

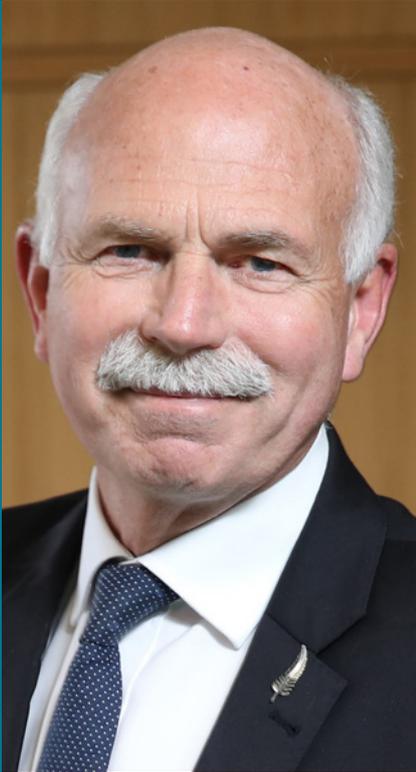
Have your say

*Submissions close 4pm
Monday 2 October 2017*



2017

**Southland Regional
Development Proposal
*Consultation Document***



Gore District Mayor Tracy Hicks

Welcome

On behalf of the Southland Mayoral Forum, I would like to invite you to be part of the critical next steps for regional development in Southland.

You may recall that the Southland Mayoral Forum, which represents all Southland councils – Environment Southland, Invercargill City, Gore District and Southland District - initiated and has been leading the work on the Southland Regional Development Strategy (SoRDS) in recent years.

Like many regions, Southland faces social and economic pressures with an ageing population and a drift northwards by younger people. A declining population reduces the labour market, and access and funding to social services such as healthcare.

SoRDS sets a new and clear direction for the region. Its primary aim is to increase the region's population by 10,000

by 2025 and its Action Plan includes a number of economic, social, cultural, educational and environmental initiatives.

Through SoRDS we have identified the potential for greater diversity and growth. We need a stronger urban culture, new industries, the ability to extend our existing industries, and a strong social sector.

To achieve this we need to take an all-of-Southland approach and work together – local government, iwi, the community and business interests. Relying on individual entities to turn the situation around is not realistic.

In order to successfully implement SoRDS, the Southland Mayoral

Forum has agreed to a proposal to form an organisation that will bring together all the relevant interests to lead regional and economic development opportunities, including tourism

We considered several proposals. The strongest proposal unanimously preferred by all councils was a Council Controlled Organisation (CCO).

In addition to leading the implementation of SoRDS and its Action Plan initiatives, the CCO would incorporate Venture Southland, including its staff and its regional and economic development activities. However, it would have a broader community base of support and wider focus.

The CCO would leverage the power of the whole region, and be underpinned by a strong but simple governance structure, that has effective leadership and appropriate resourcing.

The CCO would have a skills-based Board of Directors appointed by the Council shareholders. Other shareholders are expected to be iwi, community and business interests, although this is to be confirmed after the consultation and hearing processes.

The following information includes more details about the CCO proposal, the other options considered and a submission form. The information and the ability to make submissions are also available on each Southland council's website.

So – it's over to you now. Let us know what you agree or don't agree with, or any other comments about the CCO proposal for a Southland regional development agency.

On behalf of the Mayoral Forum, I urge you to have your say on our future.



Mayor Tracy Hicks JP
Chair, Southland Mayoral Forum

Mayoral Forum

The Southland Mayoral Forum is a non-statutory body made up of the mayors, regional chair and their chief executives. Its purpose is to provide leadership to programmes and projects with a regional perspective that cut across the local authorities, and which require integrated leadership.



**Invercargill City Mayor
Tim Shadbolt**



**Southland District Mayor
Gary Tong**



**Environment Southland
Chairman Nicol Horrell**



Statement of Proposal

Formation of a Regional Economic Development Agency

Discussion document on behalf of the local authorities of Southland: Invercargill City Council, Southland District Council, Gore District Council and Southland Regional Council (Environment Southland).

Proposal for the formation of a Southland Regional Development Agency (SRDA)

This is a joint Statement of Proposal by the four local authorities of Southland, for consultation under Section 56 of the Local Government Act 2002 (LGA2002) in respect of the establishment of a Southland Regional Development Agency (SRDA).

As the intention is to include Venture Southland within this agency this is also a proposal for a change of status of Venture Southland.

The agreement between local councils that supports the operation of Venture Southland provides for review from time-to-time.

This proposal contains a description of a proposed new and extended organisation charged with regional development. It is the preferred option of the four councils, following the consideration of the options that could realistically be pursued.

Background

During the past two years a jointly funded council programme, also involving extensive community and business engagement, has come forward with a renewed and comprehensive strategy for regional development in Southland. The Strategy includes a number of economic, social, cultural, educational and environmental initiatives. Known as the Southland Regional Development Strategy (or SoRDS), its proposed programme sets a new and clear direction for the region.

To achieve this challenging goal, a genuine whole-of-Southland effort is required, involving not only local government, but also Ngāi Tahu, community and business interests working collaboratively towards common goals.

SoRDS received extensive public attention and discussion following the launch of the strategy and subsequently the Action Plan; the latter being released in November 2016 to a local audience of 550 people.



Its key idea is a whole-of-Southland approach to regional development at a level of regionally-orchestrated activity not previously undertaken in Southland, to achieve an ambitious goal of increasing the population by 10,000 by 2025. For a fuller explanation of the reasons for this goal, refer to the Strategy document published in 2015 www.sords.co.nz/our-big-goal

To achieve this challenging goal, a genuine whole-of-Southland effort is required, involving not only local government, but also Ngāi Tahu, community and business interests working collaboratively towards common goals.

If this population goal were not to be achieved, then greater stresses on the region will begin to have their effect, including pressure on funding for health and social services, pressure on rates, loss of employment opportunities and other undesirable impacts.

These challenges require a robust programme of initiatives as part of a Southland-led approach. This proposal involves formation of a regional agency of sufficient scope and scale to address this population challenge and harness the strength of the region as a whole to deliver on the ambitious programme proposed.

Proposal

The proposed option being put forward for public consultation is the creation of a new Southland Regional Development Agency, which would be formed as a limited liability company under the Companies Act 1993. All four councils have expressed their preference for this extended regional agency option. Other options considered were the Status Quo and Advanced Status Quo which are summarised in the Appendix.



Status

The proposed agency would operate as a CCO (Council Controlled Organisation) under the Local Government Act (LGA2002). As such it would have a company structure designed for community purposes. CCOs are used extensively throughout the country for similar purposes. A CCO structure allows non-council community organisations to be active participants as joint owners and funders of such an entity.



Shareholders

The participants in the CCO would not just be involved as advisors or mentors, but as shareholders, and would include not only the four local councils, but also potentially Ngāi Tahu, community and business organisations. Six such organisations have indicated initial and in principle interest in being involved, but full commitments cannot be sought until the completion of this public consultation. They are: Ngāi Tahu, Chamber of Commerce, Southern Institute of Technology, Community Trust of Southland, Invercargill Licensing Trust and the Maitaia Licensing Trust.

In conception, the four councils would own 75% of the shares of the SRDA and Ngāi Tahu, community and business organisations would own 25%; meaning councils would have a controlling interest, though no one council would have control, and community organisations would have a sufficient share to be significantly influential.

Details of how the shareholders would operate together will be contained in a Shareholders' Agreement which will need to reflect the relevant legislative requirements in both the Companies Act 1993 and the Local Government Act 2002.

Financial contributions will be required by all shareholders to secure their ownership position in the agency.

3

Appointment of the Board of Directors

A skill-based board of six members will be appointed by the shareholders to run the SRDA. A Board member will be appointed for a term of three years, after which they could be appointed for a further term.

- **Skills register**

To appoint the Board the shareholders will develop a skills register for assessing the most suitable mix of skills and people for appointment. The register for skills that would ideally be available from amongst prospective Board members would include:

- private sector governance experience
- local government sector governance experience
- experience with economic development agencies or organisations
- knowledge of contemporary technology industries and practice
- experience of organisation development and design
- knowledge of tourism development and destination management
- connection with iwi
- accounting and legal experience.

These skills are not listed in any priority order but they could be if some skills and experience were regarded as more important than others. **Public feedback on this point would be valuable.**

- **Appointment process**

There will be a public advertising process to identify potential applicants for director positions. All shareholders will be expected to encourage suitable applicants. It is possible there could be 20 or more nominations for the six positions.

The processing of applications will be undertaken by shareholders using an independent chair with expertise in the recruitment and selection of directors.

The final appointment of Board members would be a unanimous decision of the local government shareholders on the basis of their 75% shareholding.



4

It will be important for the Board to expand funding sources beyond anticipated local government contributions to finance an enhanced programme of activity by the SRDA.

Role of the Board of Directors

- **Direction-setting**

It will be the central role of the Board to determine and oversee the programme of the SRDA. It will set priorities and, over time, shape an organisation best designed to deliver these priorities.

- **Funding**

An important aspect of the work of the Board will be to generate sufficient funds for the programme.

Access to sufficient funding to meet the challenges of regional development is always difficult. It is anticipated that this will be a key accountability for the Board.

The Board will seek funds from a range of sources besides the contributions of the shareholders, which could include: grants, loans, earned revenue and other sources. It will be important for the Board to expand funding sources beyond anticipated local government contributions to finance an enhanced programme of activity by the SRDA.

- **Shareholder connection**

The Board will uphold the principles of good governance. It would be expected to meet with the shareholders together on a regular basis (several times a year) and individually at least once a year. The chair may meet with shareholders individually at a much greater frequency.

- **Evaluation**

The performance of the Board and individual Directors will be evaluated on an annual basis.

5

Central Government

A central government representative would be a non-voting member of the Board to ensure that Government is more closely tied into the region and contributes to regional development as it has recently through the SoRDS programme. The selection of the individual will be the prerogative of Government, although consultation with the SRDA shareholders would be expected.

6

Staff

The staff of the agency would initially comprise the current Venture Southland staff, including management. The Board, together with the Chief Executive will determine the appropriate ongoing staffing and resources required to deliver on its programme.

Under current arrangements Venture Southland staff are not, in fact, employed by Venture Southland but by either the Invercargill City Council or Southland District Council. In the proposed arrangement current Venture Southland staff will be employed by the SRDA.

Consultation with all individual staff will be undertaken following decisions on the structure in accordance with their employment agreement.

7

Principal Objectives

The purpose of the agency is to be a champion for and leader of regional development activity across Southland. Its key focus will be pursuit of the 2025 goal of attracting another 10,000 people to the region.

In addition to leading the implementation of the SoRDS strategy it will also assume responsibility for the regional and economic development activities undertaken by Venture Southland, but with a broader community base of support and wider focus.



8

Performance

The performance of Council Controlled Organisations is determined by the provisions of the LGA2002 as follows: Section 64 (Statements of Intent); Section 65 (Performance Monitoring); Section 66 (Half Yearly Reporting); Section 67 (Annual Reporting); Section 68 (Contents of Reports and Operations of Council Controlled Organisations); Section 69 (Financial Statements and Auditor's Report).

It is envisaged that the Statement of Intent (SOI), prepared by the SRDA, would be an annual document as required by regulation, but would contain a three year forward programme. The SOI would feed into an annual business plan. By taking a three yearly view (not necessarily coinciding with the local government triennium) the SRDA will be encouraged to be strongly strategic and long sighted in its approach.

It is envisaged that an evaluation commissioned by the Board, in consultation with and on behalf of the shareholders, would be undertaken and aligned with the three year planning cycle. The first evaluation would take place as the end of the first three year cycle approached.

9

Reporting

Besides the formal reporting provisions outlined above, each Council will decide how it receives reports such as which Council committee has oversight on behalf of that Council. The Mayoral Forum will also have oversight as a regional leadership organisation and will annually prepare a Letter of Expectation for the SRDA providing a regional overview of what it sees as priorities, and the SRDA will be expected to consider this letter in setting its priorities.

10

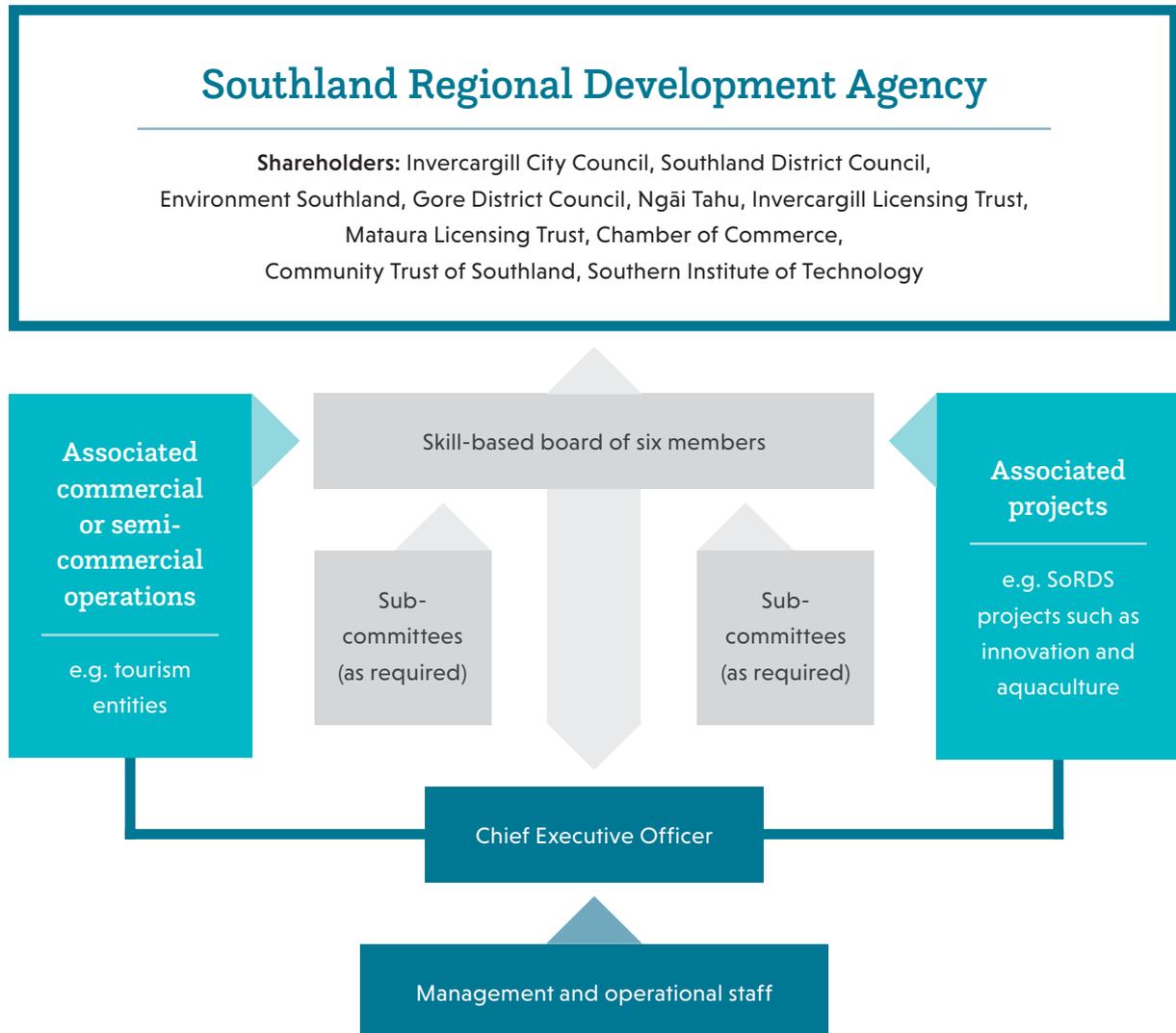
Advisory

The Board may from time-to-time form sub-committees onto which it could co-opt. The Board may not, however, delegate its decision-making powers. It could also seek professional advice as required. It is assumed that with the broader base of shareholders that the various sectors of the community will have their priorities reflected in decisions.

Structure

Below is a diagram of how the SRDA is expected to operate. The key points to note from this diagram are:

- the Board is appointed by and responsible to the shareholders
- the Board may appoint sub-committees
- the Chief Executive is responsible to the Board
- the Chief Executive is responsible for the staff operation
- the Board may have related projects associated with it – this could include SoRDS itself and SoRDS-related projects
- the Board may have commercial or semi-commercial entities that it has an interest in.





Clearly, programmes such as the expansion of tourism and international education initiatives are vital because they are people-focused and labour-intensive.

Programme

A broad-based programme of activity will be required to meet the monumental challenge of an increase of 10,000 people in ten years. Much of the programme is outlined in the SoRDS Action Plan, but there are many other considerations. This means that the SRDA will have to weigh very carefully where it places its emphasis and the resources of the region.

Clearly, programmes such as the expansion of tourism and international education initiatives are vital because they are people-focused and labour-intensive.

A rise in overall economic performance will also attract population.

The performance of the tourism sector is critical to the future prosperity of Southland. Further work is required on the appropriate structures to build tourism services and revenues.

This will be a matter for early consideration by the Board and would involve consideration of the following:

- whether the current two Regional Tourism Organisations (Southland and Fiordland) should be brought together into one entity?
- what types of relationship this entity(s) should have with the private sector, particularly in Fiordland?
- how this operation, whatever its final form, is led to achieve ambitious goals?

This requires a number of pieces of background work, several of which are outlined in the SoRDS Action Plan section on tourism. It includes consideration of destination management, infrastructure and labour requirements for the industry. In other words, a solid strategic view of the future of tourism and its potential for the region.

Funding

The full range of funding sources will be developed by the Board as part of its business strategy. Initially funding will be available from two main sources:

1. Shareholders (local government, community, business) – in the form of an annual contribution;

2. Central Government – in the form of grants and seed funding for projects already available through the SoRDS programme now and into the future.

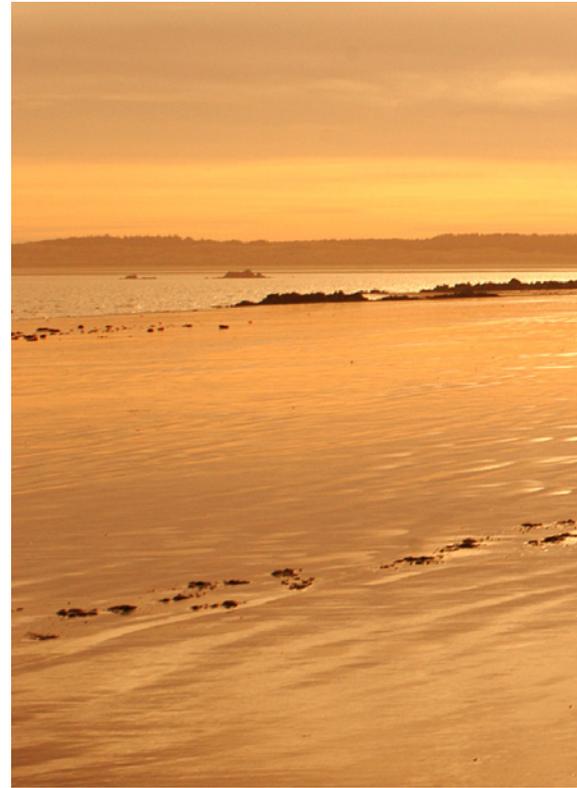
As quickly as possible the Board will be expected to diversify and extend funding sources.

The proposed principle for apportioning funding contributions to the SRDA from local government is a population one. Current contributions to Venture Southland are substantially

different from a population formula, complicated by a mix of economic development and community development responsibilities that are different between the local authorities. The intention is to move gradually to a population formula, but given the current variance it may take a number of years for the councils to adjust.

The contribution for Environment Southland, which does not have a population base, is nominally assessed at 6% as illustrated above. This, like other of the percentages, may change as the practicalities of operation dictate. This is a matter between the shareholders and the Board.

The potential contribution from shareholders in the first three years is estimated in the following table. Until the programme for a SRDA is confirmed these figures should be regarded as indicators only. In



some cases they involve significant increases, which will need to be considered through their internal business planning processes, including the 2018 Long-term Plan in the case of the four councils.

	2018/19	2019/20	2020/21	Share of contribution 2020/21
ICC	\$1.9 m	\$2.0 m	\$2.05 m	47%
SDC	\$1.2 m	\$1.3 m	\$1.35 m	31%
GDC	\$0.2 m	\$0.3 m	\$0.35 m	8%
ES	\$0.2 m	\$0.25 m	\$0.3 m	6%
Shared Services	\$0.1 m			
CTOS	\$0.1 m	\$0.3 m	\$0.2 m	6%
Shareholders	\$0.1 m	\$0.1 m	\$0.1 m	2%
Total	\$3.8 m	\$4.25 m	\$4.35 m	



By way of comparison, current contributions (2016/17) from local government entities to regional development are as follows:

	Contribution to Venture Southland	Other spending	TOTAL
ICC	\$1,769,500	\$507,500	\$2,277,000
SDC	\$1,789,000		\$1,789,000
GDC	\$57,250	\$452,000	\$509,250
ES	\$20,000		
Total	\$3,635,750	\$959,500	\$4,595,250

These current contribution levels would be maintained under the Status Quo and Modified Status Quo options, which are discussed further in the Appendix. As already indicated, direct comparisons of current financial

contributions are difficult to make. For example, Venture Southland provides a number of different services to Southland District Council (including \$20,000 for holiday programmes) which it does not provide to Invercargill

City Council. Gore District Council provides many services itself, outside of its contribution to Venture Southland, such as visitor information services.



Benefits

The potential benefits of this option have been identified as:

- the power of the whole region is brought into play to pursue very challenging objectives.
- the necessary scale of operation is made possible to achieve these objectives.
- a strong and simple governance structure is put in place.
- a highly competent skill-based Board is established.
- the Board will have a level of freedom to act and will be expected to do so and show results.
- at the same time, the Board is closely tied to its shareholders and their priorities.
- full transparency of costs, assets and liabilities is ensured.
- full transparency of performance is ensured.
- the councils and other shareholders are protected from financial risk.
- all staff are employed by the agency (unlike current arrangements with Venture Southland).
- the expertise, experience and corporate memory of Venture Southland is retained.
- robust financial contributions will be received from all four councils plus the other shareholders.
- mixed ownership models for associated enterprises are possible, should that be seen as necessary.
- central government is closely tied in.

Risks

There are some risks that need to be considered:

- there is a transition required to the new structure that will need to be undertaken efficiently and effectively;
- there is a level of delegation of control from councils which can give the perception of being less able to manage risks and direction;
- it places greater emphasis on councils being smart “buyers” of services from the CCO.

An entity that can stretch across community service and commercial solutions is needed to increase the tools in the regional development toolbox.

Evaluating the proposal

The Councils consider the proposed SRDA arrangement for regional development to be an overdue modernisation of the function to advance the interests of the region. Social and economic pressures such as an ageing population, the south/north drift, urbanisation, technology development and automation, are conspiring against the region and only a robust response will turn them in favour of the region.

An organisation with the appropriate leadership, structure and resources is necessary to counter-balance these pressures. The requirement now is to create an extended entity with the scope and scale to go to the next stage.

Whole-of-Southland

The responsibility for regional development also needs to be spread wider across the community. It cannot continue to fall on local government, and just some parts of local government, alone.

There is a greater need for flexibility of work methods and business structures. An entity that can stretch across community service and commercial solutions is needed to increase the tools in the regional development toolbox.

Funding

As always, the key to success lies in the ability to attract adequate funding to support an ambitious programme. The new agency has to be able to draw funding support not only from local government (as has traditionally been the case), but community and business sources. It needs to be able to generate commercial revenue in some settings and attract investment from private sector contributors. An organisation is required that has sufficient heft to attract this level of financial resource to meet the requirements of the scale of work needed.

Leadership

The importance of regional leadership cannot be over emphasised. The tighter engagement of the Mayoral Forum into the agency is important, so too is the leadership of Ngāi Tahu and businesses. Southland needs a broad base of leadership to achieve its challenging goals.

Summary

To summarise the cost benefit of a new entity as proposed would include:

- **an improved capacity for a commercial focus** – a professional Board with greater access to funds.
- **improved accountability** – this is clearly specified in the CCO model.
- **administrative and operational efficiency** – an integrated staff with clear lines of reporting to management.
- **minimising risk** – using an incorporated (and limited liability) structure to insulate councils and other shareholders from liability.
- **empowering local communities** – the new entity will have greater reach and resources.
- **increased expertise** – resources to employ experts in key areas.
- **commercial sensitivity** – greater protection of commercial confidentiality.
- **intellectual property** – a separate entity would be a more appropriate structure for generating and retaining intellectual property. IP management is going to be important to the region's future.
- **smart buying** – both by the councils of the entity, and the entity of other providers.

The Councils consider that the Status Quo and Advanced Status Quo options do not deliver the united, whole-of-Southland approach that is critical to being able to take the region forward and achieve the gains needed.



Name

A name has not been decided for the proposed agency. The title "Southland Regional Development Agency" is a working title only. The decision on the name will rest with the shareholders – the four councils, Ngāi Tahu and the community and business organisations.

In responding to this proposal members of the public may wish to express views on this matter.

Transition

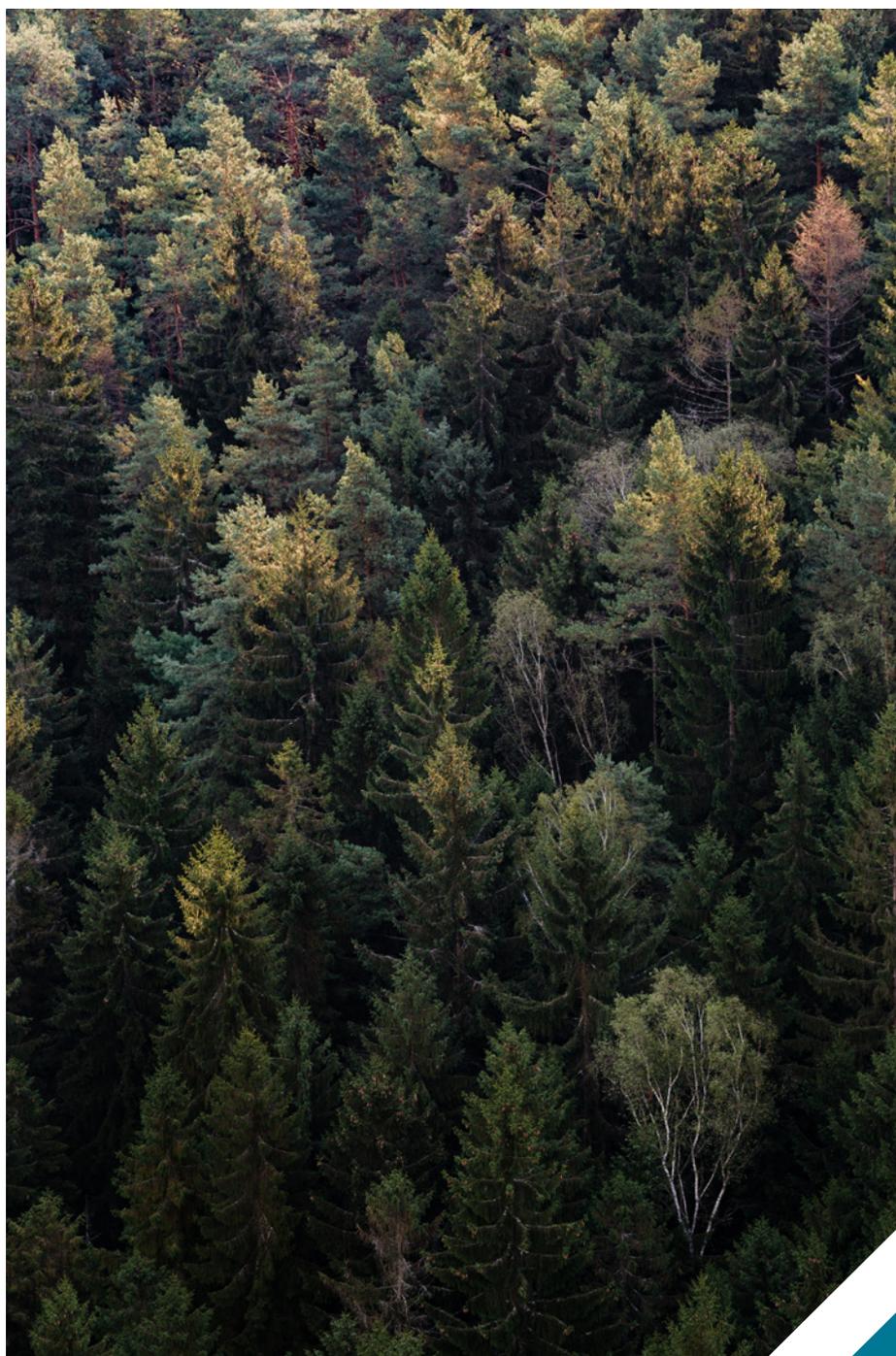
While this Proposal is subject to public consultation, arrangements have been made for continuity of the SoRDS initiatives. A Deployment Group reporting to the Shared Services Committee of the four councils (via the local government Chief Executives' Subcommittee) will oversee SoRDS-related services. The management of Venture Southland will continue with current arrangements.

Assuming for the moment that the Proposal is agreed, then a transition date would be set when the new entity would take over responsibility for both SoRDS and Venture Southland programmes. That cannot be done until the public consultation is completed. The estimated transition date is the end of 2017.

Presentation of submissions

For those ratepayers who wish to speak to their submission on this proposal, hearings will be held in each of the following areas: Invercargill, Gore, Winton and Te Anau. Verbal submissions

will be heard by a panel of two elected members from the council which covers the location of the hearing – Invercargill hearings will be heard by Invercargill elected representatives and so on.





Submissions

Submissions are invited on this Statement of Proposal and must be received no later than **4.00 pm Monday, 2 October 2017**.

Submissions must:

- clearly show the submitter's name, address (physical and email) and contact phone number.
- provide details of which parts of the Proposal are submitted on and what changes are requested together with reasons in support of requested changes.
- indicate whether the submitter wishes to be heard by a hearing committee of the councils in support of the submission
- be addressed to Environment Southland, which is acting as the post box on behalf of the four local councils
- be received by 4.00 pm Monday, 2 October 2017.

The submission can be:

- a. posted to:
**Environment Southland,
Private Bag 90116,
Invercargill 9840,**
- b. delivered to:
any council office in the region
 - Gore District Council,
29 Bowler Ave, Gore
 - Invercargill City Council,
Esk Street, Invercargill
 - Southland District Council,
Forth Street, Invercargill,
or
 - Environment Southland,
corner North Road and
Price Street, Waikiwi,
Invercargill,
 - or any clearly marked
sub-offices of these
councils in the region
- c. emailed to:
service@es.govt.nz

Appendix

Other options

In the process of preparing the joint councils' Southland Regional Development Agency proposal for public consultation, the Councils considered two other options. Those were:

i. status quo

This involves continuing the work of Venture Southland in its current structure with its current programme.

ii. advanced status quo

This would involve extending the brief of Venture Southland to take on the challenges outlined in the SoRDS Action Plan together with its existing responsibilities.

This background paper assesses these two options on a similar basis to which the "Proposal" was assessed, and in so doing illustrates why the Councils have chosen the proposal they have to bring forward for public consultation.

Status Quo

Definition: Continuation of the current arrangements and programme as undertaken by Venture Southland (the status quo) with significant parts of regional development managed by Venture Southland. Some aspects of what might be considered to be regional development activity that would continue to be advanced outside of Venture Southland as they are presently.

Status: The current arrangement of Venture Southland being overseen by a Joint Committee of councils would continue.

Structure: Venture Southland is a Joint Committee of the Invercargill City Council, Southland District Council and Gore District Council, and as such is not a separate legal entity in its own right. Legal commitments it makes need to be undertaken in the name of the relevant council.

Venture Southland also operates the Venture Southland Trust Board, which operates under the terms of the Charitable Trusts Act. The Trust also owns a number of limited liability companies for specific activities that have a strong commercial focus.

Board of Directors: The current Board, which is appointed by the councils and involves a representative from each council plus two independents and an independent chair, would continue.

Staff: The current staff arrangements which have the staff of Venture Southland not employed by Venture itself but by Invercargill City Council and Southland District Council, would continue. This unusual arrangement has been the subject of concern in the past but has remained in place.

Principal objectives: The objectives of Venture Southland are similar to those proposed for the regional development agency outlined in the Proposal. They include promoting Southland as a quality destination for visitors, skilled migrants, investors, students, conferences and events. It also undertakes some community development activity for the Southland District Council but not for the Gore District Council or the Invercargill City Council.

Performance: The performance requirements of the current arrangements include a Business Plan, Performance Monitoring and Annual Report.

Reporting: Reporting is focused on the two sponsoring councils (ICC and SDC), with minimal financial contributions from the others or from community or business organisations. The Mayoral Forum has no role in the leadership and direction of Venture Southland.

Advisory: The Venture Southland Board has formed an advisory group from the community and that would be expected to continue if the status quo was maintained.

Funding: Venture Southland would continue to be funded based on the current funding model. In the 2016/17 financial year these contributions are:

Contribution to Venture Southland	
ICC	\$1,769,500
SDC	\$1,789,000
GDC	\$57,250
ES	\$20,000
Total	\$3,635,750

SoRDS (Southland Regional Development Strategy): Under this arrangement the SoRDS programme priorities would have to be undertaken by a separate organisation, presumably the continuation of the SoRDS programme and governance. This would result in two significant players in the regional development space. It could result in competing organisations and unhelpful, competitive behaviour. It would likely mean that neither organisation would have sufficient scale. It would also seem to be wasteful of resources, and therefore less than desirable.

Benefits: The potential benefits of this option have been identified as:

- the existing familiar structures would continue
- Venture Southland has been a generally good performer within its current brief
- there is a level of independent oversight from external appointees and joint committees
- Council influence and control prevails.

Risks: There are some risks that need to be considered:

- there is currently a lack of scale;
- the almost total focus on local government of Venture Southland would continue
- there are severe limitations on funding as a result of the current structure of Venture Southland where the involvement of community organisations is purely advisory and proposals can be adopted or ignored
- a joint committee is not a standard governance structure for a delivery organisation, so it lacks formal guidance and good practice support
- the staff structure with staff employment shared between councils is unusual and difficult to operate. In particular, it can lead to uncertainty for the management of Venture Southland, and creates risk for the councils that employ the individual staff.

Advanced Status Quo

Definition: This option involves continuation of the current governance, staffing arrangements and programme as undertaken by Venture Southland, with the addition of the range of responsibilities outlined in the SoRDS programme (the advanced status quo). This would mean, in effect, that Venture Southland would become the Southland Regional Development Agency.

In short, the advanced status quo is placing a significantly greater load and increased expectations on the existing Venture Southland structure.

The assessment of the Councils is that the current structure of Venture Southland is not “fit for purpose” to carry significantly increased challenge and responsibility. This is not a criticism of Venture Southland, but of the mandate and governance arrangements under which it operates.

The six main deficiencies of the current Venture Southland structure are assessed as follows:

- **Staffing** – the current employment arrangements mean that the Chief Executive is not sufficiently in control of the organisation. If put under increased pressure it may not have the robustness to be sufficiently effective.
- **Board** – the current Board does not have sufficient direct involvement from the community and private sector, nor from Ngāi Tahu. It also operates on the basis of individual community appointees and does not sufficiently tie these external stakeholders into operations and financing.
- **Funding** – the level and reliability of funding into the economic development aspects of the Venture Southland operation are less than desirable. There is the need for a Board that has strong financial credentials and sees its role as raising money for economic development, not relying on local government contributions.
- **Breadth** – the current economic development element of the Venture Southland operation is relatively small. This needs to be strengthened to provide the robustness required to achieve ambitious development goals.
- **Connection with business** – a key aspect of the SoRDS programme is its connection with business. This is not a strong feature of the current Venture Southland operation.
- **Tourism** – the current tourism operation, which is focused predominantly on destination marketing, does not address the scale of considerations necessary to lift the relatively modest performance of tourism in the region compared to other regions.

Status: the current arrangement of Venture Southland being overseen by a Joint Committee of councils is not sufficiently robust to meet the commercial and other challenges involved in economic development at the scale required to make a difference across Southland. This structure lacks the strength required to mount the scale and complexity of programme that the advanced status quo would require.

The Proposal involved refitting the whole governance level of the Venture Southland operation and moving the staff/management operation in underneath to retain staff skills and capabilities. The Councils are of the view that without fundamental governance change, the “advanced” programme sought would not be forthcoming.

Reporting: stronger governance needs to flow through into clear KPIs and accountability. The Councils believe this aspect of Venture Southland’s operation has not been sufficiently robust; in part as a result of structures rather than the people. Fundamental change is required, rather than tinkering.

Advisory: the Venture Southland Board has an advisory group from the community and that would be expected to continue if the advanced status quo was maintained. The Councils believe this is not a sufficiently robust involvement of community stakeholders to gain the best from their contribution.

Funding: Venture Southland would continue to be funded based on the current funding model and level of contribution from the four Councils. In the 2016/17 financial year the contributions are:

Contribution to Venture Southland	
ICC	\$1,769,500
SDC	\$1,789,000
GDC	\$57,250
ES	\$20,000
Total	\$3,635,750

There may be some ability for Venture Southland to access additional funding from the Crown or other external sources, to support the implementation of SoRDS. To the extent that it cannot, there will be a need for it to reprioritise within existing budgets.

Benefits: The potential benefits of the advanced status quo:

- minimises disruption
- retains the knowledge and capability residing in Venture Southland.

Risks: There are risks that need to be considered:

- the more limiting aspects of Venture Southland’s structure would not be resolved in this option
- the funding challenges that Venture Southland labours under will not be adequately addressed in this option
- community stakeholders will not necessarily be sufficiently tied into the operation
- the joint committee structure is not sufficiently robust and nor is the current staff structure
- it will not achieve the significant “lift” in scale needed to achieve the ambitious goals set through SoRDS.

Have your say

Now that you have read about the Proposal, we would appreciate hearing your views.

You may use this submission form, or your own paper, or you may use our online submission form at www.es.govt.nz/SRDA

If you are using a hard copy form, please post your completed submission to:

SRDA Proposal
Environment Southland
Private Bag 90116
Invercargill 9840

Alternatively, you may fax your submission to **03 211 5252** or email it to service@es.govt.nz

We must receive your submission by
**4.00 pm on Monday
2 October 2017**

My contact details:

Name:

Address:

Daytime Phone:

Email:

Please tick the appropriate box below so there is no confusion about whether or not you wish to speak in support of your submission at the hearing that will be scheduled.

I wish to speak

I do not wish to speak

Please note:

If you do not use this form to make your submission, please ensure that you provide all the contact information listed above.



