

GREAT SOUTH AND NZ SPACE OPS STATEMENT OF INTENT 2023 – 2026 AND GREAT SOUTH 2023/2024 CITY CENTRE ACTIVATION PLAN

To: Council

Meeting Date: Tuesday 22 August 2023

From: Rhiannon Suter, Manager – Strategy, Policy and Engagement

Approved: Patricia Christie - Acting Group Manager - Finance and Assurance

Approved Date: Tuesday 15 August 2023

Open Agenda: No

Public Excluded Agenda: Yes

Reason(s) for the Public Excluded

Section of the Act	Subclause and Reason under the Act	"Plain English" Reason	When Report Can Be Released
7	2 (b) (i)	Commercial confidentiality (CCTOs)	Immediately after the meeting with redactions

Purpose and Summary

This report provides Council with the final version of the Great South Statement of Intent, the NZ Space Operations Statement of Intent for 2023 – 2026 and the Great South report and 2023/2024 Activation Plan for the City Centre contract.

Recommendations

That Council

1. Receive the report "Great South and NZ Space Ops Statement of Intent 2023 – 2026 and Great South 2023/2024 City Centre Activation Plan".
2. Receive the Great South Statement of Intent (A4769995); and
3. Receive the NZ Space Ops Statement of Intent (A4789149).
4. Receive the Great South City Centre Activation Contract Report 2022/2023 (A4802362)
5. Receive the Great South 2023/2024 City Centre Activation Plan (A4802360)
6. Note that Great South is holding a strategic workshop on 24 August 2023.
7. Request the Mayor in his role as Council representative on the Joint Shareholders Committee to:

- a. Request the Joint Shareholders Committee and the Great South Board to effectively align the work programme of Great South with its purpose through making changes as required to the Constitution and/or the 2024/2025 Statement of Intent.
- b. Request the Joint Shareholders Committee to discuss and agree whether the preference of shareholders is to divest or retain NZ Space Ops given the stated commercial objectives and indicate this to the Great South Board.
- c. Request further documentation of how NZ Space Ops is proposing to manage the forecast debt and the identified commercial risks in order for the shareholders to assess and mitigate any risk created by this exposure.
- d. Request future Statements of Intent to clearly identify how Council funding will be allocated and how performance will be measured.

Background

Regional development

Each year Great South is required to provide a Statement of Intent (SOI) for the next three years. Following receipt of the draft Statement of Intent in March, which did not include the legally required financial information, Council indicated willingness to extend the date for receipt for both the Great South SOI and the NZ Space Ops SOI until 31 July 2023. Both Statement of Intents now include the legally required financial information.

City centre activation

Council has a separate contract with Great South to provide city centre activation. This is in addition to the general priority which Council asked Great South to place on their core work to support city centre redevelopment and it falls outside the scope of the SOI.

Officers have updated the contract for the last year of the LTP (2023/2024) to reflect a revised focus on activation in the city centre following completion of the major part of the city centre works. Great South have provided a report for 2022/2023 and an Activation Plan for 2023/2024 which is provided for Council information.

Under the contract Great South is responsible for providing City Centre marketing and promotion. This includes providing promotional support for a range of events, providing a twelve month activation plan and producing a retailer newsletter. In addition Great South is required to deliver two activations themselves and support a further four each year, along with one retail spend campaign.

Issues

Regional Development – Great South Statement of Intent

Activities

Great South's Constitution describes its activities as:

- Regional Economic Development
- Regional Business Development
- Regional Tourism Development
- Regional Events

The Statement of Intent no longer aligns with these activities. Instead it reports on work across the following areas:

- Regional Development Leadership
- Regional Promotion
- Business Support and Diversification
- Net Zero Southland

Work needs to take place between the Joint Shareholders Committee and the Councils in preparation for the Long-term Plan to align the purpose of the organisation with its activities. This may take the form of updating the constitution and/or reorganising the structure of the SOI.

Key Performance Indicators

The Key Performance Indicators have diverted from those agreed at the time of the Long-term Plan. They have evolved again since the Draft Statement of Intent and the linkage between activities, KPIs and financial allocation has been lost.

Key Performance Indicators should be set by the Joint Shareholders Committee in discussion with the Great South Board to determine how the organisation's performance will be measured. To meet audit requirements the KPIs must align with the levels of service set out in the constitution.

There is a new Performance Indicator which relates to delivery of three projects from Beyond 2025. The role of Great South in implementation has still to be finalised.

Financial information

Great South

The financial forecasts have been provided for the three years as required.

The financial information is still structured against the original Great South activity categories so the link between the activities (levels of service) and KPIs and financials has been broken. The implication of this is that it is not possible to track how Council investment is being spent and whether it is having the impact Council intends. The links need to be re-established for the next Statement of Intent.

NZ Space Ops

The financial forecasts have been provided for the three years as required.

The SOI states that no debt or capital raising will take place. Further information outlining plans for the future in this area would be useful.

It should be noted that the SOI notes that entry of competitors to the market is a risk to be mitigated. This conflicts with the purpose of Great South to promote economic activity in the region.

It is recommended that the Joint Shareholders Committee address the issue of whether they intend Great South to act as a holding company for commercial endeavours. Great South itself provides some guidance in this area in the SOI at page 16 where it notes its roles is to advocate and facilitate, not manage or own. There are a number of implications of holding commercial entities:

- The commercial priorities of those organisations may conflict with the purposes of Great South – e.g. investment in developments outside the region and or competing against other commercial enterprises.
- The risk profile for Council as a shareholder, particularly in the area of exposure to debt may be increased
- Possible new revenue streams which may offset the rates requirement from core funders
- Increased Local Government Act reporting requirements as a result of Council Controlled Trading Organisation status.

The primary role of Great South is to support regional development, including business development in the region. It may be appropriate that start-ups are supported in house and then spun off. The Joint Shareholders Committee may wish to formalise the decision making process between the JSC and Great South Board by which this occurs.

City centre activation

City centre activation is delivered under a separate contract with Great South and falls outside the scope of the SOI.

There has been a shift in focus of the contract following the completion of the main build stage of the city centre project, from relationship management with businesses to event and activation delivery. There was a period of lower activity in 2022/2023 due to the role being unfilled and as a result the spend was lower than forecast. This funding has been carried forward to be used for activations in 2023/2024.

The City centre report and activation are provided for Council information. The report demonstrates that the activities have taken place – further information could be requested in the future as to the impact of those activities.

Next Steps

Great South is holding a strategic workshop on 24 August 2023. The Joint Shareholders Committee has received the Great South Statement of Intent and will discuss performance measures at a future meeting.

Council has a workshop with Great South to plan funding for the Long-term Plan and finalise key points for the 2024/2025 Letter of Expectation on 12 September 2023.

There is the option to review the City Centre Activation contract as part of the LTP.

Attachments

1. Great South Statement of Intent (A4769995)
2. NZ Space Ops Statement of Intent (A4789149)
3. Great South City Centre Activation Contract Report 2022/2023 (A4802362)
4. Great South 2023/2024 City Centre Activation Plan (A4802360)