick McVeigh <[Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)>  
**Cc:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Hi Patrick

Apologies for the delay; however I need to clarify what we include as Funding please?

I notice that the Annual Reports have been used; I've checked against the actual reports and there are some variances.

For example do we include Ratepayer funding and external financial partner contribution?

Important that I confirm, in the event these numbers may be queried.

Thanks Suz

**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]  
**Sent:** Tuesday, 9 October 2018 2:35 p.m.  
**To:** Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks

It's probably worth looking at full table

**Table 4. Council economic development areas of focus, activities and resourcing**

Dunedin City Council	
<b>Vision</b>	Dunedin is one of the world's great small cities. We are renowned as a confident, competitive knowledge centre, a community where enterprise and creativity support a productive and sustainable city.
<b>Economic goals</b>	<ul style="list-style-type: none"><li>• 10,000 extra jobs over 10 years (2013-2023 – requiring employment growth of approximately 2 percent per annum)</li><li>• An average \$10,000 of extra income for each person (requiring GDP per capita to rise by about 2.5% per annum).</li></ul>
<b>Relevant community outcomes</b>	A thriving and diverse economy – Where Dunedin has an ambitious, prosperous, diverse and resilient economy that builds on its strengths and is: <ul style="list-style-type: none"><li>• A city that grows businesses and industries through added value/productivity.</li></ul>

## Dunedin City Council

	<ul style="list-style-type: none"> <li>• A city that encourages employment opportunities for everyone.</li> <li>• A city that actively attracts visitors, skilled staff and entrepreneurs and investors.</li> <li>• A city that encourages creativity, research, and entrepreneurial excellence.</li> <li>• A city that builds alliances between local businesses, community, education and research providers that offer mutual benefit.</li> </ul>									
<b>Areas of focus</b>	<ul style="list-style-type: none"> <li>• Business vitality – to improve the ease of doing business.</li> <li>• Alliances for innovation – to improve linkages between industry and research.</li> <li>• A hub of skills and talent – to increase retention of graduates, build the skills base and grow migrant numbers.</li> <li>• Linkages beyond our borders – to increase international investment and establish projects with other cities.</li> <li>• A compelling destination – to increase the value of tourism and events and improve the understanding of Dunedin's advantages.</li> </ul>									
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Business development – business advice and referrals to local experts, business clinics, business internships, support for the start-up ecosystem, and facilitation of NZTE and Callaghan Innovation services as one of the Regional Business Partners</li> <li>• Industry development – facilitating business collaboration to overcome barriers and achieve joint opportunities</li> <li>• Gig-City/Smart City initiatives</li> <li>• Talent and investment promotion, including Study Dunedin</li> <li>• Marketing and promotion, including the Dunedin Brand, business events and marketing campaigns</li> <li>• the i-SITE visitor centre</li> <li>• Implementing the Economic Development Strategy initiatives and other major projects, including Project China, the Energy Plan, the Food Resilience Project, amongst others</li> <li>• Economic and visitor monitoring information.</li> </ul>									
<b>FTEs</b>	26 FTEs (+ 3 seasonal FTEs)									
<b>Funding</b>	<table border="1"> <thead> <tr> <th>\$4.376m (2014/15)</th> <th>\$4.644m (2015/16)</th> <th>\$5.635m (2016/17)</th> </tr> </thead> <tbody> <tr> <td>Key areas of investment:</td> <td>Key areas of investment:</td> <td>Key areas of investment:</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• Marketing Dunedin: \$1.486m (34 percent)</li> <li>• Economic Development: \$1.754m (40 percent)</li> <li>• Visitor Centre: \$1.136m (26 percent)</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Marketing Dunedin: \$1.579m (34 percent)</li> <li>• Economic Development: \$1.794m (39 percent)</li> <li>• Visitor Centre: \$1.271m (27 percent)</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Marketing Dunedin: \$1.869m (33 percent)</li> <li>• Economic Development: \$2.487m (44 percent)</li> <li>• Visitor Centre: \$1.279m (23 percent)</li> </ul> </td> </tr> </tbody> </table>	\$4.376m (2014/15)	\$4.644m (2015/16)	\$5.635m (2016/17)	Key areas of investment:	Key areas of investment:	Key areas of investment:	<ul style="list-style-type: none"> <li>• Marketing Dunedin: \$1.486m (34 percent)</li> <li>• Economic Development: \$1.754m (40 percent)</li> <li>• Visitor Centre: \$1.136m (26 percent)</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing Dunedin: \$1.579m (34 percent)</li> <li>• Economic Development: \$1.794m (39 percent)</li> <li>• Visitor Centre: \$1.271m (27 percent)</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing Dunedin: \$1.869m (33 percent)</li> <li>• Economic Development: \$2.487m (44 percent)</li> <li>• Visitor Centre: \$1.279m (23 percent)</li> </ul>
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Source: Annual reports.


### Patrick McVeigh

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**From:** Suz Jenkins [<mailto:Suz.Jenkins@dcc.govt.nz>]  
**Sent:** Tuesday, 9 October 2018 12:38 PM  
**To:** Patrick McVeigh <[Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)>  
**Subject:** RE: Enterprise Dunedin Review | Payments

Thanks Patrick

Apologies for the delay, I have sorted it now. Payment for August and September will be included in the October payment run.

I'll have a look at those funding numbers and come back to you later.

Kind regards Suz

---

**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]  
**Sent:** Tuesday, 9 October 2018 12:13 p.m.  
**To:** Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>  
**Subject:** FW: Enterprise Dunedin Review

Hi Suz

It was this one

Thanks


Patrick


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## John Christie

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**From:** John Christie  
**Sent:** Monday, 12 November 2018 01:25 p.m.  
**To:** Executive Leadership Team (ELT)  
**Subject:** Confidential - Martin Jenkins report  
**Attachments:** DRAFT - ED Review report to EDC 20 Nov.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

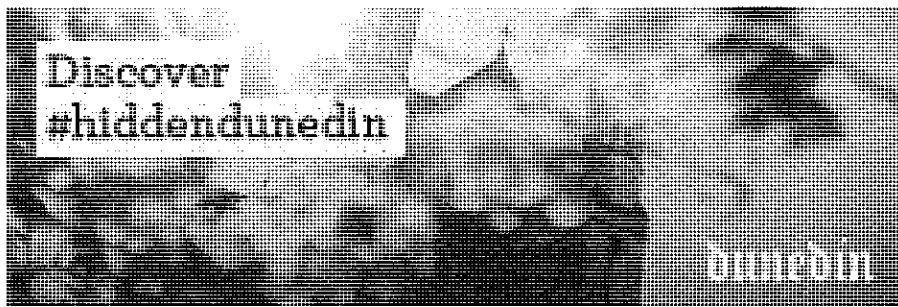
Hi all


I have drafted a report which will accompany the Martin Jenkin Review of Enterprise Dunedin. In the report there is a table with my Management comments detailing out some actions that could be implemented to address the recommendations made in the report. I welcome the opportunity to test these with you when we discuss this on Wednesday.

John

John Christie  
Director  
Enterprise Dunedin  
Dunedin City Council

48 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9058, New Zealand  
Telephone: 03 471 8836 Cell 027 4915 916  
Email: [john.christie@dcc.govt.nz](mailto:john.christie@dcc.govt.nz)



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## John Christie

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**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** Tuesday, 13 November 2018 02:36 p.m.  
**To:** Suz Jenkins  
**Cc:** John Christie  
**Subject:** RE: Enterprise Dunedin Review | EDC Meeting

Ok Thanks

Please let me know if you need anything from me

### Patrick McVeigh


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**From:** Suz Jenkins [mailto:Suz.Jenkins@dcc.govt.nz]  
**Sent:** Tuesday, 13 November 2018 12:09 PM  
**To:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Cc:** John Christie <John.Christie@dcc.govt.nz>  
**Subject:** Enterprise Dunedin Review | EDC Meeting

Hi Patrick

John is just back from China, and we have been advised that the report needs to go through an internal process before presented to Council; therefore we will not require you to present at the EDC meeting on 20 November.

We will be in touch once the internal process and timetable is confirmed.

Apologies for any inconvenience.

Kind regards Suz

Suz Jenkins  
Finance & Operations Manager  
Enterprise Dunedin  
Dunedin City Council

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## John Christie

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**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** Wednesday, 5 December 2018 03:28 p.m.  
**To:** John Christie  
**Cc:** Suz Jenkins  
**Subject:** Committee and Invoicing

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Hi John

Thanks for letting me know about 29<sup>th</sup> Jan committee date – I've marked this in diary but please confirm once agenda is confirmed as I'll need to book flights.

We submitted an invoice for October but that hasn't been paid yet – maybe Suz could check? Let me know if you need anything – I can hold final invoice to the committee presentation if that makes sense – otherwise we can submit now

Thanks

Patrick


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## John Christie

---

**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** Monday, 14 January 2019 01:48 p.m.  
**To:** Vivienne Harvey; John Christie  
**Subject:** RE: Happy New Year and Committee Date

Thanks Vivienne

John let me know what you need from me on the day and before – want to make sure I leave myself time to prepare what's needed and book flights etc

Regards


Patrick

**Patrick McVeigh**  
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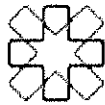
**E** [Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)

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**From:** Vivienne Harvey [mailto:[Vivienne.Harvey@dcc.govt.nz](mailto:Vivienne.Harvey@dcc.govt.nz)]

**Sent:** Monday, 14 January 2019 1:20 PM

**To:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>; John Christie <John.Christie@dcc.govt.nz>

**Subject:** RE: Happy New Year and Committee Date

Happy New Year Patrick

Sue has advised that yes we will be discussed the review at the 29 January meeting and would like you to attend. John will follow up and arrange.

Regards

Vivienne

---

**From:** Patrick McVeigh [mailto:[Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)]

**Sent:** 11 January 2019 11:33 AM

**To:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>; Sue Bidrose <[Sue.Bidrose@dcc.govt.nz](mailto:Sue.Bidrose@dcc.govt.nz)>

**Subject:** Happy New Year and Committee Date

Happy New Year John and Sue

Just checking in to confirm if you are still planning on discussing the review at the 29<sup>th</sup> January committee and if you would like me to attend? I'm holding the time but would need to make travel arrangements and confirm if you would like me to present or just be available for questions and discussion. Happy to assist with this and any action planning as required.

Regards

Patrick

**Patrick McVeigh**

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## John Christie

---

**From:** Andrea Kydd-Law  
**Sent:** Monday, 14 January 2019 08:14 a.m.  
**To:** John Christie  
**Cc:** Fraser Liggett; Suz Jenkins  
**Subject:** ED Council report - supporting documents  
**Attachments:** ED Review Communication Plan.docx; Enhancing service delivery - programme.docx; ENTERPRISE DUNEDIN current programme.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hi John

Welcome back - hope you had a relaxing and enjoyable break.

I've attached draft supporting documents for the ED review report going to Council on 29 January, including a draft comms plan.

These will definitely need some editing and polishing, but will give you something to work with today. I'll forward the report recommendations table with my suggested edits soon.

I'm working from home today, but feel free to get in touch if you want to discuss. I'm back in the Dunedin office all day tomorrow.

Cheers  
Andrea



## John Christie

---

**From:** Fraser Liggett  
**Sent:** Wednesday, 16 January 2019 04:37 p.m.  
**To:** John Christie; Des Adamson; Louise van de Vlierd; Suz Jenkins  
**Subject:** FINAL DRAFT - ED Review report to Council 29 January a.docx  
**Attachments:** FINAL DRAFT - ED Review report to Council 29 January a.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Please see attached

## John Christie

---

**From:** Andrea Kydd-Law  
**Sent:** Thursday, 17 January 2019 08:30 a.m.  
**To:** John Christie  
**Subject:** Re: Updated draft Council report

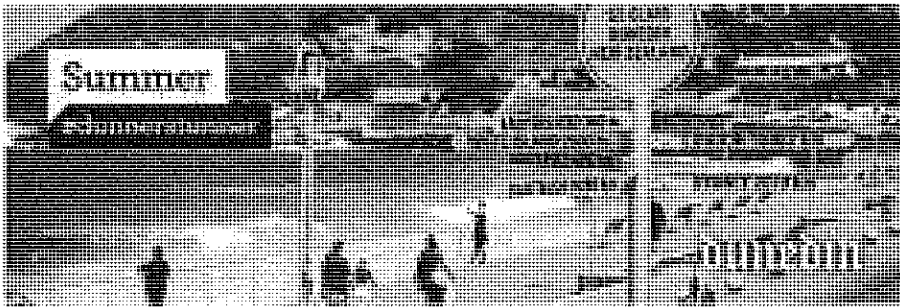
Thanks John - good to know. Will be great to get that one over the line on the 29th!

---

**From:** John Christie  
**Sent:** Thursday, January 17, 2019 8:26:44 AM  
**To:** Andrea Kydd-Law  
**Subject:** RE: Updated draft Council report


Thanks Andrea – this gave us a good document to work from yesterday.

John Christie  
Director  
Enterprise Dunedin  
Dunedin City Council



50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9054, New Zealand  
Telephone: 03 471 8836 Cell 027 4915 916  
Email: [john.christie@dcc.govt.nz](mailto:john.christie@dcc.govt.nz)



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---

**From:** Andrea Kydd-Law  
**Sent:** Wednesday, 16 January 2019 11:40 a.m.  
**To:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>  
**Cc:** Fraser Liggett <[Fraser.Liggett@dcc.govt.nz](mailto:Fraser.Liggett@dcc.govt.nz)>; Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>; Des Adamson <[Des.Adamson@dcc.govt.nz](mailto:Des.Adamson@dcc.govt.nz)>  
**Subject:** Updated draft Council report

Hi John

Please find attached the edited report with my tracked changes based on our discussion yesterday. I trust I've captured everything. Please note I have taken into account the draft operational enhancement programme (high level) will be included.

Happy to do further work on this over the next day or so, and the other documents, as required.


Hope you meeting goes well this afternoon.


Cheers  
Andrea

## MJ Review of Enterprise Dunedin - Final Report 181018 .pdf

**Patrick McVeigh** <Patrick.McVeigh@martinjenkins.co.nz>  
17/01/2019 at 17:09:09

**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** 17/01/2019 at 17:09:09  
**To:** Vivienne Harvey <Vivienne.Harvey@dcc.govt.nz>  
**Cc:**

 1 Attachment(s) Total 1.4 MB View ^

 MJ Review of Enterprise Dunedin - Final Report 181018 .pdf (1.4 MB)

Here you go

## John Christie

---

**From:** Vivienne Harvey  
**Sent:** Friday, 18 January 2019 08:22 a.m.  
**To:** John Christie; Suz Jenkins  
**Subject:** FW: MJ Review of Enterprise Dunedin - Final Report 181018 .pdf  
**Attachments:** MJ Review of Enterprise Dunedin - Final Report 181018.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

As requested.

---

**From:** Patrick McVeigh [mailto:Patrick.McVeigh@martinjenkins.co.nz]  
**Sent:** 17 January 2019 5:09 PM  
**To:** Vivienne Harvey <Vivienne.Harvey@dcc.govt.nz>  
**Subject:** MJ Review of Enterprise Dunedin - Final Report 181018 .pdf

Here you go

## John Christie

---

**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** Friday, 18 January 2019 01:01 p.m.  
**To:** Vivienne Harvey  
**Cc:** John Christie  
**Subject:** RE: 29th travel

Hi Vivienne

Ok thanks – flight gets in at 9.20 so may be in town a bit earlier – I think John anticipated the item being on agenda around 1pm so presumably after lunch

Patrick

**Patrick McVeigh**  
Lead, People and Places

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**T** +64 9 915 1360

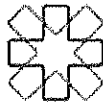
**E** [Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)

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---

**From:** Vivienne Harvey [<mailto:Vivienne.Harvey@dcc.govt.nz>]  
**Sent:** Friday, 18 January 2019 12:59 PM  
**To:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>; John Christie <John.Christie@dcc.govt.nz>  
**Subject:** RE: 29th travel

Hi Patrick

The Committee meeting is scheduled to start at 9am, so any meeting would need to be either in morning tea break or lunch? Will check in with Sue.

Vivienne  
Vivienne Harvey  
PA to the Chief Executive Officer  
Dunedin City Council/*Kaunihera-a-rohe o Otepoti*

---

**From:** Patrick McVeigh [<mailto:Patrick.McVeigh@martinjenkins.co.nz>]  
**Sent:** 18 January 2019 12:55 PM  
**To:** John Christie <[John.Christie@dcc.govt.nz](mailto:John.Christie@dcc.govt.nz)>  
**Cc:** Vivienne Harvey <[Vivienne.Harvey@dcc.govt.nz](mailto:Vivienne.Harvey@dcc.govt.nz)>  
**Subject:** 29th travel

John

I'll be landing around 9.30 on the 29<sup>th</sup> January so available to meet Sue before committee anytime after 11

Thanks

Patrick


**Patrick McVeigh**


Lead, People and Places

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---

## John Christie

---

**From:** Suz Jenkins  
**Sent:** Wednesday, 23 January 2019 04:13 p.m.  
**To:** Patrick McVeigh  
**Cc:** John Christie  
**Subject:** Enterprise Dunedin Review | MJ Presentation to Council | Tues 29 Jan 2019

Hi Patrick

Further to our discussion, the Enterprise Dunedin Review papers will be discussed at the 29 January 2019 Council meeting, starting at 9.00am - in the Council Chambers.

There will be two papers before the closed session of the meeting.

John is available to meet you for breakfast beforehand if this suits.

Please let me know what other information you may need and if I can help with accommodation booking, or airport transfer bookings.

Kind regards - Suz

Suz Jenkins  
Finance & Operations Manager  
Enterprise Dunedin  
Dunedin City Council

50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9058, New Zealand  
Telephone: 03 471 8835 Cell 021 393 057  
Email: [suz.jenkins@dcc.govt.nz](mailto:suz.jenkins@dcc.govt.nz)





## John Christie

---

**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** Thursday, 24 January 2019 03:12 p.m.  
**To:** John Christie; Suz Jenkins  
**Subject:** Flights sorted

Hi both

Was able to change flights so I'll get in on Monday night - shame about Auckland anniversary!

John let me know when and where to meet Monday am

Can you also send the cover paper for council please

Thanks

Patrick

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## John Christie

---

**From:** Patrick McVeigh <Patrick.McVeigh@martinjenkins.co.nz>  
**Sent:** Wednesday, 30 January 2019 11:51 a.m.  
**To:** Sue Bidrose; John Christie  
**Cc:** Vivienne Harvey  
**Subject:** MJ Review of Enterprise Dunedin - Final Report.pdf  
**Attachments:** MJ Review of Enterprise Dunedin - Final Report.pdf

Sue/John

Thanks for inviting me down yesterday – I thought it was a good discussion (even if the weather delays meant my flight back was delayed until 8.30pm!). Inevitably, I spotted a few typos in report – I've think I've picked these all up now so please find attached the PDF

John, I'll prepare the final invoice and happy to provide any further input as required.

Regards

Patrick

### Patrick McVeigh


Lead, People and Places

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**E** [Patrick.McVeigh@martinjenkins.co.nz](mailto:Patrick.McVeigh@martinjenkins.co.nz)

 [MartinJenkins](#)

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## John Christie

---

**From:** Suz Jenkins  
**Sent:** Wednesday, 13 February 2019 03:04 p.m.  
**To:** Webmaster  
**Cc:** Graham McKerracher; John Christie  
**Subject:** Embargoed until Fri 15 Feb; Subject to CEO media release confirmation | Confidential  
**Attachments:** MJ Review of Enterprise Dunedin - Final Report.pdf

Hi team

Attached is the final Martin Jenkins report. Please see Graham's email below outlining the process for where the document will live on the DCC website.  
please note that the report is confidential and must not be live until the CEO media release is confirmed (for Fri 15 Feb).

Many thanks Suz

---

**From:** Graham McKerracher  
**Sent:** Wednesday, 13 February 2019 3:00 p.m.  
**To:** Suz Jenkins <Suz.Jenkins@dcc.govt.nz>; Vivienne Harvey <Vivienne.Harvey@dcc.govt.nz>  
**Cc:** John Christie <John.Christie@dcc.govt.nz>; Webmaster <webmaster@oa.dcc.govt.nz>  
**Subject:** RE: FINAL Martin Jenkins Report | Enterprise Dunedin Review

Hi all,

Suz and I have discussed this. A copy is going to webmaster to preload onto the DCC website and then link back to the DNZ site. Might be easier to send a copy of the report to me or webmaster to get it loaded on to the DCC website, since we will be coordinating the release of Sue's media release anyway and link to DunedinNZ media release. We will need a copy of the media release too, when it is signed off.

Best regards,  
Graham

---

**From:** Suz Jenkins  
**Sent:** Wednesday, 13 February 2019 8:56 a.m.  
**To:** Vivienne Harvey <Vivienne.Harvey@dcc.govt.nz>  
**Cc:** John Christie <John.Christie@dcc.govt.nz>; Graham McKerracher <Graham.McKerracher@dcc.govt.nz>  
**Subject:** FINAL Martin Jenkins Report | Enterprise Dunedin Review

Hi Vivienne

Can you please send me a copy of the final report provided by MartinJenkins and I will arrange to be loaded on to the DCC website - to go live on Friday once Sue's media release is released.

Graham – thinking it could be loaded onto the DCC site and we can link to it from DunedinNZ via the media release; do you think this is the best approach?

Thanks Suz

Suz Jenkins  
Finance & Operations Manager  
Enterprise Dunedin  
Dunedin City Council

50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9058, New Zealand  
Telephone: 03 471 8835 Cell 021 393 057  
Email: [suz.jenkins@dcc.govt.nz](mailto:suz.jenkins@dcc.govt.nz)



## John Christie

---

**From:** Patrick McVeigh <patrick.mcveigh@martinjenkins.co.nz>  
**Sent:** Friday, 15 February 2019 08:15 a.m.  
**To:** John Christie  
**Subject:** Re: Final draft

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Thanks

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---

**From:** John Christie <John.Christie@dcc.govt.nz>  
**Sent:** Friday, February 15, 2019 7:18:02 AM  
**To:** Patrick McVeigh  
**Subject:** Final draft

Hi Patrick

Please find attached a draft copy of the press statement that will be released at lunch time today announcing the results of the review. The report will be made publicly available today.

Thanks once again for presenting the report to Council at the last meeting.

Kind regards  
John

John Christie  
Director  
Enterprise Dunedin  
Dunedin City Council



50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9054, New Zealand  
Telephone: 03 471 8836 Cell 027 4915 916  
Email: [john.christie@dcc.govt.nz](mailto:john.christie@dcc.govt.nz)



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## John Christie

---

**From:** John Christie  
**Sent:** Friday, 15 February 2019 09:29 a.m.  
**To:** Enterprise Dunedin  
**Subject:** review  
**Attachments:** MR - Enterprise Dunedin to remain in.docx; MJ Review of Enterprise Dunedin - Final Report.pdf

Hi team

The review of Enterprise Dunedin will be made public at noon today with a media release issued by the Mayor. I have attached it for you but please keep it in confidence until 1pm today along with the report which I have also attached.

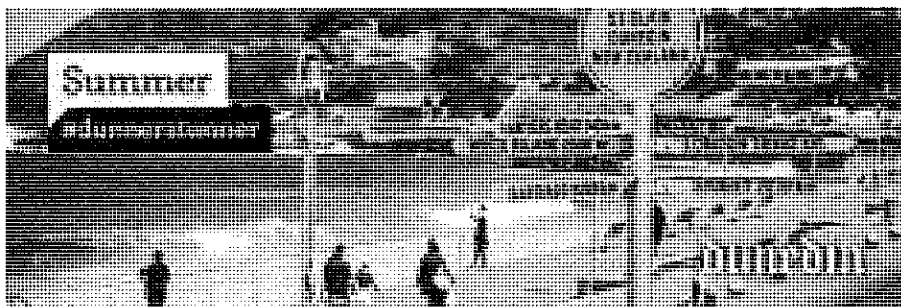
Suz will send you a draft wording that you may wish to use for correspondence with key clients. We have also got some stakeholders being sent information so please check with Suz if you intend to send to organisations that might already be covered.

I have also been working with managers to prepare a series of actions that need to be taken to give effect to the recommendations which we will want your input into in the coming weeks.

I am happy to discuss any of the content with you at any time so if you have any concerns, questions or feedback please come and see me or your manager.


John

John Christie  
Director  
Enterprise Dunedin  
Dunedin City Council



50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9054, New Zealand  
Telephone: 03 471 8836 Cell 027 4915 916  
Email: [john.christie@dcc.govt.nz](mailto:john.christie@dcc.govt.nz)



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## John Christie

---

**From:** Jane Butler  
**Sent:** Friday, 15 February 2019 11:27 a.m.  
**To:** Graham McKerracher; Suz Jenkins; John Christie  
**Subject:** Enterprise Dunedin Review document

The pdf is now live on DCC website

The short url to the pdf is [www.dunedin.govt.nz/enterprise-dunedin-review](http://www.dunedin.govt.nz/enterprise-dunedin-review)

Jane



## John Christie

---

**From:** Suz Jenkins  
**Sent:** Friday, 15 February 2019 11:43 a.m.  
**To:** Vivienne Harvey  
**Cc:** John Christie  
**Subject:** Enterprise Dunedin Review | Comms to Staff and Elected Members  
**Attachments:** Draft Email to Key Stakeholders - Internal.docx

**Importance:** High

Hi Vivienne

Attached is text for an email from Sue to All Staff and Community Boards, and cc'd to Councillor; informing them of the outcome and recommendations from the Enterprise Dunedin Review  
Can you please send out as soon as possible?

Please see me or John if you need to clarify anything.

Thanks Vivienne

Suz

Suz Jenkins  
Finance & Operations Manager  
Enterprise Dunedin  
Dunedin City Council

50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9058, New Zealand  
Telephone: 03 471 8835 Cell 021 393 057  
Email: [suz.jenkins@dcc.govt.nz](mailto:suz.jenkins@dcc.govt.nz)



## John Christie

---

**From:** Suz Jenkins  
**Sent:** Friday, 15 February 2019 02:17 p.m.  
**To:** Jane Butler; Graham McKerracher; John Christie  
**Cc:** Graham McKerracher; John Christie  
**Subject:** RE: Enterprise Dunedin Review document

Hi Jane

Are we able to monitor how many downloads of this document please?

Suz

---

**From:** Jane Butler  
**Sent:** Friday, 15 February 2019 11:27 a.m.  
**To:** Graham McKerracher <Graham.McKerracher@dcc.govt.nz>; Suz Jenkins <Suz.Jenkins@dcc.govt.nz>; John Christie <John.Christie@dcc.govt.nz>  
**Subject:** Enterprise Dunedin Review document

The pdf is now live on DCC website

The short url to the pdf is [www.dunedin.govt.nz/enterprise-dunedin-review](http://www.dunedin.govt.nz/enterprise-dunedin-review)

Jane

## Suz Jenkins

---

**From:** Suz Jenkins  
**Sent:** Friday, 15 February 2019 05:21 p.m.  
**To:** Enterprise Dunedin  
**Subject:** FW: Review | Advising our contacts  
**Attachments:** Draft Email - ED Review team email.docx

Hi all

Apologies – I've re-attached the updated email.

As indicated below, this was sent to both the Business All and Tourism industry categories today.

Let me know if you have any questions with regards to sending to any of your relevant contacts.

Cheers Suz

---

**From:** Suz Jenkins  
**Sent:** Friday, 15 February 2019 3:23 p.m.  
**To:** Enterprise Dunedin <enterprisedunedin@oa.dcc.govt.nz>  
**Subject:** Review | Advising our contacts

Hi all

Attached is the approved content for comms on the ED Review outcome and recommendations for:

- Government agencies
- Key tourism and business stakeholders
- All stakeholders on our current communication databases

I will send an email today via Outreach to the 'Business ALL' and 'Tourism Industry' categories; if you would like to send out to any of your own contacts please check with me and I will confirm if they have already received the update via the categories mentioned.

Cheers Suz

---

**From:** John Christie  
**Sent:** Friday, 15 February 2019 9:29 a.m.  
**To:** Enterprise Dunedin <enterprisedunedin@oa.dcc.govt.nz>  
**Subject:** review

Hi team

The review of Enterprise Dunedin will be made public at noon today with a media release issued by the Mayor. I have attached it for you but please keep it in confidence until 1pm today along with the report which I have also attached.

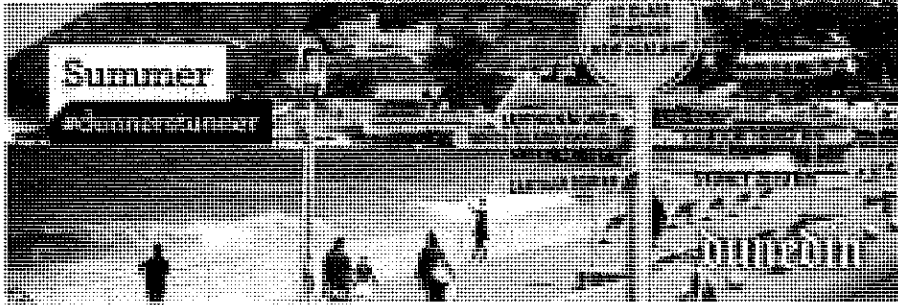
Suz will send you a draft wording that you may wish to use for correspondence with key clients. We have also got some stakeholders being sent information so please check with Suz if you intend to send to organisations that might already be covered.

I have also been working with managers to prepare a series of actions that need to be taken to give effect to the recommendations which we will want your input into in the coming weeks.

I am happy to discuss any of the content with you at any time so if you have any concerns, questions or feedback please come and see me or your manager.

John

John Christie  
Director  
Enterprise Dunedin  
Dunedin City Council



50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9054, New Zealand  
Telephone: 03 471 8836 Cell 027 4915 916  
Email: [john.christie@dcc.govt.nz](mailto:john.christie@dcc.govt.nz)



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## **1. DRAFT email to key stakeholders #3**

The following email is intended to be sent to the wider external stakeholder group, including:

- Government agencies
- Key tourism and business stakeholders
- All stakeholders on our current communication databases

### **Enterprise Dunedin Review outcome**

As you may be aware, a review of Enterprise Dunedin was undertaken late last year by Martin, Jenkins & Associates Limited (MartinJenkins).

The review fulfilled a commitment made when Enterprise Dunedin was established in 2014 and brought Dunedin's previous economic development unit, the Dunedin I-Site and the former functions of Tourism Dunedin together under one umbrella as an in-house unit of Dunedin City Council.

The main purpose of the review was to look at whether keeping Enterprise Dunedin as an in-house unit of Council is the most effective delivery model and to assess alternative models for delivery, including a Council-Controlled Organisation or mixed-model structure.

The MartinJenkins review report recommended that Enterprise Dunedin be retained as an in-house unit of Council, concluding that this is the most cost-effective and practical way forward, and best way to ensure service delivery continuity.

At its meeting on 29 January, Council unanimously agreed to support the report's recommendation and Enterprise Dunedin will continue to work on progressing the economic wellbeing of Dunedin residents.

Several of the city's economic development and tourism stakeholders were interviewed as part of the review process. We will be working with stakeholders and tapping into expertise of our partners, to ensure the City maximises our future opportunities

You can view a copy of the MartinJenkins report on our website: [www.dunedin.govt.nz/enterprise-dunedin-review](http://www.dunedin.govt.nz/enterprise-dunedin-review)

## Suz Jenkins

---

**From:** Suz Jenkins  
**Sent:** Monday, 18 February 2019 04:48 p.m.  
**To:** 'Patrick McVeigh'  
**Cc:** John Christie  
**Subject:** RE: 26th

Hi Patrick

Apologies for the delay in coming back to you.

Unfortunately, neither the 26<sup>th</sup> or 27<sup>th</sup> work for the GDP Partners – I am currently looking at alternatives; potentially 6 or 7 March 5.00-7.00pm.

I have yet to confirm with all the partners – however in the meantime do those dates suit please?

I will confirm as soon as possible.

Kind regards Suz

Suz Jenkins  
Finance & Operations Manager  
Enterprise Dunedin  
Dunedin City Council

50 The Octagon, Dunedin; P O Box 5045, Moray Place, Dunedin 9058, New Zealand  
Telephone: 03 471 8835 Cell 021 393 057  
Email: [suz.jenkins@dcc.govt.nz](mailto:suz.jenkins@dcc.govt.nz)



---

**From:** Patrick McVeigh [<mailto:patrick.mcveigh@martinjenkins.co.nz>]  
**Sent:** Monday, 18 February 2019 2:21 p.m.  
**To:** Suz Jenkins <[Suz.Jenkins@dcc.govt.nz](mailto:Suz.Jenkins@dcc.govt.nz)>  
**Subject:** 26th

Hi Suz

Our final invoice has been prepared and will be with you shortly I think. In terms of next week it would be good if we could confirm if this is happening sooner rather than later so we can arrange an exchange of letters on the work but more importantly so I can book flights and prepare for session – can you give John and nudge and maybe we can arrange a time to speak about what he wants to do / achieve next week?

Regards

# REVIEW OF ENTERPRISE DUNEDIN

## Final Report

18 September 2018









# CONTENTS

Executive Summary	1
Introduction	10
Strategic Context	16
Organisational Structure	27
Enhancing Delivery	40
Conclusions and Recommendations	56

# APPENDICES

Appendix 1 : Dunedin's Economy	59
Appendix 2 : Enterprise Dunedin – visitor sector survey summary	65

# TABLES

Table 1: Enterprise Dunedin Review - Approach	13
Table 2: Organisations Interviewed	14
Table 3: Summary of Interview Topic Guide	15
Table 4. Council economic development areas of focus, activities and resourcing	22
Table 5: DCC Investment in Enterprise Dunedin	23
Table 6: Key Economic Development Service Delivery Considerations	30
Table 7: Selection of economic development arrangements across New Zealand	31



# FIGURES

Figure 1: Dunedin Strategic Framework	16
Figure 2: Dunedin Destination Plan Actions	18
Figure 3: Grow Dunedin Structure and Relationship to Project Groups	21
Figure 4: Local government economic development spend as a proportion of operational expenditure (2015)	24
Figure 5: Local government regional marketing and promotion spend per ratepayer (2015/16)	25
Figure 6: Local government marketing and promotion spend per capita (2015/16)	25
Figure 7: Growth in real GDP in Dunedin	59
Figure 8: Compound annual growth in real GDP for Dunedin and New Zealand	59
Figure 9: Growth in employment in Dunedin	60
Figure 10: Compound annual growth in employment for Dunedin and New Zealand	60
Figure 11: Population estimates for Dunedin for different age groups	61
Figure 12: Growth in visitor expenditure in Dunedin over 2009-2018 (\$m)	64



# PREFACE

This report has been prepared for Dunedin City Council by Patrick McVeigh from MartinJenkins (Martin, Jenkins & Associates Limited).

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- strategy and investment
- performance improvement and monitoring
- business improvement
- organisational improvement
- employment relations
- economic development
- financial and economic analysis.

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# EXECUTIVE SUMMARY

## Introduction

In June 2018, Dunedin City Council (DCC) commissioned MartinJenkins to undertake a review of the city council's economic development unit, Enterprise Dunedin, with a view to identifying the best option for delivering economic development, tourism and promotion services in the future.

This report has been prepared following a process of desk research, stakeholder interviews and workshops with DCC councillors and the Grow Dunedin Partnership. The review spanned a four-month period from July 2018 to October 2018.

## Scope of the Review

The review provides a high-level assessment of the effectiveness of the current structure of Enterprise Dunedin, the in-house DCC agency which combines economic development agency, tourism and marketing functions, and to consider whether this is the most effective structure for the delivery of these services.

In considering the question of structure, the terms of reference for the review asked that consideration be given to three options:

- 1 **Status Quo** – with the responsibility for governance, funding and delivery continuing to be exercised by DCC in conjunction with Grow Dunedin Partners (GDP)
- 2 **External Council Controlled Agency (CCO)** – with the responsibility for economic development, marketing and tourism transferred to a CCO
- 3 **Mixed Model** – retaining status quo for either economic development or marketing and tourism and the responsibility for the remaining functions exercised by a COO

While the question of whether the agency should become a Council Controlled Organisation (CCO) is central to the review, to answer this question it has been necessary to adopt a wider focus on the context and rationale for the agency's activities, the effectiveness and efficiency of current services and the opportunities for improving delivery.

## Approach

The approach adopted consisted of five main stages to meet the review requirements

- **Project inception and establishment** – interviews with Enterprise Dunedin, DCC staff and Councillors, as well as workshops with the Economic Development Committee and Grow Dunedin Partnership Board.
- **Document review** – desk review of available strategies, plans, committee reports, and other relevant material provided to the review team.



- **Stakeholder interviews** – face to face and telephone interviews with local and national stakeholders.
- **Analysis** – syntheses of review findings, assessment of effectiveness of current arrangements and identification of opportunities for improvement.
- **Reporting** – formation of recommendations and report drafting.

Approximately 30 stakeholders were interviewed using a semi-structured topic guide focused on three key issues: the context and rationale of Enterprise Dunedin's activities; the effectiveness and efficiency of current services; and opportunities for improving delivery.

In addition, at the inception stage of the review, DCC requested that an additional on-line survey of a wider sample of tourism sector businesses and representatives was added to the approach. The survey was issued to 418 tourism sector contacts from Enterprise Dunedin's CRM and a total of 51 questionnaires were completed.

## Background to the Review

Enterprise Dunedin was established on 1 July 2014, bringing together DCC's previous economic development unit, the Dunedin i-SITE and the former functions of the CCO Tourism Dunedin into the new group responsible for the economic development and marketing of the city.

In terms of the total Council investment in economic development activities, this totalled around \$4.4 million in 2014/15 and has grown to around \$5.6 million in 2016/17. This rate, around 2% of total local government expenditure, is on par with the average level of local government investment across New Zealand.

## Review Findings

### Organisational Structure

In terms of economic development, Enterprise Dunedin, and DCC more generally, plays an important enabling and facilitation role, working to unlock future growth opportunities, to help connect existing businesses to appropriate support and services to enhance their growth and to attract secure investment into the city by attracting visitors, new residents, events, new businesses and investors. As well as helping new entrepreneurs and start-up businesses to establish themselves and create new jobs.

These are all typical functions of an economic development agency and in some cities, across New Zealand and elsewhere, there has been a trend to placing these activities, in structures that are at arm's length from local government. In New Zealand this would typically be achieved through the establishment of a CCO, with an independent private sector Board.

However, there is no single model or organisational structure that should be adopted and there should not be a 'one size fits all' approach. Stakeholder views on this question were mixed. Some felt that there was no question that a CCO was now required and that the 'experiment' to merge economic



development and city marketing and promotion into a single in-house unit of DCC had not delivered. Others felt that activities should be devolved out of Enterprise Dunedin to other organisations, or existing CCO's. Others still felt that organisational structure was inconsequential and there was no reason why the current structures could not be made to work.

In this instance, it is not clear that there would be a strong case for Enterprise Dunedin being established as a separate CCO. Given the relatively modest size of the unit and associated budget, the resulting organisation would unlikely be of sufficient size and scale to justify the change, particularly given the likelihood that council would still require some economic development capability to be maintained in-house to deliver wider council objectives.

While the case for change may not be immediately apparent, there are some additional benefits that come with a CCO model. Given the issues identified early in this report, some of the benefits appear to be relevant in the case of Enterprise Dunedin, including:

- Improved commercial focus arising from a company operating with a professional board of directors
- Independence arising from separation from political direction
- Streamlined bureaucracy enabling nimbleness and agility
- Ability to recruit and retain high-quality board members and staff
- Access to a wider range of funding sources

While these benefits need to be balanced against the possible disadvantages of a CCO model, for example less direct accountability, additional operating costs or reduced ability to manage risk, there is a case to be made that these benefits, if realised, would address some of the concerns raised by stakeholders during this review.

## **Recommended option**

Based upon the findings of the stakeholder interviews, a review of the available information and our wider experience, we have recommended that DCC should seek to enhance the current arrangements. We also considered whether the council should instead:

- Establish Enterprise Dunedin as a separate CCO
- Re-establish an economic development unit within DCC and transfer some activities to other organisations or existing CCO's
- Form separate city marketing and economic development units with DCC
- Establish a separate city marketing CCO

On balance, we believe that enhancing the status quo would be the most practical way forward. However, this assumes that the above recommendations for improvement are also implemented. Overall, our assessment of the pros and cons of the options and the Dunedin context suggests that the best option would be to implement the enhanced status quo. While this option only ranks slightly ahead of the alternative options, our view is that enhancing the current arrangements is the most pragmatic and cost-effective way of delivering the improvements necessary.



Our view is that there have already been considerable changes in the arrangements for economic development and city marketing over the course of the last 5 years and a more significant set of organisational changes, at this point in the policy and political cycle, would not only create uncertainty and disruption to service delivery.

Given the significant work associated with the forthcoming review of the Dunedin Economic Development Strategy as well as work associated with the development and implementation of Provincial Growth Fund activities, there would be a considerable delivery risk facing DCC if a more significant change was implemented at this time.

In addition, many of the improvements that are required to implement the enhanced status quo option, would also be required under most of the other options. These are key operational enhancements that, if implemented correctly, will make a considerable difference to the efficiency and effectiveness of the current performance of Enterprise Dunedin.

However, in recommending an enhanced status quo, some thought should be given to whether there are elements of the other options that could be incorporated. In particular, there may be some advantages of considering whether some of the current services delivered by Enterprise Dunedin that might be better contracted out or commissioned from another agency.

## Improving Delivery

In recommending that enhancing the status quo is the most appropriate way forward, the review makes it clear that there are a range of improvements necessary. In the main, these are operational, management and leadership issues, which are not necessarily a result of the current organisational structure. Consequently, it is questionable whether the current delivery model, specifically Enterprise Dunedin's status as an in-house agency within DCC, would need to change to address these areas for improvement.

The review identified several opportunities to enhance the current arrangements for delivering city marketing and economic development services across Dunedin. While the primary subject of the review is Enterprise Dunedin itself, in some instances we highlight wider issues of relevance to Dunedin City Council more generally or to the Grow Dunedin Partnership.

The findings are structured around five key themes:

- 1 Strategy and focus
- 2 Organisational capacity
- 3 Stakeholder relations, engagement and communications
- 4 Monitoring and reporting
- 5 Governance and advisory arrangements





## Strategy and focus

### Summary of findings

Enterprise Dunedin, and DCC more generally, plays a central role in progressing the objectives of the Dunedin Economic Development Strategy and has responded actively to new economic opportunities across the city, such as those associated with Gigcity, the emerging start-up sector or the current Provincial Growth Fund opportunities.

However, the absence of a detailed implementation plan, together with regular reporting and monitoring makes it difficult to demonstrate how much progress is being made against the Economic Development Strategy and whether a good return on investment is being realised.

One area where attention is required relates to the tourism sector. Tourism is an important part of Dunedin's economy and there is evidence that, at a strategy level, this is not fully reflected in the current arrangements. It is important that there is a focus on building shared momentum within destination related activities and there is an opportunity to work collaboratively with DunedinHost to produce a joint implementation plan that covers priorities contained in the Dunedin Destination Plan and the Tourism Growth Framework.

### Improvement recommendations

We recommend that

- 1 As part of the forthcoming revision of the Economic Development Strategy, DCC ensures that all stakeholders are fully engaged in the review process and that all aspects of economic development and city marketing are reflected in the revised strategy.
- 2 Following revision of the Economic Development Strategy, Enterprise Dunedin works with stakeholders to produce a detailed implementation plan which clearly identifies the roles of all stakeholders.
- 3 In preparing this implementation plan, Enterprise Dunedin works with the wider destination sector to give effect to the objectives and priorities of the Dunedin Destination Plan and to reconcile, where possible the Destination Plan actions and those contained in the Tourism Growth Framework.

## Organisational capacity

### Summary of findings

Enterprise Dunedin faces challenges that are not uncommon in any economic development organisation. Economic development encompasses a wide range of activities and ensuring that any organisation has access to the prerequisite skills and resources across all areas of activity is an ongoing task.

With regards to tourism activities, Enterprise Dunedin faces clear capacity challenges. This is a specific area of concern for many stakeholders, and there has been a loss of strategic capabilities and leadership in this area. This has been compounded by the failure to establish the proposed marketing



advisory group and a lack of true tourism sector representation on GDP. Addressing the current lack of tourism expertise and skills, specifically at a management level, should be a priority. In addition, given the importance of the tourism sector to Dunedin's economy there is a case for considering how additional financial investment might be made in destination marketing activities.

As part of DCC, Enterprise Dunedin has access to a wide range of other resources and expertise that would be more difficult to access if they were a separate organisation. However, on the other hand being part of council can perhaps make the organisation less agile, or at least perceived to be less agile.

There is a need to ensure that those activities that are market facing are delivered with enough commercial acumen and experience. Being part of DCC does not automatically mean that Enterprise Dunedin is not able to operate with a commercial focus, but there is a need to manage the interface with the political machinery carefully.

It is also clear that the economic development impacts associated with DCC activities go beyond the work of Enterprise Dunedin and the council will always need to have some economic development capability and capacity in-house.

## Improvement recommendations

We recommend that:

- 1 DCC establish and recruit a new senior city marketing manager position and recruit a senior and experienced marketing professional with experience and credibility across the visit, study, work and live continuum. This person should have lead responsibility for all of Enterprise Dunedin's destination related activities and can engage strategically with the city's visitor sector.
- 2 Enterprise Dunedin ensures that any open vacancies within the structure are recruited to ensure sufficient capacity is in place to support current and proposed activity and to support effective engagement with stakeholders and partners.
- 3 DCC consider whether additional resources can be available, through council, from private sector partners or as part of central processes such as the Provincial Growth Fund, to support future activities and specifically whether there are any additional resources available to support destination marketing activities.
- 4 DCC and Enterprise Dunedin consider whether some existing market facing activities or services, particularly those that are tourism related, might be better outsourced to another organisation or partner.

## Stakeholder, engagement and communications

### Summary of findings

The review has identified a clear need for a more strategic and proactive approach to communication across all of Enterprise Dunedin's activities. In terms of the visitor sector, it is clear that there has been a breakdown in the relationship across the sector and that this should be a priority area for improvement.



Given the ongoing importance of the tourism sector to the Dunedin economy, together with the opportunity for further growth, as well as the challenge presented from growth in other regions, it is critical that a constructive relationship is formed. This will require change from all parties and the process of rebuilding requires strong collective leadership and a willingness to move forward to benefit the whole sector and the city more widely.

In other areas, Enterprise Dunedin also needs to improve the consistency and frequency of stakeholder engagement and communication, but by and large the building blocks are already in place and there is just a need for more focus and a more systematic and managed approach.

## Improvement recommendations

We recommended that:

- 1 Dunedin City Council and Enterprise Dunedin invest time and attention to rebuilding the relationship with the tourism sector, this should involve an open and constructive dialogue across the sector which results in a shared improvement plan and commitment to changing the dynamic on all sides.
- 2 Enterprise Dunedin develops and implements a new stakeholder engagement and communications framework and customer relationship management approach, which should be based on consultation with stakeholders to ensure that there is a commitment to regular two-way engagement, communication and collaboration.
- 3 As part of this approach, Enterprise Dunedin introduces a voice of the customer measure across all areas of activity, this could possibly be an extension of the Net Promoter Score (NPS) model used in the Regional Business Partner Programme. The results of the voice of customer measure should be reported regularly to demonstrate progress and identify areas for improvement.

## Monitoring and reporting

### Summary of findings

Enterprise Dunedin are taking proactive steps to improve their approach to performance management, the development of clearer investment logic mapping and the think, plan, do approach that has also been introduced should be welcomed. However, these approaches are still relatively new, they have not been extended to all activity areas, they do not appear to be visible to stakeholders and it's not yet clear how they are being used to drive performance. Integrating these approaches in a wider performance framework would be a logical next step.

Similarly, there are some areas where consideration should be given to a more systematic and comprehensive approach to project review and evaluation. This could be reserved for those activities that are high strategic priority and where there has been considerable resource investment over time. Over the longer term, the extension of the investment logic mapping approach will also provide a solid foundation for ex-ante and ex-post evaluation.

In terms of reporting on the wider performance of the city's economy, Enterprise Dunedin could play a useful role, working with partners, to co-ordinate and disseminate accurate and timely information on key economic, sector and labour market data.



## Improvement recommendations

We recommend that:

- 1 Enterprise Dunedin ensures that where significant investments are made, there are clear performance measures in place and that the think, plan, do and investment logic mapping approach is applied. For larger and multiyear projects, undertake more comprehensive project reviews and evaluations that provide evidence of outcomes and impacts of investment over time.
- 2 Enterprise Dunedin ensures that progress against performance measure are regularly reported to the Economic Development Committee, the Grow Dunedin Partnership Board and to wider stakeholders and ratepayers. This should also include wider reporting on the performance of the Dunedin economy.
- 3 Enterprise Dunedin ensures that all relevant committee papers and reports prepared by Enterprise Dunedin are easily accessible via the Enterprise Dunedin and DCC websites and that key decisions are clearly communicated to stakeholders.
- 4 Enterprise Dunedin prepares and disseminate an annual report or review on all projects and programmes for distribution to stakeholders. The report should include a forward looking work programme that provides advanced information on planned activities, the aims and objectives of those activities and how success will be measured.

## Governance and advisory

### Summary of findings

It is important that Enterprise Dunedin has access to appropriate advice and experience to support decision making and action across all of its activities, strategic and operational. This could be provided by the Grow Dunedin Partnership and the various advisory groups that have been established or proposed. However, the current arrangements do not appear to be fulfilling their intended purpose, and the expertise that should be available to advise and support Enterprise Dunedin s not being fully utilised.

This appears in part to be a result of a lack of clarity on the role of the various groups and how they relate to each other, and in part it appears to be a result of a lack of structure and process around how the groups are supported and utilised. While the 2015 review of the governance of GDP led to some enhancements in the way in which the GDP Board operates, it does not seem that all of the recommendations have been fully implemented.

A further issue is the primary focus on the governance of Enterprise Dunedin, rather than the wider issue of governance as it relates to the Economic Development Strategy and the extent to which partners are working together to progress the shared objectives and collective actions contained within the strategy.



## Improvement recommendations

We recommend that:

- 1 A new simplified governance structure is put in place to provide ongoing support and advice to DCC and Enterprise Dunedin. This structure should build upon the current GDP Board but needs to ensure appropriate representation from all stakeholders and industry groups.
- 2 The new Board plays a key role on the development of the revised Economic Development Strategy, with a primary focus on the long term sustainable and inclusive growth of the Dunedin economy.
- 3 An independent chair is appointed by members of the Board and that the secretariat services are provided by DCC. Where additional advisory or working groups are require, these should be established as sub-groups of the new Board. As a general rule these sub-groups should be time limited groups tasked for a specific purpose.
- 4 Clarify and communicate governance and reporting arrangements between Enterprise Dunedin, the Economic Development Committee and the new Board to ensure that roles, responsibilities and sequencing of reporting and decision making is clear and transparent.
- 5 The Board runs on a quarterly meeting cycle and a standing agenda that monitors the performance of the Dunedin economy and considers the longer-term strategy for the city. In addition, operational funding decisions should be removed from the Board's remit, but some funding should be available to provide strategic economic insight and intelligence and to commission feasibility studies and business case development for major strategic initiatives.



# INTRODUCTION

In June 2018, Dunedin City Council (DCC) commissioned MartinJenkins to undertake a review of the city council's economic development unit, Enterprise Dunedin. The review is focused on the effectiveness of the current structure of Enterprise Dunedin, with a view to identifying the best option for delivering economic development, tourism and promotion services in the future. This report has been prepared following a process of desk research, stakeholder interviews and workshops. The review spanned a three-month period from July 2018 to September 2018.

## Background to the Review

It is helpful to start with a brief explanation of the background to this review, specifically it is helpful to understand the context of the city marketing review undertaken in 2013 and the subsequent establishment of Enterprise Dunedin.

### Dunedin City Marketing Review (2013)

In 2013 DCC commissioned Dr Lisa McNeill of McNeill Consulting to *“review and evaluate options for establishing a single marketing agency for Dunedin bringing together the marketing functions of the Council and Tourism Dunedin, to improve marketing outcomes for the city”*<sup>1</sup>

The city marketing review, which encompassed desk research, stakeholder interviews and steering group discussions, found that while Dunedin had a distinctive city brand there was a lack of city-wide organisation for strategic development and implementation of the brand. A clear case for change was established which highlighted the perceived opportunities that existed from implementing a city-wide marketing approach which extended beyond individual organisation or sector priorities.

As part of the review a range of operational models were assessed, and four options considered, specifically:

- 1 The establishment of an in-house marketing unit, formalised within DCC, with a separate advisory board
- 2 The creation of an external marketing unit as a Council Controlled Organisation
- 3 The appointment of an advertising agency contractor
- 4 Maintaining the status quo and establishing a new advisory board

The city marketing review, informed in part by the expressed preference of the 19 stakeholders interviewed as part of the process, recommended either a centralised or hybrid approach. The centralised approach would see the establishment of a marketing unit within DCC responsible for city marketing strategy, headed by a unit director responsible for developing overarching strategic initiatives for the city. The unit would be guided by a separate advisory board with representatives

<sup>1</sup> Dunedin City Council Marketing Review, Final Report, McNeill Consulting, 2013



from the tourism, education, business and community sectors, and with governance representation from DCC, focussed on assessment of the performance of the unit.

The hybrid marketing unit structure, which was recommended as the preferred option, would also have a board that reflected the key economic development areas of tourism, education, business and community, but would primarily be a skills-based board with the ability to assess marketing strategy, campaign performance and return on investment in these areas as well as in a broader city marketing sense. In this model, the unit director would have a strong background in marketing strategy and campaign management and would report to the advisory board on a quarterly basis and would be charged with ensuring a cohesive city-wide strategy is implemented by co-ordinating strategic initiatives across sectors.

## Establishment of Enterprise Dunedin

In considering the city marketing review findings, and following consultation with key stakeholders and staff, DCC on 23 January 2014 considered two further refined options, these being the establishment of an in-house marketing agency or the creation of a new marketing agency established as a CCO. The confidential report to council recommended that an in-house marketing agency would be established, based upon the hybrid model and guided by a skills-based advisory board.

In agreeing this recommendation, DCC made several specific resolutions, including to:

- Bring all city marketing functions together into a single marketing agency
- Establish the agency as an in-house agency covering tourism, education and business sectors
- Establish a marketing skills-based Advisory Board to advise the new agency, with the process for appointment to this board coming back to the Council prior to the establishment of the new agency
- Disestablish the CCO Tourism Dunedin with functions, budgets and appointed staff transferring to the new agency
- Establish as Transition Advisory Group to advise on the operational elements of the transition, noting that this group would be different from the advisory board
- Review the operation of the new agency at the end of 2015, including examination of whether the activities of the agency would benefit from becoming a CCO

In line with the DCC decision, Enterprise Dunedin was established on 1 July 2014, bringing together DCC's previous economic development unit, the Dunedin i-SITE and the former functions of Tourism Dunedin into the new group responsible for the economic development and marketing of the city.

## Scope of the Review of Enterprise Dunedin

The need for this current review stems from the original 2014 DCC decision to establish Enterprise Dunedin as a new "*in-house City marketing agency to align the city's promotional activities across key*



*sectors and drive better marketing outcomes for the city.*<sup>2</sup> At the time of establishment, DCC resolved that *“the Council reviews the operation of the new marketing agency at the end of 2015, and this review include examination of whether the activities of the agency would benefit from becoming a CCO”*<sup>3</sup>

This review delivers on the original commitment to review the operations of the single city marketing unit. The review is intended to be a high-level assessment of the effectiveness of the current structure of Enterprise Dunedin, the in-house DCC agency which combines economic development, tourism and marketing functions, and to consider whether this is the most effective structure for the delivery of these services.

The timing of this review, while later than the Council’s original intention, is opportune. While national economic growth has generally been strong, there have been signs of a slowdown and certainly business confidence has been falling over recent months.

As a city, Dunedin’s economic performance has been mixed<sup>4</sup> and although the city has many opportunities for growth due to its research and knowledge base, pool of creative enterprises and people, and range of amenities, it naturally continues to face the challenges of scale, access to talent and connectivity challenges and how to balance growth and maintain its unique character and high-quality lifestyle. These issues are recognised in the Dunedin Economic Development Strategy, adopted in 2012 and developed in partnership with key stakeholders. The strategy covers the 2012-2022 period and DCC has also committed to a refresh of the Economic Development Strategy in the near future.

Consequently, it is important to ensure that the model for the delivery of economic development services is fit for purpose and future proofed. In addition, Central government is also placing greater emphasis on regional development and the ability to partner with capable local organisations to deliver national services. The emergence of the Provincial Growth Fund (PGF) as a mechanism for supporting economic development is also an important opportunity for Dunedin. The recent allocation of \$820,000 from the PGF to support the feasibility study and business case for a major waterfront development in the city should be welcomed. Looking forward, it is essential that the city has the right arrangements in place to fully capitalise and implement on these opportunities.

In considering the question of structure, which is the fundamental focus of this review, DCC has requested that consideration is to be given to three options:

- 1 **Status Quo** – with the responsibility for governance, funding and delivery continuing to be exercised by DCC in conjunction with Grow Dunedin Partners (GDP)
- 2 **External Council Controlled Agency (CCO)** – with the responsibility for economic development, marketing and tourism transferred to a CCO
- 3 **Mixed Model** – retaining status quo for either economic development or marketing and tourism and the responsibility for the remaining functions exercised by a CCO

<sup>2</sup> Dunedin City Council Press Release “DCC to Establish New Marketing Agency” 29 January 2014

<sup>3</sup> Dunedin City Council Resolution

<sup>4</sup> See Appendix 1





While the question of whether the agency should become a Council Controlled Organisation (CCO) is central to the review, to answer this question it has been necessary to adopt a wider focus on the context and rationale for the agency’s activities, the effectiveness and efficiency of current services and the opportunities for improving delivery. That said, the focus of the review is still primarily on the appropriateness of the current in-house delivery structure, rather than assessing whether existing services should be altered, halted or whether new services should be added.

It should also be noted that one of the key recommendations of the city marketing review was the establishment of skills-based advisory board that would inform Enterprise Dunedin’s marketing and promotion activities. However, the board, which was central to the recommended model and reflected in the DCC resolution, was never established. It is therefore worth acknowledging at the outset of this review that the absence of the advisory board is significant in terms of the implementation of the original decision to establish Enterprise Dunedin and has a bearing on the ability to assess the effectiveness of the current arrangements.

# Review Methodology

## Approach

The approach adopted for this current review consisted of five main stages as outlined in the following table.

**Table 1: Enterprise Dunedin Review - Approach**

Stage	Key Tasks	Timeline
Project inception and establishment	<ul style="list-style-type: none"> <li>Inception meeting with DCC Chief Executive</li> <li>Interviews with DCC staff and councillors</li> <li>Workshop presentation and discussion with DCC Economic Development Committee</li> <li>Workshop presentation and discussion with Grow Dunedin Partnership</li> </ul>	10 <sup>th</sup> – 13 <sup>th</sup> July 2018
Documentation review	<ul style="list-style-type: none"> <li>Review of available strategies, plans, committee reports and other relevant material provided</li> <li>Review of original 2013 City Marketing Review findings</li> </ul>	13 <sup>th</sup> July – 3 <sup>rd</sup> August 2018
Stakeholder interviews	<ul style="list-style-type: none"> <li>Development of topic guide</li> <li>Identification of key stakeholders</li> <li>Face to face and telephone interviews with stakeholders</li> </ul>	6 <sup>th</sup> August – 17 <sup>th</sup> August 2018
Analysis	<ul style="list-style-type: none"> <li>Analysis and synthesis of review findings</li> <li>Assessment of effectiveness of current arrangements</li> <li>Identification of opportunities for improvement</li> </ul>	13 <sup>th</sup> August – 24 <sup>th</sup> August 2018
Reporting	<ul style="list-style-type: none"> <li>Preparation of draft report</li> <li>Presentation to DCC Economic Development Committee</li> <li>Final report</li> </ul>	August – October 2018



Throughout the review process, we have sought to triangulate our findings across each of the stages to inform our assessment of the efficiency and effectiveness of the current arrangements. This is necessary as the nature of the performance data available across each of Enterprise Dunedin’s activities is relatively light. This is not unusual, typically the impact of economic development activities is difficult to measure, and questions of causality make attribution a challenge.

In reviewing the available documentary evidence, we have drawn upon information and evidence provided to the review team or that which is readily accessible through the DCC and stakeholder websites. Consequently, there may be gaps in our understanding if there are other supporting materials that have not been provided, or that we have not managed to access.

## Stakeholder Interviews

In selecting key stakeholders to interview, we sought to strike a balance between inclusivity and representation, keeping in mind budget and time constraints. Our approach, consistent with other reviews of this nature, was to seek interviews with the following groups:

- Representatives of the governance and senior management of council
- Enterprise Dunedin staff and managers
- Grow Dunedin Partners including Ngāi Tahu, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers Association and the University of Otago
- Central government agencies that have experience of working with Enterprise Dunedin
- Representatives of local stakeholder and sector groups with involvement and interest in the work of Enterprise Dunedin

In total approximately 30 interviews were conducted, the majority of which were face to face, but a small number were completed by telephone and one respondent provided a written response. Only one interviewee declined to be interviewed on the basis that they were not sufficiently familiar with the work of agency. As part of the inception stage, we also interviewed six staff and managers from within Enterprise Dunedin, taking the total number of interviews to 34. Table 2 provides details on the organisations interviewed and the sector they primarily represent. In some instances, more than one respondent was interviewed from the named organisation.

**Table 2: Organisations Interviewed**

Organisation	Sector	Organisation	Sector
Dunedin Host	Visitor	University of Otago	Tertiary/GDP
OCCI Tourism Group	Visitor	Otago Polytechnic	Tertiary/GDP
Lanark Castle	Visitor	NZTE	Government
Tourism New Zealand	Visitor	MSD	Government
Air New Zealand	Visitor	Dunedin City Council	Local Government
Otago Girls High School	Study/Visitor	Enterprise Dunedin	Local Government
Innov8HQ	Commercial	Dunedin City Holdings	CCO



Organisation	Sector
Fisher & Paykel	Commercial
Esca	Commercial
Otago Chamber of Commerce	Employer/GDP
OSEA	Employer/GDP

Organisation	Sector
• Dunedin Railways	CCO
• Dunedin International Airport	CCO
• Dunedin Venues Management	CCO
Ngāi Tahu	Iwi/GDP

## Analysis

The stakeholder interviews followed a semi-structured format, supported by a pre-prepared topic guide which focused on three major issues and related questions, summarised in table 3 below.

**Table 3: Summary of Interview Topic Guide**

Topic	Key Questions
<b>Context and rationale:</b>	<ul style="list-style-type: none"> <li>• What are the key economic development opportunities and priorities for Dunedin that should be addressed?</li> <li>• Is the delivery of economic development services through Enterprise Dunedin consistent with these opportunities and priorities?</li> </ul>
<b>Effectiveness and efficiency of current services:</b>	<ul style="list-style-type: none"> <li>• How well are current activities being delivered through the Enterprise Dunedin model?</li> <li>• How well are services being coordinated with partner organisations and organisations delivering related support?</li> </ul>
<b>Opportunities for improving delivery:</b>	<ul style="list-style-type: none"> <li>• Are there alternative governance and delivery arrangements or models that could be more effective or efficient than the current model?</li> <li>• What are the pros and cons of these arrangements compared to the existing model?</li> </ul>

## Visitor Sector Survey

In addition, at the inception stage of the review, DCC requested an additional on-line survey of a wider sample of tourism sector businesses and representatives be added to the approach. This survey, the results of which are reported separately in Appendix 2, mirrored the interview guide used for the face to face stakeholder interviews as designed and administered through the SurveyGizmo platform. The survey was completed by 51 respondents, issued to a sample of 418 organisations, drawn from a database of 522 tourism organisation provided by Enterprise Dunedin.



# STRATEGIC CONTEXT

At the outset of this review it is worth considering the wider strategic framework within which Enterprise Dunedin operates, as well as the key strategies and plans that inform their activity.

## Dunedin Strategic Framework

Activities undertaken and supported by DCC are informed by the Dunedin Strategic Framework, as shown below.

Figure 1: Dunedin Strategic Framework



As part of DCC, all parts of this framework to varying degrees, are relevant to the work of Enterprise Dunedin. Of particular relevance is the Dunedin’s Economic Development Strategy.



## Dunedin Economic Development Strategy

The Dunedin Economic Development Strategy was adopted by DCC in September 2012 and is focused on the 2013-2022 period. The Economic Development Strategy was the result of an extensive process, stretching back to 2010 and involving a range of key stakeholders including DCC, the Otago Chamber of Commerce, Otago Southland Employers' Association, Otago Polytechnic, University of Otago and Ngāi Tahu. The vision for the strategy is that *“Dunedin is one of the world’s great small cities. We are renowned as a confident, competitive knowledge centre, a community where enterprise and creativity support a productive and sustainable city.”*<sup>5</sup>

This vision is supported by the two specific economic goals of

- 10,000 extra jobs over 10 years, and
- An average of \$10,000 extra income for each person

Beneath these goals sit five strategic themes: business vitality; alliances for innovation; a hub of skills and talent; linkages beyond our borders; and a compelling destination. Then within these themes, the strategy identified a series of initial actions. The framework provided by the Economic Development Strategy has informed the focus, actions and interventions of DCC generally and Enterprise Dunedin specifically.

Beyond the Economic Development Strategy, the other plan that is particularly relevant to the work of Enterprise Dunedin, which flows from the above framework and is an initiative of the Economic Development Strategy, is the Dunedin Destination Plan.

## Dunedin Destination Plan

In May 2018 DCC approved a new destination plan for the city covering the period to 2023. The Dunedin Destination Plan was developed by DCC in collaboration with stakeholders. The plan proposes a series of action areas that will inform activities of Enterprise Dunedin and industry stakeholders.

The vision articulated in the plan is for Dunedin to be “a compelling destination, with highly regarded attractions, education and lifestyle experiences” with the purpose of attracting visitors, investors and migrants.

The plan is presented as an initiative of the Economic Development Strategy, although it is worth noting that there was a considerable time lag between the adoption of the Economic Development Strategy and the preparation of the Destination Plan. The plan sets five goals, which can themselves be linked back to the Economic Development Strategy:

- 1 Ensure Dunedin is a great place to live, visit, study, work and invest
- 2 Maximise strategic opportunities and spend to support destination activity
- 3 Share resources and work collaboratively to develop innovative actions that can be delivered within fiscal constraints

<sup>5</sup> Dunedin Economic Development Strategy 2013-2022

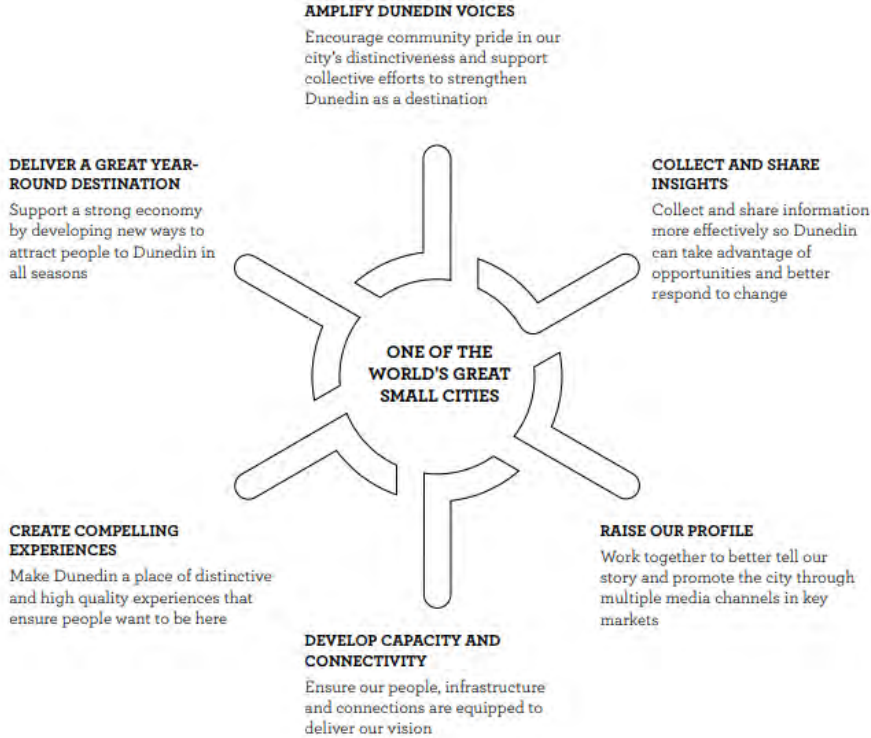


- 4 Maintain and build pride in Dunedin’s distinctiveness
- 5 Sustain and enhance our natural and built environment for the benefit of residents and visitors

The plan also proposed an annual Marketing Prospectus for the city, although a prospectus has not yet been produced for the current year, it is worth noting that an annual marketing prospectus was previously produced by Tourism Dunedin prior to disestablishment.

Sitting beneath the plan’s goals are a series of destination actions and activities, with associated success areas. The overall shape of the actions is summarised in Figure 2 below which is taken directly from the Destination Plan.

**Figure 2: Dunedin Destination Plan Actions**



While the plan provides significant detail on the proposed activities under each action, and on how success will be measured, it is not supported by further detail on lead responsibilities, resourcing or times. In addition, while the Destination Plan acknowledges the fact that there is also a draft Dunedin Tourism Growth Framework, developed by DunedinHOST, the primary industry body for tourism operators in and around Dunedin, the points of connection between the two strategies and how they will work in concert is less apparent.



## GigCity and Smart City Initiatives

A further strategic development, which also emerged post completion of the Economic Development Strategy was the December 2014 announcement that Dunedin was the winner of Chorus's 'Gigatown' competition, meaning that the city would be prioritised for fibre roll-out, have access to 1 gigabit per second internet speeds and standard fibre prices, and receive funding from Chorus for community and business projects relating to fibre use.

As part of the application, stakeholders from across the city collaborated to produce a 'Plan for Success' which described the steps the city would take to leverage the advantages of Gig fibre roll-out. The Plan for Success informed the work of partners, including DCC and Enterprise Dunedin, and over time DCC has assumed more of a leadership role to ensure that the city is able to more fully capture smart city outcomes. For Enterprise Dunedin, there are a number of associated actions and opportunities that most obviously sit with the unit's work skills set and where the team might reasonably be expected to play a leadership or facilitation role.

## Current Governance and Advisory Arrangements

While Enterprise Dunedin is a unit of DCC and is accountable to the council's Economic Development Committee, its activities are in part informed by a number of existing governance and advisory arrangements, specifically the Grow Dunedin Partnership Board and associated advisory groups.

### Grow Dunedin Partnership Board

Following the completion of the Dunedin Economic Development Strategy, the Steering Group that was put in place to inform the development of the strategy was retained in the form of the Grow Dunedin Partnership (GDP). The Partnership was established to develop and implement the Economic Development Strategy and consists of:

- DCC
- Otago Polytechnic
- University of Otago
- Otago Southland Employers Association
- Otago Chamber of Commerce
- Ngāi Tahu

The Partnership is governed by the Grow Dunedin Board. The specific objectives of the Board<sup>6</sup> are to:

- Identify and verify potential projects to facilitate economic growth in Dunedin
- Raise the awareness and profile of Dunedin from an economic perspective

<sup>6</sup> Grow Dunedin Board, Terms of Reference



- Ensure responsible investment of ratepayer and other investor/stakeholder funding in economic development initiatives
- Communicate progress to the Dunedin City Council and other investors/stakeholders on a regular basis

The membership and governance role of GDP was reviewed in 2015<sup>7</sup>. At this time, it was recognised that there was a need to widen the membership of the group, specifically it was determined that there was a need to include independent members on the group, to widen the representation of GDP beyond the original members. Independent membership was noted as bringing the additional benefits:

- A broader expertise set around the governance table
- A greater voice for key business sectors at the governance table, thus supporting the constructive engagement of these players in GDP
- Greater transparency and independence in decision making around projects that are funded and/or supported by the DCC via the Grow Dunedin Partnership. An issue at present is that GDP is approving projects that are directly or indirectly undertaken by the very organisations they represent.

It was agreed that that five independent members would be added to form a high-level governance board (the GDP Board), bringing the total membership of GDP to 12 members, including two DCC members in the form of the Chair of the Economic Development Committee and the DCC Chief Executive or their nominee. GDP would be chaired by the Chair of DCC Economic Development Committee and the Deputy Chair would be elected by the GDP Board from within their own ranks.

It was further agreed that GDP would meet at least six times a year and that where project steering groups or reference/advisory groups were required there would be a standardised approach so that:

- Steering groups or equivalent would be established for each project
- Each group would have a Terms of Reference approved by the GDP Board
- The Chair of each group would be approved by the GDP Board
- Each project group would have a GDP Board member assigned in a liaison role ensuring that
  - The group meets on a regular basis
  - There is appropriate budgetary control
  - Key milestones are being met

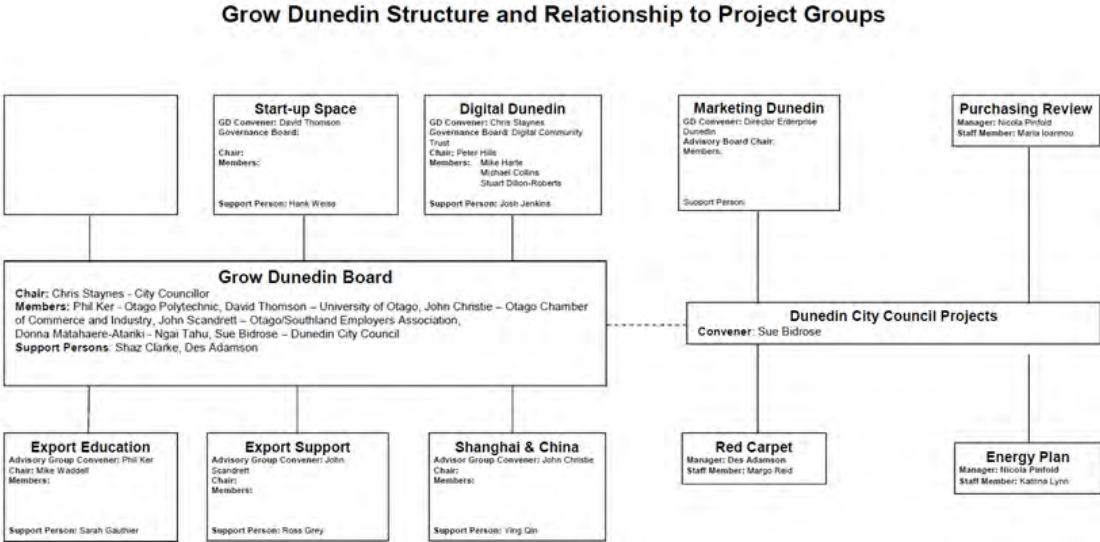
The relationship between the Grow Dunedin Board and other project groups is illustrated in Figure 3.

<sup>7</sup> DCC, Economic Development Committee, 7th September 2015, Grow Dunedin Partnership Steering Group – Changes to the Membership and Governance Role, Attachment A





**Figure 3: Grow Dunedin Structure and Relationship to Project Groups**



- Notes:
1. Conveners are ex-officio members on the
  2. Dunedin City Council Project teams have a dotted line reporting function to the Grow Dunedin Board but report directly to their respective managers for project delivery.
  3. The support person reports to the Advisory Group/Advisory Board or Governance Board for their project delivery performance

Source: Grow Dunedin Board, Terms of Reference

It was also noted that GDP, in conjunction with Enterprise Dunedin, would maintain an up-to-date knowledge base on matters important to Dunedin’s economic vitality. This knowledge base would in turn be used to identify potential areas of focus for future projects and opportunities to contribute to debate or lobbying on behalf of businesses and organisations where it was agreed that there were significant economic implications involved.

The retention and expansion of GDP, while beneficial in terms of maintaining the stakeholder engagement achieved during the development of the Economic Development Strategy, created an unanticipated form of governance as relates to Enterprise Dunedin, which was not considered as part of the original city marketing review.

## Role of Enterprise Dunedin

The above context is useful to consider before looking at the role of Enterprise Dunedin. As an agency with DCC, Enterprise Dunedin undertakes a range of economic development services and activities.

Table 4 provides a summary of the major areas of focus and resourcing of economic development services and activities by the Council.



**Table 4. Council economic development areas of focus, activities and resourcing**

Dunedin City Council	
<b>Vision</b>	Dunedin is one of the world's great small cities. We are renowned as a confident, competitive knowledge centre, a community where enterprise and creativity support a productive and sustainable city.
<b>Economic goals</b>	<ul style="list-style-type: none"> <li>• 10,000 extra jobs over 10 years (2013-2023 – requiring employment growth of approximately 2 percent per annum)</li> <li>• An average \$10,000 of extra income for each person (requiring GDP per capita to rise by about 2.5% per annum).</li> </ul>
<b>Relevant community outcomes</b>	<p>A thriving and diverse economy –</p> <p>Where Dunedin has an ambitious, prosperous, diverse and resilient economy that builds on its strengths and is:</p> <ul style="list-style-type: none"> <li>• A city that grows businesses and industries through added value/productivity.</li> <li>• A city that encourages employment opportunities for everyone.</li> <li>• A city that actively attracts visitors, skilled staff and entrepreneurs and investors.</li> <li>• A city that encourages creativity, research, and entrepreneurial excellence.</li> <li>• A city that builds alliances between local businesses, community, education and research providers that offer mutual benefit.</li> </ul>
<b>Areas of focus</b>	<ul style="list-style-type: none"> <li>• Business vitality – to improve the ease of doing business.</li> <li>• Alliances for innovation – to improve linkages between industry and research.</li> <li>• A hub of skills and talent – to increase retention of graduates, build the skills base and grow migrant numbers.</li> <li>• Linkages beyond our borders – to increase international investment and establish projects with other cities.</li> <li>• A compelling destination – to increase the value of tourism and events and improve the understanding of Dunedin's advantages.</li> </ul>
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Business development – business advice and referrals to local experts, business clinics, business internships, support for the start-up ecosystem, and facilitation of NZTE and Callaghan Innovation services as one of the Regional Business Partners</li> <li>• Industry development – facilitating business collaboration to overcome barriers and achieve joint opportunities</li> <li>• Gig-City/Smart City initiatives</li> <li>• Talent and investment promotion, including Study Dunedin</li> <li>• Marketing and promotion, including the Dunedin Brand, business events and marketing campaigns</li> <li>• the i-SITE visitor centre</li> <li>• Implementing the Economic Development Strategy initiatives and other major projects, including Project China, the Energy Plan, the Food Resilience Project, amongst others</li> <li>• Economic and visitor monitoring information.</li> </ul>

Source: Annual reports.

In terms of the total Council investment in economic development activities, table 2 shows the breakdown of staff and financial investment over the 2013-2017 period, showing that this was around \$4.4 million in 2014/15 and has grown to around \$5.6 million in 2016/17.



**Table 5: DCC Investment in Enterprise Dunedin**

	2014/15	2015/16	2016/17
Expenditure	\$3.76m (2014/15)	\$4.644m (2015/16)	\$5.635m (2016/17)
	Key areas of investment:	Key areas of investment:	Key areas of investment:
	<ul style="list-style-type: none"> <li>Marketing Dunedin: \$1.486m (34 percent)</li> <li>Economic Development: \$1.754m (40 percent)</li> <li>Visitor Centre: \$1.136m (26 percent)</li> </ul>	<ul style="list-style-type: none"> <li>Marketing Dunedin: \$1.579m (34 percent)</li> <li>Economic Development: \$1.794m (39 percent)</li> <li>Visitor Centre: \$1.271m (27 percent)</li> </ul>	<ul style="list-style-type: none"> <li>Marketing Dunedin: \$1.869m (33 percent)</li> <li>Economic Development: \$2.487m (44 percent)</li> <li>Visitor Centre: \$1.279m (23 percent)</li> </ul>

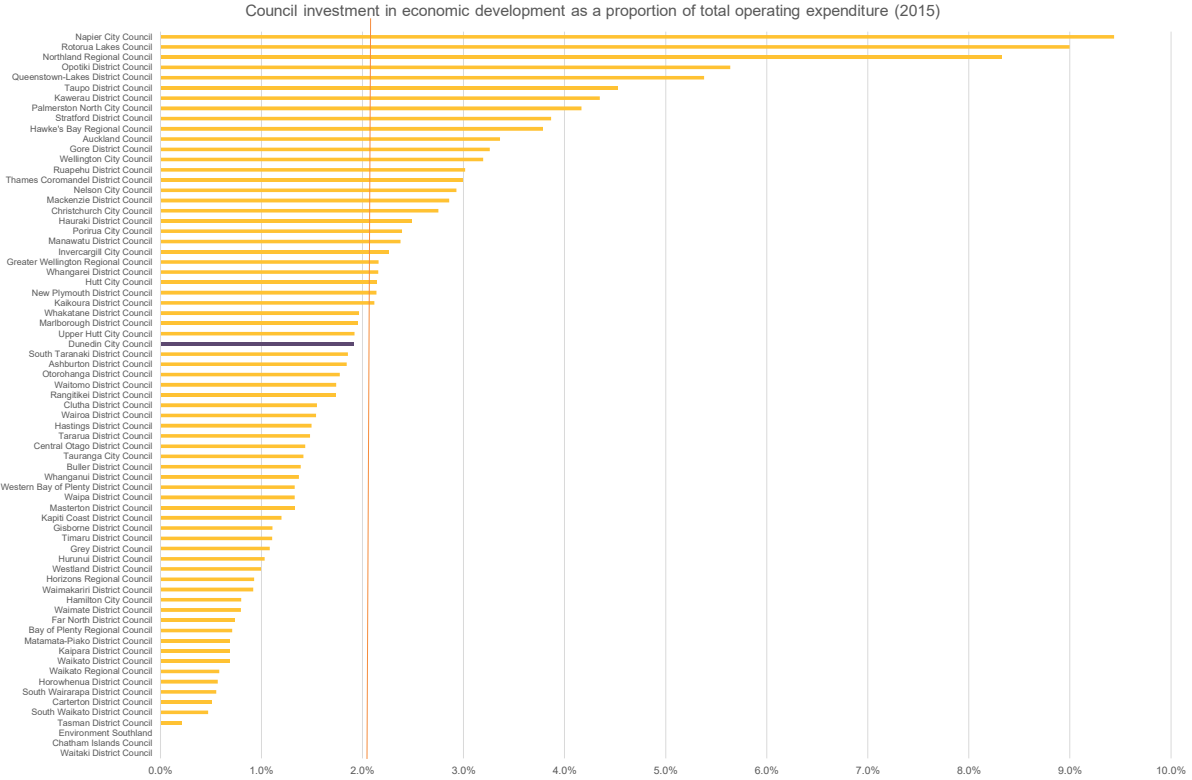
Source: Annual reports.

Council investment in economic development represented around 2.0 percent of total local government operating expenditure in the region in 2015. The investment was the equivalent of close to \$35 of economic development spend per capita.

This is an average level of Council investment compared to other regions as shown in Figure 4 below. Councils across New Zealand spent an average of 2.1 percent of operational expenditure (\$36 per capita) on economic development in 2015.



**Figure 4: Local government economic development spend as a proportion of operational expenditure (2015)**



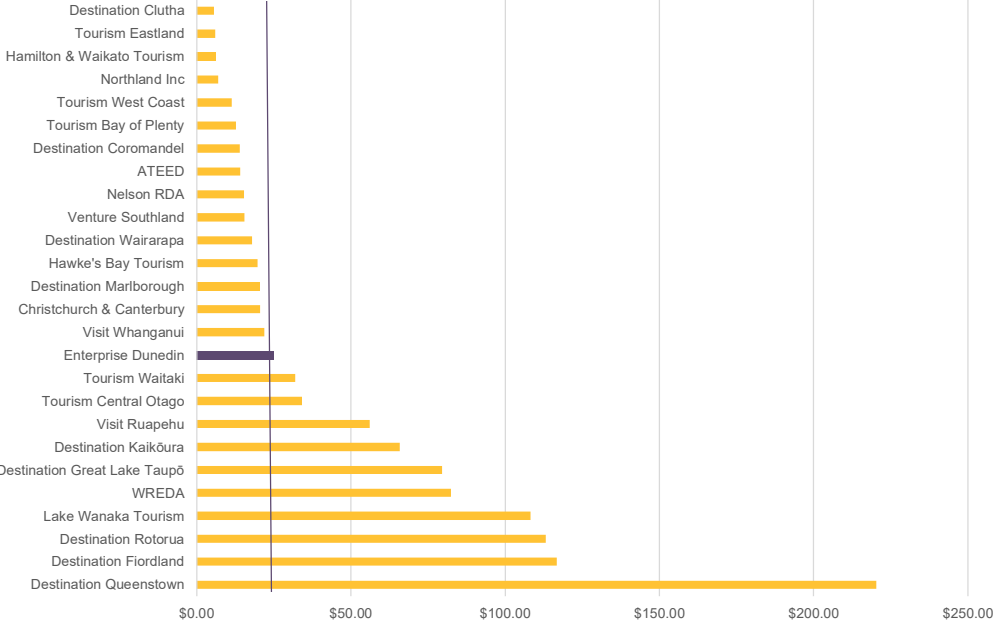
Source: LGNZ Survey and MartinJenkins calculations. Orange vertical line is national average.

Given the significance of destination marketing in the activity mix, it is worth considering how local government investment in marketing activities compares to other regions. Excluding spending on i-SITES, in 2016 the region invested around \$25 per rateable property, \$11 per capita and \$1.49 per guest night in destination marketing and promotion (receiving \$497 of visitor spend per council dollar), compared to an average of \$23 per ratepayer, \$10 per capita and \$1.11 per guest night (and \$628 of visitor spend per council dollar) across all RTOs.<sup>8</sup> Hence Dunedin’s marketing spend was around the national average as shown in Figure 5 and Figure 6.

<sup>8</sup> Based on the most recent benchmarking survey of Regional Tourism Organisations or RTOs (MacIntyre, 2016)

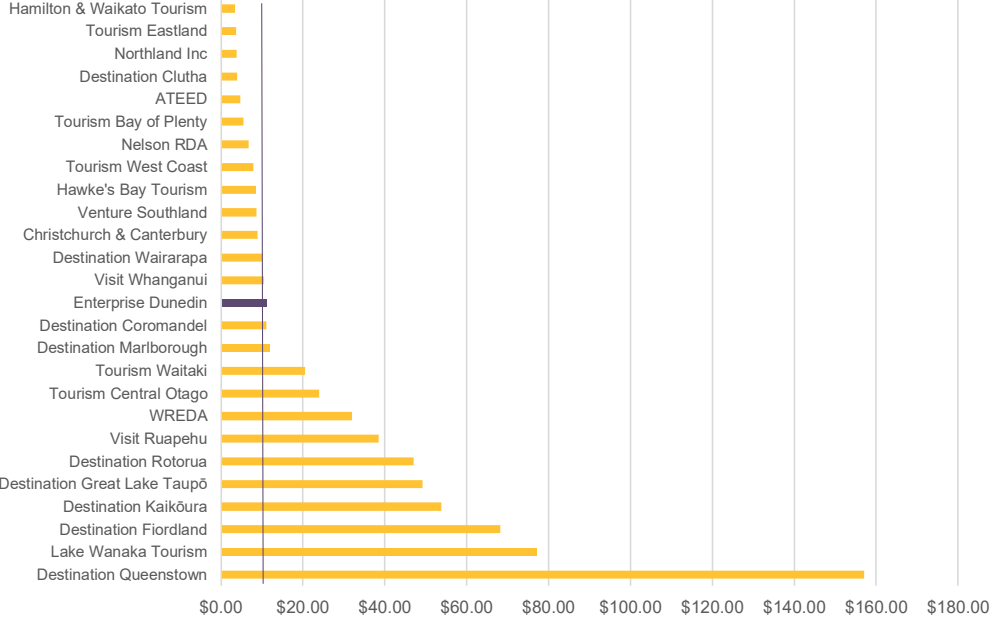


**Figure 5: Local government regional marketing and promotion spend per ratepayer (2015/16)**



Source: Data from MacIntyre, 2016. Vertical line is the New Zealand average.

**Figure 6: Local government marketing and promotion spend per capita (2015/16)**



Source: Data from MacIntyre, 2016. Vertical line is the New Zealand average.



Overall, this suggests that DCC is investing a reasonable level of funding in economic development relative to other local authorities. However, given the significance of the visitor sector to the city's economy, it is worth noting that this level of expenditure is low when compared to other tourism destinations.

Beyond ratepayer funded activity, Enterprise Dunedin is also the government's appointed provider under the Regional Business Provider (RPB) Programme. The programme has been running since 2010 and Enterprise Dunedin was reappointed in 2015 to deliver business support services under the programme. These services, which are delivered in collaboration with the Otago Chamber of Commerce and the Otago Southland Employers' Association has four principal components:

- Assessment and advice – business advisors assessing businesses' needs and providing direct advice, connections and support.
- NZTE Vouchers – Capability Development Vouchers allocated to clients to fund up to 50% of the cost of specialist business support and training (up to \$5000 per voucher).
- Callaghan Innovation R&D support – R&D grants funded by Callaghan Innovation, support for making application for larger grants and acting as a shop front for Callaghan Innovation.
- Business Mentors New Zealand – supporting the delivery of one-to-one mentoring by volunteer mentors for SMEs and start-ups.



# ORGANISATIONAL STRUCTURE

Having set out the context for Enterprise Dunedin's activities, in this section we consider the key issue for this review, specifically whether the current delivery model for economic development and city marketing services needs to change. Specifically the purpose of the review is to consider some or all of Enterprise Dunedin's current activities would be better delivered through an alternative organisational structure, such as a CCO.

## Is there a case for change?

The current arrangements for delivering economic development activities have been operating for a number of years. During that time the performance of the city's economy, as summarised in Appendix 1, has not been exceptionally strong. However, Enterprise Dunedin does not have sole responsibility for delivering economic growth across the city and the level of investment that is made by DCC, while on par with national averages, could not be expected, on its own, to make a significant difference to the city's economic performance.

Enterprise Dunedin, and DCC more generally plays an important enabling and facilitation role. A key part of this role is to work across the council and wider community to unlock future growth opportunities, to help connect existing businesses to appropriate support and services to enhance their growth and to attract secure investment into the city by attracting visitors, new residents, events, new businesses and investors. As well as helping new entrepreneurs and start-up businesses to establish themselves and create new jobs.

These are all typical functions of an economic development agency and in some cities, across New Zealand and elsewhere, there has been a trend to placing these activities, even when they are funded primarily by the public sector, in structures that are at arm's length from local government. In New Zealand this would typically be achieved through the establishment of a CCO, with an independent private sector Board.

DCC has already applied this model to a number of key areas including the operations of the airport, the railway and venues. Together these CCOs are overseen by Dunedin City Holdings. A case could be made that some of the activities undertaken by Enterprise Dunedin that are more market facing might better be delivered through a CCO model, either as a new CCO or where the activities are aligned with the activities of an existing CCO they could reasonably be transferred. The following section considers this question more fully.

## Is a Council Controlled Organisation required?

On the surface this should be a relatively simple question to answer. Ultimately, given the outcomes the city is seeking from its investment in Enterprise Dunedin, there is a need to determine whether a CCO is the right vehicle for delivering the associated services, as well as the wider objectives of the Economic Development Strategy.



Guidance from the Controller and Auditor General<sup>9</sup> is clear on the factors that a local authority needs to take into account when deciding if a CCO model is appropriate, including whether a CCO is the best means of delivering the desired outcomes, whether the option is cost effective and of sufficient size and capability to be a viable business and whether the local authority itself has the capability and capacity to manage a relationship with and monitor the performance of the CCO.

Based on the guidance, it is not clear that there would be a strong case for Enterprise Dunedin being established as a separate CCO. Given the relatively modest size of the unit and associated budget, the resulting organisation would unlikely be of sufficient size and scale to justify the change, particularly given the likelihood that council would still require some economic development capability to be maintained in-house to deliver wider council objectives.

However, while the case for change may not be immediately apparent, the OAG guidance also notes some additional benefits that come with a CCO model. Given the issues identified early in this report, some of the benefits appear to be relevant in the case of Enterprise Dunedin, including:

- Improved commercial focus arising from a company operating with a professional board of directors
- Independence arising from separation from political direction
- Streamlined bureaucracy enabling nimbleness and agility
- Ability to recruit and retain high-quality board members and staff
- Access to a wider range of funding sources

While these benefits need to be balanced against the possible disadvantages of a CCO model, for example less direct accountability, additional operating costs or reduced ability to manage risk, there is a case to be made that these benefits, if realised, would address some of the concerns raised by stakeholders during this review, which are discussed later in this report.

Some stakeholders felt that, where activities were commercial or market facing in nature, it was harder for Enterprise Dunedin to have the necessary skills, experience and commercial acumen, either at a staff or leadership level to be truly effective. In these instances, it was felt that it might be more appropriate to look at how other partners, or another CCO, might be better placed to deliver the activities, either by transferring responsibilities or by contracting out services.

This point was most consistently raised in terms of tourism promotion activities where many stakeholders felt that these activities might better sit with either Dunedin Venues Management Limited or with Dunedin Airport Limited, both CCOs and therefore part of the wider council group.

This view was not reserved solely for tourism related activities, for example looking at the delivery arrangements for the Regional Business Partners Programme<sup>10</sup>, it was suggested that the overall service would be enhanced if it was delivered outside of the council structures as this would allow for greater commercial expertise to be accessed and would create greater agility and reduce some of the bureaucracy that can result from services being delivered from inside council structures.

<sup>9</sup> Controller and Auditor General, Governance and Accountability of Council Controlled Organisation, September 2015

<sup>10</sup> Where Enterprise Dunedin holds the contract, but the services are delivered jointly with the Otago Chamber of Commerce and the Otago and Southland Employers Association





This is not to say that stakeholders did not see some benefits of Enterprise Dunedin being part of council. It was noted that there were signs that improvements were starting to be seen in the destination space with the benefits of integration becoming more evident. Specifically, the example of TRENZ, which Dunedin hosted in May 2018, was cited as an example of where Enterprise Dunedin had led the city's engagement and investment and had also co-ordinated the involvement of other business units across DCC. This was a good example of where economic and visitor outcomes can be delivered together and where the benefits of being part of the wider council were noticeable. However, it is also worth noting that some stakeholders felt that the role Enterprise Dunedin had played was perhaps overstated as the event management and organisation was primarily led by Tourism Industry Aotearoa (TIA).

However, here were several other stakeholders who questioned both whether Enterprise Dunedin should be part of DCC as opposed to a CCO, and also whether the benefits for integrating economic development and city marketing were being realised. There was a recognition that as a council there were wider economic development outcomes that were being delivered that stretched beyond the activities of Enterprise Dunedin, but where input from Enterprise Dunedin was beneficial. For example, the economic and employment benefits that were likely to emerge from wider infrastructure investments that were being progressed, or the visitation and city marketing benefits emerging from recent music or sporting events secured in the city.

In this regard, irrespective of wider questions as to whether Enterprise Dunedin should be a CCO, there was still a view that the council would still to retain some economic development capacity in-house. Recognising this point, there were some stakeholders who therefore were opposed to the creation of a separate CCO as it would simply increase costs, lead to potential duplication and put strain on already scarce resources. Although there was a view from some other stakeholders that many of the activities, particularly those relating to city marketing and promotion, could be transferred to other existing CCOs.

The question as to whether some services, particularly in the city marketing space, could not be instead delivered through an existing CCO or through some other commissioning or partnership-based arrangement came up a number of times. There is certainly some support for this model from stakeholders and existing CCOs, but this approach would run counter to the findings of the original city marketing review and the assumed benefits of integration. This issue is considered later in this section.

## Are services best delivered in-house or externally?

In considering whether economic development services or activities are best delivered within a Council or through an external agency, table 5 provides a high-level series of questions that should be taken into account when determining the most appropriate arrangement.



**Table 6: Key Economic Development Service Delivery Considerations**

Issue	Considerations
<p>Services are of high strategic importance to the Council as they give effect to key plans, objectives and policies. They require close coordination and integration with other Council activities or involve important strategic relationships that need to be maintained.</p>	<p>Depending on the stated priorities of the Council and their existing arrangements, for many economic development activities, for example business development, innovation support or destination marketing there is not always a compelling case for in-house service delivery. While these services are important they are not necessarily core to Council business or as critical to long-term plan goals. The exceptions to this are:</p> <ul style="list-style-type: none"> <li>• The development of economic strategies, including related engagement with industries and communities</li> <li>• Collection and dissemination of economic and industry intelligence, which can be core to the effective functioning of Council</li> </ul>
<p>Activities are significant in scale and scope and involve major risks that need to be managed or where frequent Council decision making is required.</p>	<p>If there is a high level of risk and significant expectations attached to activities, there may be a desire for greater control over what is provided and for the outcomes. In these circumstances there may be a preference to manage risk in-house. However, for most economic development services this is not normally the case, except in instances where a significant asset might be involved, for example the development of a research or innovation centre, or where the activity might involve a major investment attraction effort involving significant land/property or facilities.</p>
<p>Decisions or activities that are commercial in nature and are better placed at arms-length from Council.</p>	<p>For many economic development activities this can be the case. Business support and advice, marketing initiatives and events often benefit from commercial experience and entrepreneurial insight that are not generally found within Council. In these instances, the business community may expect decisions to be free from any perceived political influence. The exception again would typically be strategy development activity or investment in significant projects or assets.</p>
<p>Activities where Council has a natural advantage or access to the best information to guide implementation and the ability to organise and secure resources from industry.</p>	<p>A Council may consider providing the activity itself if it has a particular advantage in doing so, for example if it can provide the activity more efficiently and effectively than other providers. For example, assistance to business, industry or community organisations to work through council processes or understand regulatory or planning requirements are better delivered by council than an external agency.</p>
<p>Activities that cannot be contracted out or are complex in nature or delivery.</p>	<p>If there are difficulties in specifying the nature of the outputs required or if there is likely to be a need to frequently change the outputs, it is unlikely that the activities will be able to be contracted out efficiently or effectively.</p>
<p>Activities where there are established or alternative providers.</p>	<p>If there are existing potential providers, which could include business advisory companies or industry associations, it may be preferable to contract directly to these providers as they may already have the skills and networks to deliver efficiently and effectively. If there is no existing or potential provider, then delivery by the Council or a Council organisation will likely be required, at least initially.</p>

In most other cases, much of the information and networks required to be effective in economic development is derived from the private sector, so private sector or arms-length agencies with a private sector Board may have a better ability to obtain this information. Although this could be obtained through an advisory board to Council and in the case of Dunedin, an enhanced version of the Grow Dunedin Partnership could deliver this outcome.

Similarly, although this may not be the reality, it can be perceived by the private sector that an external agency, with a private sector Board, has more credibility and impartiality. Some businesses may not be willing to work on economic development initiatives directly with a Council if they have existing issues with other Council activities, for example consenting. Conversely, some industry groups may



prefer to work with a Council directly as the Council may control the levers that they want to influence, for example infrastructure provision or regulation.

Generally, the above analysis suggests that most economic development services might best be delivered by an external agency, except for those that involve facilitating business and industry access to or understanding of Council processes, or regulatory or infrastructure issues. There is, however, a strong case for strategy development and economic intelligence gathering and analysis to be undertaken within Council, this means that Council’s cannot remove themselves entirely from the economic development process.

Moreover, the appropriate arrangements for any specific location are highly context dependent. As noted above, certain activities may be of high strategic importance to a Council and therefore a priority that they wish to keep in-house. Whereas in other areas the same activity may not be a priority and consequently is best left to other organisations. In some instances, there may also be a lack of external organisations or associations with the capability or capacity to deliver economic development services. Elsewhere, Councils may decide to make funding decisions itself rather than allow an external agency to take responsibility if there were potential conflicts of interest due to the make-up of the Board. In some cases, Councils have taken on direct delivery of programmes for a period due to poor performance of an external agency.

Consequently, there is no single organisational model for how economic development services, including destination marketing, are structured or delivered. Table 6 provides an overview of economic development delivery arrangements in a selection of areas across New Zealand. Some key observations for from comparison are:

- The delivery of the bulk of economic development activities in several regions occurs through external agencies, typically CCOs
- In a smaller number of areas, notably Dunedin itself and Thames-Coromandel, a significant amount of service is delivered by business units within the Council
- The split of functions across external agencies and Councils differs considerably. For example, while Northland Inc is the main deliverer of economic development activities in Northland, Whangarei District Council plays a significant role in supporting and promoting events and has a joint role with Northland Inc in investment attraction and facilitation. In contrast, In Timaru, Aoraki Business and Tourism, a CCO, delivers most support with the Council playing a limited direct role.

**Table 7: Selection of economic development arrangements across New Zealand**

Region	Organisation	Relationship with Council	Key Activities
Northland	Northland Inc	CCO of NRC	Regional destination marketing and management, Business development support, innovation support, investment attraction & facilitation
	Northland Regional Council		Regional economic strategy & action plan, co-investment in major industry and tourism projects, economic monitoring



Region	Organisation	Relationship with Council	Key Activities
	District Councils		District marketing, district events, community and town development initiatives; investment facilitation (Whangarei), i-SITEs, sister city relationships
Auckland	ATEED		Destination marketing and management; business support and industry development; innovation and entrepreneurship, student attraction, major events and conventions, business and investment attraction, economic intelligence, skills, employments and talent attraction, trade development, local economic development
	Auckland Council		Community events, arts and culture, economic strategy and intelligence
	Local Boards		Local economic development, local events and promotion
Thames-Coromandel	Destination Coromandel Council	CO of TCDC	District destination marketing and promotion, i-SITEs
	Council		Business broker services, investment facilitation, youth employment
Western Bay of Plenty	Priority One	Independent	Business development support, cluster facilitation, supports film office, supports international education promotion, investment attraction, skills attraction, innovation support, economic and industry monitoring
	Tourism Bay of Plenty	CCO	District destination marketing and promotion, events attraction and i-SITE
	Tauranga City Council		Supports film office and international education promotion, sister city relationships
Greater Wellington	WREDA	CCO	Destination marketing; business support and industry development; innovation and entrepreneurship, major events and conventions, business and investment attraction, talent and student attraction, trade development, local economic development, i-Site, business and investment attraction and venues management & marketing
	Greater Wellington Regional Council		Economic strategy, monitoring and intelligence
	Councils		Product development, start up and local business support, economic intelligence, place promotion and renewal
Nelson-Tasman	Nelson Regional Development Agency	CCO	Destination market, event promotion, i-SITE, business development, cluster facilitation, investment attraction, workforce development, China market development, economic monitoring
	Nelson City Council		Events funding support, international education support, sister city relationships
Timaru	Aoraki Business and Tourism	CCO	Supporting town centre enhancement, workforce development, industry facilitation, youth transitions, supporting sister city relationships, district promotion
	Timaru District Council		Sister city relationships
Taranaki	Venture Taranaki	CCO	Destination marketing, business support and innovation, sector development, talent and student attraction, economic intelligence



Region	Organisation	Relationship with Council	Key Activities
	Taranaki Regional Council		Economic strategy (in partnership)
	Councils		District intelligence, i-SITES

Sources: Annual Plans and Annual Reports of EDAs, RTOs and Councils

## Does integration deliver benefits?

In general terms, where services are mutually reinforcing, which reflect common issues and opportunities, which are targeted at achieving common outcomes and involve a common client base, then there are benefits from integration. These benefits may both be strategic but also from an efficiency and effectiveness perspective.

On the specific issue of city marketing activities, as set out in original review of city marketing activities, there is a clear case for cities taking an integrated approach to how they position their offering across the tourism, business visitors, students, residents, events and investment attraction segments. The case and benefits of an integrated approach, as seen in many other New Zealand and international cities, has not changed. However, there is still a need to tailor specific messages for each of these segments to present a clear, distinctive and compelling offer.

Some stakeholders recognised that being part of council and taking an integrated approach to marketing the city should deliver benefits, however the issue was that there was not a clear plan or focused action to realise these benefits. Consequently, other partners were equally clear that activities should be delivered separately and outside of council.

Looking more broadly, across New Zealand, irrespective of organisational structure, it is common to see the following economic development services generally delivered together:

- **Visitor and events attraction, promotion and marketing** – these activities involve marketing the advantage and amenities of the city, domestically and internationally, to attract additional visitor spending.
- **Business development and innovation support** – these services are typically focused on business opportunities and are aimed at building capability and connecting businesses to networks, to increase productivity and value added.
- **Skills support, investment attraction and industry development support** – these services are focused on improving business and industry access to resources they need to produce goods and services.
- **Strategy development and economic intelligence and monitoring** – these activities require analysis of and access to a wide range of data and research.

In some cases, all these activities are delivered together by the same agency, reflecting commonalities across broader groups of clients and opportunities, for example, industries that benefits from business development support may also require and benefit from skills, sector development and investment attraction support. In addition to this being the case in Dunedin, this model is also seen in



Auckland (ATEED), Taranaki (Venture Taranaki), Wellington (WREDA), Nelson-Tasman (NRDA), Christchurch (Christchurch NZ), and Southland (Venture Southland).

In other cases, regional visitor and events attraction and promotion are delivered separately from the other services reflecting the emphasis that the region or locality places on the importance of tourism in the economy. This model is seen in Bay of Plenty, Taupō and Queenstown. In addition, the newly formed Waikato Regional Development Agency, has also remained separate from the existing Regional Tourism Organisation, Hamilton and Waikato Tourism.

Within visitor promotion and marketing activities, i-SITES information services are sometimes delivered separately, via council or via interdependent organisations, as they can be more customer service oriented than developmental in nature. In Auckland, following a period of consolidation and transfer, all i-SITES now sit outside of ATEED, with the remaining three i-SITES having been recently sold to a consortium of New Zealand owned tourism companies.

## What options should be considered?

As highlighted above, there are a range of options available to Councils when determining how best to organise to deliver economic development and city marketing activities. While it is generally beneficial for many of the services associated with these functions to sit outside of direct Council delivery, this is by no means a hard and fast rule and ultimately DCC needs to consider what outcomes they wish to see for their investment into these activities and how close they need to be to the decision making and service delivery arrangements.

Given the local context and the preceding analysis, in our view practical structural options for consideration are as follows:

- 1 **Enhanced Status Quo** – this would mean retaining Enterprise Dunedin in its current organisational form but enhancing some of the current arrangements, particularly those related to current governance and advisory arrangements, increased visitor sector capability, and improved stakeholder engagement and communications.
- 2 **Establishing Enterprise Dunedin as a CCO** – this would involve the existing unit transitioning to become a Council Controlled Organisation, with a separate private sector led Board and an agreed Statement of Intent.
- 3 **Implementation of a transfer and commissioning model** – re-establishing an economic development unit within DCC and transferring any activities that might alternatively be delivered by other CCOs or external agencies.
- 4 **Formation of a separate city marketing unit within DCC** – this would require a separation of economic development and city marketing activities and the creation of a new unit within DCC headed by a new senior officer responsible for city marketing.
- 5 **Establishment of a separate city marketing CCO** – separating economic development and city marketing functions and creating a new Council Controlled Organisation responsible for destination marketing, with a private sector Board and agreed Statement of Intent.



## What are the pros and cons of different options?

At a high-level, the pros and cons of the different options can be assessed on the following criteria:

- **Practicality** – will the model be able to be implemented and will the changes be relatively easy to make, with minimal disruption to existing services?
- **Effectiveness** – will the model be likely to be effective in delivering the required services and required areas of improvement?
- **Representation and responsiveness** – will the economic development and city marketing needs of residents, business and stakeholders be reflected in the model?
- **Likely costs of change** – are the costs acceptable relative to the likely returns and are they acceptable given the overall level of investment in services?
- **Capacity to deliver services** – will the model ensure that activities are delivered or administered by an organisation with the capacity to deliver the required range of services?
- **Accountability to key funders and alignment with funders' priorities** – to what extent is the model likely to ensure accountability to the Council and other funders?
- **Ability to attract and retain the right expertise** – to deliver the required services and at a governance and staff level?
- **Ability to leverage the resources of others** – including additional government and private sector funding for services?

The following sections look in slightly more detail at each of the options.

### Option 1 - Enhanced Status Quo

As noted, this model would essentially see the current organisational structure of an in-house DCC unit remain in place and for economic development and city marketing activities to continue to be delivered in an integrated way. However, in retaining this model it would be important to implement a range of enhancements in terms of current governance and advisory arrangements, increased visitor sector capability, and improved stakeholder engagement and communications.

A major benefit of this option is that it would be relatively straightforward to implement and there would be limited risk to the ongoing delivery of services. Introducing the recommended enhancements relating to enhanced governance, increased visitor sector capability, and improved stakeholder engagement and communications would improve the effectiveness of the existing arrangements and address many of the concerns raised by stakeholders. Although there are costs associated with implementing this option, they will be relatively small compared to some of the other options.

However, on the downside there may be a perception that despite the review, little significant changes have been made and there is an implementation risk if the range of enhancements are not fully realised. While this might be a low risk, the fact that key recommendations from the original city marketing review, specifically the establishment of a Marketing Advisory Board, was not implemented may raise concerns with some stakeholders. In pursuing this option, Council will also need to devote time to process enhancements which, in the short-term, may place pressure on staff resource.



## **Option 2 - Establishing Enterprise Dunedin as a CCO**

As with the enhanced status quo option, this option would retain all the current economic development and city marketing activities in a single integrated agency. However, Enterprise Dunedin would cease to be an in-house unit within DCC and would instead be established as a Council Controlled Organisation. Implementing this option would require several elements, not least the establishment of the private sector Board and the development of a performance framework and associated Statement of Intent.

The advantage of establishing Enterprise Dunedin as a CCO would be the ability to ensure that those activities that require greater commercial acumen and focus would be enhanced and some of the current challenges relating to governance could be addressed via the appointment of a Board. The process of appointing a private sector led Board, typical of a CCO model, would also provide the opportunity to ensure that the members are chosen for the balance of skills that are required to guide the activities of Enterprise Dunedin. In addition, the appointment of a private sector led board would also be likely to carry weight with the wider business community across the city.

However, the transition of the existing unit to become a CCO, even with enhanced governance, would not in itself address all the areas where improvements are required. This would mean that the improvements required under the enhanced status quo option would still be required. In addition, if Enterprise Dunedin was outside of Council, DCC would still need to maintain some internal capacity and capability, both to support wider Council activities where there is an associated economic development dimension, and in terms of economic strategy and intelligence. This would likely incur additional costs.

Also, if Enterprise Dunedin was to become a CCO, it would also lose its direct link to other council departments, which would make the delivery of activities such as Red Carpet not Red Tape more complex. In addition, moving Enterprise Dunedin outside of the core Council and would likely impact upon the ability of the Council to successfully leverage the wider economic development benefits associated with wider activities and infrastructure projects, such as the Hospital rebuild, housing development or main street renewal.

## **Option 3 - Implementation of a transfer and commissioning model**

With this option, DCC would keep an economic development unit within Council and retain in that unit those activities that benefit from being close to Council, either because Council has some advantage in delivering those services, they are strategically significant, or they require close connectivity with other Council services. Those activities and services that do not derive any real benefit from being close to Council would wither be transferred to another agency or organisation. Activities could potentially be transferred to an existing CCO, another public sector entity or to an appropriate partner organisation. There may also be opportunities to commission to services directly from the private sector.

The attractiveness of this model is that DCC would retain some core economic development capabilities in-house but, for those activities that would benefit from being more market facing, would be able to draw upon existing structures and expertise from established CCOs. Similarly, where services are contracted out, DCC can ensure that appointed contractors have the necessary skills, experience and track record to deliver the required services.





The disadvantage of this model is that there is a danger of service fragmentation, which may erode some of the benefits of integration or opportunities to create leverage. There are also potential cost implications associated with services that are contracted out, which may be more expensive to deliver via a third party.

#### **Option 4 - Formation of a separate city marketing unit within DCC**

As outlined, this model would see the separation of economic development and city marketing activities currently integrated within Enterprise Dunedin. Economic development activities and services would remain with the current arrangements and all city marketing activities would be transferred to a new unit city marketing unit within DCC. The unit would need to be headed by a new senior officer, responsible for and with a track record in destination marketing.

The benefit of this option is that it allows for specialisation, while ensuring that both economic development and city marketing are retained within DCC, therefore maximising opportunities for integration and leverage, and the likely costs associated should not be overly significant compared to the current arrangements.

However, there is still some risk of fragmentation and there would still be a need to also implement the improvements identified above relating to governance and stakeholder engagement and communication. In addition, there would still be a need to address a number of the other areas for improvement identified as part of this review.

#### **Option 5 - Establishment of a separate city marketing CCO**

This final option is a variation on option 4, with the city marketing unit being established as a Council Controlled Organisation rather than an in-house DCC unit. Under this option DCC would still retain an in-house economic development unit.

The advantage of this model is that it allows for a strong commercial approach to be applied to city marketing activities, including an enhanced ability to bring private sector expertise to the table via the CCO Board. The main disadvantage is that this would likely to be a relatively high cost option, relative to the budget available to support resulting services. In addition, this option may lead to increased fragmentation.

### **What is the recommended option?**

Overall, our assessment, given the pros and cons of the options, the scale of the investment currently being made, the costs of change and the wider Dunedin context, is that the best option would be to implement the enhanced status quo option. Our assessment is that enhancing the current arrangements is the most pragmatic and cost-effective way of delivering the improvements necessary.

This recognises that there have already been considerable changes in the arrangements for economic development and city marketing over the course of the last 5 years and a more significant set of organisational changes, at this point in the policy and political cycle, would create uncertainty and disruption to service delivery.



Given the significant work associated with the forthcoming review of the Dunedin Economic Development Strategy as well as work associated with the development and implementation of Provincial Growth Fund activities, there would be a considerable delivery risk facing DCC if a more significant change was implemented at this time.

In addition, many of the improvements that are required to implement the enhanced status quo option, would also be required under most of the other options. These are key operational enhancements that, if implemented correctly, will make a considerable difference to the efficiency and effectiveness of the current performance of Enterprise Dunedin.

However, in recommending an enhanced status quo, some thought should be given to whether there are elements of the other options that could be incorporated. In particular, applying the assessment contained in table 5 above, there may be some advantages of considering whether some of the current services delivered by Enterprise Dunedin that might be better contracted out or commissioned from another agency.

## What are the key benefits and costs of change?

Key potential benefits associated with the recommended option and associated improvements include:

- **Ease of implementation** – with political and management commitment it should be relatively straight forward to implement the enhanced status quo option as no major structural changes are required.
- **Service continuity** – enhancing the current arrangements without the need for major structural changes will allow for service continuity at a time when there are significant economic development activities underway or proposed, including activities associated with the Provincial Growth Fund and the forthcoming review of the Economic Development Strategy.
- **Controlled costs** – while there is a need to invest in some of the areas for improvement that support the enhanced status quo, this option is likely to be lower cost than any of the other options.
- **Clearer governance** – if the proposed governance changes are implemented, there is an opportunity to clarify and simplify the governance and advisory arrangements while ensuring that Enterprise Dunedin has access to the appropriate expertise and advice to inform their ongoing activities.
- **Enhanced capacity and capability** – a key component of the enhanced status quo option is ensuring that additional expertise in city marketing is added to the Enterprise Dunedin team and any visitor sector related vacancies are filled at the earliest opportunity.
- **Improved reporting and economic intelligence** – the introduction of clearer and more frequent reporting on both activities and outcomes will support greater visibility and transparency across all activities undertaken by Enterprise Dunedin. In addition, improving wider economic reporting on the Dunedin economy will also assist in building a shared evidence base across stakeholders on how the city is performing in a wider New Zealand context.
- **Enhanced stakeholder management and communications** – this is one of the most significant areas where there are real benefits to be gained from improving the way in which stakeholder



relationships are managed. Clear, timely and regular communication with stakeholders will be essential if the benefits of an enhanced status quo model are to be realised.

Key costs and risks associated with the recommended improvements include:

- **Stakeholder perceptions** – one of the key risks with pursuing an enhanced status quo model is the danger that stakeholders might think that the review will not deliver any real changes or improvements. If a more radical change was implemented then change, or at least the signal of change, would be more immediately visible.
- **Partial or incomplete implementation** – because the recommended option builds from the status quo, there is a risk that business as usual activity detracts from the implementation of the improvements that are required to increase the effectiveness of the current arrangements.
- **Increased reporting requirements** – while there is a real need to improve reporting requirements, it should be acknowledged that this will require more staff and management time.
- **Increased governance** – while the proposals relating to establishing clearer governance arrangements are undoubtedly required, they will also necessitate greater leadership and senior manager input.
- **Increased costs** – while the enhanced status quo option is a lower cost option, when compared to the costs associated with the other options, the implementation of the recommended improvements would require some additional investment.

## Improving the current arrangements

While our recommendation is to enhance the current arrangements, retaining Enterprise Dunedin as an in-house unit of Council, the stakeholder interviews conducted as part of this review, suggest a very real need for improvements across a range of areas.

In our view, maintaining the status quo without addressing any of the areas where improvements are required would not be advisable. The review findings, set out in the following section, make it clear that there is a need for improvements across the following dimensions:

- Strategy and focus
- Organisational capacity
- Stakeholder relations, engagement and communications
- Monitoring and reporting
- Governance and advisory arrangements

In the main, these are operational, management and leadership issues, which are not necessarily a result of the current organisational structure. Consequently, it is questionable whether the current delivery model, specifically Enterprise Dunedin's status as an in-house agency within DCC, would need to change to address these areas for improvement. Similarly, there is also a case to be made that simply changing the organisational structure of Enterprise Dunedin, without addressing these operational and management issues would deliver any significant improvements.



# ENHANCING DELIVERY

In this section, we draw upon the desk research and stakeholder interviews to set out recommendations for improving the effectiveness of the current arrangements. The findings are presented in such a way as to focus on the key themes that we have identified where there are opportunities to enhance the current arrangements for delivering city marketing and economic development services across Dunedin. While the primary subject of the review is Enterprise Dunedin itself, in some instances we highlight wider issues of relevance to Dunedin City Council more generally or to Grow Dunedin Partnership.

The findings are structured around five key themes:

- Strategy and focus
- Organisational capacity
- Stakeholder relations, engagement and communications
- Monitoring and reporting
- Governance and advisory arrangements

Under each theme we adopt a standard reporting approach which covers: description of the issue; stakeholder views; an assessment of performance; and opportunities for improvement.

## Strategy and Focus

### Issue Description

A clear strategy is critical to any organisation and provides the framework for action and performance measurement. During this review we examined available information on Enterprise Dunedin's strategic direction and associated activities and the fit between these activities and the Dunedin Economic Development Strategy. As part of the interviews, we also sought stakeholders' views on whether the focus of Enterprise Dunedin reflected the current economic issues and challenges facing the city and whether there were any gaps, overlaps or areas of duplication.

In most areas, there is a good high-level alignment between the activities undertaken by Enterprise Dunedin and the Dunedin Economic Development Strategy. This is positive as the Economic Development Strategy was based upon a detailed assessment of the city's performance and trajectory and should be shaping how all partners prioritise activity.

Recognising that the Economic Development Strategy sets a broad strategic direction for the city over the longer term, and acknowledging that the strategy itself is due for a refresh, we also looked for further evidence on how activities are prioritised and reviewed over time. In this regard we found that there was a need for a more systematic approach to planning, reporting and performance measurement.



Enterprise Dunedin has taken steps to introduce a more strategic approach to implementation planning, which incorporates a 'Plan, Do, Review' approach, together with the development of a strategic work programme and supporting investment logic mapping. This work, while welcome, still appears to be in its early stages and consequently the information provided to the review team was somewhat light on detail.

## Stakeholder views

A key observation from the stakeholder interviews was the collective desire and commitment from those organisations interviewed to work together to make Dunedin the best city it can be. There was a view that the city had until recently been underperforming but the opportunity is there to be grabbed and it felt like the dynamic had shifted, that Dunedin is a city that is going places and that the significant infrastructure investment that is planned, including the hospital rebuild, will provide new economic and employment opportunities for the city.

On this point, it was noted by some stakeholders, that Enterprise Dunedin sometimes failed to grasp or engage with opportunities that had the potential to deliver wider social and economic benefits but that maybe sat outside a narrow definition of economic development. This was a particular concern from an iwi perspective.

Stakeholders felt that the size of the city is one where it's big enough to get things done, and small enough to effectively engage with others. It was encouraging to them that DCC has adopted an investment mind-set and that this will create opportunity. However, for some stakeholders, it was unclear how these opportunities were reflected in Enterprise Dunedin's work, or indeed whether they had mandate or capability to be central to these opportunities.

They felt that the context within which the city operates has changed in the last five years ago – with better activity and visible future growth. Some felt that the city has moved on from a position of not enough tourists, to more than enough tourism and growth. Although others felt that the city had fallen backwards in terms of visitor attraction and was not securing its fair share of national tourism growth.

There was an acknowledgment that the economic context had changed and that the emergence of a stronger start up economy and the potential associated with GigaCity needed to be reflected in the forthcoming refresh of the Economic Development Strategy. This momentum in less traditional (or anticipated) areas was important. To them the start-up climate is important right now with many start-ups based in the city, managed by entrepreneurs who think and act in a different way, through their use of tech, contracting model and the growth of the digital economy. It was felt there was a strong education sector with a good reputation, and this provided leverage opportunities which were not yet being fully realised.

Some stakeholders believe that the city is not growing fast enough and questioned whether Dunedin's lifestyle, including recreational and cultural offerings, was enough to attract people here. They outlined challenges around retaining skills and talent but noted that the younger generation can move around, and Dunedin should be an agile city. A range of stakeholders from several sectors believe that there is not enough done to market the city, with a focus on generic liveability dimensions and not enough attention being paid to the different visitor segments. This was a view held particularly strongly by tourism sector stakeholders.



Generally, there was a feeling that Enterprise Dunedin was spread too thinly across too many areas of activity and that there was perhaps a need for further prioritisation and focus. It was recognised that the total budget available made it even more important to ensure that investment was both prioritised and that it was impactful. The absence of detailed reporting and evaluation evidence made it very difficult to know that this was the case.

There was also a specific concern raised by many of the stakeholders interviewed, across all sectors represented, that there was too much of a focus within Enterprise Dunedin and DCC more generally, on China. While there was an acknowledgement that the China relationship was strong and that sister city arrangements are important, it was felt that too much time, effort and resources were being focused on this market and that the evidence of return on investment was still somewhat limited. One of the contributing factors to this could be the difference in size and capacity for relationship leverage activities (such as delegations) between Dunedin and its sister city, Shanghai. However, it is also worth noting that the focus on China was a decision of the Grow Dunedin Partnership, in recognition of the importance of international education to the city's wider economy.

In terms of those tourism sector stakeholders interviewed, there was some clear dissatisfaction with the way in which the Dunedin Destination Plan had been developed. While stakeholders were given the opportunity to input and were invited to workshops, there was feeling that the requests for input or participation were generally at too short notice, and it was not always apparent how their input had been taken on board and that this ultimately affect this relevance of the final plan. However, other stakeholders felt that there had been wide consultation and the range of viewpoints accommodated.

While the feedback from stakeholders was clearly mixed, there was a general view that the Destination Plan had taken significant time to progress through Council and that during this time there was little communication with stakeholders. There were also questions as to why the Plan had little detail in terms of specific actions, timelines, measure and KPIs. The relationship between the Plan and the DunedinHOST Tourism Growth Framework was also unclear to some stakeholders, with some questioning why two separate processes and plans were required.

Looking forward, there was a consistent view from those stakeholders interviewed that there was a need for a shared vision and aspiration for the future of Dunedin and that all stakeholders need to understand where this city needs to head, and that all stakeholders then need to adopt the right mind-set to achieve this vision.

These comments were frequently linked to the forthcoming review of the Economic Development Strategy, noting that this was the right time to revisit the strategy. In terms of the Economic Development Strategy, the following specific observations were made by stakeholders:

- The revised Economic Development Strategy needs to consider how liveability should be measured, both in a Dunedin context but also light of the development of NZ Treasury's Living Standard's Framework.
- While there was a strong partnership approach to the development of the original strategy, it was not clear that all those that had inputted to the development of the strategy had been fully engaged in its delivery.
- The revised strategy needs to take a wider view of the economy and also to consider how it connected to the city's other plans and strategies.



- The review was an opportunity to look at the impact of initiatives to date and to consider gaps in delivery or reporting, in particular some reference was made to a need to understand what was being done to improve export performance and a view that the city had become too narrowly focused on opportunities related to China at the expense of other markets.
- Some stakeholders felt that while it was not intended that DCC would assume lead implementation responsibilities on all aspects of the strategy, they had become the defacto implementation lead and were frequently doing the most to progress activities. There was a feeling that this should be reviewed with a better balance being achieved in future.
- The review of the Economic Development Strategy provided an opportunity to re-set roles and responsibilities across all stakeholders and to ensure the city has the capability for future implementation and delivery.
- There was need to ensure that the revised strategy was supported by a clear implementation plan, with stakeholders noting that the absence of such a plan had held back progress and hindered effective monitoring.
- Progress reporting and monitoring was seen to be a significant issue by most stakeholders, not just as it relates to those activities undertaken by Enterprise Dunedin but also more generally across all stakeholders.
- From a governance perspective, most stakeholders felt the current arrangements were unclear and incomplete. There was a clear view that the Grow Dunedin Partnership Board was not fulfilling its potential and that the absence of any real input from the tourism sector, either on the Board or via a separate Advisory Group.
- There was also a view that the reporting arrangements between Enterprise Dunedin, GDP and DCC's Economic Development Committee were too informal, particularly as they relate to progress against the Economic Development Strategy.

A number of these issues are picked up more fully in later sections of this report.

## Performance assessment

Considering the information made available to the review team, as well as the findings from the stakeholder interviews, our view is that in terms of strategy and focuses there is a mixed performance. The fact that DCC generally and Enterprise Dunedin specifically are playing a central role in progressing the objectives of the Dunedin Economic Development Strategy is positive and this should be acknowledged.

It is also positive that DCC and Enterprise Dunedin have responded actively to new economic opportunities across the city, such as those associated with Gigncity or the emerging start-up sector. The leadership shown by the council in these areas should be recognised.

However, in terms of overall progress against the Economic Development Strategy the absence of a detailed shared implementation plan, together with regular reporting and monitoring makes it difficult to demonstrate how much progress is being made and whether a good return on investment is being realised. While Enterprise Dunedin has made steps towards preparing an annual work plan, this process is still relatively new and there is a need for further detail on activities and measures and a



process which engages stakeholders. Ideally, this should also be a shared work plan when other partners also provide detail on their proposed activities.

One obvious area where urgent attention is required relates to the city's strategic approach to the tourism sector. Tourism is an important part of Dunedin's economy and there is evidence that, at a strategy level, this is not fully reflected in the current arrangements.

While there were questions raised by some stakeholders regarding the meaningfulness of consultation and engagement in the preparation of the Dunedin Destination Plan, the city does now have a plan in place and there is an opportunity to more fully embed this in the revised Economic Development Strategy and to ensure that this is ultimately reflected in subsequent implementation planning and governance.

It is therefore important that there is now a focus on building some shared momentum within destination related activities, particularly given the fact that the overriding view of stakeholders within the tourism sector is that Enterprise Dunedin has not been sufficiently engaged, at a strategic level, in considering the role of tourism in the Dunedin economy and how to maximise and grow the value of the sector and the associated benefits that then spill over into other parts of the city's economy. There is perhaps an opportunity to work collaboratively with DunedinHost to produce a joint implementation plan that covers priorities contained in the Dunedin Destination Plan and the Tourism Growth Framework prepared by DunedinHost.

On the issue of governance, while this is looked at in more detail later in this report, it is worth noting that the current arrangements are sub-optimal, for stakeholders, for DCC and for Enterprise Dunedin and it will be critical that, as the Economic Development Strategy is revised, a new and comprehensive set of governance arrangements are established.

Finally, as we will note elsewhere in this report, in some instances the issues raised above are not unknown and there have been ongoing attempts or previous proposals to address these matters. For example, in the 2015 review of GDP it was agreed that there would be standardised approach to establishing project advisory or reference groups with clear terms of reference and regular milestone report. In these instances, what appears to be missing is enough clarity on roles and responsibilities, sufficient resource allocation to ensure that agreed actions are implemented and enough leadership, management discipline and accountability to ensure completion.

## Improvement Recommendations

Looking ahead, there are some clear steps that could be taken to respond to the issues raised above to ensure that from a strategy and focus perspective the current arrangements are enhanced. The most obvious opportunity for implementing these improvements relates to the forthcoming revision of the Dunedin Economic Development Strategy, however, that does not mean that action cannot be taken in advance of the process.

We recommend that

- 1 As part of the forthcoming revision of the Economic Development Strategy, DCC ensures that all stakeholders are fully engaged in the review process and that all aspects of economic development and city marketing are reflected in the revised strategy.





- 2 Following revision of the Economic Development Strategy, Enterprise Dunedin works with stakeholders to produce a detailed implementation plan which clearly identifies the roles of all stakeholders.
- 3 In preparing this implementation plan, Enterprise Dunedin works with the wider destination sector to give effect to the objectives and priorities of the Dunedin Destination Plan and to reconcile, where possible the Destination Plan actions and those contained in the Tourism Growth Framework.

## Organisational Capacity

### Issue Description

Alongside the issue of strategy and focus, effective implementation requires that there is enough organisational capacity to give effect to plans and strategies and to support action on the ground. While this review is specifically focused on Enterprise Dunedin, it should be noted that questions of capacity might also be considered more widely as they relate to the ability of the city to deliver on stated priorities not just Enterprise Dunedin.

Capacity relates to the individual or organisation having enough available time and resource to deliver on agreed activities. In assessing this issue, we have based our findings primarily on what we have heard from Enterprise Dunedin staff and from stakeholders, undertaking any more comprehensive assessment was beyond the scope of this review.

### Stakeholder views

The starting point for most discussions with stakeholders on their perceptions of organisational capacity of was a positive acknowledgement that in most operational areas the staff were committed, professional and skilled at their jobs. While this is a positive finding there were some notable gaps in the current arrangements, particularly at the strategic level and particularly with respect to tourism activities.

With regard to Enterprise Dunedin's tourism activities, it was felt that, at a strategic and leadership level, the unit has insufficient capacity in the tourism sector. While stakeholders frequently acknowledged the fact that those staff working in this space were skilled, experienced and committed to their work, they were under-resourced, over-committed and that the absence of a senior manager with real experience and knowledge of the sector was holding the team back from fulfilling both their potential and their responsibilities as the city's primary marketing agency.

Looking beyond tourism, there was a view that Enterprise Dunedin had more of the skills needed to deliver in other areas and that they had played a helpful role in supporting the start-up and technology sectors across the city. There was a view that in these areas, unlike with the tourism sector, Enterprise Dunedin had stronger networks and more functional relationships with partners.

There was recognition that the team were good at making connections and helping businesses understand and navigate council processes. Although, sometimes there was a risk that Enterprise



Dunedin was seen to be the council, which could hamper engagement with private sector partners and investors.

One of the areas that was explored in the stakeholder interviews was the perceived benefits, in terms of capacity, arising from Enterprise Dunedin being part of DCC as opposed to external to the council. This was an important area for discussion, with some stakeholders believing that if Enterprise Dunedin was a Council Controlled Organisation (CCO) rather than a unit within council it would be easier to recruit and retain the skills required at both a staff, a management and a governance level.

In some instances, there was a general acknowledgement that being part of the core council gave Enterprise Dunedin the necessary skills, experience and relationships that would be harder to access if they sat outside of DCC. For example:

- **Project China** – where the importance of political involvement and leadership, as well as the wider sister city relationships, were fundamentally important and where they could not be easily replicated.
- **Red Carpet Not Red Tape** – where Enterprise Dunedin had access to the wider council machinery and business relationship management model to make the programme effective and enabled a business-friendly approach across DCC.
- **Film** – where Enterprise Dunedin can effectively and quickly engage with DCC to process consents, gain access to buildings, roads, parks and reserves using internal contacts and networks, including to iwi.

On the specific issue of capacity, there was a consistent view that Enterprise Dunedin was under-resourced and that there was either a need to reduce what the team was trying to do or find a way of securing additional resources to build more capacity. Some stakeholders felt that if the city was in a growth mindset, then it was only right that they should look at powering up their economic development activities, and that this should be considered as part of the Long-Term Planning Process.

A specific example of the resourcing challenges the team was facing was the current focus on the Provincial Growth Fund process. This was recognised as an important opportunity for the city and one where Enterprise Dunedin had an important role to play, however the process was diverting resources from other activities and was seen to be impacting performance in some of the business as usual activities.

## Performance assessment

Taking the range of stakeholder views and perspectives into account, it is apparent that, in terms of competence, capacity and capability, Enterprise Dunedin faces challenges that are not uncommon in any economic development organisation. Economic development encompasses a wide range of activities and ensuring that any organisation has access to the prerequisite skills and resources across all areas of activity is an ongoing task.

In the case of Enterprise Dunedin, it is particularly clear that during the transition from the previous arrangements, specifically a separate tourism CCO and an economic development unit within council, has resulted in a loss of strategic capabilities and leadership in the tourism space. This has been compounded by the failure to establish the proposed marketing advisory board and a lack of true



tourism sector representation on GDP. Addressing the current lack of tourism expertise and skills, specifically at a management level, should be a priority.

This does not mean that the decision to establish an integrated approach to city marketing and economic development was incorrect, as there continue to be clear benefits from taking a more joined up and holistic approach. However, in Dunedin, these benefits have yet to be fully realised, although recent progress has been made, as demonstrated in the case of TRENZ. In addition, there is also a wider issue in that the total level of expenditure per ratepayer on destination marketing, while comparable with the national averages is low when compared to other locations where tourism is a key part of the local economy.

In terms of the need to ensure that those activities that are market facing are delivered with enough commercial acumen and experience this is a key issue. Being part of DCC does not automatically mean that Enterprise Dunedin is not able to operate with a commercial focus, but there is a need to manage the interface with the political machinery carefully to ensure that focus remains and is not subject to unnecessary political pressures.

That said, consideration should be given to whether there are any current commercially focused activities that might be better delivered through other partners, either within the Council group or outside it. This might particularly relate to the some of the tourism focused activities, where it is widely recognised that, the current arrangements are sub-optimal because of a lack of resource and absence of strategic leadership of tourism activities within Enterprise Dunedin.

However, it is also clear that the economic development impacts associated with DCC activities go beyond the work of Enterprise Dunedin and the council will always need to have some economic development capability and capacity in-house.

## Improvement recommendations

Based on the above analysis, we recommend that:

- 1 DCC establish and recruit a new senior city marketing manager position and recruit a senior and experienced marketing professional with experience and credibility across the visit, study, work and live continuum. This person should have lead responsibility for all of Enterprise Dunedin's destination related activities and can engage strategically with the city's visitor sector.
- 2 Enterprise Dunedin ensures that any open vacancies within the structure are recruited to ensure sufficient capacity is in place to support current and proposed activity and to support effective engagement with stakeholders and partners.
- 3 DCC consider whether additional resources can be available, through council, from private sector partners or as part of central processes such as the Provincial Growth Fund, to support future activities and specifically whether there are any additional resources available to support destination marketing activities.
- 4 DCC and Enterprise Dunedin consider whether some existing market facing activities or services, particularly those that are tourism related, might be better outsourced to another organisation or partner.



# Stakeholder Engagement and Communications

## Issue Description

There are few, if any, areas of activity where Enterprise Dunedin is the sole organisation with responsibility, across all areas of operation there are other stakeholders who also play a role or who at the very least are impacted by Enterprise Dunedin's activities. Consequently, stakeholder engagement is key to successful partnership and successful delivery.

Stakeholder engagement is also a means by which to facilitate wider, more inclusive public participation and can improve communications, obtain wider support, gather useful information and ideas, enhance organisational reputation, and provide for more informed and credible decision making.

Similarly, active communication and consultation with stakeholders is essential if an organisation is seeking to build a shared commitment to action. Constructive communication and consultation is critical to building productive long-term relationships built on trust and reciprocity.

As part of this review, stakeholders were asked whether they felt that there was enough engagement and consultation on the activities undertaken by Enterprise Dunedin. The findings are presented in the following section.

## Stakeholder views

The general view from the stakeholders interviewed was that more could be done to enhance the way in which Enterprise Dunedin engages with and communicates with stakeholders. Most organisations did not feel that they were adequately or regularly consulted on the activities of Enterprise Dunedin and few were aware of the work plan, priorities or forthcoming activities. There was also a view that when consultation did occur, it was typically late in the process, was focused on submission of views rather than engagement and it was often unclear on the next steps or how consultation responses would be treated.

However, by admission many stakeholders also noted that they themselves equally didn't systematically consult Enterprise Dunedin on their own proposed activities. Those stakeholders involved with GDP felt that this should be one of the roles of GDP but it was not being realised.

Stakeholders felt that not enough was being done to tell good stories about current projects, even if they weren't completed. It was felt that there was a tendency to wait until key milestones were met or projects were completed but until that point there was often an information gap and stakeholders were often unaware how projects were progressing. It was recognised that while some good work was being done, it wasn't well communicated or promoted. This creates a risk that some segments of the business community would think that nothing was happening.

Some stakeholders discussed the perceived lack of proactive communications from Enterprise Dunedin and felt the approach was too reactive and that there was no clear overarching communications strategy. Others with an interest in key segments, such as the tech sector or the tourism sector, felt that outside of very specific events, for example TechWeek or TRENZ, the level of communication was too low key.



While it was accepted that some parts of the story were being told through various communications channels, the overall feeling was that communications were ad hoc and tactical, and some but not all, stakeholders held a view that it sometimes felt that Enterprise Dunedin appeared to be taking credit for good news stories even if they were not the lead or only organisation involved.

Overall, there was a view that there was need for a more considered communications strategy, developed in partnership with stakeholders and where stakeholders could also contribute to the implementation of the strategy in a more active way.

In terms of engaging with the wider community, the overall feeling was that this was a low priority for Enterprise Dunedin. It was felt that the team appears to engage well with key sector contacts but outside of that they were not visible and not seen to be active participants in the wider ecosystem. Many stakeholders interviewed felt that the broader community were not always aware of how Enterprise Dunedin contribute or seek to contribute to economic development in Dunedin.

In terms of stakeholder engagement and communication, one very specific area of concern that needs to be highlighted is the relationship between Enterprise Dunedin and the tourism sector. Setting aside the operational relationships between Enterprise Dunedin's tourism focused staff, which is acknowledged by tourism sector stakeholders to be positive, at the strategic and leadership level there has been a breakdown in the relationship between Enterprise Dunedin and the wider tourism sector across the city.

While some stakeholders felt that the situation was improving and that TRENZ had helped with this, and while it was noted that the absence of a senior manager with experience and responsibility for tourism had not helped the situation, the overriding message was that the relationship needed to be reset.

Many stakeholders, including those with a national remit, felt that the consequence of this breakdown was the city was losing out and would continue to lose out on significant opportunities to grow and enhance Dunedin's visitor economy. There was a consistent view that there was significant scope for growth across the tourism sector and that Dunedin had a compelling destination offer which was suffering because of a lack of collaboration. It was further felt that as a result opportunities for co-investment were also being missed. A number of local and national partners indicated that they would be prepared to invest alongside DCC in marketing and promoting the city if there was a more coherent plan, better engagement and demonstrated commitment.

## Performance assessment

A more strategic and proactive approach to communication is clearly needed and there could be significant early gains by focusing time and effort in this area. However, there is also a need to acknowledge the need to create a new dynamic in how Enterprise Dunedin and the city's tourism sector work together. The strength of feeling on this issue, specifically as it relates to the current relationship with the tourism sector is difficult to overlook. It is very clear that there has been a breakdown in the relationship across the sector and that this should be a priority area for improvement. While the areas for improvement identified in other areas of this report would also assist in enhancing the relationship with the tourism sector, this issue needs to be given specific focus and attention.



Given the ongoing importance of the tourism sector to the Dunedin economy, together with the opportunity for further growth, as well as the challenge presented from growth in other regions, it is critical that a constructive relationship is formed. This will require change from all parties and the process of rebuilding requires strong collective leadership and a willingness to move forward to benefit the whole sector and the city more widely.

In other areas, Enterprise Dunedin also needs to improve the consistency and frequency of stakeholder engagement and communication, but by and large the building blocks are already in place and there is just a need for more focus and a more systematic and managed approach.

## Improvement recommendations

In terms of stakeholder engagement and communications, we recommended that:

- 1 Dunedin City Council and Enterprise Dunedin invest time and attention to rebuilding the relationship with the tourism sector, this should involve an open and constructive dialogue across the sector which results in a shared improvement plan and commitment to changing the dynamic on all sides.
- 2 Enterprise Dunedin develops and implements a new stakeholder engagement and communications framework and customer relationship management approach, which should be based on consultation with stakeholders to ensure that there is a commitment to regular two-way engagement, communication and collaboration.
- 3 As part of this approach, Enterprise Dunedin introduces a voice of the customer measure across all areas of activity, this could possibly be an extension of the Net Promoter Score (NPS) model used in the Regional Business Partner Programme. The results of the voice of customer measure should be reported regularly to demonstrate progress and identify areas for improvement.

## Monitoring and Reporting

### Issue Description

While effective performance measurement and reporting is critical for all organisations, there is an expectation that public sector agencies can demonstrate on-going value for ratepayer funded activities. Where public organisations can clearly show the impact and return on investment of supported activities and services, there is a good opportunity to demonstrate value and relevance. In addition, good performance reporting can generate trust and confidence amongst stakeholders and the wider public.

Measuring and monitoring results also allows organisations to track how they are delivering to agreed strategies and plans, as well as the effectiveness of individual programmes and projects. Over the longer term, this performance information is essential when seeking to evaluate the effectiveness of chosen interventions and to determine whether new approaches are needed.

While issues of causality and attribution are always a challenge, understanding the true impact of services improves future policy development and implementation and future delivery. All organisations



face similar challenges in identifying robust performance data, particularly in the field of economic development which is widely recognised to be difficult to measure. Making the best use of available data and knowledge to define measures, set targets and collect performance information is critical to improving the performance. Good performance information also helps identify what policies and processes work and why they work.

As public sector organisation, using ratepayer money to deliver services, it is important that Enterprise Dunedin can demonstrate impact and be held accountable for performance. Performance information is also key to effective management, including strategic and operational planning, monitoring and evaluation.

In addition, while not strictly part of organisational performance monitoring, given Enterprise Dunedin's role in supporting the growth and development of the Dunedin economy, there is also a role for the organisation to play in monitoring the performance of the wider city economy, understanding how the city compares to national trends and to the performance of comparable towns and cities.

## Stakeholder views

It was felt that reporting on Enterprise Dunedin's activities seems to be through multiple, uncoordinated channels, with multiple reports, committees and groups, but there was no overall reporting framework that was comprehensive, coherent or consistently applied. Where dashboards had been introduced, for example in the case of the Regional Business Partners Programme, some concerns were expressed in terms of the data quality assurance processes and the subsequent accuracy of reports. Some stakeholders indicated that they had previously requested better performance reporting, but not enough progress had been made in this area.

On the issue of evaluation, impact and evidence of the current return on investment being achieved from Enterprise Dunedin's activities. Stakeholders recognised that this was a challenging exercise and that measuring the impact of economic development activities was difficult, but there was still a view that more could be done to enhance the current monitoring and reporting arrangements.

In terms of the wider issue of Enterprise Dunedin's role in monitoring and reporting on the performance of the Dunedin economy, stakeholders felt that there is not enough collaboration across stakeholders and key sectors to identify what data and intelligence is available and how it might be better collated and presented. Several stakeholders outlined data sets that are available and that could be shared, but they felt that there neither opportunity nor openness to collaboration.

For example, some tourism operators monitor visitor information and data on a weekly and monthly basis and that this information could be more systematically analyzed and shared. In terms of data reporting by Enterprise Dunedin, it was felt that that any data that was shared came too late and added little value, as it frequently confirmed what stakeholders already knew.

## Performance assessment

Enterprise Dunedin are taking proactive steps to improve their approach to performance management, the development of clearer investment logic mapping and the think, plan, do approach that has also been introduced should be welcomed. However, these approaches are still relatively new, they have not been extended to all activity areas, they do not appear to be visible to stakeholders and it's is not



yet clear how they are being used to drive performance. Integrating these approaches in a wider performance framework would be a logical next step.

Without good monitoring and performance data, there is an ongoing pressure to do more, as opposed to focus and prioritise those activities that make the biggest difference. The extension and adoption of the think, plan, do approach, combined with investment logic mapping for significant investments, would also be beneficial, and particularly as this is combined by more effective communication with stakeholders.

Similarly, there are some areas where consideration should be given to a more systematic and comprehensive approach to project review and evaluation. While there is a need to balance the costs of evaluation with the corresponding level of investment made into any project or programme, it would be beneficial to consider where greater evidence of impact is required to justify ongoing investment and demonstrate return on investment.

This could be reserved for those activities that are seen as high strategic priority and where there has been considerable resource investment over time. For example, given the priority that has been placed on engagement with China, this area of activity may warrant a formal independent impact evaluation or review. Over the longer term, the extension of the investment logic mapping approach will also provide a solid foundation for ex-ante and ex-post evaluation.

In terms of reporting on the wider performance of the city's economy. Enterprise Dunedin could play a useful role, working with partners, to co-ordinate and disseminate accurate and timely information on key economic, sector and labour market data. We are aware that Enterprise Dunedin has undertaken work in this area previously, but that capacity constraints have held the organisation back from making this regularly updated and available.

## Improvement recommendations

In terms of monitoring and reporting we recommend that:

- 1 Enterprise Dunedin ensures that where significant investments are made, there are clear performance measures in place and that the think, plan, do and investment logic mapping approach is applied. For larger and multiyear projects, undertake more comprehensive project reviews and evaluations that provide evidence of outcomes and impacts of investment over time.
- 2 Enterprise Dunedin ensures that progress against performance measure are regularly reported to the Economic Development Committee, the Grow Dunedin Partnership Board and to wider stakeholders and ratepayers. This should also include wider reporting on the performance of the Dunedin economy.
- 3 Enterprise Dunedin ensures that all relevant committee papers and reports prepared by Enterprise Dunedin are easily accessible via the Enterprise Dunedin and DCC websites and that key decisions are clearly communicated to stakeholders.
- 4 Enterprise Dunedin prepares and disseminate an annual report or review on all projects and programmes for distribution to stakeholders. The report should include a forward looking work programme that provides advanced information on planned activities, the aims and objectives of those activities and how success will be measured.





# Governance and Advisory

## Issue Description

The final theme that emerged during this review was the issue of governance and advice. Specifically, whether the current arrangements were sufficiently robust and transparent and whether they also provided an appropriate level of advice and expertise to inform the activities of Enterprise Dunedin in a way that added real value and was meaningful.

Governance in a public sector context is a complicated issue and public sector organisations must satisfy a complex range of political, economic and social objectives, which creates a different set of operating considerations and constraints. While the democratic processes create a clear accountability framework, effective governance typically requires more than political oversight and public organisations are also subject to forms of accountability to various stakeholders, which are different to those that a private company might experience.

The public sector plays a major role in society, and effective governance in the public sector creates a framework for control and accountability and can encourage the efficient use of resources, all of which are essential in building stakeholder and ratepayer confidence.

For local government, one reason for the establishment of separate entities, be they business units or separate Council Controlled Organisations, may be the expectation that this will deliver greater efficiency and provide access to expertise advice and expertise. Public sector organisations also need, operationally and in terms of governance, enough freedom to manage operations in an agile and flexible way, while ensuring they are operating within a framework of effective governance and accountability.

As part of this review, consideration was given to the nature of Enterprise Dunedin's current governance arrangements and whether they were supporting the effective operation of the organisation. Our assessment was based upon interviews with councillors, staff and stakeholders, as well as direct observations.

## Stakeholder views

Some stakeholders raised a concern the current arrangements, specifically the fact that Enterprise Dunedin was essentially part of council, created a risk that the activities of the unit were overly influenced by DCC politics or by individual politicians and their specific interests. However, this should perhaps be a perceived risk as there were no specific examples provided of this having been the case, more of general concern amongst some stakeholders.

There was a view that there was an ongoing lack of clarity in the current arrangements, in terms of how the governance architecture worked, in theory and in practice, and in terms of the respective roles and responsibilities of the different groups and committees. While some groups appear to have terms of reference for their activities, there are not necessarily well understood and most of those stakeholders interviewed did not feel these terms of reference were closely adhered to.

The lack of clarity relating to roles and responsibilities, not just of the current governance arrangements but also the individual roles and responsibilities of partners, was seen to be holding the city back in progressing key objectives. It was noted that this lack of clarity made it difficult to understand issues ownership and accountability. From a governance perspective, the lack of clear



Key Performance Indicators (KPIs) for all activities, as previously noted in terms of monitoring and reporting, was also acknowledged to be a governance challenge.

Stakeholders were particularly confused and dissatisfied with the role, function and purpose of the Grow Dunedin Partnership Board. It was felt that the GDP was established for the right reasons but, despite the changes following the 2015 review, the Board was not being used effectively and members were not getting or giving enough value for the time they were freely giving. It was also noted that the review had not been effective in securing real input from the tourism sector as the individual who was added to the Board was a hotel investor and was not representative of the wider sector.

It was felt that GDP's focus on approving minor funding requests, primarily for Enterprise Dunedin projects, was diverting the group from playing a more strategic role, focused on the longer-term growth of the city's economy. This was seen to be a concern for iwi stakeholders, who were concerned that discussions were sometimes too operational and immediate and not enough focus was being placed on the broader picture and how the growth of the city can bring long term benefits.

Questions were also raised as to the appropriateness of an unelected group such as GDP making investment decisions on ratepayer funded activities. The relationship, and sequencing of decisions and reporting, between GDP and the Economic Development Committee was seen to be particularly problematic. There appeared to be no coherent or systematic approach to sharing reports, minutes, information, advice or decisions between the two bodies and that this combined to suggest a fundamental lack of oversight and accountability.

In term of current advisory arrangements, this was also an area where stakeholders felt there was a need for improvement. It was recognised that, given the wide scope of Enterprise Dunedin activities and the fact that it is not a CCO with a skills-based independent board, the ability of the unit to access effective advice is essential. However, it was unclear to stakeholders that the current arrangements were delivering on this requirement. Multiple stakeholders questioned why a skills-based marketing advisory board had not been established, particularly given it was an agreed recommendation from the original review.

This view was shared across stakeholder groups, not only those stakeholders from within the tourism sector, and it was felt that the omission of this advisory group had left the tourism sector isolated from other stakeholders and from the Enterprise Dunedin model and that this had contributed to the current dysfunction in the relationship and had resulted in the sector preparing its own strategy, which was not integrated with the wider Economic Development Strategy or Destination Plan.

## Performance assessment

Given Enterprise Dunedin is a part of DCC and not a CCO with an independent board, it is important that the unit has access to appropriate advice and experience to support decision making and action across all of its activities, strategic and operational. In theory, this could be provided by a group such as the GDP Board and the various advisory groups that have been established or proposed. However, the current arrangements do not appear to be fulfilling their intended purpose, and the expertise that should be available to advise and support Enterprise Dunedin is not being fully utilised.

This appears in part to be a result of a lack of clarity on the role of the various groups and how they relate to each other, and in part it appears to be a result of a lack of structure and process around how the groups are supported and utilised. Overall, the current arrangements seem unnecessarily complex



for a city the size of Dunedin and given the level of investment being made in economic development and city marketing activities.

As identified above, where terms of reference exist for groups, such as GDP, these do not appear to be well understood or followed. In addition, for some of the other working groups, terms of reference do not appear to be in place or if they have been prepared they were not provided to the review team. In addition, while the 2015 review of the governance of GDP led to some enhancements in the way in which the GDP Board operates, it does not seem that all of the recommendations have been fully implemented. It also does not seem like the governance framework, as it relates to sub-groups of GDP, as described in that review and shown earlier in this report has been fully implemented.

A further issue would seem to be the fact that the notion of governance across stakeholders was primarily focused on the governance of Enterprise Dunedin, rather than the wider issue of governance as it relates to the Economic Development Strategy and the extent to which partners are working together to progress the shared objectives and collective actions contained within the strategy. This reflects the nature and maturity of governance and stakeholder relationships across the city.

In our view, this review, together with the forthcoming revision of the Economic Development Strategy, provides an ideal opportunity to refine, refresh and simplify the current arrangements. While there are questions regarding the effectiveness of GDP, in its current format, there is a clear need to bring together partners, such as those represented on GDP, to inform and shape the future direction of the city's economy.

## Opportunities for improvement

In terms of governance arrangements we recommend:

- 1 A new simplified governance structure is put in place to provide ongoing support and advice to DCC and Enterprise Dunedin. This structure should build upon the current GDP Board but needs to ensure appropriate representation from all stakeholders and industry groups.
- 2 The new Board plays a key role on the development of the revised Economic Development Strategy, with a primary focus on the long term sustainable and inclusive growth of the Dunedin economy.
- 3 An independent chair is appointed by members of the Board and that the secretariat services are provided by DCC. Where additional advisory or working groups are require, these should be established as sub-groups of the new Board. As a general rule these sub-groups should be time limited groups tasked for a specific purpose.
- 4 Clarify and communicate governance and reporting arrangements between Enterprise Dunedin, the Economic Development Committee and the new Board to ensure that roles, responsibilities and sequencing of reporting and decision making is clear and transparent.
- 5 The Board runs on a quarterly meeting cycle and a standing agenda that monitors the performance of the Dunedin economy and considers the longer-term strategy for the city. In addition, operational funding decisions should be removed from the Board's remit, but some funding should be available to provide strategic economic insight and intelligence and to commission feasibility studies and business case development for major strategic initiatives.



# CONCLUSIONS AND RECOMMENDATIONS

## Conclusions

This report has considered the findings of our review of Enterprise Dunedin, with a focus on whether the current organisational structure is effective in supporting economic development and city marketing services.

The review findings suggest that several areas where there is scope for improvement in how the current arrangements are working. However, in most instances the areas where improvements are required are not necessarily a consequence of the fact that Enterprise Dunedin sits within the main Dunedin City Council structure.

While it is not uncommon for the activities delivered by Enterprise Dunedin to be in a Council Controlled Organisation, this is not the only model. Across New Zealand there is variation in the structure and organisational form of economic development, tourism and marketing activities and it is ultimately a decision for elected politicians to decide where these functions should sit.

Based upon the findings of the stakeholder interviews, a review of the available information and our wider experience, we have recommended that DCC should seek to enhance the current arrangements, rather than implement more substantive changes.

We also considered whether the council should instead:

- Establish Enterprise Dunedin as a separate CCO
- Re-establish an economic development unit within DCC and transfer some activities to other organisations or existing CCOs
- Form separate city marketing and economic development units with DCC
- Establish a separate city marketing CCO

On balance, we believe that enhancing the status quo would be the most practical way forward. However, to enhance the current arrangements, the review has identified five areas where improvements are recommended. Implementing these recommendations are essential if the enhanced status quo model is to be a success.

## Recommendations

### Strategy and focus

- 1 As part of the forthcoming revision of the Economic Development Strategy, DCC ensures that all stakeholders are fully engaged in the review process and that all aspects of economic development and city marketing are reflected in the revised strategy.



- 2 Following revision of the Economic Development Strategy, Enterprise Dunedin works with stakeholders to produce a detailed implementation plan which clearly identifies the roles of all stakeholders.
- 3 In preparing this implementation plan, Enterprise Dunedin works with the wider destination sector to give effect to the objectives and priorities of the Dunedin Destination Plan and to reconcile, where possible the Destination Plan actions and those contained in the Tourism Framework.

## Organisational capacity

- 1 DCC establish and recruit a new senior city marketing manager position and recruit a senior and experienced marketing professional with experience and credibility across the visit, study, work and live continuum. This person should have lead responsibility for all of Enterprise Dunedin's destination related activities and can engage strategically with the city's visitor sector.
- 2 Enterprise Dunedin ensures that any open vacancies within the structure are recruited to ensure sufficient capacity is in place to support current and proposed activity and to support effective engagement with stakeholders and partners.
- 3 DCC consider whether additional resources can be available, through council, from private sector partners or as part of central processes such as the Provincial Growth Fund, to support future activities.
- 4 DCC and Enterprise Dunedin consider whether some existing market facing activities or services, particularly those that are tourism related, might be better outsourced to another organisation or partner.

## Stakeholder engagement and communications

- 1 Dunedin City Council and Enterprise Dunedin invest time and attention to rebuilding the relationship with the tourism sector, this should involve an open and constructive dialogue across the sector which results in a shared improvement plan and commitment to changing the dynamic on all sides.
- 2 Enterprise Dunedin develops and implements a new stakeholder engagement and communications framework and customer relationship management approach, which should be based on consultation with stakeholders to ensure that there is a commitment to regular two-way engagement, communication and collaboration.
- 3 As part of this approach, Enterprise Dunedin introduces a voice of the customer measure across all areas of activity, this could possibly be an extension of the Net Promoter Score (NPS) model used in the Regional Business Partner Programme. The results of the voice of customer measure should be reported regularly to demonstrate progress and identify areas for improvement.

## Monitoring and reporting

- 1 Enterprise Dunedin ensures that where significant investments are made, there are clear performance measures in place and that the think, plan, do and investment logic mapping



approach is applied. For larger and multiyear projects, undertake more comprehensive project reviews and evaluations that provide evidence of outcomes and impacts of investment over time.

- 2 Enterprise Dunedin ensures that progress against performance measure are regularly reported to the Economic Development Committee, the Grow Dunedin Partnership Board and to wider stakeholders and ratepayers. This should also include wider reporting on the performance of the Dunedin economy.
- 3 Enterprise Dunedin ensures that all relevant committee papers and reports prepared by Enterprise Dunedin are easily accessible via the Enterprise Dunedin and DCC websites and that key decisions are clearly communicated to stakeholders.
- 4 Enterprise Dunedin prepares and disseminate an annual report or review on all projects and programmes for distribution to stakeholders. The report should include a forward looking work programme that provides advanced information on planned.

## Governance and advisory

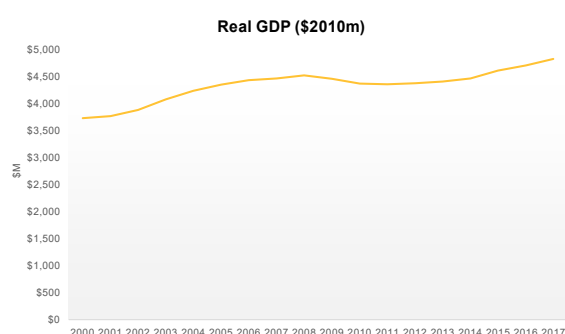
- 1 A new simplified governance structure is put in place to provide ongoing support and advice to DCC and Enterprise Dunedin. This structure should build upon the current GDP Board but needs to ensure appropriate representation from all stakeholders and industry groups.
- 2 The new Board plays a key role on the development of the revised Economic Development Strategy, with a primary focus on the long term sustainable and inclusive growth of the Dunedin economy.
- 3 An independent chair is appointed by members of the Board and that the secretariat services are provided by DCC. Where additional advisory or working groups are require, these should be established as sub-groups of the new Board. As a general rule these sub-groups should be time limited groups tasked for a specific purpose.
- 4 Clarify and communicate governance and reporting arrangements between Enterprise Dunedin, the Economic Development Committee and the new Board to ensure that roles, responsibilities and sequencing of reporting and decision making is clear and transparent.
- 5 The Board runs on a quarterly meeting cycle and a standing agenda that monitors the performance of the Dunedin economy and considers the longer-term strategy for the city. In addition, operational funding decisions should be removed from the Board's remit, but some funding should be available to provide strategic economic insight and intelligence and to commission feasibility studies and business case development for major strategic initiatives.



# APPENDIX 1: DUNEDIN'S ECONOMY

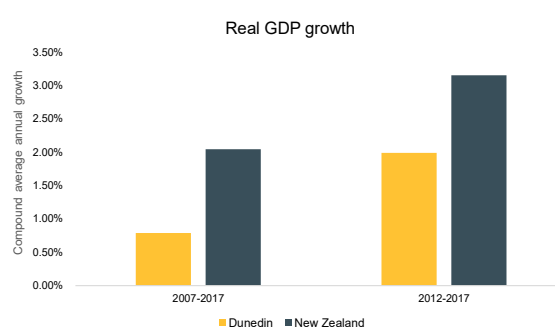
In 2017, Dunedin's real GDP (\$2010) was estimated at close to \$4.82 billion. Estimates indicate that Dunedin achieved real GDP growth of 0.8 percent per annum over 2007-2017, below the national 2.0 percent per annum growth rate.<sup>11</sup> Over 2012-2017 real GDP growth has also been lower than New Zealand's at 2.0 percent per annum compared to 3.2 percent per annum. Growth in the city has been below most comparable cities such as Whangarei (3.4 percent per year over five years), Hamilton (2.7 percent per year), Tauranga (4.2 percent per year), New Plymouth (2.6 percent per year), Wellington (3.3 percent per year), Christchurch (4.3 percent per year) but was higher than Napier (1.6 percent per year) and Nelson (1.5 percent per year).

**Figure 7: Growth in real GDP in Dunedin**



Source: Infometrics regional database

**Figure 8: Compound annual growth in real GDP for Dunedin and New Zealand**



Employment growth (filled jobs) has been well below the New Zealand average over the long-term – at 0.03 percent per annum over the last decade compared to 1.2 percent per year nationally. This was lower than comparable cities such as Whangarei, Hamilton, Tauranga, Gisborne, New Plymouth, Wellington, Nelson and Christchurch, although was higher than Napier. There was stronger growth in jobs in Dunedin over 2012-2017 at 0.9 percent per annum, but this was slower than job growth nationally (2.1 percent per year).<sup>12</sup> Again, this was lower than several comparable cities, including Whangarei (1.8 percent per year), Hamilton (1.9 percent per year), Tauranga (3.4 percent per year), Wellington (1.7 percent per year), Christchurch (2.6 percent per year), but was the same as Gisborne and higher than Napier (0.4 percent per year), New Plymouth (0.6 percent per year) and Nelson (0.2

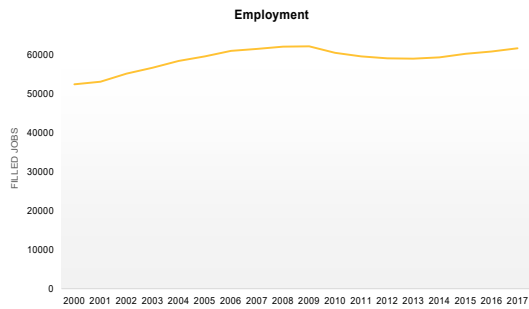
<sup>11</sup> Real GDP estimates from Infometrics economic profile for Dunedin on the Council's website.

<sup>12</sup> Infometrics economic profile.



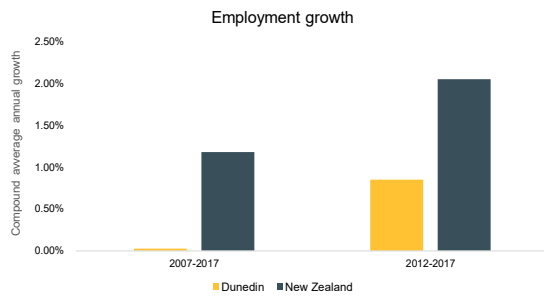
percent per year). Unemployment was relatively high at 7.1 percent for the year to March 2018 compared to 4.6 percent nationally. It has been tracking above the national average since 2016.

**Figure 9: Growth in employment in Dunedin**



Source: Infometrics regional database

**Figure 10: Compound annual growth in employment for Dunedin and New Zealand**



The city's population was estimated at 128,800 in 2017. Population growth has been below the national average over the last ten years at 0.55 percent per annum (compared to 1.3 percent per year), and has remained below the national average over the last five years at 0.84 percent per annum (compared to 1.7 percent per annum nationally).<sup>13</sup> Dunedin's population growth rate has been below several comparable cities such as Whangarei (1.4 percent per year over 10 years), Tauranga (1.9 percent per year), Napier (0.8 percent per year), New Plymouth (1.2 percent per year), Wellington (1.2 percent per year) and Nelson (1.4 percent per year), but was above Christchurch (0.4 percent per year) and around the same as Gisborne (0.6 percent per year).

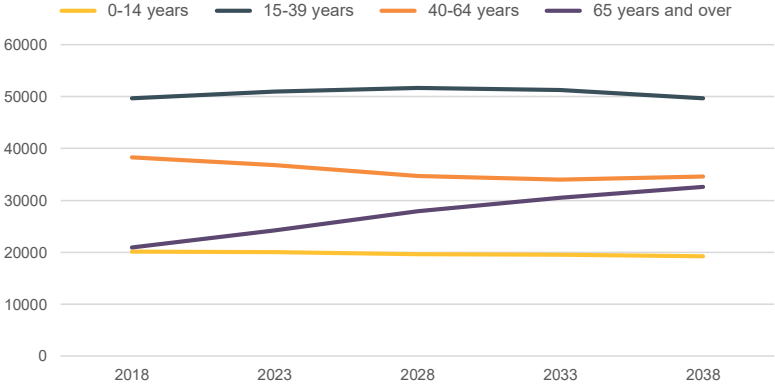
The region is expected to have limited, if any, population growth over the long-term. Statistics New Zealand's medium level population estimates suggest 0.4 percent population growth per year over 2018 to 2028 and 0.3 percent growth per year over 2028 to 2038. As with several other areas of New Zealand, the young and working age population is expected to decline over the next two decades while the population of over 65-year olds is expected to grow quite strongly (by 2.9 percent per year over 2018 to 2028).

<sup>13</sup> Ibid.





**Figure 11: Population estimates for Dunedin for different age groups**



Source: Statistics New Zealand subnational population projections (medium projection)

In comparison, New Zealand’s population rate is expected to grow by 1 percent per annum over the next 10 years and 0.7 percent per annum over 2028 to 2038. While growth in the population of over 65-year olds drives much of this growth, there is still expected to be some growth in young and working age populations. Dunedin’s decline in the working age group population contrasts with expected growth in Whangarei, Hamilton, Tauranga and Wellington, but is similar to expected declines in Gisborne, Napier and Nelson.

Estimated productivity in the region is lower than nationally at around \$78,170 compared to \$97,700 in 2017<sup>14</sup> and has grown moderately over the last ten years (GDP per FTE in Dunedin has grown by 0.8 percent per annum over 2007-2017 compared to 0.9 percent growth per annum nationally). Estimated productivity is lower than several comparable cities including Whangarei, Hamilton, New Plymouth, Wellington and Christchurch, but is similar to Tauranga’s, and higher than productivity in Napier, Nelson and Gisborne. Productivity has grown moderately over the last five years, at 1.1 percent per year (the same as growth nationally).

Real GDP per capita is much lower in Dunedin than nationally, at around \$37,450 compared to \$49,120 in 2017. Estimated growth in real GDP per capita has been below the national average over the last decade at 0.2 percent per annum (compared to 0.6 percent per year), and also grew more slowly over the last five years (by 1.1 percent per annum compared to growth nationally of 1.4 percent per annum). Mean annual earnings (\$53,360 in 2017<sup>15</sup>) and median annual personal income (\$23,300 in 2013<sup>16</sup>) are lower than national figures (\$57,800 and \$28,500). The mean earnings level in Dunedin is lower than several comparable cities such as Whangarei, Hamilton, Tauranga, Wellington and Christchurch but is higher than mean earnings in Gisborne, Napier and Nelson. Median personal income in Dunedin in 2013 was lower than all comparable city areas, likely reflecting the relatively high student population.

<sup>14</sup> A rough estimate of productivity as defined as GDP per employee. From Infometrics economic profile.

<sup>15</sup> Infometrics economic profile.

<sup>16</sup> Based on Census 2013.



Median household income in the region is lower than median income nationally – in 2013 the median household income in Dunedin was \$54,400, compared to \$63,800 nationally.<sup>17</sup> However, national median household income is skewed by Auckland and Wellington. Dunedin's level of median household income was similar to several other cities such as Whangarei (\$52,000), Tauranga (\$55,800), Gisborne (\$50,500), Napier (\$51,900) and Nelson (\$54,300).

Overall, the Dunedin economy has been poorly performing – achieving relatively slow growth in value added, jobs and population over the long-term, and generating low productivity, earnings and incomes.

## Industry Trends

The Dunedin city economy is somewhat concentrated in particular sectors. It has an average tress index of around 62<sup>18</sup>, which has remained fairly constant over the last decade. This compares to a New Zealand index of 51.

Health care & social assistance represents around 10 percent of the local economy, education & training represents 9.4 percent, professional & technical services represents 6.3 percent, and accommodation & food services another 4.2 percent. Other major sectors (excluding property and government sectors) include construction services (3.8 percent), other store & non-store retailing (3.3 percent), wholesale trade (3.3 percent), electricity & gas supply (3.2 percent), and postal & warehousing services (2.5 percent).

One of the major sectors has not performed well over the medium-term. The value of education & training declined by -0.8 percent per annum over 2012 to 2017. The city has a strong comparative advantage (high location quotient) in education & training.

Three major service sectors have achieved quite strong growth, with construction services growing by 6.3 percent per year over the last five years, accommodation & food services growing by 3.3 percent per year, and health care & social services growing by 2.8 percent per year. Dunedin has a revealed comparative advantage in both health care & social assistance and accommodation & food services.<sup>19</sup>

Some smaller construction and infrastructure related sectors have grown strongly, including heavy & civil engineering construction (13.3 percent per annum growth), building construction (6.8 percent per year), road transport (5.3 percent per year) and water & waste services (5.3 percent per year).

<sup>17</sup> Based on Census 2013.

<sup>18</sup> MartinJenkins calculations. The tress index measures the degree of concentration of an economy on an industry or sector basis. A tress index of zero represents a totally diversified economy, while an index close to 100 means the economy is highly concentrated in a particular sector or sectors. Formally, a tress index is developed by calculating each sector's contribution to the local economy; multiplying each sector's total employment by its share of the economy; calculating the sum totals of the weighted values for each sector and then indexing the totals.

<sup>19</sup> As measured by employment location quotients. Location Quotients (LQs) measure the concentration of industries in an area and can provide an indication of a region's comparative advantages. They measure industry employment (or GDP) within a specified location relative to industry employment (or GDP) nationally. An LQ greater than one means that the industry or segment is 'over-represented' and concentrated relative to the rest of New Zealand, which suggests it is a net exporter and that some comparative advantages exist.



Other major service sectors grew more moderately, with professional & technical services growing by 1.8 percent per year, wholesale trade growing by 1.7 percent per year and other store & non-store retailing achieving 2 percent per annum growth. Dunedin does not have demonstrated advantages over other cities or regions in any of these sectors.<sup>20</sup>

There have been mixed results for manufacturing industries. Fruit, cereal and other food product manufacturing declined in value over the five years by 4.9 percent per year and transport equipment manufacturing declined by 1.5 percent per year. However, machinery & other equipment manufacturing grew by 2.7 percent per year, and fabricated metal product manufacturing and beverage product manufacturing grew strongly at 4.1 percent and 4.9 percent per annum respectively. The city does not have comparative advantages in any of these sectors.

Dunedin's primary industries are small and have also achieved mixed results. Forestry & logging and dairy cattle farming have both grown strongly (by 5.2 percent and 4.9 percent per year respectively over 2012 to 2017), and mining and poultry & other livestock farming have significantly expanded in value terms (by 17.9 percent and 16.7 percent per year respectively), albeit from small bases. But sheep & beef cattle farming and horticulture & fruit growing have declined and fishing & aquaculture has achieved limited growth.

Overall, growth in the Dunedin economy over the last five years has been driven by construction, health services and international tourism.

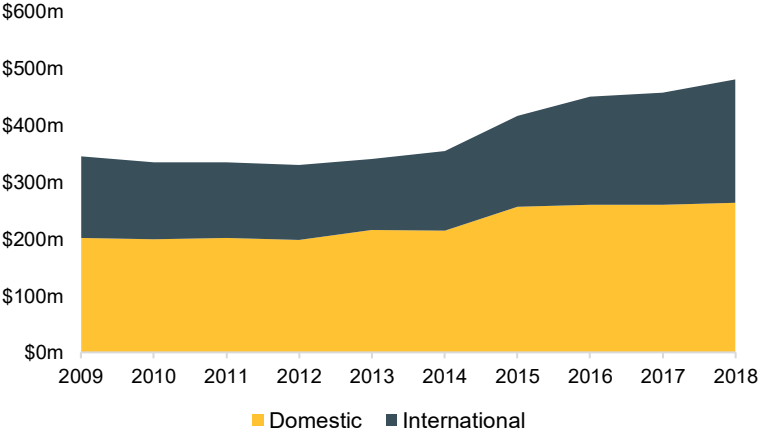
## The visitor economy

Visitor expenditure in the year ended March 2018 was \$743 million. This was similar to or higher than many other small city areas such as Whangarei (\$482 million), Tauranga (\$792 million), Gisborne (\$151 million), Napier (\$344 million), New Plymouth (\$314 million), and Nelson (\$362 million). However, visitor expenditure has grown moderately over 2012-2017 at 5.7 percent per annum compared to 8.2 percent per annum nationally. Visitor expenditure growth has been lower than several comparable city areas.

<sup>20</sup> As measured by employment location quotients.



**Figure 12: Growth in visitor expenditure in Dunedin over 2009-2018 (\$m)**



Source: MartinJenkins using MBIE regional tourism estimates (years ended March).

Commercial accommodation nights increased by 3.3 percent per year over 2012-2017 (December years), which was lower than the growth rate nationally (4.6 percent per year). Dunedin’s average length of visitor stay in the year ended December 2017 was 1.8 days, slightly below the New Zealand average (2 days).

International visitor expenditure has grown over the five years (March years) by 11.7 percent per annum, just over the New Zealand growth rate (11.3 percent). The number of international visitors was estimated to increase by 15.6 percent per year over the same period (December years), compared to 13.5 percent per year nationally. International visitor nights in commercial accommodation increased by 4.2 percent per annum over 2012-2017 (December years) compared to 7.3 percent per year nationally.

Domestic visitor expenditure has grown relatively slowly over the period, by 3.7 percent per annum compared to 5.9 percent per annum across New Zealand overall. However, domestic commercial accommodation guest nights increased by 2.8 percent per annum over 2012-2017, equal to the growth experienced across New Zealand as a whole. The city has a relatively high proportion of domestic expenditure at 70 percent of total visitor expenditure compared to an average of 60 percent across New Zealand.

Dunedin has a similar profile of visitor expenditure to expenditure nationally. The only major difference is that, in the year ended December 2017, 24 percent was on ‘other retail’ compared to 34 percent nationally.



# APPENDIX 2: ENTERPRISE DUNEDIN – VISITOR SECTOR SURVEY SUMMARY

## Respondent demographics

As part of the review, DCC requested a separate survey of the city’s tourism sector. Using a database provided by Enterprise Dunedin, an online survey was administered through the SurveyGizmo platform. The survey questionnaire mirrored the interview guide used for the face to face stakeholder interviews and was issued to a sample of 418 organisations, drawn from a database of 522 tourism organisations. The survey ran for a period of 3 weeks and at the close a total of 51 completed response were received.

As shown in table 1, below, the majority (80%) of responding businesses employed less than 50 staff, and almost a third (31%) employed less than 5 staff. Table 2 shows that approximately half of all businesses (48%) were providing services directly to customers, with a further 46% focused on both B2B and B2C. In terms of customer base (table 3) there was almost an even split between international (51%) and domestic clients (49%).

**Table 1: How many people are employed by your business?**

	Respondents	Percentage
0-5	15	31%
6-10	7	14%
11-50	17	35%
51-100	4	8%
101+	6	12%

**Table 2: Is your business:**

	Respondents	Percentage
Business-to-business	3	6%
Business-to-customer	23	48%
Both	22	46%



**Table 3: What percentage of your customers/clients are (average of all responses)**

	Percentage
International	51%
Domestic	49%

## Context and rationale

### Challenges

As shown in table 4, suggests that the most significant challenges facing the Dunedin visitor economy are:

- The image and perception of Dunedin as a visitor destination (61% of respondents)
- Destination management and pressures on visitor infrastructure (45% of respondents)
- Fluctuating demand due to seasonality of tourism (41% of respondents)

While these are seen as the most significant issues, respondents largely felt that these issues were not sufficiently reflected in Enterprise Dunedin's work programme. Table 5 provides further detail on this point and Table 6 shows those areas that respondents felt should be prioritised by the organisation and suggest a strong view that greater emphasis should be placed on enhancing the image and perception of Dunedin as a visitor destination (81% of respondents) and increasing visitor numbers (75% of respondents).

**Table 4: In your view, what are the primary challenges facing the visitor economy in Dunedin?**

	Respondents	Percentage
Destination management and pressures on visitor infrastructure	23	45%
Level or quality of accommodation across the city	14	27%
Fluctuating demand due to seasonality of tourism	21	41%
Availability of sufficient tourism products or experiences	9	18%
Image and perception of Dunedin as a visitor destination	31	61%
Insufficient visitor numbers	12	24%
Other	11	22%

**Note**

Multiple responses were permitted for this question. Responses may not sum to 100%



**Table 5: To what extent are these challenges reflected in the work currently undertaken by Enterprise Dunedin?**

	Not at all		2		3		4		Very much		Don't know	
Destination management and pressures on visitor infrastructure	3	13%	9	39%	6	26%	3	13%	0	0%	0	9%
Level or quality of accommodation across the city	3	21%	8	57%	1	7%	0	0%	1	7%	0	7%
Fluctuating demand due to seasonality of tourism	0	24%	0	10%	0	24%	0	10%	0	5%	0	29%
Availability of sufficient tourism products or experiences	0	0%	3	33%	5	56%	0	0%	0	0%	0	11%
Image and perception of Dunedin as a visitor destination	6	19%	7	23%	9	29%	6	19%	2	6%	0	3%
Insufficient visitor numbers	2	17%	5	42%	2	17%	1	8%	1	8%	0	8%
Other	2	20%	1	10%	3	30%	1	10%	3	30%	0	0%

**Table 6: To what extent should these challenges be reflected in the work currently undertaken by Enterprise Dunedin?**

	Not at all		2		3		4		Very much		Don't know	
Destination management and pressures on visitor infrastructure	1	4%	0	0%	1	4%	8	35%	13	57%	0	0%
Level or quality of accommodation across the city	1	7%	2	14%	2	14%	1	7%	8	57%	0	0%
Fluctuating demand due to seasonality of tourism	1	5%	0	0%	5	24%	7	33%	7	33%	1	5%
Availability of sufficient tourism products or experiences	0	0%	1	11%	0	0%	3	33%	5	56%	0	0%
Image and perception of Dunedin as a visitor destination	0	0%	0	0%	3	10%	3	10%	25	81%	0	0%
Insufficient visitor numbers	0	0%	0	0%	1	8%	1	8%	9	75%	1	8%
Other	0	0%	0	0%	1	10%	1	10%	8	80%	0	0%



## Opportunities

Looking at the city's primary opportunities for growing the visitor economy, the top three areas identified by respondents (Table 7) were:

- Capitalising upon Dunedin's history, culture and natural setting (71%)
- Developing Dunedin as a visitor hub for the wider South Island (53%)
- Maximising opportunities associated with major sporting, music and business events (47%)

Tables 8 and 9 suggests that there is scope for Enterprise Dunedin to enhance their focus on these opportunities and that this would be welcomed by respondents.

**Table 7: In your view, what are the primary opportunities for the visitor economy in Dunedin?**

	Respondents	Percentage
Leverage Dunedin's overarching brand and identity to reach greater visitor numbers	18	35%
Capitalise upon Dunedin's history, culture and natural setting	36	71%
To target visiting friends and relatives of the city's student population	5	10%
To maximise opportunities associated with major sporting, music and business events	24	47%
To attract greater numbers of Free and Independent Travellers from China, India and other international markets	12	24%
To develop Dunedin as a visitor hub for wider South Island touring	27	53%
To develop new tourism products and experiences, including those associated with the proposed waterfront development	19	37%
Other	4	8%

**Note**

Multiple responses were permitted for this question. Responses may not sum to 100%





**Table 8: To what extent are these opportunities reflected in the work currently undertaken by Enterprise Dunedin?**

	Not at all		2		3		4		Very much		Don't know	
Leverage Dunedin's overarching brand and identity to reach greater visitor numbers	2	11%	7	39%	4	22%	2	11%	1	6%	2	11%
Capitalise upon Dunedin's history, culture and natural setting	3	8%	5	14%	15	42%	9	25%	0	0%	4	11%
To target visiting friends and relatives of the city's student population	1	20%	1	20%	1	20%	0	0%	1	20%	1	20%
To maximise opportunities associated with major sporting, music and business events	4	17%	6	25%	4	17%	5	21%	2	8%	3	13%
To attract greater numbers of Free and Independent Travellers from China, India and other international markets	3	25%	5	42%	3	25%	1	8%	0	0%	0	0%
To develop Dunedin as a visitor hub for wider South Island touring	7	26%	10	37%	4	15%	0	0%	1	4%	5	19%
To develop new tourism products and experiences, including those associated with the proposed waterfront development	4	21%	3	16%	6	32%	1	5%	1	5%	4	21%
Other	1	25%	1	25%	2	50%	0	0%	0	0%	0	0%

**Table 9: To what extent should these opportunities be reflected in the work currently undertaken by Enterprise Dunedin?**

	Not at all		2		3		4		Very much		Don't know	
Leverage Dunedin's overarching brand and identity to reach greater visitor numbers	0	0%	0	0%	1	6%	2	11%	15	83%	0	0%
Capitalise upon Dunedin's history, culture and natural setting	0	0%	0	0%	2	6%	5	14%	29	81%	0	0%
To target visiting friends and relatives of the city's student population	0	0%	0	0%	0	0%	1	25%	3	75%	0	0%



	Not at all	1	2	3	4	Very much	Don't know					
To maximise opportunities associated with major sporting, music and business events	0	0%	0	0%	1	4%	4	17%	19	79%	0	0%
To attract greater numbers of Free and Independent Travellers from China, India and other international markets	0	0%	0	0%	2	17%	2	17%	8	67%	0	0%
To develop Dunedin as a visitor hub for wider South Island touring	0	0%	0	0%	4	15%	2	7%	21	78%	0	0%
To develop new tourism products and experiences, including those associated with the proposed waterfront development	0	0%	1	5%	2	11%	3	16%	13	68%	0	0%
Other	0	0%	0	0%	0	0%	0	0%	4	100%	0	0%

## Consultation and delivery of activities

Table 10 suggests that respondents currently do not feel that they are regularly consulted on Enterprise Dunedin's priorities and activities with 55% of respondents reporting that they are not consulted or not consulted at all, and only 20% of respondents feeling that they are consulted or that they are regularly consulted.

Table 11, perhaps unsurprisingly shows that the vast majority (84% of respondents) believe that the visitor sector should have a greater say in the organisation's tourism activities. Table 12 shows that nearly three quarters of respondents (73%) also feel that there is insufficient clarity on Enterprise Dunedin's role and responsibilities in the visitor sector.

**Table 10: To what extent is your organisation currently consulted on Enterprise Dunedin's priorities and activities - particularly as they relate to growing and promoting Dunedin's visitor economy?**

	Respondents	Percentage
We are not consulted at all	12	24%
We are not consulted	16	31%
Neutral	13	25%
We are consulted	8	16%
We are consulted very regularly	2	4%



**Table 11: Should the visitor sector have a greater role in determining the priorities and activities of Enterprise Dunedin’s work in the tourism economy?**

	Respondents	Percentage
Yes	43	84%
No	2	4%
Don't know	6	12%

**Table 12: In your view, is there sufficient clarity about the roles and responsibilities across Enterprise Dunedin, and other organisations supporting Dunedin’s visitor economy?**

	Respondents	Percentage
Very insufficient	12	24%
Insufficient	25	49%
Neutral	8	16%
Sufficient	3	6%
Very sufficient	0	0%
Don't know	3	6%

Table 13 shows that almost half of all respondents (49%) felt that some visitor economy activities might better rest with other organisations, with the most frequently mentioned activities being conference and event attraction and destination marketing and promotion. A number of these respondents also suggested that a separate Regional Tourism Organisation (RTO) was required.

Table 14 shows that 30% of respondents feel that there are some activities that are relevant to the visitor economy that can only be delivered by Enterprise Dunedin/DCC. The most frequently mentioned activities being ensuring consistent branding and destination management, coordinated communication with the sector regarding council activities, infrastructure provision and attracting new businesses to the city.

**Table 13: Are there any activities that relate to the visitor economy in Dunedin that you believe might better rest with other organisations?**

	Respondents	Percentage
Yes	25	49%
No	7	14%
Don't know	19	37%

**Which activities that relate to the visitor economy in Dunedin do you believe might better rest with other organisations?**

24 comments



- Conference and event attraction
- Destination marketing/promoting Dunedin as a visitor destination
- Need a standalone RTO

**Table 14: Are there any activities that support the visitor economy that you believe can only be delivered by Enterprise Dunedin/ Dunedin City Council?**

	Respondents	Percentage
Yes	15	30%
No	21	42%
Don't know	14	28%

**Which activities that support the visitor economy do you believe can only be delivered by Enterprise Dunedin/ Dunedin City Council?**

14 comments

- Ensuring consistent branding and destination management, both domestically and internationally
- Coordinated communication with the tourism industry regarding Council activities
- Infrastructure provision
- Attracting new businesses to Dunedin

## Effectiveness and efficiency

Table 15 suggests that there is scope to improve partnerships between Enterprise Dunedin and other organisations to deliver visitor marketing and Table 16% suggests the need to clarify any areas of perceived overlap or duplication. Overall, Table 17 shows that while 44% of respondents felt that the quality of Enterprise Dunedin’s interaction with the visitor industry was poor or very poor, 20% of respondents felt the quality was good or very good.

As shown in Table 18, slightly more than half of respondents (56%) felt that the current model was not working well for the visitor sector but the remaining respondents felt that the model either was working (16%) or they were unsure (28%). Table 19 shows that 60% of respondents felt that the current arrangements were less effective than the previous arrangements under Tourism Dunedin. While Table 20 shows that the majority (60%) of respondents do agree that the city needs to adopted and integrated marketing approach.



**Table 15: To what extent does Enterprise Dunedin work in effective partnership with other organisations to deliver visitor marketing for Dunedin?**

	Respondents	Percentage
Not at all	5	10%
To a small extent	19	38%
Neutral	12	24%
To a moderate extent	12	24%
To a great extent	2	4%

**Table 16: Do you believe there are any areas of service overlap or duplication with other organisations?**

	Respondents	Percentage
Yes	13	26%
No	12	24%
Don't know	25	50%

**In which specific areas are there duplication?**

10 comments

- Marketing the city as a destination/destination awareness (operators undertaking their own sales & marketing work which is not aligned with the work of Enterprise Dunedin).
- Lack of consultation with Chamber of Commerce and Dunedin Host.



**Table 17: How would you rate the overall quality of Enterprise Dunedin’s interactions with the visitor industry?**

	Respondents	Percentage
Very poorly	11	22%
Poorly	11	22%
Neutral	18	36%
Well	8	16%
Very well	2	4%

**What visitor marketing or promotion activities delivered by Enterprise Dunedin do you think are working well and having the greatest impact?**

29 comments

- Dedicated and capable staff
- Successfully international marketing
- “Nothing”, “I can’t think of any”

**What services or activities do you think should be improved?**

33 comments

- Services provided by the visitor centre
- Communication and collaboration with tourism providers across the region
- Conference and event marketing (domestic and international)
- General marketing and promotion (including “Brand Dunedin”)



**Table 18: Overall, do you think the current delivery model of Enterprise Dunedin is working well for the visitor sector?**

	Respondents	Percentage
Yes	8	16%
No	28	56%
Don't know	14	28%

**Can you tell us why?**

4 comments

- Active marketing with overseas target markets is producing economic results
- Enterprise Dunedin do an excellent job with limited resources

**Can you tell us why not?**

20 comments

- An overly-bureaucratic organisation
- Lack of engagement with the tourism sector
- Poor tourism performance in comparison to other cities/regions
- Overly focused on economic development activities – insufficient focus on tourism specifically



**Table 19: From a visitor economy perspective, how do you think the current Enterprise Dunedin model compares to the previous Tourism Dunedin arrangements?**

	Respondents	Percentage
Much less effective	17	34%
Less effective	13	26%
Neutral	10	20%
More effective	5	10%
Much more effective	1	2%
Don't know	4	8%

**Table 20: Do you agree that the marketing and promotion of Dunedin should reflect an integrated approach to marketing the city to visitors, students, businesses and investors?**

	Respondents	Percentage
Yes	30	60%
No	15	30%
Don't know	5	10%

#### Why do you feel that reflecting an integrated approach is necessary?

20 comments

- To deliver a consistent “brand story”
- Each sector adds something unique to the approach
- Avoid overlap/duplication, thereby saving money
- It encompasses the entire city, not just parts of it

#### Why do you feel that reflecting an integrated approach is not necessary?

15 comments

- Very different markets/market segments
- Very different audiences (marketing to a business to move to Dunedin versus marketing to tourists) requires a tailored approach





# Opportunities for improving arrangements

Looking to the future Table 21 shows the majority of respondents (64%) would welcome a change to the current model but Table 22 also shows that 63% feel that relationships could be improved even if the model does not change.

**Table 21: Do you think the current model and arrangements should change?**

	Respondents	Percentage
Yes	32	64%
No	6	12%
Don't know	12	24%

### Why do you think the current model should change?

23 comments

- There needs to be an independent tourism body, separate from the Council
- “Council should not be involved in tourism”
- Current model is failing to attract visitors
- A lack of collaboration between the sector and Enterprise Dunedin

### Why do you think the current model should not change?

3 comments

- The model is working and delivering results



**Table 22: Are there areas where working relationships between the visitor sector and Enterprise Dunedin could be improved (even if the delivery model did not change)?**

	Respondents	Percentage
Yes	31	63%
No	4	8%
Don't know	14	29%

**In what way could relationships be improved?**

24 comments

- Greater ongoing/continuous engagement across the sector
- A need for more consultation and collaboration between Enterprise Dunedin and the sector
- More frequent communication

**Why do you feel that relationships could not be improved?**

2 comments

- The sector does not trust the Council
- The lack of vision and coordination won't be improved by changing relationships

