

**MINUTE EXTRACT FROM THE NON-PUBLIC MINUTES OF THE COUNCIL MEETING HELD ON TUESDAY
29 JANUARY 2019**

C4 ENTERPRISE DUNEDIN 2018 REVIEW

A report from Enterprise Dunedin presented the findings of the MartinJenkins review of Enterprise Dunedin and provided recommendations based on those findings.

The report noted that in June 2018, Council commissioned MartinJenkins to undertake a review of Enterprise Dunedin on the effectiveness of the current Enterprise Dunedin delivery model to determine if alternative structures would be more effective in delivering Dunedin's economic development, city marketing and i-SITE services.

The Director Enterprise Dunedin (John Christie) and MartinJenkins representative (Patrick McVeigh) spoke to the report and responded to questions.

Cr Hall returned to the meeting at 12.18 pm

Moved (Cr Chris Staynes/Cr Christine Garey):

That the Council:

- a) **Notes** the appended report for the Review of Enterprise Dunedin prepared by MartinJenkins.
- b) **Agrees** based on the MartinJenkins report, that economic development, city marketing and i-SITE services continue to be delivered through Enterprise Dunedin as a department of Council.
- c) **Notes** the additional Martin Jenkins' recommendations outlined in Table 1 of the report and staff comments on actions underway in relation to those recommendations.
- d) **Authorises** the Chief Executive to release the report once staff had been informed.

Division

The Council voted by division:

For: Crs David Benson-Pope, Rachel Elder, Christine Garey, Doug Hall, Aaron Hawkins, Marie Laufiso, Mike Lord, Damian Newell, Jim O'Malley, Chris Staynes, Conrad Stedman, Lee Vandervis, Kate Wilson, Andrew Whiley and Dave Cull (15).

Against: Nil

The division was declared CARRIED by 15 votes to 0

Motion carried (CNL/2019/014)

<https://www.dunedin.govt.nz/news-and-events/news/february-2019/enterprise-dunedin-to-remain-an-in-house-unit-of-dcc>

ENTERPRISE DUNEDIN 2018 REVIEW

Department: Enterprise Dunedin

REASONS FOR CONFIDENTIALITY

Grounds:	S48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Reason:	S7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
In particular:	Recommendations from the report will need to be discussed with stakeholders and staff following the outcome of the meeting.

EXECUTIVE SUMMARY

- 1 The purpose of this report is to present the findings of the MartinJenkins review of Enterprise Dunedin (Appendix A) and to make recommendations to Council based on those findings.
- 2 In June 2018, Council commissioned MartinJenkins to undertake a review of Enterprise Dunedin. Council made a commitment in 2014 to review the operation of the new marketing agency at the end of 2015. The scope of the review included whether the new agency should become a Council Controlled Organisation (CCO).
- 3 The review's substantive purpose was to report on the effectiveness of the current Enterprise Dunedin delivery model to determine if alternative structures would be more effective in delivering Dunedin's economic development, city marketing and i-SITE services.
- 4 Martin Jenkins recommend that economic development, city marketing and i-SITE services continue to be delivered through the existing Enterprise Dunedin delivery model (a department of Council).
- 5 The review primarily focused on Enterprise Dunedin's delivery model. It also provided an opportunity to identify areas for strengthening or enhancing service delivery.

RECOMMENDATIONS

That the Council:

- a) **Notes** the appended report for the Review of Enterprise Dunedin prepared by MartinJenkins (Appendix A).
- b) **Agrees** based on the MartinJenkins report, that economic development, city marketing and i-SITE services continue to be delivered through Enterprise Dunedin as a department of Council.
- c) **Notes** the additional Martin Jenkins' recommendations outlined in Table 1 of this report and staff comments on actions underway in relation to those recommendations.
- d) **Authorises** the Chief Executive to release the report once staff have been informed.

BACKGROUND

- 6 Following the adoption of the 2013-23 Economic Development Strategy, 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".
- 7 The following motion was passed by Council on 24 January 2014:

It was moved (Staynes/Peat):

"That the Council:

- 1 *Confirms the decision (agreed in principle in May 2013) to bring together the marketing functions for the city into a single marketing agency.*
- 2 *Agrees to the establishment of an in-house single marketing agency, to cover marketing for Dunedin's tourism, education and business sectors.*
- 3 *Agrees that the new marketing agency be established on 1 July 2014.*
- 4 *Notes that the new agency be advised by a marketing skills-based Advisory Board, and that a process for appointment to this board will come back to Council prior to the Agency establishment.*
- 5 *Agrees to disestablish the Council Controlled Organisation Tourism Dunedin from 30 June 2014, with functions, budgets and appointed staff transferring to the new marketing agency.*
- 6 *Establishes a Transition Advisory Group to advise on the operational transition to the new agency, comprising the following four people:*
 - *Councillor Chris Staynes, Dunedin City Council*
 - *Jen Rolfe, The Brand Agency*
 - *Trish Oakley, Tourism Dunedin*

- *David Thomson, University of Otago.*

- 7 *Notes that this Transition group will not be the same as the Advisory Board for the new agency.*
- 8 *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 it becoming a CCO.*
- 9 *Expresses its thanks to the current Board and staff of Tourism Dunedin."*

*Following further discussion, the motion was **put and carried**.*

DISCUSSION

- 8 The review of the new marketing agency was not undertaken until 2018 when MartinJenkins was commissioned to provide an independent high-level assessment of the current Enterprise Dunedin delivery model and consider three options:
 - a) **Status Quo** – with responsibility for governance, funding and delivery continuing to be exercised by DCC in conjunction with Grow Dunedin Partnership;
 - b) **External Council Controlled Agency (CCO)** – with the responsibility for economic development, marketing and tourism transferred to a CCO;
 - c) **Mixed Model** – retaining the status quo for either economic development or marketing and tourism and the responsibility for the remaining functions exercised by a CCO.
- 9 The review included a desktop analysis of current strategic documents, reports and performance data, interviews with key economic development and tourism stakeholders, and an assessment of current performance and other models for service delivery. As part of their methodology MartinJenkins:
 - a) Presented to Council following an Economic Development Committee meeting;
 - b) Undertook 30 interviews with stakeholders;
 - c) Engaged with 418 tourism businesses via survey with 51 responses;
 - d) Undertook a workshop with the Grow Dunedin Partnership.
- 10 Based on the findings, MartinJenkins recommend that the current model for service delivery be retained as the most pragmatic and cost-effective option, however they identified some issues that needed addressing. They outlined several opportunities to improve and strengthen economic development, tourism and marketing services.
- 11 Recommendations proposed to enhance the delivery model are based around the following themes:
 - Strategy and focus;
 - Organisational capacity;
 - Stakeholder relations, engagement and communications;
 - Monitoring and reporting;
 - Governance and advisory arrangements.
- 12 Table 1 below outlines the additional recommendations from the MartinJenkins report along with general comment from Enterprise Dunedin management.

Table 1: Review recommendations for improving current arrangements

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 ED 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 within the Tourism Growth Framework.

Staff comment:

Staff agree with the recommendations. Consultation with key stakeholders will be undertaken and recommendations implemented. Reports will be brought back to the Economic Development Committee.

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 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.

Staff comment:

A position exists in the current structure and budget for a new City Marketing Manager. If the recommendations in the report are agreed, recruitment of a City Marketing Manager will be undertaken immediately. This position is responsible for the other identified recommendations and all will be progressed.

Stakeholder engagement and communications

1. DCC 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 the customer measure should be reported regularly to demonstrate progress and identify areas for improvement.

Staff comment:

Staff agree with the view that time and attention needs to be invested in building the relationship with the tourism sector. The Director of Enterprise Dunedin will invest more time in this sector along with the City Marketing Manager. The Destination Dunedin Plan provides a framework to better engage across sectors, including tourism, and this will allow initiatives to be progressed and reported back to Council.

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 measures 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 disseminates 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.

Staff comment:

Staff support these recommendations and will apply models such as investment logic mapping, for assessing, decision making, planning and reporting on activities and projects. For significant investments, business cases (including a performance management framework) and stakeholder engagement plans will be developed.

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 required, 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 should be available to provide strategic economic insight and intelligence and to commission feasibility studies and business case development for major strategic initiatives.

Staff comment:

The Economic Development Strategy (EDS) was the first strategy within the current DCC strategic framework to be developed and is due for review. Subsequent strategies to the EDS have used different governance arrangements. These will be reviewed to find the best governance model for the EDS, noting that a process consistent across Council will be considered. This work will be reported back through to Council.

OPTIONS

Option 1 – Accept recommendations from the MartinJenkins report (recommended option)

- 13 Under this option, economic development, city marketing and i-SITE services will continue to be delivered through Enterprise Dunedin as a department of Council.

Advantages

- Consistent with the report findings including: ease of implementation, service continuity, controlled costs, clearer governance, enhanced capacity and capability, improved reporting and economic intelligence, enhanced stakeholder management and communication (refer MartinJenkins report, page 38);
- Will address many of the concerns raised by stakeholders;

Disadvantages

- Despite the review, potential perception by some stakeholders that significant changes have not been made;
- MartinJenkins have identified that the implementation of the recommendations would require some additional investment;
- Implementation risk if the range of enhancements are not fully realised.

Option 2 – Not accept recommendations from the MartinJenkins report

- 14 Not accept recommendations from MartinJenkins report and ask the Chief Executive to undertake further work.

Advantages

- Further opportunity to consider alternative service delivery options.

Disadvantages

- Inconsistent with the findings from the MartinJenkins report including: ease of implementation, service continuity, controlled costs, clearer governance, enhanced capacity and capability, improved reporting and economic intelligence, enhanced stakeholder management and communication (refer MartinJenkins report, page 38);
- Inconsistent with feedback from review process;
- Uncertainty for stakeholders and staff;
- Will require additional resources.

NEXT STEPS

- 15 If Council accept the recommendations in the MartinJenkins report staff will develop an implementation plan and report back to the Economic Development Committee on matters within the plan.
- 16 If Council do not accept the recommendations of the MartinJenkins report, the Chief Executive Officer will undertake further work and present a further report to Council.
- 17 Council's decision will be communicated to stakeholders and interested parties and the report publicly released once staff have been advised.

Signatories

Authoriser:	Sue Bidrose - Chief Executive Officer
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Attachments

	Title	Page
A	MartinJenkins review of Enterprise Dunedin (<i>Under Separate Cover</i>)	

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This report relates to providing a public service and it is considered good-quality and cost-effective.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	☐	☐	☒
Economic Development Strategy	☒	☐	☐
Environment Strategy	☐	☐	☒
Arts and Culture Strategy	☐	☐	☒
3 Waters Strategy	☐	☐	☒
Spatial Plan	☐	☐	☒
Integrated Transport Strategy	☐	☐	☒
Parks and Recreation Strategy	☐	☐	☒
Other strategic projects/policies/plans	☐	☐	☒

Enterprise Dunedin is responsible for the delivery of the 2013-23 Economic Development Strategy and adds to the delivery across the Strategic Framework.

Māori Impact Statement

Representatives from Ngai Tahu were interviewed. They will be advised of the outcome once Council has made its decision.

Sustainability

There are no known implications for sustainability.

LTP/Annual Plan / Financial Strategy / Infrastructure Strategy

As an update report there are not LTP/Annual Plan/Financial Strategy or Infrastructure Strategy implications.

Financial considerations

The financial implications are unknown until the decision is confirmed and a detailed action plan is developed.

Significance

This decision is considered low in terms of the Council's Significance and Engagement Policy.

Engagement – external

Significance engagement was undertaken with key economic development and tourism stakeholders during the interview process. The full list of stakeholders is included in the MartinJenkins report.

Engagement – internal

Economic Development Committee and Enterprise Dunedin staff were interviewed as part of the review process. Enterprise Dunedin staff will be advised of the outcome once Council has made its decision.

SUMMARY OF CONSIDERATIONS
<i>Risks: Legal / Health and Safety etc.</i> There are no legal, health and safety risks associated with this decision.
<i>Conflict of Interest</i> There are no known conflicts of interest.
<i>Community Boards</i> Following the outcome of the meeting with Council, Community Boards will be engaged.