



**Notice of the Ordinary meeting of**

## **Nelson City Council**

### ***Te Kaunihera o Whakatū***

Date:	Thursday 1 July 2021
Time:	9.00a.m.
Location:	Council Chamber Civic House 110 Trafalgar Street, Nelson

## **Agenda**

### ***Rārangi take***

<b>Chairperson</b>	Her Worship the Mayor Rachel Reese
<b>Deputy Mayor</b>	Cr Judene Edgar
<b>Members</b>	Cr Yvonne Bowater
	Cr Trudie Brand
	Cr Mel Courtney
	Cr Kate Fulton
	Cr Matt Lawrey
	Cr Rohan O'Neill-Stevens
	Cr Brian McGurk
	Cr Gaile Noonan
	Cr Pete Rainey
	Cr Rachel Sanson
	Cr Tim Skinner

**Quorum: 7**

**Pat Dougherty  
Chief Executive**

#### Nelson City Council Disclaimer

Please note that the contents of these Council and Committee agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision. For enquiries call (03) 5460436.

## **Council Values**

Following are the values agreed during the 2019 – 2022 term:

- A. Whakautetanga: respect
- B. Kōrero Pono: integrity
- C. Māiatanga: courage
- D. Whakamanatanga: effectiveness
- E. Whakamōwaitanga: humility
- F. Kaitiakitanga: stewardship
- G. Manaakitanga: generosity of spirit

## Karakia and Mihi Timatanga

### 1. Apologies

Nil

### 2. Confirmation of Order of Business

### 3. Interests

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

### 4. Public Forum

### 5. Code of Conduct Independent Investigation Report 8 - 44

Document number R25995

Recommendation

#### ***That the Council***

1. ***Receives the report Code of Conduct Independent Investigation Report (R25995) and its attachments (A2504147, A2692456 and A2691195); and***
2. ***Agrees with the conclusions of the independent investigation that:***
  - a. ***Councillor Skinner has breached section 5.3 of the Code of Conduct and his actions have not contributed to the trust and respect of the Council by the Nelson community; and***
  - b. ***Councillor Skinner's actions on social media, while not necessarily breaching section 6 of the Code of Conduct, have been unwise.***
3. ***Requires the following in accordance with section 13.1 of the Code of Conduct:***

- a. ***That Councillor Skinner provide a genuine and fulsome public apology to the protestor and to his fellow elected members; and***
  - b. ***That Councillor Skinner be stood down from his role as Chair of the Community and Recreation Committee for the duration of one round of committee meetings***
4. ***Notes that, subject to Councillor Skinner complying with the penalties imposed, this will be the full and final resolution of this Code of Conduct matter.***

**6. Nelson Regional Development Agency Statement of Intent 2021 - 2024** **45 - 102**

Document number R25848

Recommendation

***That the Council***

1. ***Receives the report Nelson Regional Development Agency Statement of Intent 2021 - 2024 (R25848) and its attachment (A2679638); and***
2. ***Agrees that the Nelson Regional Development Agency Statement of Intent 2021-24 meets Council's expectations and is approved as the final Statement of Intent for 2021-24.***

**7. Recommendations from Committees**

7.1 Regional Transport Committee 29 June 2021

7.1.1 Nelson Tasman 2021 – 31 Regional Public Transport Plan

*The following recommendation was a draft at the time of printing the Agenda:*

Recommendation to Council

***That the Council***

1. ***Approves the Nelson Regional Public Transport Plan 2021-2031 (A2679732 of Report R25893) for submission to Waka Kotahi prior to 2 July 2021.***

**8. Mayor's Report** **103 - 198**

Document number R25866

Recommendation

***That the Council***

- 1. Receives the report Mayor's Report (R25866) and its attachment(A2688382, A2692426 and A2692427); and***
- 2. Supports the proposed Remits to the Local Government New Zealand AGM 2021, as discussed.***

**9. Status Report - Council** **199 - 204**

Document number R25992

Recommendation

***That the Council***

- 1. Receives the report Status Report - Council (R25992) and its attachment (A1168168).***

**CONFIDENTIAL BUSINESS**

**10. Exclusion of the Public**

Recommendation

***That the Council***

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	<b>Recommendations from Committees</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>
2	<b>Mayor's Report</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li> </ul>
3	<b>Status Report - Council - Confidential</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(g) To maintain legal professional privilege</li> <li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li> </ul>
4	<b>Kāinga Ora Housing Developments</b>	Section 48(1)(a)	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(g)</li> </ul>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	<p>To maintain legal professional privilege</p> <ul style="list-style-type: none"> <li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>

### **Karakia Whakamutanga**

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## **Code of Conduct Independent Investigation Report**

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### **1. Purpose of Report**

- 1.1 To consider the independent investigation into the Code of Conduct complaint against Councillor Skinner relating to events on 11 March 2021.

### **2. Summary**

- 2.1 The Chief Executive received a Code of Conduct complaint regarding the alleged behaviour of Councillor Skinner towards a member of the public on 11 March 2021 and subsequent social media comments made in relation to the incident.
- 2.2 As the complaint was laid by the Mayor, the Deputy Mayor took on the lead role in overseeing the Code of Conduct process. In line with the Code of Conduct, instead of undertaking an initial assessment, the complaint was immediately referred to the independent investigator, via the Chief Executive.
- 2.3 The report of the independent investigation has now been received. In accordance with the Code the Chief Executive is providing the report to Council for consideration.
- 2.4 Jonathan Salter of Simpson Grierson will be in attendance via Zoom to provide legal advice on matters to take into account regarding elected member participation in consideration of this matter.

### **3. Recommendation**

#### ***That the Council***

- 1. Receives the report Code of Conduct Independent Investigation Report (R25995) and its attachments (A2504147, A2692456 and A2691195); and***
- 2. Agrees with the conclusions of the independent investigation that:***

## Item 5: Code of Conduct Independent Investigation Report

- a. Councillor Skinner has breached section 5.3 of the Code of Conduct and his actions have not contributed to the trust and respect of the Council by the Nelson community; and**
  - b. Councillor Skinner's actions on social media, while not necessarily breaching section 6 of the Code of Conduct, have been unwise.**
- 3. Requires the following in accordance with section 13.1 of the Code of Conduct:**
  - a. That Councillor Skinner provide a genuine and fulsome public apology to the protestor and to his fellow elected members; and**
  - b. That Councillor Skinner be stood down from his role as Chair of the Community and Recreation Committee for the duration of one round of committee meetings**
- 4. Notes that, subject to Councillor Skinner complying with the penalties imposed, this will be the full and final resolution of this Code of Conduct matter.**

## **4. Background**

- 4.1 The Code of Conduct sets out the standards of behaviour expected from elected members in the exercise of their duties. It was adopted by Council on 31 October 2019.
- 4.2 On 13 April 2021, the Chief Executive received a Code of Conduct Complaint (Attachment 2: A2692456) from Mayor Reese regarding the alleged behaviour of Councillor Skinner towards a member of the public on 11 March 2021, and subsequent social media comments made in relation to the incident.
- 4.3 As the complainant was Her Worship the Mayor, the Deputy Mayor took on the lead role in overseeing the Code of Conduct process. In line with the Code of Conduct, instead of undertaking an initial assessment, the complaint was immediately referred to the independent investigator, via the Chief Executive.
- 4.4 Accordingly, Mr Bruce Robertson was engaged to undertake an independent investigation in accordance with section 12.2 and Appendix C of the Code of Conduct, and to submit a report (the Report) to the Chief Executive.
- 4.5 Mr Robertson advised the Chief Executive on 11 May 2021 of his preliminary assessment that Councillor Skinner's actions were a material

## Item 5: Code of Conduct Independent Investigation Report

breach of section 5.3 of the Code of Conduct. Mr Robertson therefore proceeded to prepare a report for the Council on the seriousness of the breach and any recommended penalties or actions in accordance with the Code of Conduct process.

- 4.6 The Report has been received by the Chief Executive (Attachment 3: A2691195) and is now provided to Council for consideration.

### **5. Discussion**

#### **Process to complete the Code of Conduct complaint**

- 5.1 Sections 12 and 13 and Appendix C to Council's Code of Conduct set out the process requirements for the investigation and consideration of complaints.
- 5.2 The principles in Part 12.1 of the Code of Conduct provide important context to the process - these include applying concepts of natural justice and fairness, having privacy respected, taking an approach that is proportionate to the seriousness of the breach and keeping the roles of complaint, investigation, advice and decision-making separate as appropriate to the nature and complexity of the alleged breach.

#### **Consideration of the Independent Investigation Report**

- 5.3 Under the Code, the Chief Executive is required to prepare a report for Council, or an adjudicative body with delegated authority, which meets to consider the findings of the independent investigation and determine whether or not a penalty, or some other form of action, will be imposed. An adjudicating body has not been established in this instance, and the matter is to be considered by Council.
- 5.4 Appendix C Step 5 of the Code states that members with an interest in the proceedings, including the complainant and the respondent, should not take part in these proceedings in a decision-making capacity. The participation of elected members in the Council decision-making on this matter should reflect this requirement. Any members with an interest in the matter that prevents them from approaching with an open mind should not participate in consideration of the matter. Further legal advice on this will be available at the meeting.

#### **Options**

Council has the option of agreeing to the penalties recommended in this report or considering and agreeing other outcomes for the Code of Conduct process.

**Option 1: Complete the code of conduct process as recommended**

## Item 5: Code of Conduct Independent Investigation Report

Advantages	<ul style="list-style-type: none"><li>• Consistent with findings and recommendations of the independent investigation</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• None obvious</li></ul>
<b>Option 2: Decide to apply no penalties or other penalties than those recommended</b>	
Advantages	<ul style="list-style-type: none"><li>• Council may consider other outcomes to the Code of Conduct are more appropriate</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• Not consistent with the findings and recommendations of the independent investigation</li><li>• May mean the process is unable to be completed in a timely manner</li></ul>

## 6. Conclusion

- 6.1 The independent investigation into the complaint lodged against Councillor Skinner has now been completed and Council must consider the findings and whether the application of penalties or actions is believed appropriate.

## 7. Next Steps

- 7.1 The matter will be considered closed on completion of any penalties or actions imposed on Councillor Skinner.

**Author:** Pat Dougherty, Chief Executive

### Attachments

Attachment 1: A2504147 Code of Conduct - adopted 31 October 2019 [↓](#)

Attachment 2: A2692456 Code of Conduct Complaint [↓](#)

Attachment 3: A2691195 Independent Assessment Report [↓](#)

<b>Important considerations for decision making</b>
<b>1. Fit with Purpose of Local Government</b>  The Local Government Act 2002 requires that a Council adopt a Code of Conduct for its elected members. The Code forms a charter of agreed expectations on members and provides a process for when these expectations are not met.  The Code supports democratic decision-making through the maintenance of relationship and behavioural expectations amongst members.
<b>2. Consistency with Community Outcomes and Council Policy</b>  Addressing Code of Conduct complaints aligns with the following community outcome:  "Our Council provides leadership and fosters partnerships, a regional perspective and community engagement".
<b>3. Risk</b>  The risk of legal challenge in relation to the Code of Conduct complaint is considered to be low given the process outlined in the policy has been followed.
<b>4. Financial impact</b>  There is no financial impact associated with the consideration of the independent investigation report.
<b>5. Degree of significance and level of engagement</b>  Code of Conduct processes are internal matters guided by the Code of Conduct adopted by Council, and do not trigger consultation requirements.
<b>6. Climate Impact</b>  This decision will have no impact on the ability of the Council to proactively respond to the impacts of climate change now or in the future.
<b>7. Inclusion of Māori in the decision making process</b>  No engagement with Māori has been undertaken in preparing this report.
<b>8. Delegations</b>  This is a matter for Council.

Item 5: Code of Conduct Independent Investigation Report

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**Nelson City Council**  
**Code of Conduct**

**Adopted on 31 October 2019**

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## 1. Introduction

The Code of Conduct (the Code) sets out the standards of behaviour expected from elected members in the exercise of their duties. Its purpose is to:

- Enhance the effectiveness of the local authority and the provision of good local government of the community, city, district or region;
- Promote effective decision-making and community engagement;
- Enhance the credibility and accountability of the local authority to its communities; and
- Develop a culture of mutual trust, respect and tolerance between the members of the local authority and between the members and management.

This purpose is given effect through the values, roles, responsibilities and specific behaviors agreed in the Code.

## 2. Scope

The Code has been adopted in accordance with clause 15(1) of Schedule 7 of the Local Government Act 2002 (LGA 2002) and applies to all members. The Code is designed to deal with the behaviour of members towards:

- Each other;
- The Chief Executive and staff;
- The media; and
- The general public.

It is also concerned with the disclosure of information that members receive in their capacity as elected members and information which impacts on the ability of the local authority to give effect to its statutory responsibilities.

The Code can only be amended (or substituted by a replacement Code) by a vote of at least 75 per cent of members present at a meeting when amendment to the Code is being considered. The Code should be read in conjunction with the Council's Standing Orders.

### 3. Values

*Nelson City Council has established the following values:*

- A. **Whakautetanga:** respect
- B. **Kōrero Pono:** integrity
- C. **Māiatanga:** courage
- D. **Whakamanatanga:** effectiveness
- E. **Whakamōwaitanga:** humility
- F. **Kaitiakitanga:** stewardship
- G. **Manaakitanga:** generosity of spirit

Our values give effect to our ways of working together for the good governance of Nelson:

1. **Public interest:** Members will serve the best interests of the people within their community, district or region and discharge their duties conscientiously, to the best of their ability.
2. **Public trust:** Members, in order to foster community confidence and trust in their Council, will work together constructively in an accountable and transparent manner.
3. **Ethical behaviour:** Members will act with honesty and integrity at all times and respect the impartiality and integrity of officials.
4. **Objectivity:** Members will make decisions on merit; including appointments, awarding contracts, and recommending individuals for rewards or benefits.
5. **Respect for others:** Members will treat people, including other members, with respect and courtesy, regardless of their race, age, religion, gender, sexual orientation, or disability.
6. **Duty to uphold the law:** Members will comply with all legislative requirements applying to their role, abide by the Code of Conduct and act in accordance with the trust placed in them by the public.
7. **Equitable contribution:** Members will take all reasonable steps to fulfil the duties and responsibilities of office, including attending meetings and workshops, preparing for meetings, attending civic events, and participating in relevant training seminars.
8. **Leadership:** Members will actively promote and support these principles and ensure they are reflected in the way in which the Council operates, including a regular review and assessment of the Council's collective performance.

These values complement, and work in conjunction with, the principles of s14 of the LGA 2002 and the governance principles of s39 of the LGA 2002.

### 4. Role and responsibilities

The Code of Conduct is designed to strengthen the good governance of our city. Good governance requires that the complementary roles of the governing body and the administration are understood and respected. These roles involve:

#### 4.1 Members

The role of the governing body includes:

- Representing the interests of the people of the city, district or region;
- Developing and adopting plans, policies and budgets;
- Monitoring the performance of the Council against stated goals and objectives set out in its long term plan;
- Providing prudent stewardship of the Council's resources;
- Employing and monitoring the performance of the Chief Executive; and
- Ensuring the Council fulfils its responsibilities to be a 'good employer' and meets the requirements of the Health and Safety at Work Act 2015.

#### 4.2 Chief Executive

The role of the Chief Executive includes:

- Implementing the decisions of the Council;
- Ensuring that all responsibilities delegated to the Chief Executive are properly performed or exercised;
- Ensuring the effective and efficient management of the activities of the local authority;
- Maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the local authority;
- Providing leadership for the staff of the Council; and
- Employing, on behalf of the Council, the staff of the local authority, (including negotiation of the terms of employment for those staff).

The Chief Executive is the only person *directly* employed by the Council itself (s.42 LGA 2002). All concerns about the performance of an individual member of staff must, in the first instance, be referred to the Chief Executive.

### 5. Relationships

This section of the Code sets out agreed standards of behaviour between members, members and staff and members and the public. Any failure by a member to comply with the provisions of this section can represent a breach of the Code.

#### 5.1 Relationships between members

Given the importance of relationships to the effective performance of the Council, members will conduct their dealings with each other in a manner that:

- Maintains public confidence;

- Is open, honest and courteous;
- Is focused on issues rather than personalities;
- Avoids abuse of meeting procedures, such as a pattern of unnecessary notices of motion and/or repetitious points of order; and
- Avoids aggressive, bullying or offensive conduct, including the use of disrespectful or malicious language.

Please note, nothing in this section of the Code is intended to limit robust debate.

## **5.2 Relationships with staff**

An important element of good governance involves the relationship between a Council, its Chief Executive and its staff. Members will respect arrangements put in place to facilitate this relationship, and:

- Raise any concerns about employees, officers or contracted officials with the Chief Executive;
- Raise any concerns about the performance or behaviour of the Chief Executive with the Mayor or the chairperson of the Chief Executive Employment Committee (however described);
- Make themselves aware of the obligations that the Council and the Chief Executive have as employers and observe these requirements at all times, such as the duty to be a good employer;
- Treat all employees with courtesy and respect and not publicly criticise any employee; and
- Observe any protocols put in place by the Chief Executive concerning contact between members and employees.

Please note, elected members should be aware that failure to observe this portion of the Code may compromise the Council's obligations to be a good employer and consequently expose the Council to civil litigation or affect the risk assessment of Council's management and governance control processes undertaken as part of the Council's annual audit.

## **5.3 Relationship with the public**

Given the vital role that democratic local government plays in our communities, it is important that councils have the respect and trust of their citizens. To facilitate trust and respect in their Council members will:

- Ensure their interactions with citizens are fair, honest and respectful;
- Be available to listen and respond openly and honestly to citizens' concerns;
- Represent the views of citizens and organisations accurately, regardless of the member's own opinions of the matters raised; and
- Ensure their interactions with citizens and communities uphold the reputation of the local authority.

## **6. Media and social media**

The media play an important role in the operation and efficacy of our local democracy. In order to fulfil this role the media needs access to accurate and timely information about the affairs of Council. Any failure by members to comply with the provisions of this section can represent a breach of the Code.

1. In dealing with the media elected members must clarify whether they are communicating a view endorsed by their Council or committee, or are expressing a personal view.
2. Members are free to express a personal view to the media or on social media at any time, provided the following rules are observed:
  - Comments shall be consistent with the Code;
  - Comments must not purposefully misrepresent the views of the Council or the views of other members;
  - Social media pages controlled by members and used for making observations relevant to their role as an elected member should be open and transparent, except where abusive or inflammatory content is being posted; and
  - Social media posts about other members, council staff or the public must be consistent with section five of this Code. (See **Appendix A** for guidelines on the personal use of social media).

## **7. Information**

Access to information is critical to the trust in which a local authority is held and its overall performance. A failure to comply with the provisions below can represent a breach of the Code.

### **7.1 Confidential information**

In the course of their duties members will receive information, whether in reports or through debate, that is confidential. This will generally be information that is either commercially sensitive or is personal to a particular individual or organisation. Accordingly, members agree not to use or disclose confidential information for any purpose other than the purpose for which the information was supplied to the member.

### **7.2 Information received in capacity as an elected member**

Occasionally members will receive information from external parties which is pertinent to the ability of their Council to properly perform its statutory duties. Where this occurs, and the information does not contravene the privacy of natural persons, the member will disclose such information to other members and/or the Chief Executive as soon as practicable.

## **8. Conflicts of Interest**

Elected members will maintain a clear separation between their personal interests and their duties as elected members in order to ensure that they are free from bias (whether real or perceived). Members, therefore, must familiarise themselves with the provisions of the Local Authorities (Members' Interests) Act 1968 (LAMIA).

Members will not participate in any Council discussion or vote on any matter in which they have a pecuniary interest, other than an interest in common with the general public. This rule also applies where the member's spouse/partner has a pecuniary interest, such as through a contract with the Council. Members shall make a declaration of interest as soon as practicable after becoming aware of any such interests.

If a member is in any doubt as to whether or not a particular course of action (including a decision to take no action) raises a conflict of interest, then the member should seek guidance from the Chief Executive *immediately*. Members may also contact the Office of the Auditor-General for guidance as to whether they have a pecuniary interest, and if so, may seek an exemption to allow that member to participate or vote on a particular issue in which they may have a pecuniary interest. The latter must be done before the discussion or vote.

**Please note:** Failure to observe the requirements of LAMIA could potentially invalidate a decision made, or the action taken, by Council. Failure to observe these requirements could also leave the elected member open to prosecution (see **Appendix B**). In the event of a conviction, elected members are ousted from office.

## 9. Register of Interests

Members shall, at least annually, make a declaration of interest. These declarations are recorded in a public Register of Interests maintained by Council. The declaration must include information on the nature and extent of any interest, including:

- a) Any employment, trade or profession carried on by the member or the members' spouse/partner for profit or gain;
- b) Any company, trust, partnership etc for which the member or their spouse/partner is a director, business partner or trustee;
- c) A description of any land in which the member has a beneficial interest within the jurisdiction of the local authority;
- d) A description of any land owned by the local authority in which the member or their spouse/partner is:
  - A tenant; or
  - The land is tenanted by a firm in which the member or spouse/partner is a business partner; a company of which the member or spouse/partner is a director; or a trust of which the member or spouse/partner is a trustee; and

- e) Any other matters which the public might reasonably regard as likely to influence the member's actions during the course of their duties as a member (if the member is in any doubt on this, the member should seek guidance from the Chief Executive).

Please note, where a member's circumstances change they must ensure that the Register of Interests is updated as soon as practicable.

## **10. Ethical behaviour**

Members will seek to promote the highest standards of ethical conduct. Accordingly members will:

- Claim only for legitimate expenses as determined by the Remuneration Authority and any lawful policy of the Council developed in accordance with that determination;
- Not influence, or attempt to influence, any Council employee, officer or member in order to benefit their own, or family's, personal or business interests;
- Only use the Council's resources (such as facilities, staff, equipment and supplies) in the course of their duties and not in connection with any election campaign or personal interests; and
- Not solicit, demand, or request any gift, reward or benefit by virtue of their position and notify the Chief Executive if any such gifts are accepted. Where a gift to the value of \$50 or more is accepted by a member, that member must immediately disclose this to the Chief Executive for inclusion in the publicly available register of interests.

Any failure by members to comply with the provisions set out in this section represents a breach of the Code.

## **11. Creating a supportive and inclusive environment**

In accordance with the purpose of the Code, members agree to take all reasonable steps in order to participate in activities scheduled to promote a culture of mutual trust, respect and tolerance. These include:

- Attending post-election induction programmes organised by the Council for the purpose of facilitating agreement on the Council's vision, goals and objectives and the manner and operating style by which members will work;
- Taking part in any assessment or evaluation of the Council's performance and operating style during the triennium; and
- Taking all reasonable steps to acquire the required skills and knowledge to effectively fulfill their Declaration of Office (the Oath) and contribute to the good governance of the city.

## **12. Breaches of the Code**

Members must comply with the provisions of the code (LGA 2002, schedule 7, cl. 15(4)). Any member, or the Chief Executive, who believes that the Code has been breached by the behaviour of a member may

make a complaint to that effect. All complaints will be considered in a manner that is consistent with the following principles.

### **12.1 Principles**

The following principles will guide any processes for investigating and determining whether or not a breach under the Code has occurred:

- That the approach for investigating and assessing a complaint will be proportionate to the apparent seriousness of the alleged breach;
- That the processes of complaint, investigation, advice and decision-making will be kept separate as appropriate to the nature and complexity of the alleged breach; and
- That the concepts of natural justice and fairness will apply in the determination of any complaints made under the Code. This includes, conditional on the nature of an alleged breach, directly affected parties:
  - Have a right to know that an investigation process is underway;
  - Are given due notice and are provided with an opportunity to be heard;
  - Have confidence that any hearing will be impartial;
  - Have a right to seek appropriate advice and be represented; and
  - Have their privacy respected.

### **12.2 Complaints**

All complaints made under the Code must be made in writing and forwarded to the Chief Executive. On receipt of a complaint, the Chief Executive must forward the complaint to the Mayor or, where the Mayor is a party to the complaint, to the Deputy Mayor. If referred to the Deputy Mayor, they will deal with the complaint in the same manner as if they were the Mayor.<sup>1</sup>

Please note, only members and the Chief Executive may make a complaint under the code.

Members are encouraged to address minor issues informally amongst themselves. The formal complaint process should only be used for matters that cannot be informally resolved.

#### **Complaint referred to Mayor**

On receipt of a complaint made under the provisions of the Council's Code of Conduct the Mayor will, as the situation allows:

- Interview the complainant to assess the full extent of the complaint;
- Interview the member(s) subject to the complaint;
- Assess the complaint to determine materiality;

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<sup>1</sup> All references to the Mayor that are included throughout the complaints process in the Code, apply equally to the Deputy Mayor, where the Mayor is party to a complaint.

- Where a complaint is assessed by the Mayor to be trivial, frivolous or minor, either dismiss the complaint, require an apology or other course of action, or assist the relevant parties to find a mutually agreeable solution; and
- Where a complaint is found to be material, or the required course of action is not complied with, or no mutually agreed solution can be reached, the Mayor will refer the complaint back to the Chief Executive who will forward it, along with any recommendations made by the Mayor, to the Council, or an adjudicative body established by the Council to assess and rule on complaints made under the Code, or to an independent investigator.

If the Mayor chooses they may, instead of undertaking an initial assessment, immediately refer the complaint to the independent investigator, via the Chief Executive.

#### **Complaint referred to Independent Investigator**

On receipt of a complaint from the Mayor that has been referred or recommended for independent investigation, the Chief Executive will forward that complaint to an independent investigator for a preliminary assessment to determine whether the issue is sufficiently serious to be referred, with recommendations if necessary, to the Council or an adjudicative body for assessing and ruling on complaints.<sup>2</sup> The process, following receipt of a complaint, will follow the steps outlined in **Appendix C**.

#### **12.3 Materiality**

An alleged breach under the Code is material if, in the opinion of the Mayor or independent investigator, it would bring the Council into disrepute or, if not addressed, adversely affect the reputation of a member.

An alleged breach under this Code is non-material if, in the opinion of the Mayor or independent investigator, any adverse effects are minor and no investigation or referral is warranted.

### **13. Penalties and actions**

Where a complaint is determined to be material and referred to the Council or an adjudicative body established to consider complaints, the nature of any penalty or action will depend on the seriousness of the breach.

#### **13.1 Material breaches**

In the case of material breaches of the Code, the Council, or the adjudicative body with delegated authority, may require one of the following:

1. A letter of censure to the member;
2. A request (made either privately or publicly) for an apology;
3. Removal of certain Council-funded privileges (such as attendance at conferences);

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<sup>2</sup> On behalf of the Council the Chief Executive will, shortly after the start of a triennium, prepare, in consultation with the Mayor a list of investigators for this purpose of undertaking a preliminary assessment. The Chief Executive may prepare a list specifically for his or her council, prepare a list jointly with neighbouring councils or contract with an agency capable of providing appropriate investigators, such as EquiP.

4. Removal of responsibilities, such as committee chair, deputy committee chair or portfolio holder;
5. Restricted entry to Council offices, such as no access to staff areas (where restrictions may not previously have existed);
6. Limitation on any dealings with Council staff other than the Chief Executive or identified senior manager;
7. A vote of no confidence in the member;
8. Suspension from committees or other bodies to which the member has been appointed; or
9. Invitation to the member to consider resigning from the Council.

A Council or adjudicative body with delegated authority may decide that instead of a penalty, one or more of the following may be required:

- Attend a relevant training course; and/or
- Work with a mentor for a period of time; and/or
- Participate in voluntary mediation (if the complaint involves a conflict between two members); and/or
- Tender an apology.

The process is based on the presumption that the outcome of a complaints process will be made public unless there are grounds, such as those set out in the Local Government Official Information and Meetings Act 1987 (LGOIMA), for not doing so.

### **13.2 Statutory breaches**

In cases where a breach of the Code is found to involve regulatory or legislative requirements, the complaint will be referred to the relevant agency. For example:

- Breaches relating to members' interests (where members may be liable for prosecution by the Auditor-General under LAMIA);
- Breaches which result in the Council suffering financial loss or damage (where the Auditor-General may make a report on the loss or damage under s.44 LGA 2002 which may result in the member having to make good the loss or damage); or
- Breaches relating to the commission of a criminal offence which will be referred to the Police (which may leave the elected member liable for criminal prosecution).

## **14. Review**

Once adopted, the Code continues in force until amended by the Council. The Code can be amended at any time but cannot be revoked unless the Council replaces it with another Code. Amendments to the Code require a resolution supported by 75 per cent of the members of the Council present at the Council meeting at which the amendment is considered.

Councils are encouraged to formally review their existing Code and either amend or re-adopt it as soon as practicable after the beginning of each triennium in order to ensure that all members have the opportunity to provide their views on the Code's provisions.

## Appendix A: Guidelines on the personal use of social media

There's a big difference in speaking "on behalf of Council" and speaking "about" the Council. While your rights to free speech are respected, please remember that citizens and colleagues have access to what you post. The following principles are designed to help you when engaging in **personal or unofficial online** communications that may also refer to your Council.

1. **Adhere to the Code of Conduct and other applicable policies.** Council policies and legislation, such as the Local Government Official Information and Meetings Act 1987 (LGOIMA) and the Privacy Act 1993, apply in any public setting where you may be making reference to the Council or its activities, including the disclosure of any information online.
2. **You are responsible for your actions.** Anything you post that can potentially damage the Council's image will ultimately be your responsibility. You are encouraged to participate in social media but in so doing you must exercise sound judgment and common sense.
3. **Be an "advocate" for compliments and criticism.** Even if you are not an official online spokesperson for the Council, you are one of its most important advocates for monitoring the social media landscape. If you come across positive or negative remarks about the Council or its activities online that you believe are important, you are encouraged to share them with the governing body.
4. **Let the subject matter experts respond to negative posts.** Should you come across negative or critical posts about the Council or its activities you should consider referring the posts to the Council's authorised spokesperson, unless that is a role you hold, in which case consider liaising with your communications staff before responding.
5. **Take care mixing your political (Council) and personal lives.** Elected members need to take extra care when participating in social media. The public may find it difficult to separate personal and Council personas. Commenting online in any forum, particularly if your opinion is at odds with what Council is doing, can bring you into conflict with the Code should it not be clear that they are your personal views.
6. **Never post sensitive and confidential information** provided by the Council, such as confidential items, public excluded reports and/or commercially sensitive information. Such disclosure will contravene the requirements of the Code.
7. **Elected Members' social media pages should be open and transparent.** When commenting on matters related to the local authority no members should represent themselves falsely via aliases or differing account names or block. Neither should they block any post on any form of social media that they have control over unless there is clear evidence that the posts are actively abusive. Blocking constructive debate or feedback can be seen as bringing the whole Council into disrepute.

## **Appendix B: Legislation bearing on the role and conduct of elected members**

This is a summary of the legislative requirements that have some bearing on the duties and conduct of elected members. The full statutes can be found at [www.legislation.govt.nz](http://www.legislation.govt.nz).

### **The Local Authorities (Members' Interests) Act 1968**

The Local Authorities (Members' Interests) Act 1968 (LAMIA) provides rules about members discussing and voting on matters in which they have a pecuniary interest and about contracts between members and the Council.

A pecuniary interest is likely to exist if a matter under consideration could reasonably give rise to an expectation of a gain or loss of money for a member personally (or for their spouse/partner or a company in which they have an interest). In relation to pecuniary interests the LAMIA applies to both contracting and participating in decision-making processes.

With regard to pecuniary or financial interests, a person is deemed to be "concerned or interested" in a contract or interested "directly or indirectly" in a decision when:

- A person, or spouse/partner, is "concerned or interested" in the contract or where they have a pecuniary interest in the decision; or
- A person, or their spouse/partner, is involved in a company that is "concerned or interested" in the contract or where the company has a pecuniary interest in the decision.

There can also be additional situations where a person is potentially "concerned or interested" in a contract or have a pecuniary interest in a decision, such as where a contract is between an elected members' family trust and the Council.

### **Determining whether a pecuniary interest exists**

Elected members are often faced with the question of whether or not they have a pecuniary interest in a decision and if so whether they should participate in discussion on that decision and vote. When determining if this is the case or not the following test is applied:

*"...whether, if the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation of a gain or loss of money for the member concerned." (OAG, 2001)*

In deciding whether you have a pecuniary interest, members should consider the following factors:

- What is the nature of the decision being made?
- Do I have a financial interest in that decision - do I have a reasonable expectation of gain or loss of money by making that decision?
- Is my financial interest one that is in common with the public?

- Do any of the exceptions in the LAMIA apply to me?
- Could I apply to the Auditor-General for approval to participate?

Members may seek assistance from the Mayor or Chief Executive, to determine if they should discuss or vote on an issue, but ultimately it is their own judgment as to whether or not they have pecuniary interest in the decision. Any member who is uncertain as to whether they have a pecuniary interest is advised to seek legal advice. Where uncertainty exists members may adopt a least-risk approach which is to not participate in discussions or vote on any decisions.

Members who do have a pecuniary interest will declare the pecuniary interest to the meeting and not participate in the discussion or voting. The declaration and abstention needs to be recorded in the meeting minutes. (Further requirements are set out in the Council's Standing Orders.)

#### **The contracting rule**

A member is disqualified from office if he or she is "concerned or interested" in contracts with their Council if the total payments made, or to be made, by or on behalf of the Council exceed \$25,000 in any financial year. The \$25,000 limit includes GST. The limit relates to the value of all payments made for all contracts in which you are interested during the financial year. It does not apply separately to each contract, nor is it just the amount of the profit the contractor expects to make or the portion of the payments to be personally received by you.

The Auditor-General can give prior approval, and in limited cases, retrospective approval for contracts that would otherwise disqualify you under the Act. It is an offence under the Act for a person to act as a member of the Council (or committee of the Council) while disqualified.

#### **Non-pecuniary conflicts of interest**

In addition to the issue of pecuniary interests, rules and common law govern conflicts of interest more generally. These rules apply to non-pecuniary conflicts of interest, including common law rules about bias. In order to determine if bias exists or not members need to ask:

*"Is there a real danger of bias on the part of the member of the decision-making body, in the sense that he or she might unfairly regard with favour (or disfavour) the case of a party to the issue under consideration?"*

The question is not limited to actual bias, but relates to the appearance or possibility of bias reflecting the principle that justice should not only be done, but should be seen to be done. Whether or not members believe they are not biased is irrelevant.

Members' focus should be on the nature of the conflicting interest or relationship and the risk it could pose for the decision-making process. The most common risks of non-pecuniary bias are where:

- Members' statements or conduct indicate that they have predetermined the decision before hearing all relevant information (that is, members have a "closed mind"); and
- Members have a close relationship or involvement with an individual or organisation affected by the decision.

In determining whether or not they might be perceived as biased, members must also take into account the context and circumstance of the issue or question under consideration. For example, if a member has stood on a platform and been voted into office on the promise of implementing that platform, then voters would have every expectation that the member would give effect to that promise, however he/she must still be seen to be open to considering new information (this may not apply to decisions made in quasi-judicial settings, such as an RMA hearing).

#### **Local Government Official Information and Meetings Act 1987**

The Local Government Official Information and Meetings Act 1987 sets out a list of meetings procedures and requirements that apply to local authorities and local/community boards. Of particular importance for the roles and conduct of elected members is the fact that the chairperson has the responsibility to maintain order at meetings, but all elected members should accept a personal responsibility to maintain acceptable standards of address and debate. No elected member should:

- Create a disturbance or a distraction while another Councillor is speaking;
- Be disrespectful when they refer to each other or other people; or
- Use offensive language about the Council, other members, any employee of the Council or any member of the public.

See Standing Orders for more detail.

#### **Secret Commissions Act 1910**

Under this Act, it is unlawful for an elected member (or officer) to advise anyone to enter into a contract with a third person and receive a gift or reward from that third person as a result, or to present false receipts to Council.

If convicted of any offence under this Act, a person can be imprisoned for up to two years, and/or fines up to \$1000. A conviction would therefore trigger the ouster provisions of the Local Government Act 2002 (LGA 2002) and result in the removal of the member from office.

### **Crimes Act 1961**

Under this Act it is unlawful for an elected member (or officer) to:

- Accept or solicit for themselves (or anyone else) any gift or reward for acting or not acting in relation to the business of Council; and
- Use information gained in the course of their duties for their, or another person's, monetary gain or advantage.

Elected members convicted of these offences will automatically cease to be members.

### **Financial Markets Conduct Act 2013**

Financial Markets Conduct Act 2013 (previously the Securities Act 1978) essentially places elected members in the same position as company directors whenever Council offers stock to the public. Elected members may be personally liable if investment documents such as a prospectus contain untrue statements and may be liable for criminal prosecution if the requirements of the Act are not met.

### **The Local Government Act 2002**

The Local Government Act 2002 (LGA 2002) sets out the general powers of local government, its purpose and operating principles, and details the personal liability of members.

Although having qualified privilege, elected members can be held personally accountable for losses incurred by a local authority where, following a report from the Auditor General under s44 LGA 2002, it is found that one of the following applies:

- a) Money belonging to, or administered by, a local authority has been unlawfully expended; or
- b) An asset has been unlawfully sold or otherwise disposed of by the local authority; or
- c) A liability has been unlawfully incurred by the local authority; or
- d) A local authority has intentionally or negligently failed to enforce the collection of money it is lawfully entitled to receive.

Members will not be personally liable where they can prove that the act or failure to act resulting in the loss occurred as a result of one of the following:

- a) Without the member's knowledge;
- b) With the member's knowledge but against the member's protest made at or before the time when the loss occurred;
- c) Contrary to the manner in which the member voted on the issue; and
- d) In circumstances where, although being a party to the act or failure to act, the member acted in good faith and relied on reports, statements, financial data, or other information from professional or expert advisers, namely staff or external experts on the matters.

In certain situation members will also be responsible for paying the costs of proceedings (s47 LGA 2002).

## **Appendix C: Process where a complaint is referred to an independent investigator**

### **Step 1: Chief Executive receives complaint referred or recommended for independent investigation**

On receipt of a complaint under the Code from the Mayor that has been referred or recommended for independent investigation, the Chief Executive will refer the complaint to an investigator selected from a list agreed at the start of the triennium. The Chief Executive will also:

- Inform the complainant that the complaint has been referred to the independent investigator and the name of the investigator, and refer them to the process for dealing with complaints as set out in the Code; and
- Inform the respondent that a complaint has been made against them, the name of the investigator and remind them of the process for dealing with complaints as set out in the Code.

### **Step 2: Investigator makes preliminary assessment**

On receipt of a complaint the investigator will assess whether:

1. The complaint is trivial or frivolous and should be dismissed;
2. The complaint is outside the scope of the Code and should be re-directed to another agency or institutional process;
3. The complaint is minor or non-material; or
4. The complaint is material and a full assessment is required.

In making the assessment the investigator may make whatever initial inquiry is necessary to determine their recommendations, including interviewing relevant parties, which are then forwarded to the Council's Chief Executive. On receiving the investigator's preliminary assessment the Chief Executive will:

1. Where an investigator determines that a complaint is trivial or frivolous, inform the complainant, respondent and other members (if there are no grounds for confidentiality) of the investigator's decision.
2. In cases where the investigator finds that the complaint involves a potential legislative breach outside the scope of the Code, forward the complaint to the relevant agency and inform the Chief Executive who will then inform the complainant, the respondent and members.

**Step 3: Actions where a breach is found to be non-material**

If the subject of a complaint is found to be non-material, but more than trivial or frivolous, the investigator will inform the Chief Executive and, if they choose, recommend a course of action appropriate to the breach, such as:

- That the respondent is referred to the Mayor for guidance; and/or
- That the respondent attend appropriate courses or programmes to increase their knowledge and understanding of the matters resulting in the complaint.

The Chief Executive will advise both the complainant and the respondent of the investigator's decision and any recommendations, neither of which are open to challenge. Any recommendations made in response to a non-material breach are non-binding on the respondent and the Council.

**Step 4: Actions where a breach is found to be material**

If the subject of a complaint is found to be material, the investigator will inform the Chief Executive, who will inform the complainant and respondent. The investigator will then prepare a report for the Council on the seriousness of the breach. In preparing that report, the investigator may:

- Consult with the complainant, respondent and any directly affected parties; and/or
- Undertake a hearing with relevant parties; and/or
- Refer to any relevant documents or information.

On receipt of the investigator's report, the Chief Executive will prepare a report for the relevant Council body charged with assessing and ruling on material complaints, which will meet to consider the findings and determine whether or not a penalty, or some other form of action, will be imposed. The Chief Executive's report will include the investigator's full report.

**Step 5: Process for considering the investigator's report**

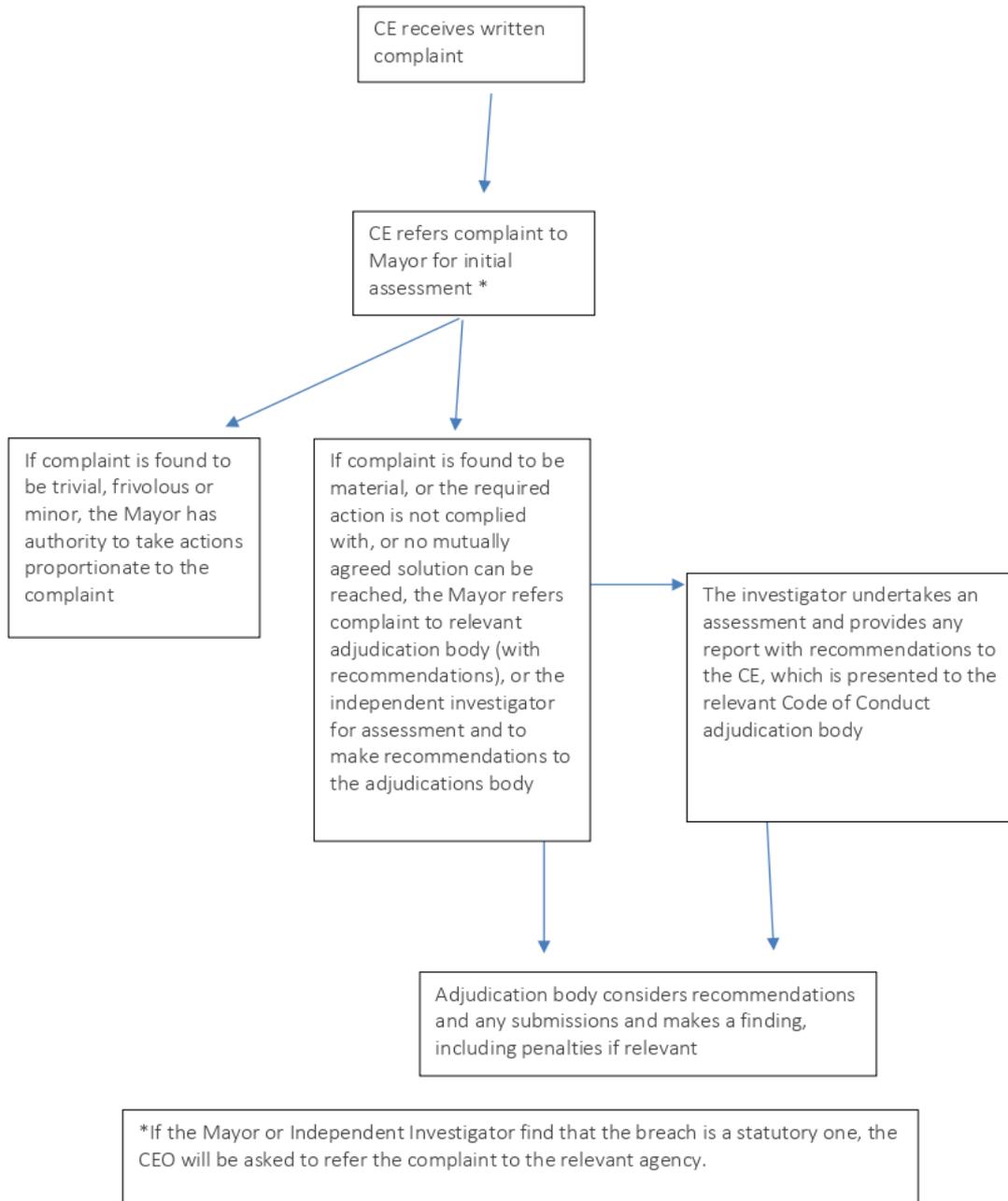
The investigator's report will be considered by the Council or adjudicative body established for considering reports on Code of Conduct complaints, or any other body that the Council may resolve, noting that the process will meet the principles set out in section 12.1 of the Code.

The Council, or adjudicative body, will consider the Chief Executive's report in open meeting, except where the alleged breach concerns matters that justify, in accordance with LGOIMA, the exclusion of the public. Before making any decision on a specific complaint, the relevant body will give the respondent an opportunity to appear and speak in their own defense. Members with an interest in the proceedings, including the complainant and the respondent, should not take part in these proceedings in a decision-making capacity.

The form of penalty that might be applied will depend on the nature of the breach and may include actions set out in clause 13.1 of the Code.

The report, including recommendations from the adjudicative body, should that body have no formal delegations, will be heard and accepted by the Council in open session, unless grounds for excluding the public exist, without debate.

### Appendix D: Complaints Procedure – Flow Diagram



**From:** Rachel Reese  
**Sent:** Tuesday, 13 April 2021 5:20 pm  
**To:** Pat Dougherty <[pat.dougherty@ncc.govt.nz](mailto:pat.dougherty@ncc.govt.nz)>  
**Cc:** Jenny Tyne <[Jenny.Tyne@ncc.govt.nz](mailto:Jenny.Tyne@ncc.govt.nz)>  
**Subject:** Code of Conduct Complaint against Councillor Skinner  
**Importance:** High

Kia ora Pat

My Code of Conduct Complaint follows. Could you please make sure the Deputy Mayor and Cr Skinner are advised of this complaint?

#### **Code of Conduct Complaint against Councillor Skinner**

In order to maintain the effective performance of and public confidence in the Council, I am initiating a Code of Conduct complaint process in relation to the behaviour of Councillor Skinner towards a member of public, Anne Smith, engaged in an Extinction rebellion protest outside Civic House on 11 March 2021.

#### *Background*

The background is that on the morning of 11 March 2021, Extinction Rebellion staged a protest outside Civic House against Council's use of glyphosate that involved chaining themselves to the building's entrances.

I sent an email to elected members at around 8am that morning asking them to stay away from the Civic House and not to engage with the protestors.

Despite that email, Councillor Skinner arrived at Civic House at around 9am and attempted to enter the building. In doing so Councillor Skinner appears to have pushed Anne Smith who was chained to the door.

Anne Smith laid a complaint with the Police. The Police investigated the incident and decided to issue a formal warning to Councillor Skinner.

#### *Potential breach of Code of Conduct*

Now that the Police complaint has been resolved, I consider that this incident needs to be addressed in terms of compliance with Council's Code of Conduct for elected members (the Code).

Under section 5.3 of the Code, certain standards of behaviour are required of elected members in their interactions with the public. These include that elected members will:

- Ensure their interactions with citizens are fair, honest and respectful;
- Be available to listen and respond openly and honestly to citizens' concerns; and
- Ensure their interactions with citizens and communities uphold the reputation of Council.

The purpose of these standards of behaviour is to ensure that the Council maintains the respect and trust of the community that it represents. I am concerned that Councillor Skinner's behaviour towards Anne Smith in this instance has fallen below these standards of behaviour. I am also concerned about whether Councillor Skinner's use of media in these circumstances complied with Section 6 and Appendix A of the Code.

I consider this matter is of sufficient seriousness that it should be investigated further under the Code of Conduct complaint process.

Ngā mihi

Rachel Reese

**Mayor of Nelson: Te Koromatua o Whakatū**

Nelson City Council / *Te kaunihera o Whakatū*

03 546 0242

[www.nelson.govt.nz](http://www.nelson.govt.nz)



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23 June 2021

Judene Edgar  
Deputy-Mayor  
Nelson City Council  
Civic House  
110 Trafalgar St  
NELSON

By email: [judene.edgar@ncc.govt.nz](mailto:judene.edgar@ncc.govt.nz)

Dear Judene

I have completed my inquiry into the Mayor's complaint against the actions of Councillor (Cllr) Skinner during an Extinction Rebellion protest that blocked access to Civic House on the morning of 11 March 2021.

***Preliminary Assessment***

This follows providing you with my preliminary assessment, as required by the Council's Code of Conduct (Step 2, Appendix C) on 11 May 2021 by email to the Chief Executive. I stated:

*I have made a preliminary assessment based on the following points:*

- *Other than saying he did not "shoulder charge" the protester, Cllr Skinner did acknowledge he sought to push the protester aside in order to enter the building and the video confirms he did push the protester.*
- *Cllr Skinner has not denied this publicly and, while abortive, has sought to apologise to the protester.*

*Further Cllr Skinner also acknowledges that prior to attempting to enter the building, he had received an email from the Mayor asking that no councillor attempt to enter the Council building under the current circumstances. He also acknowledged that he had been phoned by a staff member relaying a similar message and that alternate means would be taken to hold the meeting he was seeking entry to [Civic House to] attend.*



*Hence my preliminary assessment is that his actions breached section 5.3 of the Code - his actions did not "facilitate trust and respect of the public in Council". Further the Code says a matter is material if "it would bring the Council into disrepute" (section 12.3).*

***Matters noted on the seriousness of the breach***

Given this preliminary assessment, my role is to report to you on the seriousness of the breach. In considering the seriousness of Cllr Skinner's actions I noted the following matters:

**Police formal warning**

Once the event occurred and while Cllr Skinner was talking to the protestor and a protest organiser, the situation was almost immediately dealt with by the Police. They de-escalated the situation and removed Cllr Skinner from the doorway (and later the chained protestor).

After receiving a complaint by the protestor concerned and due inquiry, they issued Cllr Skinner with a formal warning.

I have not considered the warning further, including an unrelated but relevant decision by the courts about the legality of formal warnings generally. This Code of Conduct (the Code) complaint is about Cllr Skinner's actions and whether they breached Council's Code. Even though the matter was initially dealt with by the Police, it is not unreasonable that his actions are also considered against a behavioural code that all councillors have signed up to.

**The actions of the protestor**

Other than being chained to the door and preventing any access through the doorway, the protestor was relatively passive. Police removed her from the doorway after breaking her chains with bolt cutters.

The Extinction Rebellion's and this protestor's actions were clearly designed to prevent staff and councillors, including Cllr Skinner, from gaining access to the building for their normal, lawful business.

While it has been suggested to me that the behaviour of the protestor equally contributed in this matter, it is difficult to accept that the Code anticipated that the types of actions subject to this complaint would be permitted. And again, the legality of the actions of the protest is a matter for the Police. What I am concerned with is Cllr Skinner's behaviour as an elected member of council.

***Events leading up to the incident***

Council was scheduled to convene at 9 am on 11 March. Cllr Skinner told me that, apart from his wishing to carry out his normal responsibilities, there was a particular matter on the Council agenda that day, relating to community housing, that he wished to be present for. This was a matter that came from the Committee he chairs and in his opinion required resolution at this meeting. He said this was foremost on his mind.

Prior leaving his home to cycle to Civic House, Cllr Skinner and all other councillors received an email from Mayor Reese outlining the evolving situation of the Extinction Rebellion protest at



Civic House, asking elected members to stay away and not engage with the protestors. Cllr Skinner acknowledged he received the email and is recorded as having responded to it.

Cllr Skinner continued his preparation and departed for Civic House, partly due to the time to travel if the meeting at 9 am was going ahead and because he made the assumption that the matter would be cleared by 9 am.

He also confirmed that, while riding, he received a mobile call from a staff member who indicated that the protest was continuing and that a decision had been made to hold the council meeting by Zoom. At this point he made the decision to continue to Civic House, in part because it had better Zoom facilities than he had at home. He also claimed to feel the pressure of time and his personal interest in the community housing matter that was on the agenda, so did not want to delay participating in the meeting.

Cllr Skinner told me that he first approached the main doors of Civic House, and that it was obvious to him that entry to the main door was still barred by protestors, including by large pot planters placed to impede entry.

Realising he could not make entry he sought to enter through the side entrance to which, unknown to him, the protestor was chained.

#### **What the security video showed**

The incident was reviewed by looking at security video footage taken of the entrance way from inside the building. (There is video footage from outside the building circulating in the media. These corroborate the security footage.) The footage showed Cllr Skinner arriving at some pace and that his first action was to attempt to push the protestor aside, then seek to enter the building. Not being able to do so, he started talking to the protestor and one of the protest organisers.

Whether Cllr Skinner sought to engage with the chained protestor before pushing her aside is less clear. Cllr Skinner did tell me he asked the protestor to the effect "could he get in?" before pushing the protestor in an attempt to move her.

There is no firm evidence he did ask her if he could get in. The security video shows him approaching the entrance at some speed and pushing the protestor in one movement. There appears little likelihood he asked her step aside.

However, the matter of whether he spoke to her as he approached or, indeed whether he "shoulder charged" her as claimed in the media, is largely moot as Cllr Skinner has acknowledged that he did seek to push the protestor out of the way.

In defence of his actions, Cllr Skinner told me that because of the matters on the agenda and his concern to attend the meeting, he "was single mindedly focused on getting to the meeting, as he wanted to do his job to represent the people". In other words, his focus was on doing his job, not what the protestor was doing.



### ***The events after the incident***

The security footage confirmed there was some discussion between Cllr Skinner and the protestor and protest organiser, after he had pushed the protestor. The security footage does not include sound, but it does appear the discussion was reasonably civil.

At this point the Police removed Cllr Skinner, and later the protestor, from the entrance way.

### **Cllr Skinner's attempt to apologise**

Cllr Skinner showed me on his mobile device evidence that he attempted to apologise by reaching out to the protest organiser, by way of text. The organiser's response was that he could apologise but it was subject to a level of conditions, particularly relating to the Extinction Rebellion cause, which Cllr Skinner could not agree to. And at this point the initiative to apologise failed.

### **Cllr Skinner and comments on social media**

The Mayor's complaint also alleges that Cllr Skinner breached the Code in relation to his use of social media. The behaviours expected of a member are set out in section 6 and Appendix A of the Code.

In interviewing Cllr Skinner, I reviewed his council-provided page and his personal page. He appears to be relatively inactive and, based on looking at his mobile, has not engaged in the use of social media in relation to this event on these sites.

I was made aware that Cllr Skinner had responded to several posts on other social media sites. This particularly related to claims in the media that he had "shouldered charged" the protestor. This point has particularly vexed Cllr Skinner, as he argues that he did not shoulder charge her. I was directed in particular to the Nelson App site and a post on 04 April 2021 in which he responds to a particular post by stating:

*Read the articles. This was a fabricated allegation of shoulder charge, by an organisation with an own agenda and headline grabber by media. Thus no charges upon complaint assessed. [Sic]*

This thread led to a series of posts about the matter on the Nelson App site, and the reproduction of another post by Cllr Skinner in a similar vein including comment on the Mayor's actions:

*There was no shoulder charge or assault. Extinction Rebellion and media fabricated the allegation for their own gain. Police viewed the video and resolved no charge, no assault and no shoulder charge. Mayor again pandering to the minority extreme left again and to make a political stance of leadership action. [Sic]*



***Assessment on alleged breach of the Code concerning social media***

This is the first time I have commented on this aspect of the complaint, because at the time of making my preliminary assessment I had no evidence of actual social media engagement by Cllr Skinner.

In reviewing the provisions of the Nelson City Council’s Code, I question the relevance and adequacy of the current provisions relating to the use of social media (which is in common with many local authorities).

I have noted that, in the posts described, Cllr Skinner appears focused solely on the portrayal of this incident in the media and the description of his actions as a “shoulder charge” and that he was not charged by the Police but given a formal warning. As he has not actually denied pushing the protestor, this could be seen by readers as provocative and indicating that he did not consider the matter serious – at least in relation to the behaviour expected of elected members under the Code.

If anything, this adds to the seriousness of the main allegation against Cllr Skinner and reflects the risks of engaging in social media under these circumstances. Given my finding below and concern about the standard of the Code in relation to the use of social media, I do not draw further conclusions on this part of the complaint other than to say that I consider Cllr Skinner’s posts unwise.

***Seriousness of the breach***

I have outlined at length the events as I have been able to establish them around this incident. I initially concluded there was a material breach of the Code, in that the behaviour shown by Cllr Skinner in this matter is contrary to the level of conduct required by the Code which he has agreed to adhere to. I still hold that view.

There are several matters which point to this breach being serious:

- Cllr Skinner failed to follow the advice he received not to attempt to attend the planned Council meeting by entering Civic House – the advice was clear, firstly, through the Mayor’s email and then by direct call from a staff member, both of which he acknowledged he received.
- He continued to travel to Civic House, albeit on the assumption that the protest would be cleared by the time he arrived; yet when he arrived, the evidence was clear to him that the situation was not over. Despite it being apparent his assumption did not hold, he still attempted to enter the building
- The video evidence is clear that he pushed the protestor.
- While the Police dealt with the matter by way of formal warning, the Code clearly expects a higher level of behaviour – councillors’ individual actions must contribute to “hav[ing] the respect and trust of their citizens”.
- Cllr Skinner’s actions after the incident, and especially after the delivery of the Police warning, are mixed. While he privately but unsuccessfully sought to apologise, he has



also engaged in reasonably visible public social media interactions on the narrow angle of a “shoulder charge” and the Police decision to issue a formal warning, to the point that suggests to me that he does not appreciate the seriousness of his actions in terms of the Code or of acknowledging, as he did later, that he did in fact push the protestor.

### ***Conclusion***

I conclude for those reasons:

1. Cllr Skinner has breached section 5.3 of the Code. The actions established in this inquiry have not contributed to the trust and respect of the council by the Nelson community.
2. I have not concluded Cllr Skinner breached section 6 and Appendix A of the Code (in relation to social media), but for the reasons above I consider his actions on social media to have been unwise. This in my view exacerbates the seriousness of the breach.

I have discussed these matters with Cllr Skinner, and appreciate he acknowledges the facts. I have no doubt that he was and is committed to his role of councillor. However, these matters do not reflect well on his actions, which are a serious breach of the Code.

I would ask that you refer this matter to council or panel (as appropriate) on the basis of my findings.

### ***Possible penalties imposed by Council on receiving this report***

I have also been asked to consider what Council might take into account as it considers this report and any penalty it may choose to impose in accordance with section 13 of the Code.

My comments below are advice, not a determination or imposition of any penalty. Under the Code that is a decision solely of council or the panel set up to consider my findings.

Section 13.1 of the Code sets out the range of possible penalties that council might consider in light of an independent inquiry establishing – as is the case here – a material and serious breach of the Code. This range of sanctions is consistent with those found elsewhere in the local government sector.

Matters that I consider relevant are:

- The breach is fundamental to council and its expressed need and aim (in the Code) of holding and retaining the respect and trust of the community (my paraphrase of section 5.3 of the Code).
- The action of pushing a member of the public, albeit protestor, impugns the reputation of council and its members (section 5.3 and 12.3 of the Code).
- The mixed reaction of Cllr Skinner on social media – one private attempt to apologise balanced against public postings focusing on whether it was a shoulder charge and that he was only given a Police warning which appeared to attempt to deflect attention from the higher test of the Code’s expected behaviour on an elected member.

On this basis a public apology to the protestor and a public apology to his fellow councillors would seem fundamentally important to addressing the matter, and reasonable (Option 2 of



section 13.1). I would suggest a genuine apology is foundational to any other action council might seek to impose.

As Cllr Skinner holds a position of responsibility as Chair of the Community and Recreation Committee, it may warrant considering a penalty which asks him to stand aside – say for one round of committee meetings – from his role as chair (Option 8).

There are other options that could relate to this matter:

- Option 1 – a letter of censure
- Option 4 – removal of responsibilities.

These options could be seen as ramping up the penalties imposed if Options 2 and 8 were already imposed.

Cllr Skinner has acknowledged he pushed the protestor. I would respectfully suggest that, when considering this report, councillors engage with Cllr Skinner over his recognition of the serious breach which his actions are. If a genuine and fulsome public apology was given and he stood aside from his role of chair for a round of committee meetings, then other penalties may seem unnecessary.

Regards



Bruce Robertson

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**REPORT R25848**

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## **Nelson Regional Development Agency Statement of Intent 2021 - 2024**

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### **1. Purpose of Report**

- 1.1 To seek Council approval of the Nelson Regional Development Agency (NRDA) Statement of Intent 2021-24.

### **2. Summary**

- 2.1 The Nelson Regional Development Agency (NRDA) has provided a Statement of Intent (SOI) for Council consideration for the 2021-24 period. The SOI responds to a Letter of Expectation provided by Council setting out long term outcomes and strategic priorities for the three year period.
- 2.2 The NRDA is facing financial constraints due to the impact of COVID-19 expanding its scope of operations and reducing private sector funding. Council has agreed to a provisional increase of \$350,000 per year for the SOI period, however additional funding from Tasman District Council has not been secured. Central government funding to the NRDA has increased, primarily to support the tourism and event sectors, and is not guaranteed to continue.
- 2.3 The SOI responds adequately to the Letter of Expectation and highlights the shift this has required within the organisation in transitioning towards a more strategic focus. Particular areas of increased capacity and capability building and increased focus include investment attraction, economic intelligence support, Māori economic development and a regenerative approach to destination management. The SoI highlights extended workforce development as an area of activity which is currently constrained and not included in core funding. The SoI highlights significant leverage of central government regional development funding from local government funding.

### **3. Recommendation**

#### ***That the Council***

1. ***Receives the report Nelson Regional Development Agency Statement of Intent 2021 - 2024 (R25848) and its attachment (A2679638); and***

2. ***Agrees that the Nelson Regional Development Agency Statement of Intent 2021-24 meets Council's expectations and is approved as the final Statement of Intent for 2021-24.***

#### **4. Background**

- 4.1 The NRDA, along with the other Council Controlled Organisations (CCO), must submit a draft Statement of Intent indicating its proposed activities for the following year. Schedule 8 of the Local Government Act outlines the purpose of a SOI, what is to be included and how it is to be approved. The draft SOI 2021-24 prepared by the NRDA, in collaboration with NCC, is attached (Attachment 1). The SOI, as supplied by the NRDA, is compliant. This is the first time the SOI covers a three year period which enables longer term planning. The NRDA still needs to provide an updated SOI every year to reflect any changes to the work programme. Council will not need to provide a new Letter of Expectation in the intervening years unless a change in direction is required.
- 4.2 A Letter of Expectation for the NRDA was agreed at the 18 March 2021 Council meeting. The Letter of Expectation set out a list of long term outcomes and strategic priorities that the NRDA is expected to work towards over the 2021-24 Statement of Intent period.
- 4.3 Long term outcomes focused on achieving a regenerative, productive, inclusive, resilient and creative economy. Strategic priorities included integrating climate change, wellbeing, economic resilience across work programmes, leading Project Kōkiri 2.0, support for sector transitions and Māori economic development, leading economic insight, analysis, and business case development, and assisting in analysis for enabling infrastructure.
- 4.4 At the Long Term Plan deliberations meeting on 18 May 2021 (R24777), Council agreed to an increase in funding for Project Kōkiri 2.

Resolved CL/2021/092

*Approves, subject to Council adopting Project Kōkiri 2, provision of up to \$350,000 per annum additional funding in Years 1 to 3 of the Long Term Plan 2021-31 for implementation of Project Kōkiri 2.*

- 4.5 The NRDA Chair Meg Matthews, and Chief Executive, Fiona Wilson, and the NRDA management team, will attend the meeting to answer any questions about the SOI.

#### **5. Discussion**

- 5.1 Consideration of the current economic context, the previous year's delivery of Project Kōkiri, and the requirements set out in the Letter of

## Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024

Expectation alongside the activity proposed in the SOI is provided in the following section.

### **Nelson Tasman economy continues to show resilience**

- 5.2 The Nelson-Tasman economy contracted slightly (-0.8%) over the year to March 2021, a better result than the overall three percent contraction in the national economy. Consumer and business confidence are relatively resilient. Data from Marketview shows consumer spending declining by 0.9 percent per annum over the year to March 2021, once again a better result than the 3.8 percent decline recorded nationally. Non-residential construction was strong, with the value of non-residential consents increasing by 19.5 percent over the year to March 2021, including the lockdown period in 2020. Tourism spending declined by 3.9 percent, far less than the 16.6 percent decline nationally. This suggests that the region benefitted from domestic tourism activity over the high season.
- 5.3 Labour supply constraints remain, with the average unemployment rate over the year to March 2021 at 3.2 percent, compared to 4.7 percent nationally. Employment of Nelson-Tasman residents increased by 0.8 percent for the year, while population growth remained positive, with GP health enrolments (a proxy for population growth) increasing by 1.8 percent per annum. Jobseeker numbers continued to retreat from their high in the September 2020 quarter. However, the effects of COVID-19 are clear, with the average number of Jobseeker Support recipients over the year to March 2021 being 38.3 percent up on the previous year.
- 5.4 Overall, the Nelson-Tasman economy continues to show resilience, although continued tightness in the housing and labour market may inhibit further recovery over the next few quarters.

### **Project Kōkiri progress 2020-21**

- 5.5 As the custodian of Project Kōkiri over the last year, the NRDA has increased its profile as a strategic leader for economic development in the region. The NRDA has led and facilitated Project Kōkiri and a range of initiatives and campaigns carried out as part of this.
- 5.6 The NRDA received increased funding from both local and central government sources, to deliver Project Kōkiri and make up for the shortfall from private sector funding. Nelson City Council provided an additional \$250,000 for the year 2020/21, and Tasman District Council provided \$200,000. The NRDA received a total of \$1.48 million over the year from central government to provide a range of programmes, including the Regional Business Partner Network's Business Continuity Planning programme, Tourism Transition Funding, development of a Destination Management Plan, establishment of a Te Taihu Regional Events Fund, and work in the Education to Employment space.
- 5.7 The NRDA has supported businesses during the significant uncertainty that COVID-19 has created. For many businesses in the tourism sector,

## Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024

such as hospitality and recreation, the last 12 months has required a change in approach to ensure ongoing viability. Over 2020/21, the NRDA adapted to the changing situation and adjusted its work programme as necessary. Project Kōkiri workstreams have largely been delivered as expected.

- 5.8 It is expected that the impact of COVID-19 on local businesses and the community will continue for the foreseeable future. While the vaccine rollout is occurring domestically and in key trading markets, there remains a significant degree of uncertainty as to how the ongoing impact of COVID-19 will influence economic outcomes globally. Opening of borders will be slow and cautious, along the lines of how this has occurred with Australia.

### **NRDA Statement of Intent 2021-24**

- 5.9 The proposed SOI provides a plan for the NRDA to respond appropriately to the LOE from Council for the next three years.
- 5.10 The 2021-24 SOI provides a new Strategic Framework Model for the agency. This outlines how the NRDA's activities will deliver short to medium term outcomes that link to Council's LOE long term outcomes. The SOI includes four strategic priority activity areas.

#### **5.10.1 Economic strategy and innovation**

- Strategic economic development
- Te Taihū Māori economy
- Economic intelligence

#### **5.10.2 Industry sector resilience**

- Sector transitions and growth
- Tourism sector regeneration

#### **5.10.3 Investment Attraction and Promotion**

- Regional identity and proposition
- Investment attraction
- Destination profiling
- Strategic events

#### **5.10.4 Business and workforce development**

- Business support

## Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024

- Workforce and skills development
- Business innovation

### **Enhanced role in economic development, industry sector development and regeneration**

- 5.11 The proposal provides for growth in the economic development capability and capacity of the agency. This SOI includes the introduction of new elements of activity such as greater resource for investment attraction, economic intelligence for the region, as well as increased partnership in the Māori economy. This is critical to enable the agency to deliver a similar range of services provided by other regional economic development agencies.
- 5.12 Over the next three years, the NRDA will support the implementation the Regeneration Plan for the region, the next phase of Project Kōkiri. The draft Regeneration Plan outlines three core ideas to focus on for regional development. These are: 1. We are Intelligent Guardians 2. We Are Makers and Creators and 3. We are Clever and Connected. There are a range of actions proposed to be delivered with stakeholders under each of those areas such as, the Science and Tech Precinct, proposed Climatorium, Destination Management Plans, Arts and Artisan Events, an Artisan Hub, developing the Mahitahi Colab further, and People Friendly transport solutions. These actions will be delivered through a range of public, private and community stakeholders. Funding for implementation will be needed from either public or private sources. The SOI enables the NRDA to progress delivery of this Regeneration Plan. A draft version of the Regeneration Plan will be circulated to Elected Members as soon as it is available.

The NRDA will support collaboration across a range of sectors to respond to central government policy priorities regarding industry transformation, migration settings regarding seasonal labour, climate change adaptation and mitigation including just transitions, the importance of the Māori economy, and technology change.

### **Building Nelson Tasman's profile and proposition to attract people, business, and investment**

- 5.13 Nelson Tasman has enhanced its brand presence across New Zealand through some key campaigns in 2020-21 such as "[We've Got This/Kei a Tātou](#)" and "[Pick Nelson Tasman](#)". These campaigns leveraged the work previously carried out to develop the [Nelson Tasman regional identity](#). Over the next three years, the NRDA wants to expand on this platform to showcase the region's clever people and businesses further to attract visitors, talent, and investment.
- 5.14 Work will continue to attract visitors to the region through profiling Nelson-Tasman as a place to visit for New Zealanders, Australians, and other countries as border restrictions allow.

## Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024

- 5.15 This workstream includes activity to develop business cases for attracting public and private investment (such as those associated with the Science and Technology precinct). Additional Council funding enables the establishment of a new role to support this work.
- 5.16 The NRDA is managing implementation of a central government Regional Events Fund worth \$1.5m over four years to support activation of events across Te Taihū, offsetting lost international tourism. This will complement and leverage the local competitive Nelson Events Fund, which the NRDA also manages on behalf of Council to deliver both economic and community focused events.

### **Supporting businesses and people to upskill and grow**

- 5.17 The NRDA will maintain delivery of the Regional Business Partners Programme across Te Taihū in collaboration with partners such as the Chamber of Commerce and Nelson Tasman Business Trust. The RBP programme delivers one-to-one business support, and support to access R&D funding, as well as business mentoring. This current programme funded by New Zealand Trade and Enterprise/Callaghan is due for renewal in July 2021 but is expected to rollover as per the current arrangement due to the impact of COVID-19.
- 5.18 The NRDA has increased its profile in providing support to employment programmes throughout 2020-21. The NRDA has delivered a range of programmes on behalf of the Ministry of Social Development (MSD) targeting those recently unemployed due to COVID-19 as well as youth, particularly those not in employment, education or training (NEETs). The NRDA has established both an intern and graduate programme for the region, supporting young people to find employment with key organisations with the goal of keeping young talent within the region. This work is not fully funded under the current SOI due to funding constraints.
- 5.19 The Regional Skills Leadership Group will provide the leadership role in analysing and facilitating work to determine the key labour challenges and opportunities for the region. The NRDA can play a role in promoting and facilitating change across a range of sectors to address these challenges and opportunities.
- 5.20 The NRDA provides a leadership role in developing Nelson Tasman's innovation ecosystem through growth of the Mahitahi Colab and the Innovation Neighbourhood. These initiatives bring together the region's leading business organisations to identify collaborative opportunities to address common challenges such as seasonal labour challenges, adoption of new technology such as artificial intelligence, and adaptation to climate change.
- 5.21 These business and workforce work programme areas remain relatively consistent with what was delivered over the 2020-21 period.

**Alignment with Council’s Letter of Expectation**

5.22 The NRDA’s SOI for 2021-24 responds to Council’s Letter of Expectation as outlined below. The staff review of the SOI highlighted some areas to monitor over the three years of delivery.

<b>Long Term Outcome/Strategic Priority</b>	<b>NRDA SOI 2021-24</b>	<b>Areas to monitor</b>
<p>Productive Economy</p> <p>Regenerative Economy</p> <p>Inclusive Economy</p> <p>Resilient Economy</p> <p>Creative Economy</p>	<p>The SOI incorporates a Strategic Framework that links priority areas and outputs enabling the delivery of short to medium outcomes and regional long term outcomes.</p> <p>There is reference to these long term outcomes throughout the SOI as well as inclusion in the draft Regeneration Plan.</p>	<p>Ensure that Regeneration Plan provides direction linked to long term outcomes</p> <p>Explore development of a collaborative wellbeing outcomes measurement framework to measure data over medium to long term.</p>
<p>Integrating wellbeing</p> <p>Integrating resilience</p> <p>Integrating climate change</p>	<p>There is recognition in the SOI that the region faces inherent economic challenges such low productivity and wages, climate change and environmental challenges, and a need for greater economic resilience. Work programmes have been designed (in part) to respond to the needs and opportunities that these challenges present the region.</p> <p>- Ensure work programmes are evidence based. Introduction of a wellbeing performance</p>	<p>Ensure clarity of strategy for how to improve wellbeing, resilience, and climate change outcomes for the region. Work to ensure this is developed through Regeneration Plan.</p> <p>Requires strong collaboration and partnership with other stakeholders. Risk as to whether NRDA resourced sufficiently to cover wide range of issues.</p>

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	<p>measurement for Nelson-Tasman.</p> <ul style="list-style-type: none"> <li>- Recognition of need to enhance staff capacity in these areas.</li> <li>- Introduction of sector transitions work programme</li> <li>- Closer working partnership with Te Taihū iwi and Māori businesses</li> </ul>	
<p>Leading Project Kōkiri 2.0 (delivery of Regeneration Plan).</p>	<p>Delivered through SOI through existing staff resources.</p>	<p>Ensure alignment with Marlborough region in liaising with central government regarding economic strategy work and funding opportunities.</p>
<p>Support for sector transitions and Māori economic development</p>	<p>Defined new output areas in SOI. Delivered through current staff resource.</p>	<p>Risk that businesses lack the resources and capacity to become involved in sector transitions work.</p> <p>Ensure Māori economic development includes economy employing Māori people.</p> <p>Monitor how Māori economic development and sector transitions work progressed, given level of resourcing available.</p>

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<p>Leading economic insight, analysis, and business case development, and assisting in analysis for enabling infrastructure</p>	<p>Enhanced area of activity in SOI. Additional staff resource allocated for Investment Attraction. Some additional funding available for external contracts for economic impact modelling.</p> <p>Prioritises enhancement to connectivity and communication with both councils.</p>	<p>How will enhanced connectivity be operationalised?</p>
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**Financial analysis**

- 5.23 The NRDA made an initial request to both councils of \$770,000 increased funding per annum to deliver the Statement of Intent. This level of funding has not been secured, and therefore prioritisation of activities has been necessary. Council has agreed a provisional increase of \$350,000 per annum in addition to core funding levels of \$917,000 (inflation adjusted) plus a \$74,000 contract for managing delivery of the Council Events Fund. This contract fee and the agreed increase have been incorporated into core funding resulting in a total level of SOI funding for 2021-22 of \$1,341,000.
- 5.24 With the additional \$350,000 in funding from Council, the NRDA will be able to continue with some additional activity started in the first year of Project Kōkiri such as leading the Regeneration Plan, Sector Development Program (Food & Beverage and Horticulture) now through Sector Transitions (not at level desired), Investment Attraction, Destination Management Plan for the tourism sector, increased economic intelligence, and a refresh of the regional identity work.
- 5.25 However, the funding secured enables an increase of only one additional FTE, and limited funding for actual programme delivery. Areas that have been not been resourced as the NRDA would like to deliver on the Letter of Expectation include the sector transitions work, additional staff resource in Māori economic development, and the workforce development programmes. This may be revised if additional funding from central government is secured.
- 5.26 Private sector funding to the NRDA has significantly decreased since COVID-19 (from around \$500k pa to \$100k pa.). This has primarily been replaced by central government funding. Private sector investment is budgeted at \$100,000; \$150,000 and \$200,000 over the three years of the SOI period.

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5.27 TDC has provisionally agreed to fund the NRDA \$325,000 per annum for the next three years, subject to adoption of its Long Term Plan on 30 June 2021. This is an increase of around \$20,000 on core funding levels over the last two years (not including the one-off Project Kōkiri increase).

5.28 There is ongoing uncertainty about the scale and scope of any additional central government funding. A total allocation of central government funding has been announced for supporting the implementation of the Destination Management Plans through the Strategic Tourism Assets Protection Programme across the country, yet the full requirements of how this can be spent are not yet known. Maintenance of local government funding is required to access central government funding in most cases.

5.29 Ongoing central government funding is set out as below:

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Regional Business Partners Programme	\$345,000	\$345,000	\$345,000
Employment to Education	\$145,000		
Regional Events Fund (management fee)	\$268,500	\$268,500	\$189,000
Strategic Tourism Assets Protection Programme	<i>TBC \$1.0m</i>	<i>TBC\$700,000</i>	<i>TBC \$500,000</i>
<b>Total</b>	<b>\$1,758,500 <i>TBC</i></b>	<b>\$1,313,500 <i>TBC</i></b>	<b>\$1,034,000 <i>TBC</i></b>
Leverage to Council funding	1:1.3	1:1	1:0.7

5.30 Council funding for the NRDA enables significant leveraging of central government funding, that wouldn't be available to the region otherwise, ranging from 1:1.3 to 1:0.7 over the three year period at this point. Central government funding bolsters economic development investment in the region in areas of business support, destination management and workforce development that core funding from councils could not deliver alone.

5.31 Council investment provides a platform to deliver this funding, and the increased funding over the next three years enables complementary investment in core economic development services. This includes delivery of a Regeneration Plan, economic intelligence, investment attraction through business case development, and facilitating

## Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024

partnerships across business, sector organisations, iwi, and a range of government agencies that would not otherwise occur.

### **I-Site operations**

- 5.32 The SOI budget currently includes funding through to December 2021 towards the operation of the Nelson i-Site at a deficit of \$75,000. A review of the national i-Site model is currently underway.

## **6. Options**

- 6.1 Council can approve the SOI or can provide feedback to the NRDA in respect of changes to the SOI.

## **7. Conclusion**

- 7.1 Officers are of the opinion that the draft SOI adequately aligns with Council expectations and can be adopted as the final SOI for 2020/21.

## **8. Next Steps**

- 8.1 If agreed, officers will advise the NRDA that the SOI is approved. If not agreed, officers will advise of necessary changes to the SOI.

**Author:** Jessica Bensemman, Nelson Tasman Economic Portfolio Manager

### **Attachments**

Attachment 1: A2679638 NRDA SOI 2021 - 24 [↓](#)

Attachment 2: A2612844 Letter of Expectation to Nelson Regional Development Agency 2021-24 [↓](#)

<b>Important considerations for decision making</b>
<b>1. Fit with Purpose of Local Government</b>  Section 64 of the Local Government Act requires the adoption of a Statement of Intent for every CCO.
<b>2. Consistency with Community Outcomes and Council Policy</b>  The recommendation aligns with the following outcomes: 'Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement' and 'Our region is supported by an innovative and sustainable economy'.
<b>3. Risk</b>  There is a large degree of uncertainty related to international and national events that will have an impact on the economic outlook and recovery for Nelson/Tasman. These risks need to be managed on an ongoing basis and are built into the adaptive approach that is taken in Project Kōkiri by the NRDA.  In particular, the timing of vaccine rollouts and progressive border reopening will greatly impact the ability of many business associated with the tourism sector to survive through this period. This will impact on how effective Project Kōkiri can be in supporting businesses and the options available to promote Nelson as a destination beyond the domestic market.  Aspects of Project Kōkiri are dependent on the nature of central government funding support that is made available for the ongoing COVID-19 recovery.  Continued support from partners and stakeholders such as councils and businesses is critical to the successful delivery of Project Kōkiri.
<b>4. Financial impact</b>  The additional \$350,000 of funding allocation for the three year period has been budgeted in the Long Term Plan 2021-31.
<b>5. Degree of significance and level of engagement</b>  The adoption of the SOI is of low significance to the community, business, and iwi. Engagement has been carried out with business and iwi during the development process of Project Kōkiri, and key stakeholders will be involved on an ongoing basis through Project Kōkiri leadership and management groups.
<b>6. Climate Impact</b>

Project Kōkiri and the NRDA acknowledge that climate change is one of the major risks facing the region. Components of delivering on the necessary transition towards a low carbon and more resilient economy will be factored into the work of the NRDA.

Several key activities to deliver in the areas of climate change and sustainability are included in the SOI, such as the development of a low-carbon Destination Management Plan, maintaining a strong dialogue and identifying collaborative opportunities with Businesses for Climate Action.

## **7. Inclusion of Māori in the decision making process**

No engagement with Māori has been undertaken in preparing this report.

## **8. Delegations**

Council retains all responsibilities, powers, functions and duties in relation to governance matters for the following items:

- *Regional economic development, including Nelson Regional Development Agency and Uniquely Nelson*



NELSON  
REGIONAL  
DEVELOPMENT  
AGENCY

Statement  
of Intent  
2021-2024

Prepared by  
Nelson Regional Development Agency  
1 July 2021 to 30 June 2024  
A2679638

nelson  
tasman.nz

# Contents

**Company Directory**

**Nelson Regional  
Development Agency**

**Mahitahi Colab  
322 Hardy Street,  
Nelson 7010**

**Directors**

- Meg Matthews  
(Chairperson)
- Sarah-Jane Weir
- Alan Dunn
- Marina Hirst Tristram
- David Johnston
- Jeremy Banks
- Hugh Morrison

**Registered Office**

Nelson City Council, 110  
Trafalgar Street, Nelson  
7010

**Bankers**

Westpac

**Legal Status**

Limited Liability Company

[www.nelsontasman.nz](http://www.nelsontasman.nz)

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# 1. Introduction

## 1.1. Purpose of the Statement of Intent

This Statement of Intent (SoI) is presented by Nelson Regional Development Agency (NRDA) in accordance with the requirements of Section 64 (1) of the Local Government Act 2002 (LGA 2002). This SoI publicly states the proposed activities and intentions of the NRDA for the three years 1 July 2021 to 30 June 2024, and the priorities to which those activities will contribute. This SoI takes into consideration the shareholder Letter of Expectation<sup>1</sup> (LoE), commitments and responsibilities to all funders including Central Government and the private sector, and the resources available to NRDA. It includes targeted performance measures and indicators on the basis of organisational accountability. This SoI does not capture everything NRDA does, but rather highlights our key strategic priorities and work areas, particularly those that have high impact on the regional economic development challenges.

This SoI aligns with and delivers against the Nelson Tasman Regeneration Plan 2021–2031 Project Kōkiri 2.0 (The Regeneration Plan)<sup>2</sup>, through Project Kōkiri<sup>3</sup> methodology. It is underpinned by the Te Taihū Intergenerational Strategy<sup>4</sup>.

## 1.2. About Nelson Regional Development Agency

NRDA's mission is to unlock the economic potential of Nelson Tasman to enable our people and places to thrive. We do this by leading inclusive and regenerative economic development, supporting our businesses and people to grow, and shaping and amplifying our profile to attract people, business, and investment to the region.

NRDA is a Council Controlled Organisation established on 1 July 2016 following merger of the former Nelson Regional Economic Development Agency and Nelson Tasman Tourism. NRDA is 100% owned by Nelson City Council. Partnership funding contribution from Tasman District Council enables NRDA services to be delivered

with a Nelson Tasman combined regional focus. NRDA maintains responsibilities as the official Regional Tourism Organisation (RTO) for the Nelson Tasman region and is a member of Regional Tourism NZ <https://rtnz.org.nz/>.

### Our Governance

The NRDA board is a group of independent directors with a commitment to the future prosperity of our region. The board guides the strategic direction of NRDA while monitoring business activities. Board members are appointed by Nelson City Council.

### Our Team

At 1 June 2021, NRDA employs 15 (FTE) people and engages with a wide range of service providers to deliver our programme of work for the region. The team leads strategy and delivers programmes in roles ranging from (but not limited to), regional promotion, destination management, facilitation of innovation-focused sector support, business capacity building and support, education to employment projects, and events fund management.

### Our Collaboration Partners

We rely on, and are committed to, strong strategic partnerships and collaboration with those who have a shared interest in unlocking the economic potential of Nelson Tasman. We recognise Te Tiriti o Waitangi, and mana whenua ki Te Taihū as our treaty partners whom we must involve in all our decision-making.

We also collaborate and connect with the wider business community and public sector through fora such as the Nelson Tasman Innovation Neighbourhood, the Regional Intersectoral Forum, and the Te Taihū Intergenerational Strategy group. Project Kōkiri methodology supports enhanced levels of connectivity between local government, Central Government agencies, mana whenua and the business community.

<sup>1</sup>Nelson City Council Letter of Expectation to NRDA 21 March 2021, unpublished

<sup>2</sup>Nelson Tasman Regeneration Plan 2021– 2031 (Project Kōkiri 2.0). (Draft at time of SoI submission)

<sup>3</sup>Project Kōkiri – Nelson Tasman Economic Response & Regeneration Action Plan 2020, [www.projectkokiri.nz](http://www.projectkokiri.nz)

<sup>4</sup>Te Taihū Intergenerational Strategy. November 2020. [www.tetauihu.nz](http://www.tetauihu.nz)

## 2. Strategic Context

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## Strategic Context

### 2.1. Recovering from COVID-19

The COVID-19 lockdown delivered unprecedented shock and uncertainty to our regional economy and community, as well as to NRDA itself and our collaboration partners. Every business in the region has been affected by COVID-19 in some way; whether through loss of international visitor spend, shortage of seasonal labour supply, disruption to supply chains or changing market conditions for our export driven economy.

As a region, Nelson Tasman is seen to be recovering relatively well from COVID-19 impacts. However, recovery is uneven to date and the region remains vulnerable as the world continues to grapple with the pandemic. NRDA has played a critical role in the region's economic recovery by leading Project Kōkiri and successfully delivering the 12-month action plan which focused on response activity to save jobs, getting cash flowing and assisting the region in accessing investment from Central Government to support our recovery. In addition to the business-as-usual activity of NRDA, the COVID-19 disruption has demanded new areas of activity to respond to changing conditions. As an example, in a typical year NRDA supports around 400 businesses through our 1:1 Business Advisory Service; since lockdown we have supported over 2,000 local businesses through this service<sup>5</sup>.

Current economic conditions in the region, while better than anticipated, are putting extreme pressure on many of our region's businesses. Our vulnerable populations have fared disproportionately badly through COVID-19<sup>6</sup>. With the initial economic impact cushioned by the Government's wage subsidy, cashflow lending scheme and targeted business support funding, the need continues for a strong regional effort to continue to navigate our recovery and build back better from COVID-19.

### 2.2. Climate Change

The government's target is to reduce greenhouse gas emissions to 30% below 2005 levels by 2030<sup>7</sup>. As Tūpuna Pono Good Ancestors, it is incumbent upon us all to take action.

As the lead agency for regional development in Nelson Tasman, NRDA has a dual responsibility: firstly, to look to our own carbon footprint, and that of our partners, collaborators and suppliers. But secondly, we must place a climate lens across everything that we do and encourage others to do the same, leading by example and facilitating actions across multiple areas in conjunction with many other actors – businesses, industry groups, agencies and existing groups already working in this area.

Our particular opportunity is to enhance and foster awareness of where the wins can be most readily made; to support monitoring and measurement of progress; to connect and facilitate the actions of others for maximum benefit; and to leverage opportunities to build in climate action to all suitable regional initiatives.

### 2.3. Wellbeing

In 2019 the Local Government (Community Wellbeing) Amendment Bill was passed, reinstating local government responsibilities for the four Wellbeings – social, economic, environmental and cultural. Shortly afterwards, the Te Taihū Intergenerational Strategy was developed, in which our communities clearly voiced their requirements for improved wellbeing for our people.

Regional development agencies now embrace wellbeing as part of their remit, recognising that the purpose of an economy is to serve the wellbeing of its people. As a Council Controlled Organisation, NRDA adopts a shared responsibility with Council to apply a Wellbeing lens to everything that we do.

As a local employer, we place the wellbeing of our own people at the top of the priority list and engage in ongoing professional, team and organisational development to support that. As the lead regional development agency, we will take responsibility across the wider spectrum of wellbeing consideration, supporting the tracking, monitoring and reporting of wellbeing measures for the region, and ensuring that wellbeing criteria are a consideration for initiatives in which we engage.

<sup>5</sup>Source: Nelson Tasman Regional Business Partners Programme reporting May 2021

<sup>6</sup>The Nelson Tasman Regional Economic Development Briefing. Project Kōkiri. January 2021. [www.projectkokiri.nz](http://www.projectkokiri.nz)

<sup>7</sup><https://www.mfat.govt.nz/en/environment/climate-change/meeting-our-targets/>

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## 2. Strategic Context

### 2.4. The Māori Economy

The Nelson Tasman Regeneration Plan 2021-2031 Project Kōkiri 2.0 (The Regeneration Plan)<sup>8</sup> places a spotlight on Māori Economic Development, recognising the need for specific focus which is complementary to our obligations to recognise Tino Rangatiratanga (self determination) under Te Tiriti o Waitangi. The Plan highlights Te Taihū's thriving Māori economy and substantial growth potential, targeted focus on Māori owned enterprises and Māori entrepreneurs in the region, challenges faced by a number of Māori businesses, including access to skills, and also opportunities, including through mandated procurement requirements of government agencies to Māori businesses<sup>9</sup>. The Regeneration Plan also highlights that underpinning the thinking behind a focus on Māori economic development is recognition that Māori are some of the most affected by income disparities, unemployment and household debt; an inequality that has perpetuated through periods of growth for New Zealand, and been more exposed in periods of shock.

### 2.5. Our Economic Drivers<sup>10</sup>

Nelson Tasman has a strong base of longstanding anchor sectors of the economy that have underpinned our economic performance and prosperity for decades and aided our recovery from COVID-19<sup>11</sup>. These core sectors are rich in potential and ripe for further growth:

- **The Visitor Sector** – Nelson Tasman has a long history of attracting both international and domestic visitation. Pre-covid the visitor sector in Nelson Tasman employed approximately one in ten people in the region and generated an estimated \$660m in annual visitor spend<sup>11</sup>.
- **The Oceans Economy** – 70% of New Zealand's aquaculture is based in Te Taihū and Nelson Tasman is home to Australia's largest fishing port.
- **Food, Beverage & Wellness Products** – Favourable growing conditions support this sector as our largest contributor to GDP.

- **Forestry & Wood Processing** – Nelson Tasman is home to one of the largest MDF plants in the World and produces approximately 10% of New Zealand's sustainable roundwood harvest.
- **Liveability & Our Consumption Economy** – A "catch all" economic driver partially driven by our higher-than-average net migration as a factor of population growth (94% compared to national average of 76%)<sup>12</sup>.
- **Research, Science & Technology** – One of our growing strengths with a proud history of innovation and the highest number of scientists per capita of any New Zealand city<sup>13</sup>.

While the makeup of our economy has traditionally been viewed against these core sectors, emerging concentrated economic drivers also cut across industries, presenting opportunities for expansion and growth when we converge our key strengths and the direction of travel for the global economy. These include:

- **The Knowledge Economy** – Our intellectual capital that forms the value of so many of our businesses and allows us to sell knowledge to the world; high value-low impact economic activities.
- **The Māori Economy**<sup>14</sup> – Our growing Māori economy, made up of both iwi and Māori owned enterprises, anticipated to grow substantially over the coming decade.
- **The Green Economy** – The part of the economy focused on sustainability and environmental restoration, and which includes our businesses who trade off a reputation for sustainability and care.
- **The Digital Economy** – The part of our economy enabled by remote working, and where our lifestyle proposition offers a unique competitive advantage as the digital economy continues to grow and develop.
- **The Creative Economy** – Our emerging creative class, from artists and artisans, to graphic designers and writers, supporting a range of careers and businesses in our region.

<sup>8</sup>Nelson Tasman Regeneration Plan 2021-2031 (Project Kōkiri 2.0) (Under final draft at time of Sol submission)

<sup>9</sup><https://beehive.govt.nz/release/increase-supplier-diversity-through-new-procurement-target-Māori-business>

<sup>10</sup>The Nelson Tasman Regional Economic Development Briefing. Project Kōkiri. January 2021. [www.projectkokiri.nz](http://www.projectkokiri.nz)

<sup>11</sup>Monthly Regional Tourism Estimates, MBIE, December 2019

<sup>12</sup>Infometrics Nelson Tasman Annual Economic Profile, Sources of Population Growth, 2020. <https://ecoprofile.infometrics.co.nz/Nelson-Tasman/Population/Source>.

<sup>13</sup>Statistics NZ Employment by ANZSIC06 Level 6 Industries, NRDA analysis to BERL sector amortisation tables, 2018

<sup>14</sup><https://chapmantripp.com/trends-insights/Māori-economy-soars-to-68b-a-growth-of-60-in-five-years/>

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## 2. Strategic Context

These concentrated economic drivers map well to our core economic strengths. For example, we are already well known for our success in aquaculture, but the green and knowledge economies both present opportunities for us to realise further value from this industry without increasing our footprint. This is an example of where our regenerative economic strategy helps us play to our strengths and unlock the hidden potential that exists in the region in a way that enhances outcomes for our environment and our people.

Likewise, as we look at opportunities to attract residents here who bring their own job with them and work remotely in the digital economy. Whilst we must ensure we are keeping up with infrastructure demands, this provides opportunities to bring more external cashflow into our economy which supports our hospitality and retail sectors. In addition, being able to tap into global opportunities for work will provide more favourable conditions to retain young people in the region, particularly under current conditions with COVID-19.

There are encouraging signs that our region is poised for significant growth in research, science and technology. Our innovation ecosystem is expanding<sup>15</sup>, and more clever businesses are emerging, providing employment opportunities and supporting our key economic drivers to realise higher value and build resilience to global changes. The proposed Science and Technology Precinct in Nelson City offers a platform from which we can further develop and attract more companies in this space, supporting the growth of higher value industries and the creation of more high-paying jobs.

Advances in automation through technologies such as Artificial Intelligence (AI) will transform some of our key sectors<sup>16</sup>. Our primary sector is likely to be an early mover in this wave of change, with opportunities to reduce waste, automate physical processes and optimise performance across the value chain.

Just as businesses grow through increased sales, our region expands through increased trade. More than a quarter of the world's economic output comes from the global flow of goods, services and capital<sup>17</sup>. Our economy

is no exception<sup>18</sup> and our reliance on exports requires us to be extremely competitive in global markets and adaptable to changing conditions.

A significant amount of our economic growth has been driven by migration into Nelson Tasman, which has boosted the consumption sector<sup>19</sup>. We have a unique opportunity to focus our efforts on "growing from within", to play to existing strengths, to correct some of the structural imbalances in our economy, and to tap into unrealised potential of our key economic drivers.

### 2.6. Our Economic Challenges<sup>20</sup>

Several fundamental economic challenges point to weaknesses in our regional economy.

**Location and scale** – We are heavily reliant on our port and airport, with a relatively small 'surrounding' population within driving distance spread across a large geographical area. This also presents challenges for infrastructure funding and delivery.

**Productivity** – Consistently low productivity and a reliance on low value industries contribute to income inequity in the region and perpetuate negative perceptions of Nelson Tasman as a low wage region, further hindering the ability to attract and retain the right skilled workers to fulfil key roles<sup>21</sup>. Structural reasons contribute to this: the region is without significant scale in several high productivity industries, such as information media & telecommunications, financial & insurance services and utilities. At the same time, many significant regional industries that are of scale are traditionally relatively low in productivity, such as agriculture, forestry, fishing, health care and social assistance, and retail trade<sup>22</sup>.

Across industries, however, productivity in Nelson Tasman is also lower relative to the same industry nationally<sup>23</sup>. In part, this is due to regional scale and remoteness, but productivity is also lower than comparable regions in scale and distance including Marlborough, Hawke's Bay and Southland, highlighting the need for concentrated efforts to unlock potential within our current economic drivers.

<sup>15</sup>Mahitahi Colab Co.Starters programmes 2020/21, expansion of the Mahitahi Colab coworking and events offering, pilot innovation programmes and work on enabling greater connection between NMIT and business are all examples of recent expansions to the innovation ecosystem enabled and supported by NRDA.'

<sup>16</sup>Artificial Intelligence Shaping a Future New Zealand, AI Forum New Zealand 2018

<sup>17</sup>Key Statistics and Trends in International Trade 2020, United Nations Conference in Trade and Development UNCTAD, 2021

<sup>18</sup>Nelson Tasman Annual Economic Profile 2021, exports share of GDP 24% in 2020

<sup>19</sup>Infometrics Annual Economic Profile 2020; NRDA Sector Analysis (unpublished) October 2020.

<sup>20</sup>The Nelson Tasman Regional Economic Development Briefing. Project Kōkiri. January 2021. <https://www.projectkokiri.nz/and/Nelson-Tasman-Regeneration-Plan-2021-2031-Project-Kokiri-2.0>. (Under final draft at time of Sol submission)

<sup>21</sup>Nelson Tasman Innovation Neighbourhood, "The Talent Challenge", August 2020 <https://www.nelsontasman.nz/assets/PDFs/Nelson-Tasman-The-Talent-Challenge-November-2019-v2.pdf>

<sup>22</sup>Nelson Tasman Annual Economic Profile 2020, Infometrics. <https://ecoprofile.infometrics.co.nz/nelson-tasman/Productivity/Industry/Productivity>

<sup>23</sup>Nelson Tasman Annual Economic Profile 2020, Infometrics

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## 2. Strategic Context

**Infrastructure investment** – With a relatively small population base and a large geographical area to cover, securing funding for essential infrastructure to meet the demands of a growing region is a major challenge. As our region grapples with issues such as sea level rise and more extreme weather events as a result of climate change, resilient future-proof infrastructure will be essential to the resilience of our economy.

**Demographic challenges** – The region's demographic challenges include an ageing population and our ability to retain young people in the region, who were some of the hardest hit by COVID-19 job losses. The proportion of Nelson Tasman's population aged 15 to 64 is projected to shrink by 9% by 2035, whereas for average NZ it is expected to grow by 13%<sup>24</sup>. While we have historically had one of the lowest unemployment rates in the Country, our NEET rate has always been disproportionately high. Youth unemployment in Nelson Tasman is currently sitting at 14.3%<sup>25</sup> compared to the national figure of 9.3% and even pre-Covid the rate was 9.4% versus 6% for the Country as a whole. Housing shortages and costs present a further challenge to the attraction of young families.

**Housing** – The Nelson Tasman Regeneration Plan 2021-2031 (Project Kōkiri) spotlights housing affordability and access as the single biggest economic issue Nelson Tasman is facing. Rents in Nelson Tasman are some of the least affordable in the country. House prices have increased significantly over the past decade, driven by wider national challenges of market conditions, and New Zealanders are now some of the most privately indebted people in the developed world. Home ownership is out of reach for many. Wage increases have failed to keep up with rising house prices. As a proportion of household income Nelson Tasman ranks consistently higher than the New Zealand average for mortgage affordability. Nelson people spend 36% of the average income on their mortgage, and in Tasman the figure is 41%, compared to the national average of 34% (including Auckland)<sup>26</sup>.

**Export challenges** – A new threat to our economy is being felt due to the reduced availability of shipping containers to meet export demand, presenting real risk that export customers will be constrained by this

container availability issue over the coming 12 months. With pressures on general freight rates and availability, this could have one of the greatest economic impacts on our region (by dollar value) over the coming year. This may also have a downstream effect on transport and logistics providers<sup>27</sup>.

**Wages** – Wages in Nelson-Tasman have been consistently well below the national average for decades. In 2002 we were 15% below average NZ and for 2019 we are still 13% below. Household incomes are currently 22% below average NZ, just as they were in 2001<sup>28</sup>. As well as damaging the wellbeing of our communities, this starves our wider economy of discretionary spending in areas such as retail and hospitality.

**Labour challenges** – The region is facing labour challenges on several fronts, ranging from the immediate to the long term. These are strongly linked to some of our other regional challenges and in combination require a comprehensive suite of actions to address.

- **Seasonal Labour:** Covid-related border closures exposed our reliance on overseas workers such as working holiday visa holders and Registered Seasonal Employer Scheme workers. Concerted efforts were made in 2020/2021 via the Pick Nelson Tasman campaign to attract workers into harvesting roles, but a longer-term approach is needed. With growers and exporters already burdened by container shortages and associated storage costs, labour shortages coupled with increasingly common extreme weather events damaging crops is a very real concern for the sector.
- **Skills and Talent:** As evidenced by the work of the Regional Skills Leadership Group<sup>29</sup> and the finding of the Innovation Neighbourhood research<sup>30</sup> the region is experiencing difficulties in finding the skills and talent it needs across a range of industry and job types. Particular shortages of construction workers and associated professionals will only heighten our infrastructure and housing challenges.
- **Shrinking Working Age Population:** (*Reference Demographic Challenges*)

<sup>24</sup>Statistics New Zealand Regional Population Projections 2020

<sup>25</sup>Mayors Task Force for Jobs Youth Employment Dashboard to December 2020, four quarter rolling average

<sup>26</sup>Nelson Annual Economic Profile and Tasman Annual Economic Profile 2020, Infometrics

<sup>27</sup>NRDA team anecdotal evidence and general reports

<sup>28</sup>Nelson Tasman Annual Economic Profile 2019, Infometric

<sup>29</sup><https://www.mbie.govt.nz/dmsdocument/14789-local-insights-report-nelson-tasman-interim-rslg-may-2021>

<sup>30</sup>Nelson Tasman Innovation Neighbourhood, "The Talent Challenge". August 2020 <http://www.nelsontasman.nz/assets/PDFs/nelson-Tasman-The-Talent-Challenge-November-2019-v2.pdf>

**Environment** – The decline of our native eco-systems and the threat of climate change present the biggest challenge of our time. Despite the urgency of climate change action, our emissions have continued to rise. It is incumbent upon us to be bold and transition to a zero carbon economy.

In doing so, we must ensure a **just transition**, so that where changes need to occur, businesses and people are adequately supported to transition. This change requires an intensified focus at a regional level.

## **2.7. Outlook - Ensuring NRDA is Match-Fit for the Region**

The Nelson Tasman Regeneration Plan 2021-2031 Project Kōkiri 2.0 (The Regeneration Plan) identifies the medium-long term economic outlook needed to address the region's economic challenges, with a strong regenerative focus for our economy, to ensure we are positioned to tackle these challenges and capitalise on our opportunities.

Our economic drivers highlight the importance that both our Regeneration Plan and therefore this Sol must address a portfolio of mutually reinforcing initiatives aimed to enhance regional productivity, whilst delivering on our regenerative economic direction and supporting better outcomes in sustainability and inclusion.

NRDA has faced huge change over the past 12 months as a result of COVID-19. This Sol reflects a step-change in how we organise and deliver economic development for the region, placing greater emphasis not only on strategy and insights-led initiatives, but also on wellbeing, the Māori economy and climate change considerations. This evolution is necessary to deliver against a bold and just economic development agenda over the coming decade.

# 3. Strategic Framework

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3. Strategic Framework

## Our resilient economy allows our people, places, communities, and businesses to thrive

*(Te Taihū Intergenerational Strategy 2020: Economic wellbeing outcome)*

Under this Statement of Intent (SoI), our primary focus is delivery against the Nelson Tasman Regeneration Plan 2021-2031 Project Kōkiri 2.0 (The Regeneration Plan). This Regeneration Plan provides a stepping stone from the original Project Kōkiri response plan to the Te Taihū Intergenerational Strategy. Under this plan, and in line with Council expectations (LoE), NRDA will focus on the following targeted outcomes over the SoI period:

- **Regenerative** – The region makes a just transition towards a low-emissions economy, in a way that mitigates climate change, reverses existing environmental damage and protects natural resources (land, forests, fresh water, marine environmental and indigenous biodiversity) now and in the future.
- **Productive** – A shift from volume production to high value products, unlocking the potential of businesses to thrive, investing in R&D, technology and innovation to achieve productivity improvements, and supporting small and medium enterprise growth.
- **Inclusive** – More even distribution of economic benefits (recognising that some in the community fare worse on wellbeing indicators), skill levels and productivity improvements, achievement of higher incomes and the right skills available for the future workforce.
- **Resilient** – The region is able to respond to and bounce back from disruptions and shocks in a way that reduces harm and overall costs, sectors are diversified to reduce risk, there is local provision of many of the goods and services required, and supply chains are robust.
- **Creative** – The creative talents of our region are recognised and rewarded, with opportunities to showcase and leverage our clever businesses, diversity, arts and artisans, and innovation.

The Strategic Framework model (Figure 3.1) summarises the drivers and opportunities of the regional economy and high-level activity areas to deliver across the five

targeted outcomes. Additional economic development priorities identified in Council's LoE will be addressed partly through an integrated approach, considered in all programmes, and partly through discrete programmes e.g. Sector Transitions.

We rely on strong strategic partnerships and collaboration with those who have a shared interest in unlocking the economic potential of Nelson Tasman. Figure 3.2 presents the Stakeholder Ecosystem supporting our approach.

In delivering against these outcomes and priorities, it is important to highlight the following assumptions:

- The outcomes of the Te Taihū Intergenerational Strategy and The Regeneration Plan touch on a broader range of cultural, social, and environmental capitals than NRDA's Strategic Framework model. Many components will be appropriately led and delivered by others.
- Enabling outcomes are influenced by factors outside of NRDA's control, including national government policy, as well as global and national economic shocks.
- NRDA will support collective efforts related to improving housing and rental affordability; there are no outcomes or measures related to this in NRDA's Strategic Framework.
- Most activities, and associated outputs/outcomes, depend on partnership and collaboration, and on NRDA leveraging core funding to secure additional government / private programme funding.

As we deliver against these outcomes, we will embrace regional themes identified in The Regeneration Plan<sup>31</sup>:

**We are Intelligent Guardians.  
We are Makers and Creators.  
We are Clever and Connected.**

<sup>31</sup>Nelson Tasman Regeneration Plan 2021-2031 (Project Kōkiri 2.0) (Draft at time of SoI submission)

# Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024: Attachment 1

## 3. Strategic Framework

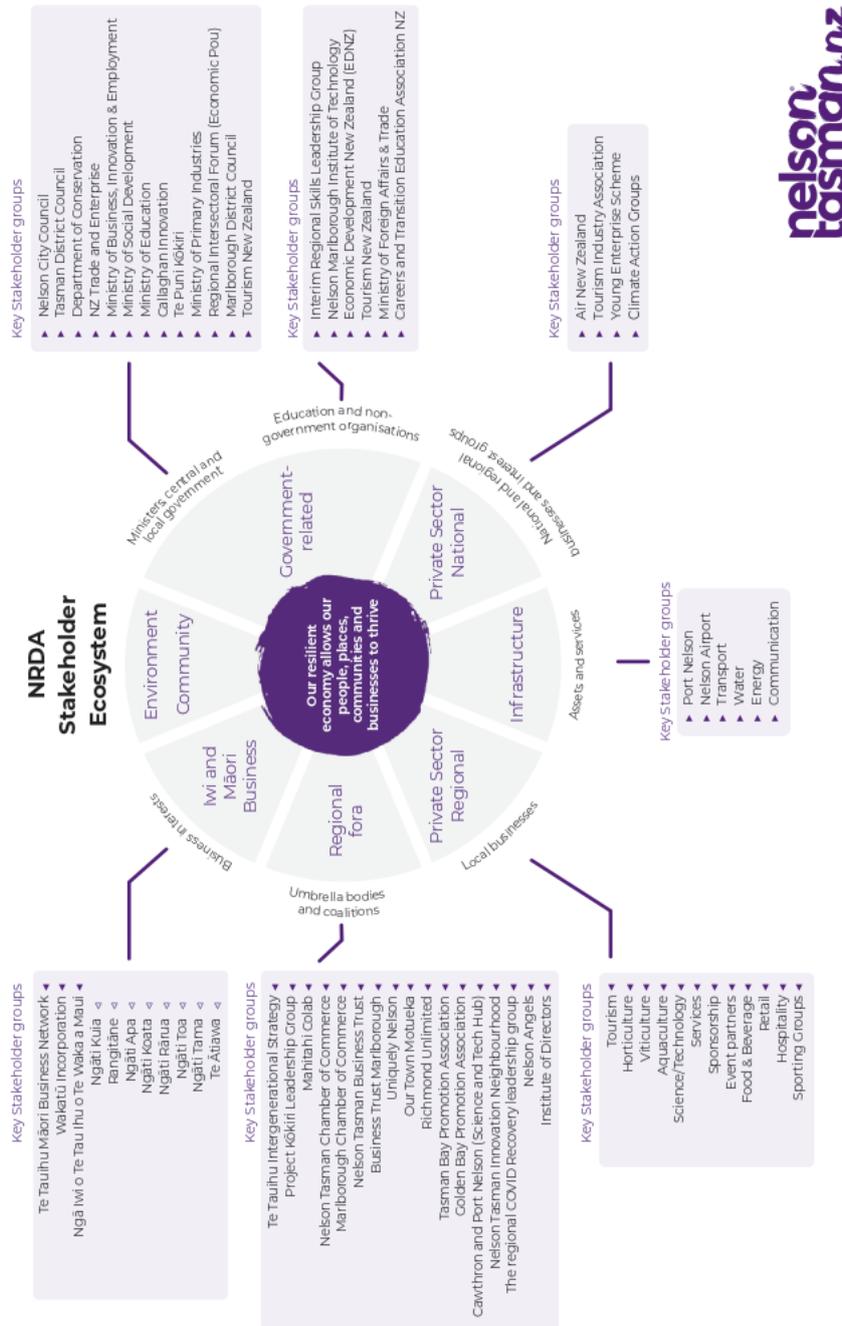
### 3.1. Strategic Framework Model

Regional drivers and opportunities			
<p><b>Economic Drivers &amp; Opportunities:</b></p> <p><b>Oceans Economy</b> – 70% of New Zealand's aquaculture is based here in Te Taihuhu.</p> <p><b>High-value Food, Beverage &amp; Wellness</b> – This sector is our largest contributor to GDP, fuelled by innovation and favourable growing conditions.</p> <p><b>Forestry and Wood Processing</b> – We produce approximately 10% of New Zealand's sustainable roundwood forest supply.</p> <p><b>Te Taihuhu Māori Economy</b> – Our growing Māori economy made up of both iwi and Māori owned enterprises that is anticipated to grow substantially over the coming decade.</p> <p><b>Visitor Economy</b> – Tourism contributes to approx. 10% of GDP and employment in the region, the sector is driven by family owned businesses.</p> <p><b>Research, Science &amp; Technology (Knowledge Economy)</b> – We have the highest number of scientists per capita of any NZ city and a growing knowledge intensive workforce across our key sectors.</p> <p><b>Liveability (Consumption Economy)</b> – Driven by higher than average net migration to the region (94% vs 76% national average).</p> <p><b>The Creative Economy</b> – Our creative sector supports a range of careers and businesses in our region.</p>		<p><b>Economic Challenges:</b></p> <p><b>Climate Change &amp; Biodiversity Loss</b> – Vulnerable to sea level rise &amp; extreme weather events.</p> <p><b>Inequality and wages</b> – Low average/mean incomes.</p> <p><b>Low productivity</b> – Productivity is the second lowest in NZ 24% lower than national average.</p> <p><b>Skills shortages</b> – A number of skills shortages and seasonal labour challenges.</p> <p><b>Under-investment in infrastructure</b></p> <p><b>Demographic challenges</b> – A relatively low and rapidly ageing population base; significant growing pressures.</p> <p><b>Housing affordability and access</b> – The 2nd/3rd (Tasman/Nelson) worst housing affordability in the Country.</p>	
Priority Areas	Outputs	Enabling outcomes 3-5 years	Regional outcomes 10+ years
<p><b>Economic Strategy and Innovation</b> Leading Strategic economic development (Project Kōkiri 2.0)</p> <p><b>Industry Sector Resilience</b> Supporting industry transformation</p> <p><b>Investment Attraction and Promotion</b> Shaping and amplifying our profile, destination story and investment proposition</p> <p><b>Business and Workforce Development</b> Supporting our businesses and people to upskill, innovate and grow</p>	<ul style="list-style-type: none"> <li>Strategic Economic Development</li> <li>Te Taihuhu Māori Economy</li> <li>Economic Intelligence</li> <li>Sector Transitions and Growth</li> <li>Tourism Sector Regeneration</li> <li>Regional Identity and Proposition</li> <li>Investment Attraction</li> <li>Destination Profiling</li> <li>Strategic Events</li> <li>Business Support</li> <li>Workforce and Skills Development</li> <li>Business Innovation (Mahitahi Colab)</li> </ul>	<p>Strong collaboration between local and central government, iwi/Māori, businesses/industries, and regional stakeholders (Kōkiri methodology sustained)</p> <p>Regional economic intelligence supports decision making</p> <p>Impactful engagement across key industry sectors ensures transformations and transition programmes are aligned to industry needs/ opportunities</p> <p>Investment secured in regional priority projects</p> <p>Higher value visitors, workers, businesses, and investors in Nelson Tasman</p> <p>Our people and businesses have access to advice, funding and upskilling opportunities, to support improved business and management capability.</p> <p>Businesses have access to skills and people they need supporting reduced skill shortages</p> <p>Young people have improved access to education to employment pathways.</p> <p>Improved R&amp;D investment and capability</p>	<p><b>Regenerative</b> A regenerative economy which is supported by increased levels of public and private sector investment The importance of the Māori economy is recognised and supported and realised Nelson Tasman has a zero-carbon circular economy</p> <p><b>Resilient</b> Our resilient future-proof infrastructure supports a thriving economy A diverse range of industries and businesses underpin our resilient economy</p> <p><b>Productive</b> We earn more from our goods and services Research, science, and technology supports our economic growth</p> <p><b>Inclusive</b> Vulnerable communities have greater access to employment opportunities Mean incomes have increased</p> <p><b>Creative/Innovative</b> Our diverse, innovative and creative businesses and people are showcased and leveraged through our regional identity.</p>

3. Strategic Framework

3.2. Stakeholder Eco-system Map

Our work cannot be achieved alone and therefore we rely on strong strategic partnerships and collaboration with a shared interest in unlocking the economic potential of Nelson Tasman.



# 4. Strategic Priorities and Activity Areas — What we do

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## 4. Strategic Priorities and Activity Areas

The Nelson Tasman Regeneration Plan 2021-2031 Project Kōkiri 2.0 (The Regeneration Plan)<sup>32</sup> and this Sol will be delivered through the methodology of Project Kōkiri – connecting decision making and sharing knowledge and resources to unlock our collective economic potential. The Regeneration Plan brings together a suite of priority strategies and programs, with responsibility for leadership with the appropriate regional partner.

Under this Sol, NRDA has a dual role in the delivery of The Regeneration Plan: to work with the Project Kōkiri leadership group to lead the oversight and monitoring of the plan; and to lead delivery of specific programs within the plan.

NRDA's activity spans strategic economic development, regional promotion and investment, and community and business support programs. Our activities will be delivered through inter-related workstreams:

- Economic Strategy and Innovation
- Industry Sector Resilience
- Promotion and Investment Attraction
- Business and Workforce Development
- Organisational Management (internal NRDA business; not detailed in the Sol)

Our approach is underpinned by delivering wellbeing for the people and places of Nelson Tasman, with emphasis on climate change and economic resilience. These considerations cut across all of our strategic priorities, recognising the impacts they have on our economy and community. Building economic resilience and working collaboratively will be at the forefront of our activity, to ensure Nelson Tasman is in a strong position to respond to and recover from future shocks and disruptions.

[Appendix 8.1](#) presents the summary three-year work plan for the following activity areas.

### 4.1. Economic Strategy and Innovation

#### Leading strategic economic development

NRDA will lead oversight of delivery, monitoring and reporting of the region's ten-year Nelson Tasman Regeneration Plan 2021-2031 Project Kōkiri 2.0 (The Regeneration Plan), developed under the Project Kōkiri Leadership Group. Strong collaboration and partnerships are key to delivering on our goal of an inclusive and regenerative economy: our economic development activity must be purposeful, data-driven and strategy led.

#### Key Activities

*Reference: Appendix 8.1 Work Plan*

**Strategic economic development** – Leading the oversight of delivery, monitoring and reporting of The Regeneration Plan, including facilitation of the Project Kōkiri 2.0 Leadership Group. Facilitating collaborative partnerships and initiatives to advance our priorities, and championing innovation and sustainability. Ensure strategic communications on the activities of NRDA and strategic messaging on delivery against the Plan.

**Te Taihū Māori Economy** – Supporting uplift and further recognition of the Te Taihū Māori economy. This work will be developed in consultation and conjunction with Te Taihū Māori and Iwi and delivered within a framework to identify where NRDA activities are most appropriately and effectively targeted to support, complement and add value to existing initiatives. This work will include: supporting the provision of regional Māori business and economy related data and insights, as well as potentially direct support for Māori businesses.

*Related activities include: Partnership on the Te Taihū Wellbeing Framework (under development), and enhancing our regional identity to better reflect Māori storytelling and engagement.*

**Economic intelligence** – To support policy, decision making and key initiatives. This will include economic data and insights as part of an economic monitoring report to inform Council, stakeholders and community, including wellbeing measures to provide a more holistic view of economic performance. This will also include supporting Council and regional projects with appropriate, specific, data and economic information. This economic intelligence will inform regional policy and considerations around social and economic infrastructure, and support investment attraction and sector transition initiatives.

*Related activities: Supporting: the newly formed Intelligent Guardians cluster, the Te Taihū Intergenerational Wellbeing Framework; climate action-related data and insights (below); prioritisation of wellbeing initiatives (below).*

- **Climate Change** – Alongside our Economic Intelligence outputs we will support the development of climate action-related data and insights to support regional initiatives in carbon reduction and offset. We will engage with climate action groups to explore opportunities to support industry solutions for

<sup>32</sup>Nelson Tasman Regeneration Plan 2021-2031 (Project Kōkiri 2.0) (Draft at time of Sol submission)

# Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024: Attachment 1

## 4. Strategic Priorities and Activity Areas

reducing carbon footprints and apply climate change criteria to development projects. As an organisation NRDA will work towards becoming Zero Carbon and Climate Positive.

- **Wellbeing** – As part of our Economic Intelligence delivery we will support the development of data and insights that provide a fact-based framework for prioritisation of wellbeing initiatives. We will apply wellbeing criteria to development projects.

### **By 2024 we will have:**

- Led implementation of the Regeneration Plan through Project Kōkiri methodology, maintaining and strengthening a collaborative approach to regional economic development
- Become valued advisors for our data and insights on national trends and the regional economy, and
- A well-recognised and supported Te Taihu Māori Economy.

## **4.2. Industry Sector Resilience**

### *Supporting industry transformation*

#### **Key Activities**

*Reference: Appendix 8.1 Work Plan*

**Sector Transitions and Growth** – Providing support and expertise to engaged businesses, sectors and clusters to advance industry transformation and just transition opportunities, and to support sector resilience. This work will align with Central Government's programme of Industry Transformation Plans as they are developed, and over the period of the Sol, will include focus on: climate change response and regeneration, engaging with associated advocacy and sector groups, innovation, building R&D connections and investment, technology adoption and capability building.

*Activities in 2021/2022 will include:*

- Building on 2020/2021 work (F&B Tourism Strategy and F&B Co.Starters cohort) to develop a regional food and beverage sector support strategy in Nelson, with reference to the F&B Industry Transformation Plan (when released), Just Transitions strategy, and in light of already identified needs.
- Building on 2020/2021 work to develop a regional Transformation Support Plan for the Agritech Industry in consultation with industry and with reference to the national Agritech Industry Transformation Plan and Just Transitions strategy.

**Tourism Sector Regeneration** – In 2019/2020, under the Government's Strategic Tourism Assets Protection Programme (STAPP) NRDA developed the region's Destination Management Plan. Under the 2021-2024 Sol, NRDA is focused on enabling delivery of the Nelson Tasman Destination Management Plan through an investment plan to secure Government's Tourism Support Recovery and Re-Set funding. This industry regeneration plan places our communities, cultures and environment at the heart of our visitor sector. It is designed to lead to more economically sustainable businesses while strengthening community well-being, enhancing cultural pride, addressing the needs of climate change and supporting biodiversity. Strategies under the Plan include:

- Supporting visitor sector businesses to recover from the impacts of COVID-19
- Enabling 100,000 passionate local ambassadors as visitors and referrers to friends and relatives
- Engaging with mana whenua to ensure the visitor sector aligns with indigenous values
- Light footprint and zero carbon visitor journeys within the region
- Driving sub-sector specific tourism strategies in Arts Tourism and Food and Beverage
- Attracting higher-value visitors and repeat visitation
- Smoothing seasonality with events and off-peak offers relevant to locals and visitors
- Transitioning to sustainable higher value careers (rather than seasonal jobs)
- Advocating for facilities of the future which enhance community well-being as well as the visitor experience.

### **By 2024 we will have:**

- Developed regional action plans in key sectors to support transformation and resilience and to give effect to relevant Government Industry Transformation Plans.
- Supported key industries to improve productivity and to commit to moving the region towards a zero-carbon circular economy
- A visitor sector which is positioned for regeneration, well on the road to recovery, embraced by the local community and contributes positively to the local environment, cultures and economy.

4. Strategic Priorities and Activity Areas

**4.3. Investment Attraction & Promotion**

*Shaping and amplifying our profile, destination story and investment proposition to attract people, business, and investment.*

Nelson Tasman has a series of perception challenges that impact our ability to attract talent, businesses, investment and visitors into the region. Shaping and amplifying a cohesive destination story, and positioning and promoting Nelson Tasman is one of the most effective tools we have to support our region.

We have a strong foundation in our Nelson Tasman regional identity, and we need to be clever in our approach to regional marketing and storytelling. The 2020 We've Got This/Kei a Tātou campaign helped us put Nelson Tasman on the map by empowering local people and businesses with the tools to tell their story in a way that increased local pride and engaged our whole community. Under this Sol, NRDA will build on this work to enhance and enrich our destination story to highlight our strengths and showcase our clever people and businesses to the World. By doing this, we provide the right platform for attraction and retention activities across all sectors – visitors, talent, businesses and investment.

Private sector funding in NRDA's destination activities has historically been relatively high. However, as seen through COVID-19, this is vulnerable to changes in economic conditions. A challenge for the Sol period will be identifying a new model of attracting private sector funding to support our destination profiling and management activities.

**Key Activities**

*Reference: Appendix 8.1 Work Plan*

**Regional Identity & Proposition** – Positioning and promoting Nelson Tasman as a destination for the right talent, businesses, investors and visitors. This activity includes developing tools and activations for local businesses and community to leverage in order to put Nelson Tasman on the map, and re-developing the nelsontasman.nz website as the key destination website for locals, visitors and prospective businesses and residents. It also includes specific support for the vision of Nelson as a “Smart Little City” with forward-focused development of the City Centre vision as a vibrant mix of residents, lifestyle, boutique retailers and essential services.

Under the 2021-2024 Sol we will focus our regional profiling and positioning more strongly:

- To build Māori storytelling and iwi engagement in our current identity work

- To focus on our region's strengths in innovation, science, research and technology, targeting business and talent attraction and growth, and extending the current regional identity to give a stronger economic development focus and application
- To align directly with the Intelligent Guardians focus in the Nelson Tasman Regeneration Plan 2021-2031 (Kōkiri 2.0) based around wellbeing and climate change
- To focus on positioning Nelson Tasman as a light footprint, low carbon destination, and
- To align and support opportunities to build the ecosystem (investment attraction) around the proposed Nelson Science and Technology Precinct.

**Investment Attraction** – Building a dedicated workstream within NRDA focused on facilitating opportunities for unlocking public and private investment in the region, including leading and facilitating business case development around infrastructure and commercial opportunities, and facilitating investment discussions.

This activity will include focused work to identify and facilitate high impact investment opportunities, including leveraging the unique opportunities of the Nelson Science & Technology Precinct to attract businesses and workers to the region. It is important to note that investment attraction is not limited to the purely economic aspects such as infrastructure and commercial opportunities. Investment associated with wellbeing, climate change and resilience outcomes are within scope.

**Destination Profiling** – Continuing to showcase our regional offering to encourage visitation and consumption of Nelson Tasman products and to help put spotlight on our region, complementing work to attract business, investment and talent. This includes targeted campaigns, ongoing content creation and storytelling, earning the region coverage through media pitches and increasing our online engagement by growing our social media presence.

As international borders reopen all regions in NZ will be working proactively with international trade and media. It is important that Nelson Tasman maintains a clear profile with key international partners, in Australia initially and further afield when the timing is right. We will seek to leverage opportunities presented by larger organisations such as Tourism NZ and Air NZ, in order to maximise the benefits from our investment.

At present this work is unfunded, however international marketing is within the scope of MBIE's Tourism Support, Recovery and Re-Set fund.

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## 4. Strategic Priorities and Activity Areas

**Strategic Events** – Stimulating visitation and economic value to the region through delivery of Events attraction, management of the Regional Events Fund (REF), and management of the Nelson City Economic & Community Events Funds<sup>33</sup>. Aligned with the NRDA Business Events Programme, activity includes delivering programmes to build capacity and capability into our local events sector, coordinating a calendar of events across the region, attracting new events to the region, and leveraging existing events to support increased visitation and economic benefit. Events contribute significantly to community wellbeing and community pride.

Council investment in NRDA enables leverage of \$1.5M Central Government supporting for events in Te Taihū over 4.5 years. In addition, it is important to include the opportunities for strategic and community events to build the creative sector where our artists and artisans can extend their reach and exposure to a wider audience.

### **By 2024 we will have:**

- Enhanced promotion of our regional identity supporting strategic economic development messaging
- Secured an increase in co-investment from Central Government and private investment in economic development in the region
- Achieved a better than average growth in domestic (and international where applicable) visitor spend
- Supported Nelson Tasman to be recognised as a region focused on low carbon travel
- Attracted and supported the delivery of diverse and vibrant events to attract out-of-region attendees, and
- Investigated/developed a new funding model to support destination management and profiling in the region.

## **4.4. Business & Workforce Development (Community and Business)**

### *Supporting our businesses and people to upskill, innovate and grow*

Small to medium businesses are the cornerstone of our regional economy and community, accounting for over 94% of total business numbers in Nelson Tasman (i.e. over 12,000 businesses)<sup>34</sup>. The resilience and success of our SMEs is key to our economic resilience, and due to the changing future of work, the impact of COVID-19 and other global conditions, our businesses are facing new and increasing pressures.

NRDA has a vital role to play in connecting businesses and people in the region with the right support, tools and funding to enable them to upskill and grow to meet the changing needs of business. Supporting the development of the region's talent pipeline is also important to support the growth of our economy and key sectors and businesses within it. This includes both retaining and developing talent and skills already in the region, and attracting those with the skills and experience our region needs.

### **Key Activities**

*Reference: Appendix 8.1 Work Plan*

**Business Support** – Delivering targeted 1:1 support to businesses to facilitate access to business support services and access to funding for R&D and innovation (through Callaghan Innovation). This includes continuing to deliver and strengthen our business continuity service, enabled by the Regional Business Partner Programme (RBP Programme). The RBP Programme in the Nelson Tasman Region is a repeat national award winner for performance and reach, supporting over 454 businesses in the 2019/2020 year. Changes being applied through new regulations, upcoming reviews and potential future operating models will offer further opportunities to achieve greater leverage from our business support activity (RBP Programme) for both businesses and wider regional development objectives. It is anticipated that this will include expansion of the program to increase scale and reach during the 2021-2024 period, in conjunction with government funding opportunities and initiatives such as the Mahitahi Colab.

<sup>33</sup>Funded by NCC separately to core NRDA funding

<sup>34</sup>Source: Nelson Tasman Annual Economic Profile 2020, Infometrics

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## 4. Strategic Priorities and Activity Areas

**Workforce & Skills Development** – NRDA will work with the Regional Skills Leadership Group in development of the Regional Workforce Development Plan and, from this, identify targeted programmes to align with region's labour force and skills needs. Several programmes in this workstream were initiated in 2020/2021 under Project Kōkiri with short term funding from central and local government. For Nelson Tasman they have demonstrated potential to achieve impactful outcomes. Under this Sol, NRDA will continue to build these programmes subject to funding<sup>35</sup>. This may include youth transition programmes (e.g. Education to Employment brokerage, funded to 2022), intern, grad and work placements, targeted initiatives (e.g. 2020 Pick Nelson job campaign), and as a collaborative partner with the Youth Hub initiative as identified as a priority under the regional Regeneration Plan<sup>36</sup>. It is noted that considerations should also include the older demographic workforce.

*Related activities: Sector Transition programmes.*

**Business Innovation** – Developing our innovation eco-system through the continued support of initiatives such as the Mahitahi Colab and the Nelson Tasman Innovation Neighbourhood; exploring opportunities for connecting and developing new innovation hubs across the region. The Mahitahi Colab is a physical space and a partnership between NRDA, the Nelson Tasman Chamber of Commerce and NMIT and offers coworking, a business events space, and an early-stage business support programme (Co.Starters). The co-location of its three founding partners is central to the success of the Mahitahi Colab, enabling and fuelling collaboration.

NRDA is a driver of the newly forming 'Intelligent Guardians' cluster, focused on how we can utilise science and technology to protect and prosper, and ultimately deliver more sustainable, inclusive and regenerative business. Current discussions include support for the development of a wellbeing measuring tool for the region (supporting the development of the Te Taihū Wellbeing Framework).

### **By 2024 we will have:**

- Facilitated high engagement with business development support programmes to increase business capability and increase regional investment in R&D
- Supported a reduction in skills shortages across the region and an increased focus on supporting young people into employment and training
- Improved connectivity and communication of regional support programmes for businesses and people
- Enabled greater connection to innovation and business support for Māori businesses in the region, and
- Continued to support the Mahitahi Colab to drive innovation and collaboration in our region.

<sup>35</sup>Currently unfunded beyond 2021/2022

<sup>36</sup>Role proposed as collaborative partner; a leadership/ driving role on this initiative would require targeted programme funding.

4. Strategic Priorities and Activity Areas

**4.5. Our Enabling Priorities Supporting Transition**

This Statement of Intent (Sol) represents a prioritisation by NRDA on regeneration, inclusion, resilience, productivity and creativity. Collaboration and secure funding are essential to enable NRDA to deliver on the priorities outlined in this Sol, and to keep delivery focused on integrated, long-term goals and outcomes.

The 2021-2024 NRDA program will continue to develop and deliver core initiatives which strategically align with the priorities of The Regeneration Plan. In addition, to deliver on this Sol, we will need to transition to increased focus on:

**Strategic framework** – Delivering priorities according to the strategic framework of The Regeneration Plan, and ultimately of the intergenerational strategy.

**Data & Insights** – Becoming more strategy led and data driven in our decision-making across all work areas. Being adaptive to changing economic conditions. Partnering to deliver specific research projects where funding allows.

**Communication** – Telling a stronger story about the work of NRDA and our collaboration partners; Enhancing our stakeholder engagement and the visibility of our work.

**Sustainability (Climate Positive & Zero Waste)** – Measuring and reducing our carbon footprint, becoming certified climate positive by Ekos and championing zero waste.

**Te Tiriti Partnership** – Developing new and strengthening existing relationships with mana whenua and iwi/Māori to help us deliver more inclusive economic development.

**Connectivity to Council** – Improving connectivity and working relationships to ensure greater alignment of strategic priorities and stronger working relationships across the breadth of programs, with staff and elected members.

**Collaboration** – Enhancing collaboration in economic development by continuing to lead through the methodology of Project Kōkiri; strengthening our partnerships with the public and private sectors.

**Funding model and efficiencies** – Building a sustainable funding framework to support future destination management and marketing; Investigating opportunities for further operational efficiencies within NRDA and with Council.

**Capability** – Building core capability as a highly skilled, adaptive and strategic team, including targeted capability building in areas of investment attraction, economic data analysis, business case development, Māori economy support and the wellbeing economy.

**Enabling Organisational Excellence** – Growing an effective and efficient organisation, with the right culture, knowledge and outward focus to deliver our strategic priorities.

**Culture** – Committed to strengthening our high performing team through a focus on building a culture of unity, courage, ambition and respect. The foundation underpinning our organisation culture is built on the following Ara (pathways):

## Ngā Ara



**Te Ara Matua**

He aha te mea nui o te ao?  
He tāngata, He tāngata,  
He tāngata.  
What is the most important thing in the world?  
Its is the people, it is the people, it is the people.



**Te Ara Poutama**

To encourage growth in individuals through understanding their passion, strengths and how that aligns with the organisation.



**Te Ara Tiatia**

To encourage growth as individuals through team based opportunities.



**Te Ara Aruheā**

Whiri te tāngata.  
Weave the people together.



**Te Ara Tika**

To develop and enhance operational systems and processes for better performance.

# 5. Measuring Our Success

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## 5. Measuring Our Success

The following table sets out the key performance measures for the activities the NRDA will deliver to be reported under the annual reporting cycle.

Activity/ Measures	Indicators	Data source
<b>Economic Strategy and Innovation</b> Facilitating regional collaboration on delivery of the Regeneration Plan Providing regional economic intelligence to support decision making	Collaboration maintained between stakeholders on priority strategies and initiatives through Project Kōkiri methodology	Project Kōkiri Leadership Group reporting
	Regional economic monitoring maintained; Quarterly economic profile reports aligning with stakeholder and business needs	NRDA Economic reports
	Relevant data produced in the last 12 months	
<b>Industry Sector Resilience</b> Strengthening sectors through transition or cluster programmes	Number of businesses engaged with in sector transitions/ transformation programme reporting positive business outcomes/ changed practices	NRDA database
<b>Investment Attraction and Promotion</b> Identifying opportunities and positioning Nelson Tasman to attract high-impact investment Promoting Nelson Tasman as a great destination for visitors, business and talent attraction	Opportunities identified to attract investment into Nelson Tasman	NRDA database
	Investment outcomes associated with NRDA referral/ involvement	NRDA database
	Number of unique visitors to nelsontasman.nz, and time spent	Google Analytics
	Diverse regional events programme delivering \$ value impact of regional events to the economy	REF analytics
	Visitor spend in Nelson Tasman increases at a rate exceeding the national average	MBIE TECT data
<b>Business and Workforce Development</b> Ensuring businesses have access to advice and skills they need Facilitating business access to R&D funding Supporting improved access to employment pathways for young people	Number of businesses supported through 1:1 business advisory service (contract annual target 300)	RBP data
	Businesses have experienced positive business outcomes by reporting a net promoter score of 50+ or higher (contract annual target 50+)	RBP data
	Number of Māori businesses engaged with NRDA reporting positive business outcomes from service	NRDA database
	Total value of capability development and R&D funding issued (Circa \$1m annual target)	RBP data
	Number of business events held in the Mahitahi Colab supporting innovation and numbers of attending businesses	Mahitahi Colab database
	Number of businesses engaged in youth transition and employment programmes reporting positive business outcomes from the programme	NRDA database

# 6. Financial Performance

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## Financial Performance

### 6.1. Projected Financial Performance

NRDA is pleased to be able to provide a 3-year Sol and financial statement through engagement with Nelson City Council and the Long Term Plan process.

[Appendix 8.2](#) presents a high-level summary of the percentage breakdown of proposed investment across functional activities and by funding sources in 2021/2022. Monitoring of this investment across activity areas will be included in all performance reports to Council.

[Appendices 8.3 and 8.4](#) present:

- Prospective Statement of Comprehensive Income
- Statement of Financial Position

The financial statement builds on the momentum gained through Project Kōkiri, to achieve the greatest economic impact for our region, while focusing on the strategic priorities and long-term outcomes as identified in the Letter of Expectation. This statement reflects our review of our activities and resources and a shift of focus from a tactical to more strategically led organisation.

This Sol and funding statement is based on an understanding of 2021-2024 core annual Nelson City Council funding of \$1,262,240, as per Long Term Plan discussions, and confirmed Tasman District Council core annual funding of \$325,000.

The following table summarises recent investment levels into the NRDA:

Funding Source	Funding			Budget		
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Core Funding NCC	899,000	865,000	912,240	1,262,240	1,262,240	1,262,240
Core Funding TDC	300,000	300,000	300,000	325,000	325,000	325,000
COVID-19 Response NCC/ TDC		50,000	450,000			
NCC Event Fund	72,000	73,000	73,500	73,500	73,500	73,500
Other Local body Funding	89,560	52,850	85,000			
<b>Total Local Body Funding</b>	<b>1,360,560</b>	<b>1,340,850</b>	<b>1,820,790</b>	<b>1,660,740</b>	<b>1,660,740</b>	<b>1,660,740</b>
Central Government	345,000	396,050	1,487,800	1,758,500*	1,313,500*	1,034,000*
Private Sector	375,800	340,950	164,500	101,200*	151,200*	201,200*
iSITE	186,900 (\$30k)	139,500 (\$75k)	45,000 (\$130k proj)	39,850 (\$75k proj)		
<b>Total</b>	<b>2,268,260</b>	<b>2,217,350</b>	<b>3,518,090</b>	<b>3,560,280</b>	<b>3,125,440</b>	<b>2,895,940</b>

\*Central Government and Private Sector Funding in years 2021/2022-2024 is currently unconfirmed.

\* Private sector funding: 2020/21 and projected is in-out'

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## Financial Performance

These financials and the proposed Sol are presented in the following context, including items informed by the Martin Jenkins Review in November 2020<sup>37</sup>:

**Strained Private Sector Investment** – COVID-19 has disrupted and continues to disrupt NRDA's ability to attract private sector investment, in particular in Destination Management and Marketing, due to the impact of border closures on the visitor sector. Previously, NRDA has attracted relatively high levels of private sector investment comparative to other similar organisations (validated by the Martin Jenkins review). We have been successful in pivoting somewhat to new private sector funding through targeted initiatives such as Pick Nelson Tasman and the Catch a Job campaign, however, these reflect a change in nature of private sector funding to support specific activities (in-out funding) and not the wider work of NRDA.

**Historically Low Levels of Core Funding** – NRDA has been operating on low levels of core local government funding when compared with other similar economic development agencies.

**Operational Cost Efficiencies** – The review of NRDA's operations found that we are operating relatively efficiently compared to other EDA's and there was limited room for a reduction in costs. Nevertheless, we are committed to further investigating opportunities for efficiencies, within NRDA and with Council.

**Central Government Investment** – In the FY2020-2021 NRDA received one-off Central Government funding for a range of specific COVID-19 response activities. However, future Central Government funding is uncertain and opportunities continue to be investigated to leverage local government funding to secure Central Government investment. This includes the Tourism Support Recovery and Reset Fund (under application at the time of preparation of the Sol).

**Tourism Support Recovery and Reset Fund** – Delivery of activities proposed in this Sol is based on an assumption of successful funding for 2021-2022 of \$1M, 2022-23 \$700K, 2023-24 \$500K under this program to support Destination Management and Marketing. Note: This funding is not confirmed and if not received we will need to revisit the delivery funding model for this activity area.

**Private Sector Revenue Assumptions** – Budget projections assume: Year 1 Total \$100K (in-out) (\$50K Investment Attraction; \$50K Regional Profiling); Year 2 Total \$150k (\$50K Investment Attraction \$100K Regional Profiling (\$100K in and out; \$50K allocate to costs); Year 3 Total 200k (\$50K Investment Attraction \$150K Regional Profiling (\$150K in and out; \$50K allocate to costs).

## 6.2. Building Long-Term Financial Sustainability

The combination of the loss of private sector funding and visitor sector income, and an uncertain future around Central Government support challenges the financial sustainability of NRDA. To deliver on the aspirations and to build on the momentum of Project Kōkiri, establishing a sustainable model of future funding is essential. Work is proposed in 2021/2022 to identify an alternative private sector funding model to support Destination Management and Marketing.

The Martin Jenkins review of NRDA's operations highlighted that one option to increase core funding that could be assessed is the potential to develop a regional economic development fund (Regional Economic Investment Fund), which could be funded from a portion of the returns from Councils' investments. Similar funds created elsewhere have been used to co-invest in business cases and major regional economic development projects, with work typically led by the local EDA. Apart from bolstering local funding, the existence of the funds has made it easier to attract Central Government co-investment in the projects. Consideration of this approach may provide an opportunity for a sustainable future business model.

<sup>37</sup>Economic Development Priorities for Nelson Tasman: Final Report: Identifying opportunities and challenges for the region, MartinJenkins November 2020

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## Financial Performance

### 6.3. Transition Focus and Resource Implications

Through refocusing and adjustments, 2021-2024 Council investment will enable NRDA to:

- Leverage Central Government funding to support key programs, including: Tourism Support Recovery and Reset funding (destination management and profiling); Education to Employment (until 2022); Regional Business Partnership Programme (until Dec 2021 – contract and funding is currently under review by MBIE); Regional Events Fund (until 2025).
- Oversee and drive delivery of the Nelson Tasman Regeneration Plan 2021-2031 (Project Kōkiri 2.0), maintaining and strengthening a collaborative approach to regional development. Resources: Current staff time, redirected administration support.
- Unlock Investment: Establish a workstream within NRDA focused on attracting public and private investment to the region through strategic business case development and positioning (economic development, infrastructure and commercial opportunities). Resources: New 1.0 FTE Year 1 onwards, program budget, redirection of current resourcing.
- Strengthen economic profiling and insights: Provide economic profile information providing a more holistic view of economic performance and supporting regional considerations for investment and project prioritisation. Resources: Budget allocation (information, impact modelling and assessments).
- Lead sector transition programmes: Provide support and expertise to identified sectors/ clusters to support industry transformation and Just Transition opportunities. Resources: Current staff.
- Support Māori Economic Development – Develop a Māori economy and business partnership and engagement plan to work closely with mana whenua and Te Taihū Māori owned enterprises to guide NRDA activity to promote and strengthen Māori economic development in the region. Resources: Existing staff Year 1, future years pending findings.
- Championing innovation and sustainability – Continued focus (including Mahitahi Colab partnership and Intelligent Guardians initiative). Resources: Current staff.
- Regional profiling: Funding support sought for Years 1/2/3 under STAPP/ Tourism Support Recovery and Reset. Resources: Sustainable funding model (destination management) to be investigated for implementation commencing Year 2-3. Risk: Year 1/2/3 Government funding unconfirmed.
- Regional Skills and workforce programmes and forums participation. Continue to deliver targeted programs currently Government funded. Resources: Expanded programs subject to funding.
- iSITE: Delivery of the iSITE visitor customer service has been allocated for the six months to December 2021 at a deficit of (\$75K); We will work with the National Visitor Information Network Board and Nelson City Council to investigate a financially sustainable alternative.

#### Notes:

- Opportunities for operational efficiencies – to be investigated Year 1, internally and with Council;
- Not currently included in funding: Extended workforce skills development programme (future programme subject to Regional Skills Leadership Group findings and to partnership funding).

# 7. Governance Statement

Governance of the NRDA is the responsibility of the NRDA Board. Operations of the NRDA organisation are the responsibility of the Chief Executive who reports to the Chair of the Board.

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## Governance Statement

### 7.1. Procedure to be Followed with Purchase of Shares in Other Company or Organisation

The procedure to be followed before subscription for, or purchase of, or other acquisition of shares in any company or organisation, shall be by resolution of the Directors, excepting that any significant diversification or addition to existing activities will be referred to the shareholder for approval.

### 7.2. Directors Estimate of Company Value

The Directors estimate that the opening balance of shareholder funds in the annual accounts will represent the value of the Company. The Directors will advise the shareholder on an annual basis if they believe the value to differ materially from this state. The opening balance of equity projected at 1 July 2021 is \$227,500. The projected ratio of consolidated shareholder funds to total assets at 1 July 2021 is 22%.

Based on the nature of the NRDA's business the shareholder accepts no dividend is required to be paid to the shareholder as a result of the company's activities.

### 7.3. Accounting Policies

The NRDA Accounting Policies were reviewed by the board in November 2020 following the 2019/2020 audit report and found to be complying with the Tier 2 Public Benefit Entity Public Sector ("Tier 2 PBE PS") Financial Reporting Framework and all audit requirements. A full set of the reviewed policies are available from the NRDA as required.

### 7.4. Capital Expenditure and Asset Management Intentions

Based on the business model assumption the capital expenditure estimate for 2021/2022 is \$67K, 2022/2023 is \$117K, 2023/2024 is \$17K thus total 3 year spend \$201K. This will assist in the delivery of expected outcomes and will be primarily allocated to redevelopment of the nelsontasman.nz website and digital assets.

### 7.5. Health & Safety

Directors and Officers (the CEO) have obligations under the Health and Safety at Work Act 2015 regarding staff, contractors and visitor. NRDA has a policy, supported by a process, to:

- Be informed and keep up to date about work health and safety matters;
- Identify hazards and risks associated with NRDA operations and take steps and processes to eliminate or minimise those risks;

- Ensure the NRDA has appropriate processes for receiving and considering information regarding incidents, hazards and risks and for responding to these in a timely way;
- Ensure the NRDA implements processes for compliance, and verifies all of the above steps.

### 7.6. Risk Management

The current uncertain economic climate poses many potential risks to the successful delivery of this Sol. We will focus on high levels of engagement and communication with key stakeholders and best practice Governance approach outlined in section 7 and apply these principles while monitoring and assessing risk.

### 7.7. Sustainability and Climate Change Responsiveness

The NRDA recognises that Climate Change is a significant risk to the future of NZ and the region's economy. The NRDA has taken a lead from the work completed as part of the environment pillar of Te Taihū Intergenerational Strategy around Climate Change. This work has assisted in informing us on considerations we should be giving in any future sustainable economic development initiatives. The Nelson Tasman Regeneration Plan<sup>38</sup> likewise recognises this global and regional challenge and the transitions required within the current economy to a lower emissions focused economic and community base, and a focus on the future resilience of the region in response to the significant challenges presented by climate change. This highlights the green/regenerative economy as an emerging economic driver which cuts across industries and focuses us on the opportunities that present when we converge our key strengths; that part of the economy that is focused on sustainability and environmental restoration which includes our businesses who benefit from a reputation for sustainability and care.

NRDA has sustainability at the heart of the organisation's approach to all its activities.

### 7.8. Organisational Sustainability

An objective to support delivery of the Sol is to build the NRDA organisational sustainability. This will focus on building the capability of the core team, supporting organisational resilience, flexibility to new challenges, increased staff confidence and succession planning.

<sup>38</sup>Nelson Tasman Regeneration Plan 2021-2031 (Project Kōkiri 2.0) (Draft at time of Sol submission)

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## Governance Statement

### 7.9. Reporting to the Shareholder

In addition to provide economic reporting, advice and guidance to NCC, NRDA also has key reporting requirements and timeframes it must meet under Schedule 8 of the Local Government Act.

#### Half Yearly – NRDA report to Shareholder

- By the end of March each year, the NRDA will provide to the Shareholder a half-yearly report against the Sol Key Performance Measures and comply with the Local Government Act;
- This report will contain unaudited financial information and comply with NZIAS 34;
- This report will also be provided to TDC.

#### Annual – NRDA balance date is 30 June and the NRDA will provide an Annual report to the shareholder by the 30 September each year

- The Annual report will report against the Sol Key Performance Measures and comply with sections 67, 68 and 69 of the Local Government Act and the Companies Act;
- This report will include audited Financial Statements and comply with NZIAS 34;
- This report will also be provided to TDC.

NRDA will be available to attend ad-hoc Council meetings or workshops throughout the year on an as requested basis. NRDA will make an effort where possible in its reporting to the Councils to provide both a regional and a Territorial Local Authority level of information.

### 7.10. Best Practice Governance

Consistent with best practice, Directors are appointed under the expectation that in undertaking their role, they will exhibit and ensure to:

- Act as a Board of Governance for the organisation responsible for the overall direction and control of the company's activities, to act in the best interests of the NRDA, and not act as representatives of either their business or the sector they work in;
- Assist the organisation to ensure the activities of the NRDA deliver upon the Sol and funding agreements with the shareholder which are driven by the strategies and expectations of the two funding Councils;
- The Board will adopt governance practices and policies that are not inconsistent with those of the Shareholder and make the commitment to operate in a manner consistent with adherence to the Companies and Local Government Acts and the principles of the Institute of Directors of NZ and their four pillars of governance best practice for NZ Directors;
- Sound and sustainable business practice in commercial undertakings, operating as an efficient and effective business;

- Ethical and good behaviour in dealing with all parties in alignment with a policy of identifying and dealing with potential conflicts of interest;
- An active partnership with the Shareholder, Iwi and Māori, TDC, funding partners and key stakeholder;
- The Chair and Board members are expected to adhere to the communication protocols identified in the Sol, in addition to the formal reporting requirements;
- The practices of a good employer, operating a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment;
- The Board shall ensure that the Company has appropriate risk management procedures and policies in place to assist the smooth running of the organisation and compliance with all applicable legislation;
- The Board shall ensure that the Company has appropriate Health, Safety & Wellness procedures and policies in place to assist the safe running of the organisation and compliance with all applicable legislation;
- Act in a manner that will bring commercial disciplines and a greater ability to partner with the business community;
- The Company Constitution sets out in more detail the governance framework for the Company; and
- In accordance with best practice, the Board Chair will undertake an evaluation of the individual members and overall board performance by November 2021.

### 7.11. Communication Protocols

The Chairperson, Board members and officers of the NRDA are expected to adhere to the following communication protocols with the Shareholder in addition to the formal reporting requirements:

- A "no-surprises" approach
- Consultation with the Shareholder prior to external release of significant changes and/or developments
- Early notification and collaboration on the management of risks and issues, and
- Will not make comments that could detrimentally impact or bring into disrepute the Shareholders reputation.

In addition to complying with formal reporting requirements and communication protocols, NRDA will be committed to ongoing, open and collaborative relationships with our Shareholder, to ensure transparency of information, clarity of understanding and to ensure good working relationships with and support for the Council in its service to the Community.

# 8. Appendices

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# Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024: Attachment 1

## 8. Appendices

### 8.1. Appendix 1: NRDA Summary Work Plan 2021/2022 – 2023/2024

Noting that the proposed work plan is subject to change due to emerging issues, and that any significant changes will to be discussed with Council.

Strategic Priority Area	Activity	2021/22	2022/23	2023/24
			Activity levels dependent on future funding and model	
Economic Strategy and Innovation	Strategic Economic Development	<ul style="list-style-type: none"> <li>Strategic direction as agreed with Council and as adopted through The Regeneration Plan. Activities and reporting delivered within Strategic framework</li> <li>Oversight, monitoring, communication on delivery progress against the Nelson Tasman Regeneration Plan</li> <li>Project Kōkiri Leadership Group meeting regularly and called to action on strategic issues and opportunities</li> <li>Strategic issues and opportunities monitored and discussed with stakeholders</li> <li>Championing innovation and sustainability, underpinning all activities</li> </ul>		
	Te Taihū Māori Economy	<ul style="list-style-type: none"> <li>Māori business and economy data included in data insights and profiling</li> <li>Partnership on Te Taihū Economic Pou supporting Māori economy focus work</li> <li>Development of a Māori partnership and engagement plan to work closely with mana whenua and Te Taihū Māori owned enterprises to promote and strengthen Māori economic development in the region</li> <li>Work commencing according to findings of engagement and partnership plan</li> </ul>	<ul style="list-style-type: none"> <li>Delivery according to findings of engagement and partnership plan developed in 2021/22</li> </ul>	
	Economic Intelligence	<ul style="list-style-type: none"> <li><i>Assessment and reset:</i> Current data collection, availability assessed/ expanded/ adjusted to ensure fit for purpose, accessibility, communication and responsiveness</li> <li><i>Data insights:</i> Establish regular qualitative and quantitative data and insights relevant to key sectors, including visitor sector, to inform decision making, local and Central Government and local businesses</li> <li>Support the development of climate action-related data and insights to support regional initiatives in carbon reduction and offset</li> <li>Support the development of wellbeing data and insights that provide a fact-based framework for prioritisation of initiatives. We will apply wellbeing criteria to development projects</li> <li>Capture and profile Māori business and economic information in our data and insights to inform strategy and decision making</li> <li><i>Economic profile:</i> Designed and commenced, including national trends and regional economy</li> <li><i>Economic data partner:</i> Confirmed</li> <li><i>Survey:</i> Nelson Tasman Business Confidence and Insights survey established in partnership with Chamber of Commerce</li> <li><i>Impact model:</i> Economic impact model and assessment capacity developed</li> <li>Shareholder business visitation programme to commence 2021/22</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing service established to ensure relevant strategies and projects (NRDA, Council and partners) are supported by evidence and that data and economic profiling is both proactive and responsive to need</li> <li>Quarterly economic profile maintained</li> <li>Quarterly Business Survey ongoing; reported with profiling</li> <li>Input to economic value/ impact model applied to support high level decision making</li> <li>Input to economic value/ impact assessments to support major investment considerations (note: may require additional partner support in some cases depending on budget)</li> </ul>	

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## 8. Appendices

Strategic Priority Area	Activity	2021/22	2022/23	2023/24
			Activity levels dependent on future funding and model	
<b>Industry Sector Resilience</b>	<b>Sector Transitions and Growth</b> <i>Supporting engaged sectors to advance industry transformation and just transition opportunities</i>  <i>Link: Business innovation, RBPP, Mahitahi Colab, Investment Attraction, Te Taihū Māori Economy, Sustainability</i>	<ul style="list-style-type: none"> <li>• <b>All sectors: Climate Change</b> <ul style="list-style-type: none"> <li>• Provide regular information to regional businesses through data, insights and case studies to support regional initiatives in carbon reduction</li> <li>• Engage with climate action groups to explore opportunities to support industry solutions for reducing carbon footprint</li> <li>• Engage existing initiatives, such as Business for Climate Action, in sector focused transition support programmes</li> </ul> </li> <li>• <b>Food and Beverage:</b>                      Build on 2020/2021 work (F&amp;B Tourism Strategy and F&amp;B Co.Starters cohort) to develop a regional food and beverage sector support strategy in Nelson, to deliver against the F&amp;B Industry Transformation Plan (when released), Just Transitions strategy, and already identified needs. Actions that may be included in the regional F&amp;B strategy include:                     <ul style="list-style-type: none"> <li>• Key topic workshops: Reducing carbon footprint; Sustainable packaging; Reducing waste; Navigating the regulatory framework; Accessing funding for growth; Adopting wellbeing principles in business</li> <li>• Co.Starters cohort - new and growing F&amp;B businesses</li> <li>• Supporting joint marketing efforts to help smaller F&amp;B businesses access new markets and grow exports</li> <li>• Mapping local F&amp;B value chain and underutilised capital assets to help producers improve productivity and invest in new technologies</li> <li>• Supporting business connection and collaboration</li> <li>• Assessing F&amp;B cluster development potential</li> </ul> </li> <li>• <b>Horticulture:</b>                      Build on 2020/2021 work to develop a regional Agritech Industry Transformation support plan, in consultation with industry and with reference to the National Agritech Industry Transformation Plan, Just Transitions strategy and other relevant sector strategies. Examples of actions that may be included in the regional Agritech strategy include:                     <ul style="list-style-type: none"> <li>• Mapping local horticulture value chain</li> <li>• Supporting business connections with investment in R&amp;D and new technologies to support improved sector productivity, resilience and high value jobs</li> <li>• Working with business and NMIT to help ensure graduates are equipped with required skills and capability</li> <li>• Key topic workshops: Reducing carbon footprint; Becoming a more sustainable business; Adopting wellbeing principles in business; Innovation training</li> <li>• Supporting volume to value business transition by exploring: Supply chain transparency; Regional storytelling; Value added product opportunities (mapping and connecting primary producers with relevant capital assets e.g. contract manufacturing, bottling, juicing etc)</li> <li>• Assessing horticulture cluster development potential</li> </ul> </li> <li>• All sector initiatives to include exploring opportunities to support and develop Māori businesses and work with iwi</li> <li>• Three-year programme to be delivered according to strategy and project review. Year three to include extension to further sectors</li> <li>• <i>Responsiveness:</i> Capacity maintained to support sectors according to emerging issues</li> <li>• <b>Business Event programme:</b>                      Quarterly all-business partnership event programme (sponsorship to be confirmed) focusing on and showcasing key issues, for example: AI and Innovation, Intelligent Guardians, Carbon Footprint Reduction. Key topics to be identified with industry and informed through regional business insights survey.                 </li> </ul>		

# Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024: Attachment 1

## 8. Appendices

Strategic Priority Area	Activity	2021/22	2022/23	2023/24
			Activity levels dependent on future funding and model	
Industry Sector Resilience	<b>Tourism Sector Regeneration</b> <i>The Destination Management Plan provides the guiding document to rebuild the visitor sector in alignment with the Te Taihū Intergenerational strategy, in such a way that it enhances our local communities, cultures and environment and economy.</i>	Destination Management is centered around social, cultural, and environmental sustainability in order to ensure long term economic sustainability. This requires managing both the supply side and the demand side of the visitor sector, i.e. developing new ways of hosting visitors, offering authentic experiences which support the region's values as well as attracting the kind of visitors who care about this.  <ul style="list-style-type: none"> <li><i>Ongoing:</i> Advocate for continued improvement to regional access (roads, air, public transport); Review crisis management planning; Provide/ interpret relevant qualitative and quantitative data and insights</li> </ul>		
		<b>Capability Building and Resilience</b>  <ul style="list-style-type: none"> <li><i>Industry Collaboration:</i> Pilot new ways for local operators to 'code share' their transport and transfers</li> <li><i>Greening the visitor experience:</i> Facilitate training to operators in improving their environmental practices and measuring and reducing carbon footprint and guidelines for offsetting</li> <li>Trial new collaborative operating models to improve sector resilience and productivity e.g. combined retail and experience hubs, collective marketing, packaged itineraries</li> </ul>	<ul style="list-style-type: none"> <li>Continue to align education and training opportunities with employer needs</li> <li>Find ways to share eco-experiences beyond those that are zero carbon certified</li> </ul>	<ul style="list-style-type: none"> <li>Pilot new ways to create more consistent and higher value employment</li> <li>Investigate funding opportunities for fleet greening of rental car and coach fleets</li> </ul>
		<b>Product Development</b>  <ul style="list-style-type: none"> <li><i>Special Interest Strategies:</i> Create strategies, feasibility studies and business cases for key sub-sectors to develop and enhance opportunities for more vibrant visitor engagement: F&amp;B tourism; Arts Tourism</li> <li><i>Journey Development:</i> Curate journeys to encourage wider dispersal of visitors within the region while maintaining a light footprint- "explore more, care more"</li> <li>Accessible &amp; Inclusive Tourism</li> <li>Develop and promote accessible and inclusive travel options (eg for wheelchairs) to connect all visitors to our natural environment</li> </ul>	<ul style="list-style-type: none"> <li>Provide planning support for sub-regions where needed such as Golden Bay and Murchison</li> <li>Curate journeys to encourage wider dispersal of visitors with neighbouring regions</li> <li><i>Local communication programme:</i> To improve local understanding of the benefits of the visitor sector</li> </ul>	<ul style="list-style-type: none"> <li>Digital development (pilot adoption of AR and VR in the visitor experience)</li> <li>Support extending the heartland ride network for cycle journeys (e.g. Havelock to Nelson via Maungatapu)</li> </ul>

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Strategic Priority Area	Activity	2021/22	2022/23	2023/24
			Activity levels dependent on future funding and model	
Investment Attraction and Promotion	<b>Regional Identity and Proposition</b>  <i>Link: Investment Attraction, Profiling, Strategic Events</i>	<ul style="list-style-type: none"> <li>Extend and update current regional identity to reflect changing environment post COVID-19, energy from the We've Got This campaign, and to build a stronger business and investment and talent focus, including strengths in innovation, science, research and technology</li> <li>Complete phase 1 of the redevelopment of the nelsontasman.nz website as the key destination website with a stronger focus on prospective businesses, investors, talent and locals as our ambassadors. This will also involve exploration of whether the ItsOn website (which is overdue for an update due to outdated technology) could be incorporated</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement a coordinated framework and tools for businesses and the community to market the region through the updated regional identity</li> <li>Deliver a locals campaign to embed the updated regional identity within the local community</li> <li>Complete the redevelopment of the nelsontasman.nz website</li> </ul>	<ul style="list-style-type: none"> <li>Continue to refine and develop the regional identity as new business and community stories evolve, and update framework and tools as needed</li> <li>Grow engagement and visitation of nelsontasman.nz for increased promotion of and information on the region</li> </ul>
	<b>Investment Attraction</b>  <i>Link: Regional Identity and Proposition, Nelson Tasman Regeneration Plan Priorities</i>	<b>Investment strategy:</b>  <b>2021/22</b> <ul style="list-style-type: none"> <li><b>Capacity:</b> Build (NRDA) capability and capacity to lead, facilitate and support investment attraction and business case development: Staff resource, staff refocus and professional development, resources toolkit, key partner arrangements</li> <li><b>Proposition profile:</b> Develop an investment proposition profile for the region (economic profile; support infrastructure; strengths and opportunities; business and innovation stories)</li> <li><b>Priority projects:</b> Priority regional short list projects confirmed and consistent, basic business cases developed. Highest impact investment points identified and mapped to inform and direct the priority focus initiative</li> <li><b>Impact assessment:</b> Model and procedures in place to support proactive strategy, and response to emerging issues and opportunities</li> <li>Actively driving priority high impact investment opportunities, including continuing work associated with activation of the Nelson Science and Technology Precinct</li> <li><b>Supporting enterprise and innovation:</b> Facilitate investment opportunities between potential capital investors and industry</li> </ul>	<b>2022/2023/2024 – Continued delivery, including</b> <ul style="list-style-type: none"> <li>Deliver on and continually review and update the Investment Strategy</li> <li>Maintain and continually develop investment profile (including business cases)</li> </ul>	

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Strategic Priority Area	Activity	2021/22	2022/23	2023/24	
			Activity levels dependent on future funding and model		
Investment Attraction and Promotion	<b>Destination Profiling</b>  <i>Link: Investment Attraction, Sustainability, Innovation</i>	<ul style="list-style-type: none"> <li>Building on the 2021 Inaugural Intelligent Guardians event, partner with TEDx Nelson 2021 to showcase the region as a place rich in innovative thinking with plenty of 'ideas worth spreading'</li> <li>Deliver a 2022 Intelligent Guardians event through sponsorship/partner funding, and develop this into a multi-day festival to include a range of events and workshops exploring, profiling and facilitating industry and community conversation on how we can be good ancestors, with a focus on utilising science and technology to protect and prosper</li> <li>Develop and deliver a comms strategy to showcase our region's strengths and business and innovation stories (to support investment attraction activity)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to build the momentum of the Intelligent Guardians</li> <li>Deliver one business/innovation activation to continue work in positioning the region as a place to do business, work and live. Depending on 2022 success, this may be another Intelligent Guardians event, and/or an additional targeted campaign</li> <li>Continue to deliver an ongoing comms/media strategy to showcase our region's strengths and our business and innovation stories</li> </ul>		
		<b>Destination Management:</b>			
			<ul style="list-style-type: none"> <li>Create a local ambassador programme to incentivise local exploration of the region, hosting their own visitors and repeat visitation</li> <li>Continue to build regional profile through the website and digital channels</li> <li>Revalidate and share our regional stories including hosting key media</li> <li>Resume international trade and media marketing as borders reopen, beginning with Australia</li> </ul>	<ul style="list-style-type: none"> <li>Leverage the regional mountain biking experience to build profile</li> </ul>	<ul style="list-style-type: none"> <li>In partnership with DOC, develop and promote iconic single and multi-day walks</li> <li>Spread utilisation of the Abel Tasman National Park geographically and seasonally</li> </ul>
	<b>Strategic Events</b>  <i>Delivering the Nelson Tasman &amp; Marlborough events strategy efficiencies.</i>	<ul style="list-style-type: none"> <li>Establishment of new multi-day major and business events enabled by the Regional Events Fund (REF) to drive visitation and leverage local strengths and industries</li> <li>Build upon established structures to grow long term capability and capacity in the local events sector</li> <li>Deliver NCC Events Funds under the leadership of the Events Development Committee</li> <li>Note: Events minimising waste and supporting other local environmental initiatives will be considered favourably for REF and NCC events funding</li> </ul>	<ul style="list-style-type: none"> <li>Continue to manage REF and NCC Events Fund</li> <li>Leverage major and business events supported by NCC Events Fund and REF to maximise the benefits to the events sector and increase flow on effects to the wider region</li> </ul>	<ul style="list-style-type: none"> <li>Continue to manage REF and NCC Events Fund</li> <li>By year 3 of the REF, some major and business events should have established their reputation enabling them to have a higher degree of economic sustainability</li> </ul>	

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## 8. Appendices

Strategic Priority Area	Activity	2021/22	2022/23	2023/24
			Activity levels dependent on future funding and model	
Business & Workforce Development	<b>Business Support</b>	<ul style="list-style-type: none"> <li>Continue the successful management and delivery of the Regional Business Partner Programme</li> <li>Support 300 businesses per year through the various business development and capacity building activities as enabled by the Regional Business Partner Programme</li> <li>Continue to connect &amp; refer businesses to both in-region and out-of-region expertise and opportunities e.g. Māori support, Exporting support, Investment support, Startup support, connecting to talent</li> <li>Partner with the Mahitahi Colab to deliver and support in-region initiatives which help to identify opportunities for growth in key sectors</li> <li>Working with government partners to promote commercial opportunities to support regional growth e.g. MPI, MFAT, ITPs</li> <li>Following the national review of the current Regional Business Partner Programme model, expected for completion December 2021, NRDA will conduct an independent review of how to maximise leverage from the model as it is delivered locally</li> </ul>		
	<b>Workforce &amp; Skills Development</b>	<ul style="list-style-type: none"> <li>Work with the <i>Regional Skills Leadership Group</i> in the development of the Regional Workforce Development Plan, (new programmes currently unfunded)</li> <li><i>Education to Employment</i>: Connect schools in the region with businesses and support delivery of school specific events to educate and excite students about vocational pathways in the region</li> <li><i>As part of E2E</i>, launch and market a Nelson Tasman digital careers hub for secondary school students to educate and inspire about employment opportunities in the region and connect them with businesses (also a connection hub to all other youth related opportunities and programmes in the region)</li> <li><i>As part of E2E</i>, deliver the second Fantastic Futures conferences in the region, growing this to 150 students</li> <li>Support the Young Enterprise Scheme, in partnership with Nelson Tasman Chamber of Commerce</li> <li><i>Currently unfunded but proposed if partnership funding secured</i>: <ul style="list-style-type: none"> <li>Pilot Youth Employability Programme in Nelson Tasman region with one school cohort (25 students) and one NEET cohort (16 youth) (\$60k)</li> <li>Deliver Grad Nelson Tasman and Intern Nelson Tasman – growing the number of students taking part to 20 interns and 10 graduates (\$50k)</li> <li>Support further development and implementation of blueprint for businesses to work with NMIT to fill specific skills and capability gaps through short courses and microcredentials</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Continue work with RSLG and secure funding for delivery of any identified initiatives (Currently unfunded - \$40k).</li> <li>Education to Employment Brokerage service is currently unfunded beyond 2022. If further funding is secured: <ul style="list-style-type: none"> <li>Continue to support all 12 schools in the region to connect with businesses and deliver events</li> <li>Develop Careers hub content to cover more sectors, opportunities and inspirational case studies</li> <li>Grow the Fantastic Futures conference to be accessible to 200 students</li> </ul> </li> <li>Continue to support the Young Enterprise Scheme, in partnership with Nelson Tasman Chamber of Commerce</li> <li>Depending on outcomes and funding, grow the Youth Employability Programme (currently unfunded)</li> <li>Depending on outcomes and funding, grow and deliver Grad Nelson Tasman and Intern Nelson Tasman (currently unfunded)</li> </ul>	

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Strategic Priority Area	Activity	2021/22	2022/23	2023/24
			Activity levels dependent on future funding and model	
Business & Workforce Development	Business Innovation	<ul style="list-style-type: none"> <li>Provide support and guidance to the Intelligent Guardians and Nelson Tasman Innovation Neighbourhood generated initiatives to drive innovation outcomes for the region (<a href="#">link - Intelligent Guardians Festival</a>)</li> </ul>	<ul style="list-style-type: none"> <li>Continued support to the Intelligent Guardians and NTIN clusters to drive innovation outcomes for the region</li> </ul>	
		<p><i>Ongoing: Supporting Mahitahi Colab to:</i></p> <ul style="list-style-type: none"> <li>Provide the physical space for collaboration to happen, through coworking, events and co-location of key partners</li> <li>Deliver the CoStarters programme to new and growing businesses (dependent on securing enough businesses able to self-fund their participation in the programme or the Mahitahi Colab securing external funding for the programme)</li> <li>Provide workplace learning opportunities for NMIT students (dependent on securing funding for an additional resource to manage the Mahitahi Colab education offering)</li> <li>Develop and deliver other innovation initiatives such as: Startup Weekend; Hackathon; Sector-specific CoStarters / other acceleration activities; (Noting these new initiatives are unfunded and dependent on securing sponsorship)</li> </ul>		
Organisation management (NRDA)	Destination Management Funding	<ul style="list-style-type: none"> <li><i>Future model:</i> 2021/22 Investigate future funding model for destination management and marketing and private sector partnerships to support programmes in 2022/23 and 2023/24; Investigate and confirm future funding model for the ISITE</li> </ul>		
	Wellbeing & Development	<ul style="list-style-type: none"> <li>Programmes established and maintained focused on building strong team culture and high performing team including: Staff development; Culture development, and Health, Safety &amp; Wellbeing protocols</li> </ul>		
	Sustainability	<ul style="list-style-type: none"> <li>Work with EKOS to measure NRDA business operations carbon footprint and elect to go Zero Carbon or Climate Positive once measurement is complete</li> </ul>		

8. Appendices

**8.2. Appendix 2: Investment Across Activities**

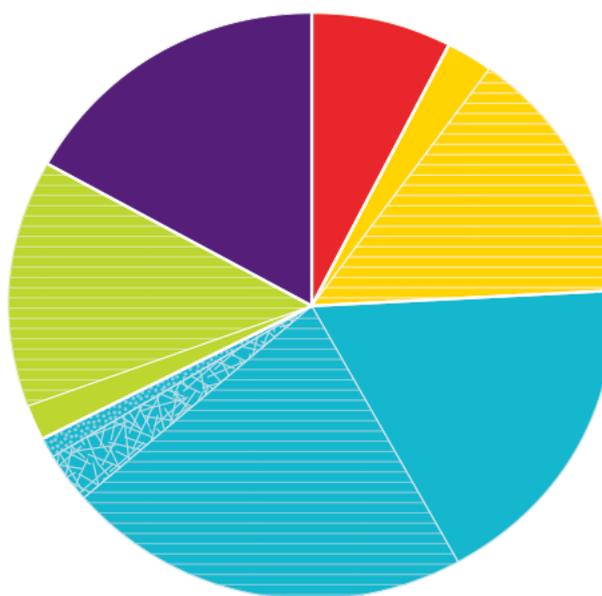
A high-level percentage breakdown of investment across functional activities proposed for 2021/2022 is presented in the chart below. Monitoring of this investment across activity areas will be included in all performance reports to Council. This highlights regional development investment achieved through local government funding.

**Strategic Activity Areas**

- Economic Strategy & Innovation  
\$272,892 (8%)
- Industry Sector Resilience  
\$591,423 (17%)
- Investment Attraction & Promotion  
\$1,544,577 (43%)
- Business & Workforce Development  
\$553,135 (15%)
- Corporate  
\$597,294 (17%)

**Funding Source**

-  Central Government
-  Private Sector
-  iSITE
-  Local Government



**Summary of activity delivery areas:**

**Economic Strategy and Innovation. Includes:**

- Strategic Economic Development (includes Project Kōkiri, Maori Economy)
- Economic Intelligence (Data insights)

**Industry Sector Resilience. Includes:**

- Sector Transitions (includes Climate change related)
- Tourism Regeneration (\$500k CG Tourism Support Recovery and Reset)

**Investment Attraction and Promotion. Includes:**

- Regional Identity and Proposition
- Investment Attraction (business cases and impact)
- Destination profiling (\$500k CG Tourism Support Recovery and Reset; \$50k private sector TBC; \$40k LG)
- iSITE
- Events (includes Regional Events Fund and Nelson City Events)

**Business and Workforce Development. Includes:**

- Regional Business Partner Programme (CG \$345k)
- Employment to Education (CG \$145k)
- Young Enterprise Scheme partnership
- Business Innovation (Mahitahi Colab)

**Corporate**

- Overheads, labour, organisational development, administration and standing charges, licenses and registrations, depreciation.

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## 8. Appendices

### 8.3. Appendix 3: Summary Prospective Statement of Comprehensive Income

Revenue	FY 2021-22	FY 2022-23	FY 2023-24
Central Government	1,758,500	1,313,500	1,034,000
NCC Events Contract	73,500	73,500	73,500
Private Sector	101,200	151,200	201,200
iSITE Trading	39,850		
<b>Core Shareholder Funding</b>			
Shareholder Funding (NCC current)	912,240	912,240	912,240
Funding TDC	325,000	325,000	325,000
NCC core funding increase	350,000	350,000	350,000
<b>Total Core Shareholder Funding</b>	<b>1,587,240</b>	<b>1,587,240</b>	<b>1,587,240</b>
<b>Total Revenue</b>	<b>3,560,290</b>	<b>3,125,440</b>	<b>2,895,940</b>

Less Operating Expenses	FY 2021-22	FY 2022-23	FY 2023-24
<b>Economic Strategy &amp; Innovation</b>			
Strategic Economic Development (Including Project Kōkiri and Te Taihuhu Māori economy)	134,800	123,400	129,150
Economic Intelligence	138,100	141,400	142,800
<b>Total</b>	<b>272,900</b>	<b>264,800</b>	<b>271,950</b>
<b>Industry Sector Resilience</b>			
Sector Transitions and Growth	92,100	119,800	112,450
Tourism Sector Regeneration	499,300	349,500	249,300
<b>Total</b>	<b>591,400</b>	<b>469,300</b>	<b>361,750</b>
<b>Investment Attraction &amp; Promotion</b>			
Regional Identity & Proposition	220,700	228,600	236,800
Investment Attraction	274,800	282,900	273,500
Destination Profiling (including iSITE \$115,000 2021-22)	707,200	489,800	439,200
Strategic Events	341,800	341,600	262,100
<b>Total</b>	<b>1,544,500</b>	<b>1,342,900</b>	<b>1,211,600</b>
<b>Business &amp; Workforce Development</b>			
Business Support	344,700	345,000	347,400
Workforce & Skills Development	152,100	7,500	7,500
Business Innovation	56,400	56,400	56,400
<b>Total</b>	<b>553,200</b>	<b>408,900</b>	<b>411,300</b>
<b>Corporate Costs</b>	<b>526,460</b>	<b>542,950</b>	<b>562,300</b>
<b>Total Operating Expenses</b>	<b>3,488,460</b>	<b>3,028,850</b>	<b>2,818,900</b>
<b>Operating Surplus (EBITDA)</b>	<b>71,830</b>	<b>96,590</b>	<b>77,040</b>
Depreciation/Interest	70,700	95,500	76,600
<b>Operating Profit (EBT)</b>	<b>1,130</b>	<b>1,090</b>	<b>440</b>

# Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024: Attachment 1

## 8. Appendices

### 8.4. Appendix 4: Summary Statement of Financial Position

<b>Assets</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Accounts Receivable	39,300	44,100	48,900
Bank Accounts	424,300	368,700	398,000
Other Current Assets	49,400	49,400	49,400
Prepayments	12,500	12,500	12,500
<b>Total Current Assets</b>	<b>525,500</b>	<b>474,700</b>	<b>508,800</b>
<b>Fixed Assets</b>	<b>87,700</b>	<b>114,200</b>	<b>59,600</b>
<b>Liabilities</b>			
Accounts Payable	179,400	149,400	124,600
Accrued Expenses	176,800	176,800	176,800
GST	-95,000	-90,400	-86,500
Income in Advance	68,250	68,300	68,250
Other Current Liabilities	55,500	55,500	55,500
<b>Total Liabilities</b>	<b>384,950</b>	<b>359,600</b>	<b>338,650</b>
<b>Net Assets</b>	<b>228,250</b>	<b>229,300</b>	<b>229,750</b>
<b>Equity</b>			
Retained Earnings	200,000	200,000	200,000
Issued Capital	28,250	29,300	29,750
<b>Equity</b>	<b>228,250</b>	<b>229,300</b>	<b>229,750</b>



nelson  
tasman.nz

A2679638



*Office of the Mayor*

8 April 2021

Nelson Regional Development Agency  
Board of Directors  
P O Box 370  
Nelson 7040

Attention: Meg Mathews

Tēnā koe Meg

#### **LETTER OF EXPECTATION 2021-2024**

This Letter of Expectation is to inform the Nelson Regional Development Agency (NRDA) Board of the Council's high-level strategic direction and performance expectations in advance of preparation of the Statement of Intent (SOI) for the 2021-2024 period. Council have approved a shift from a one year to three year Statement of Intent and request that the document provided by the NRDA covers this extended period of time.

The impact of COVID-19 over the past year has been unprecedented and has brought significant economic uncertainties and challenges to our region. Council appreciates the leadership that the NRDA has shown in bringing together key stakeholders to deliver the initial response phase of Project Kōkiri. This enhanced level of collaboration has set our region up well to proceed with Project Kōkiri 2.0, the regeneration phase of recovery and the delivery of Project Kōkiri 2.0 will be a significant part of the Agency's work over the next few years.

The guidance provided in this Letter of Expectation represents a shift in direction for Council's economic development investment. The scope of Council's economic activity includes all aspects of community wellbeing. We recognise that this may require a period of change for the NRDA and request that a 'roadmap' is provided in addition to the SOI that outlines how the change process will occur.

Both Nelson City and Tasman District councils are currently consulting on their 2021-31 Long Term Plans, and funding commitments for the NRDA cannot be confirmed until after the adoption of these plans by 30 June 2021. We understand that some funding for central government programmes will not be known until after this date as well. Given the range of funding that the NRDA



## Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024: Attachment 2

may receive for the 2021/22 year, we request that high, medium, and low funding scenarios are included within the Statement of Intent presented to the Councils. For each scenario please include:

- the expected level of achievement against the strategic priorities and outcomes
- the supporting performance measures; and
- the nature of the role that NRDA plan to fulfil.

Project Kōkiri requires high levels of collaboration, and Council requests that the NRDA outlines how the NRDA intends to work with stakeholders, including Māori, business, iwi, and other related economic development organisations, including those that also receive Council funding (such as Uniquely Nelson and the Nelson Tasman Business Trust).

Council requests that the following outcomes are included in the SOI as part of the NRDA's work over the next three-year period:

Our region's economy is:

1. **Regenerative:** The economy makes a just transition towards a low-emissions economy, in a way that supports environmental outcomes and protects natural resources (land, forests, fresh water, marine environmental and indigenous biodiversity) now and in the future.
2. **Productive:** A shift from volume production to high value products, unlocking the potential of businesses to thrive, investing in research and development, technology, and innovation to achieve productivity improvements, and supporting small and medium enterprise growth.
3. **Inclusive:** More even distribution of economic benefits (recognising that some in the community fare worse on wellbeing indicators), skills level and productivity improvements, achievement of higher incomes and the right skills available for the future workforce.
4. **Resilient:** The region is able to respond and bounce back from disruptions and shocks in a way that reduces harm and overall costs. Sectors are diversified to reduce risk, there is local access to required goods and services, and supply chains are robust.
5. **Creative:** The creative talents of our region are recognised and developed, with opportunities to showcase and leverage our clever businesses, diversity, arts and artisans, and innovation.

To deliver on these aspects of economic development, Council is setting out the following economic development priorities:

1. Integrate **wellbeing** across all work programmes by incorporating environmental, social, and cultural considerations into existing frameworks, plans, projects, and standard decision-making procedures.

Item 6: Nelson Regional Development Agency Statement of Intent 2021 - 2024:  
Attachment 2

2. Integrate **climate change** across all work programmes by incorporating emissions reduction, adaptation and a just transition into existing frameworks, plans, projects, and standard decision-making procedures, in recognition of the impact that climate change will have on the economy.
3. Enhance the focus on **economic resilience** to ensure the Nelson Tasman **region** is resilient to future economic shocks, other non-economic disruptions such as COVID-19, or climate change events.
4. Lead the development of phase two of Project Kōkiri with a focus on ongoing **recovery and economic regeneration**. Businesses and the community are supported to respond to the disruption that COVID-19 will continue to have on the region's economy.
5. Support a range of **sector transitions** and identification of opportunities for collaborative action on common issues, for example seasonal labour, the future of work, environmental restoration and use of natural resources, climate change, resilience, and technology and innovation. An important project is the Agency's work to facilitate development of the Destination Management Plan, providing a future direction for the local tourism sector.
6. Support Māori businesses and iwi - identify ways to enhance outcomes for the **Māori economy**, recognising the importance of Māori economic development in the region.
7. Lead and facilitate **strategic economic insight**, analysis and advocacy (including global, national and local trends) that supports the implementation of the Te Tauihu Intergenerational Strategy Pūtea/Economy outcome. Lead and facilitate **business case development** that identifies opportunities to leverage public and private investment in partnership with stakeholders, including central government, industry, iwi, and communities.
8. Assist **analysis** that identifies infrastructure challenges of the region, recognising that this can hold back the ability of businesses to thrive. Facilitate **engagement** with business to build economic and commercial **feasibility studies** regarding the case to make investments in areas such as housing, city centre development, transport, and digital connectivity.

The general expectations of the Statement of Intent are set out below:

1. Comply with Schedule 8 of the Local Government Act.
2. Disclose the performance story for the Council Controlled Organisation (CCO), providing a clear and succinct understanding of the CCO's purpose, the goods and services it delivers and what success looks like.
3. Report on health and safety matters to meet the requirements of Health and Safety at Work Act 2015.

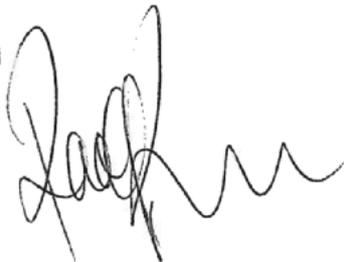
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Attachment 2

4. Use the same information for both managing the business and reporting through to the councils/shareholders, i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
5. Be in a plain style, concise, relevant, accessible, and focused on meeting the needs of the shareholding councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current, and future numbers).
6. Include a section on risk management: shareholders would like to understand better in the SOI how the board is considering and managing risks, including the ongoing uncertainty regarding COVID-19, financial uncertainty, natural hazards and climate change.
7. Include a section on sustainability: shareholders would like to understand better in the SOI how the board is addressing sustainability, including carbon emissions and waste minimisation.

If you have any queries, please contact Jessica Bensemman on 03 539 5560 or [jessica.bensemman@ncc.govt.nz](mailto:jessica.bensemman@ncc.govt.nz).

As per previous year's processes, Nelson City Council and Tasman District Council request the opportunity to provide feedback on the draft Statement of Intent prior to it being adopted by your Board. Nelson City Council intend to consider the Statement of Intent at the Council meeting on 1 July 2021. We request a copy of the final Statement of Intent for this meeting by 17 May 2021.

Ngā mihi



Rachel Reese  
**Mayor of Nelson: Te Koromatua o Whakatū**

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## **Mayor's Report**

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### **1. Purpose of Report**

- 1.1 To update Council on current matters.

### **2. Recommendation**

***That the Council***

- 1. Receives the report Mayor's Report (R25866) and its attachment(A2688382, A2692426 and A2692427); and***
- 2. Supports the proposed Remits to the Local Government New Zealand AGM 2021, as discussed.***

### **2. Mayoral Discretionary Fund**

- 2.1 The Mayor donated \$500.00 from her Mayoral Discretionary Fund as a contribution towards costs associated with the engagement of Olivershaw Ltd by the Central Otago District Council on behalf of the Mayors of 20 winegrowing districts to lobby the Government for an excise-tax exemption or reduction for small producer wine growers. Olivershaw Ltd are experts in tax policy, tax economics and tax advice, and have been commissioned to write a report to be presented to the Government by a governance group comprising 4 Mayors and wine growing industry representatives.
- 2.2 The Mayor approved funding of \$1,503.47 from her Mayoral Discretionary Fund to cover airfare costs for James Alan Reneti who the Mayor is mentoring under the Tuia Rangatira Leadership programme. James attended two hui as part of this programme – one in Hamilton in March and the other in Dunedin in May 2021.
- 2.3 The Mayor donated \$500.00 from her Mayoral Discretionary Fund as a contribution towards costs associated with hosting the event "Real Talk Nelson" which was held in Nelson on 19 June. This event was created as

## Item 8: Mayor's Report

a platform to allow Rangatahi to share their stories to inspire and empower others with a focus on the collective health of mind, body and soul. Subjects covered included – suicide, mental health awareness, death and grief, sexual and physical abuse, gangs and domestic violence, drug and alcohol addition, teen pregnancy and career and business aspirations.

- 2.4 The Mayor approved funding of \$528.98 from her Mayoral Discretionary Fund to cover airfare costs for James Alan Reneti who the Mayor is mentoring under the Tuia Rangatira Leadership programme. James attended a hui in Rotorua in July 2021.
- 2.5 The Mayor donated \$1,000.00 from her Mayoral Discretionary Fund to sponsor the Smart Little City category of the Eelco Boswijk Awards which are being held on 8 September.

### **3. Local Government New Zealand AGM 2021 Remits**

- 3.1 The 2021 LGNZ Annual General Meeting (AGM) Remits are attached (A2688382). Remits are sent out as part of the AGM Business Papers prior to the AGM to allow members sufficient time to review and discuss.
- 3.2 There are a 7 Remits to be considered at the AGM:
  1. Tree Protection
  2. Rating Value of Forestry Land
  3. Funding of Civics Education
  4. Promoting local government electoral participation
  5. Carbon emission inventory standards and reduction targets
  6. WINZ Accommodation Supplement
  7. Liability – Building consent functions

### **4. Wine excise tax proposal**

- 4.1 In November 2020 a joint letter on behalf of 20 Mayors of wine-growing districts (Nelson and Tasman included) was sent to Hon Stuart Nash, Minister of Economic and Regional Development. The letter was seeking support for relief from excise tax on small wine producers so they could survive the impact of COVID-19. In March the Mayor of Central Otago District Council, Tim Cadogan, followed this up with another letter discussing the wine excise tax proposal, including background documents (Attachment 2 A2692426).
- 4.2 Minister for Finance Hon Grant Robertson has provided a reply, explaining that he is responsible for the policy settings on excise tax. His reply refers wine producers to the Customs Service if they are finding it difficult to meet their excise obligations. (Attachment 3, A2692427)

## **5. Update from the Chair of Strategic Development and Property Committee**

### 5.1 Decisions of Strategic Development and Property Subcommittee:

- Confirmation of minutes 1 April 2021 meeting;
- Received Chair report R25897 1 June 2021.
- The Chair report gave an update for the Marina.
- Received Quarterly report to 31 March 2021 in relation to marina and campgrounds.

**Author:**           **Rachel Reese, Mayor of Nelson**

### **Attachments**

Attachment 1: A2688382 LGNZ AGM 2021 Remits [↓](#)

Attachment 2: A2692426 Letter to Minister Nash 18 March 2021 [↓](#)

Attachment 3: A2692427 Letter from Minister Robertson 5 May 2021 [↓](#)

Who's  
putting local  
issues on  
the national  
agenda?

**We are.  
LGNZ.**  
Te Kāhui Kaunihera o Aotearoa.

# 2021 Annual General Meeting

## Remits

# 1

## Tree Protection

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<b>Remit:</b>	That LGNZ advocate that the provisions that were added to the RMA, that restricted tree protection, be repealed urgently and that this change be carried through into new resource management legislation, thereby restoring the right to councils to adopt and enforce locally appropriate policies to protect trees in their district. That LGNZ advocate to use the current RMA reform process to ensure these changes are carried through into new legislation.
<b>Proposed by:</b>	Auckland Council
<b>Supported by:</b>	Auckland Zone

### Background information and research

#### 1. Nature of the issue

The community have raised concerns about the loss of significant trees and urban canopy cover in Auckland, and the negative environmental impact this causes. The amendments to the RMA in 2012, which removed general tree protection, have limited council's ability to apply regulatory protections to trees on private properties.

Urban areas are suffering from a progressive and randomly located loss of tree cover or ngahere. This is causing a loss of quality of life amenity, loss of wildlife corridors and biodiversity, declining precipitation permeability, as well the loss of carbon sequestration and cooling effects of trees in urban settings. Auckland research shows this is not principally a consequence of intensification and development, but predominantly the overall net effect of individual decisions by landowners. The remaining tree protection tools available to councils, particularly the formal scheduling of individual or small groups of trees, are too complex, expensive, slow and limited to be effective in countering the loss of valuable trees and this progressive loss of tree cover.

The ability for councils to develop locally appropriate policies, such as Auckland's former General Tree Protection, needs to be restored urgently, and in the longer term, reflected in new legislation.

## **2. Background to the issue being raised**

A well-managed, flourishing, and healthy urban ngahere has a wide range of evidence-based benefits and is increasingly essential in assisting our climate mitigation, adaptation and response work. The ngahere plays a significant role in contributing to positive urban amenity and creating a healthy living environment with many social, cultural, economic, and environmental benefits.

### Urban Ngahere Strategy

Recognising these benefits, Auckland Council developed a strategy for Auckland's urban ngahere which was published in March 2019 [here](#).

The Urban Ngahere Strategy is the central policy vehicle for managing and growing Auckland's urban forest. The strategy aims to increase the knowledge of Auckland's urban ngahere and use that knowledge to protect, grow and maintain trees and other vegetation in Auckland's existing and future urban areas. It identified 18 high-level implementation actions to support the primary strategy outcome to increase the regional tree canopy cover average from 18.3 per cent to 30 per cent with no local board <15 per cent canopy cover, and recognised that collaboration, funding and partnerships are all fundamental to successful implementation.

Research to identify changes in urban ngahere canopy coverage in the Auckland Region between 2013 and 2016/2018 was undertaken by Auckland Council's Research, Investigations and Monitoring Unit (RIMU) with results published in the April 2021 report 'Auckland's urban forest canopy cover: state and change' (2013- 2016/2018). Revised April 2021 [here](#).

Key findings of the report can be summarised as follows:

- While urban canopy cover is 18 per cent, across the 16 urban local boards canopy cover ranges from eight to 30 per cent. Eleven of the 16 urban local boards met the minimum threshold of 15 per cent average canopy cover.
- Over the three- to five-year period, change in canopy cover was neutral: although a slight increase (0.6per cent) in cover was detected across all the local boards, it is likely within the margin of error (and not statistically significant). This is also well below the 30 per cent goal identified in the strategy.
- Net changes (difference between losses and gains) across the 16 urban local boards between 2013 and 2016/2018 ranged from minus 5 per cent to positive 9 per cent.
- The biggest net loss in terms of hectares was minus 129 hectares with the biggest net gain being positive 62 hectares.
- Initial analysis indicate that losses are widespread, but locations experiencing more losses than gains are typically privately-owned land and/or rural areas.
- Findings appear to indicate that height distribution of the canopy surface (2016/2018) is skewed toward the lower height classes with 75 per cent of the canopy surface being less than 10m and less than 5 per cent 20m or above.

#### RMA Amendments 2012

Council's ability to apply regulatory protections was deliberately limited by the RMA amendments in 2012 which prevented the use of general (or blanket) tree protection in urban areas. The intent was to reduce high transaction costs caused by the large number of resource consents required. An unfortunate consequence of this amendment was the exacerbation of the scale of tree loss across the region, particularly in urban areas, as identified by the RIMU key findings report.

#### Non-regulatory tools

Since the RMA amendments came into effect, councils have depended mainly on non-regulatory and private initiatives to control the removal of trees and vegetation on private properties. Examples include landowner advice and assistance with tree care and planting, community education and outreach programmes, raising awareness of the value and benefits of the urban ngahere, the Indigenous Biodiversity Strategy and the "Million Trees programme".

#### Regulatory tool – Auckland Unitary Plan

Council's main regulatory technique for managing and protecting the urban ngahere is the AUP. The Regional Policy Statement (RPS) within the AUP contains a number of objectives and policies relating to the natural environment, including trees. It recognises the importance of Auckland's distinctive natural heritage and the numerous elements that contribute to it, with trees being an integral component. The AUP contains rules relating to Significant Ecological Areas (SEAs), the schedule of Notable trees, and rules to limit the extent of vegetation removal in sensitive environments, like streams and coastlines. These regulatory tools apply to trees and vegetation on private properties but the protection they afford is specifically targeted to the issue they address. For example, to qualify as an SEA, a group of trees must satisfy robust ecological significance criteria and it can be difficult to justify the protection of individual trees or small groups of trees.

The influence of the Notable Tree Schedule to protect and increase urban canopy cover is also minimal given that the current 6,000 to 7,000 urban trees included in the schedule only represent a tiny fraction of Auckland's urban tree canopy cover. The purpose of the schedule is to protect Auckland's most significant trees. Any nominated tree or groups of trees need to meet specific criteria for protection, which include particular features such as botanical significance, amenity or historic value. Scheduling is not the appropriate mechanism to protect all urban trees worthy of protection. To attempt to use the schedule as a de facto form of general tree protection undermines its integrity and contributes to its devaluing.

Even where trees do meet scheduling criteria, the time and resources to enact the scheduling can be prohibitive. For example, nominations for an individual tree or group of trees to be included in the Notable Tree Schedule need to go through a full process under the Resource Management Act via a plan change. This is a significant process which involves professional assessment and a public submission process. The costs to council of adding trees into the schedule have been calculated at \$1484.00 (Attachment A). This reflects the process steps and expertise required to support the plan change process to enable the addition of trees into Schedule 10 of the AUP. These processes are also often very contentious, with strenuous opposition from reluctant landowners, further increasing costs and delays.

Limitations of current tools

The level of protection offered by the methods outlined above are not sufficient to be able to achieve Auckland Council's strategy goals and enjoy the benefits of a healthy urban ngahere outlined above. There is a need for better protection of trees in urban environments and in particular on private properties and/or rural areas where most losses seem to occur.

Trees make a positive contribution to Auckland's climate and environment. For example, the habitat value for mobile species, increasing carbon sequestration and reducing net greenhouse gas emissions. By enabling protection of additional trees from removal council would have the regulatory power required to ensure Auckland's urban canopy cover is maintained and increased over time. This would have further positive effects on Auckland's climate and environment by protecting additional trees from removal.

It is also important to recognise that urban tree protection need not affect growth and intensification goals. Urban tree protection simply prompts development proposals to design in context to site opportunities and constraints. Relaxing other controls such as height, coverage or yard setbacks frequently accompany tree retention outcomes from development.

**3. New or confirming existing policy**

Mayor Phil Goff has also advocated for greater tree protection on two earlier occasions and this remit proposal is consistent with his requests. The letters to Minister Parker are attached.

**4. Does the issue relate to objectives in the current LGNZ business plan? How?**

This issue relates to LGNZ's Environmental issues portfolio and Resource Management workstream. The solutions outlined in this remit align with and advance LGNZ's Vision and purpose.

Environmental (issues portfolio)

Leading and championing policy and working with central government, iwi and stakeholders to address the increasing impact of environmental issues, including climate change, the quality and quantity of New Zealand's freshwater resources, reducing waste and protecting biodiversity.

Resource Management (LGNZ workstream) This project seeks to:

Engage in the resource management reform process to ensure that the voice of communities continues to be central in how New Zealand's resources are used. Furthermore, a key focus will be to ensure that changes to the legislation work for urban, provincial and rural New Zealand remain enabling.

**5. What work or action on the issue has been done**

Urban Ngahere Strategy implementation update

An update on the implementation of Auckland's urban ngahere strategy outlining key initiatives and progress made towards strategy outcomes was presented to members of Auckland Council's Environment and Climate Change Committee in July 2020. The update provided a detailed overview of initiatives to improve the understanding of Auckland's urban ngahere (Knowing), to increase the urban ngahere canopy cover (Growing) and to preserve the urban ngahere (Protecting). The update report can be found [here](#).

Plan Change 29: Amendments to Schedule 10 of the AUP

Since the AUP became operative in part, Schedule 10 has been amended once via Proposed Plan Change 29 (PC29). PC29 amended errors and inconsistencies in the Schedule 10 text and maps. The intention of PC29 was to provide clarity for property owners about the location, number and species of scheduled tree(s) on the property. PC29 did not add to or re-evaluate existing trees on the schedule, the aim was only to ensure that the current Schedule 10 was correct and up to date and to improve the overall usability of the document.

At the time PC29 was presented to council it was proposed that nominations for additions to/removals from Schedule 10 would not form part of the plan change process. Any submissions for additions to/removals from the Schedule would be considered as a separate matter at a later date, when resources permit.

PC29 was notified on 15 August 2019 and the decision was notified on 28 January.

Grants

High-level action in the urban forest strategy: 14. Increase landowner grants and incentive programmes (eg heritage tree fund for private property owners)

Update July 2021:

Auckland Council administers several grants programmes for planting on private property, including:

- The Regional Environment and Natural Heritage Grant scheme (total funding \$675,000) – open to individuals, community groups, hapū, iwi, whānau, marae organisations, trusts and all other organisations that contribute to the protection and improvement of regional significant areas and/or promote efficient and sustainable resource use.
- The Community Facilitation and Coordination Fund (funded through NETR, total funding in 2018/19FY of \$4,740,000) – support local community groups to facilitate projects with a biodiversity/restoration focus.
- The Biodiversity Focus Areas Fund is currently being developed and is intended to support private landowners to manage and expand indigenous ecosystems on their property.
- Local Boards can provide funding for grants that can support smaller environment restoration groups.

Advocacy by Mayor Phil Goff

Auckland Mayor Phil Goff has advocated for greater tree protection through the current RMA reform process on two earlier occasions (letters to Minister Parker on 9 April 2019 (Attachment B) and 20 July 2020 (Attachment C)).

**6. Any existing relevant legislation, policy or practice**

There is currently no legislation or policy that offers the level of protection for trees on private land that this remit proposal seeks. The RMA prevents the use of District plan rules to protect trees unless they are described and the allotment is specifically identified by street address and/or legal description. While the restrictions don't apply to regional rules, these can only be used for s30 functions, which do not mandate general tree protection.

Provisions in the AUP (Regional Policy Statement B4.5. Notable Trees and D13.2 Notable Trees Overlay objectives) protect notable trees from inappropriate subdivision, use and development but do not guarantee their retention because the ability still exists to apply for consented removal and many other factors are considered as part of the application. Factors such as, attributes of the tree/s including identified values, the ability for development to accommodate the tree/s, alternative methods for retention and potential loss of values. Council currently considers consent applications for notable tree removals on a case by case basis in accordance with the provisions set out in the AUP.

**7. Outcome of any prior discussion at a Zone or Sector meeting**

Auckland Zone has formally resolved tree protection as a key priority and adopted to address this by way of a remit to be submitted to LGNZ for the 2021 AGM.

**8. Suggested course of action**

Repeal sections 76(4A) and 76(4B) of the RMA which were inserted by the Resource Management (Simplifying and Streamlining) Amendment Act 2009. Carry these changes through the RMA reforms and into new legislation.

**Auckland Unitary Plan's Notable Tree Schedule (Schedule 10)**

## Memorandum

7 August 2020

**To:** Planning Committee, Environment and Climate Change Committee and Local Board Chairs

**Subject:** The current costs of adding trees to the Auckland Unitary Plan's Notable Tree Schedule (Schedule 10)

**From:** Teuila Young, Planner, Auckland-wide Unit, Plans & Places

**Contact information:** teuila.young@aucklandcouncil.govt.nz

### Purpose

This purpose of this memo is to provide you information about the approximate current costs, timeframes and processes associated with adding trees to the Auckland Unitary Plan, Schedule 10 Notable Trees Schedule. It identifies possible efficiencies to reduce these costs. It also advises on interim changes to our website.

### Summary

The costs to council of adding trees into the schedule of notable trees have been calculated at \$1484.00 per tree. This reflects the process steps and expertise required to support the plan change process necessary to enable the addition to trees into Schedule 10 of the Auckland Unitary Plan.

Possible methods for achieving cost efficiencies to this process have been considered however the costs will still remain largely unchanged.

Officers remain on track to report on this matter to Committee later this year so that consideration can be given to the timing of a full review of Schedule 10 in the context of resource constraints and priorities.

The council website will be updated to alert people to the fact that the nomination of a tree for protection does not automatically protect a tree and that a plan change is needed for this to occur. The website will then be updated again later this year once direction is received from Committee on the timing of a plan change to review Schedule 10.

### Context

1. At the Environment and Climate Change Committee meeting on 21 July 2020, you requested a memo about the estimated \$1500 cost for each tree included within the Auckland Unitary Plan (AUP).
2. Prior to the creation of the AUP, each legacy council had its own schedule which listed heritage/notable trees or groups of trees. These were evaluated using different sets of criteria (depending on the council involved) at the time that they were included in the legacy district plans. As part of the development of the Proposed Auckland Unitary Plan (PAUP) these schedules were consolidated. 519 submissions were received seeking additions to the PAUP schedule and 60 submissions were received seeking deletions.
3. The decisions council made in response to the recommendations from the Independent Hearings Panel (IHP) added several trees to Schedule 10 and several trees were removed.
4. The PAUP submissions seeking additions to Schedule 10 remain in a database along with new nominations received since 2016 for trees to be added to the schedule. As at 5 August 2020, a

further 68 unsolicited nominations for trees to be added to the Schedule have been received. These are proposed to be considered as part of a future plan change process for additions to Schedule 10.

5. Since the AUP became operative, Schedule 10 has been amended once via plan change 29 (PC29). This only included correcting errors such as mapping (e.g. tree identification is mapped at the wrong location), incorrect information in the Schedule (e.g. address and/or legal description is incorrect, the number of trees is missing/incorrect, the botanical and/or common names are incorrect or do not align), or items missing from the schedule or included in error. This process is currently ongoing and the hearing of submissions on PC29 is scheduled for 18 September 2020.
6. At the time PC29 was approved for notification by the Planning Committee, it was resolved that nominations for additions and/or removal of trees do not form part of the plan change process.
7. Subsequently the Environment and Climate Change Committee noted (resolution ECC/2020/30) that staff will consider the timing of a full review of Schedule 10 – Notable Trees in the context of resourcing constraints and priorities and report back to Planning Committee.

**Process, timeframes and cost**

8. It is difficult to quantify the cost of scheduling trees because there are many contributing factors. For the purpose of this exercise it has been necessary to make some key assumptions. These are outlined below:
  - The scope of any potential future plan change is limited to additions of new trees to Schedule 10 and excludes the re-evaluation of existing listings.
  - There are no duplications in the 587 nominations.
  - The 587 nominations are all individual trees and there are no groups of trees proposed to be evaluated or scheduled through this process as this would increase the timeframes and resources associate with a future plan change. All 587 nominations would be evaluated and proceed through a plan change.
  - Council would not be publicly calling for new nominations as part of this process, as timeframes and resources would correspondingly increase.
  - Required Plans & Places staff and specialists have available capacity to complete this work. This assumption relies on the ability to recruit to the Heritage Arborist vacancy given Emergency Budget constraints.
  - That arboricultural consultants can be used to backfill the Heritage Arborist roles so they can undertake the review and assist where required.
  - Calculations are limited to the 587 items<sup>1</sup> for consideration. If many new nominations for both additions and removals were considered as part of this process, timeframes and resources would correspondingly increase.
  - Staff costs are taken from the mid-point of each role's salary band.
9. Based on the information provided in Attachment A, coupled with the assumptions applied to the data, the current cost to schedule 587 trees is \$871,000 (including ongoing Schedule maintenance costs for up to 12 months – this includes input on consents, monitoring conditions, attendance at notified hearings). It is estimated that from start (Step 2) to finish (Step 6), the process of adding trees to Schedule 10 and making the plan change operative would take between 34 to 42 months. Based on this information, the estimated average cost of scheduling

<sup>1</sup> 519 additions to the schedule were requested through the PAUP process and 68 nominations for additions have been received since 2016

a single tree is currently \$1484.00. It is important to note, that it would be both cost and time efficient if additions to Schedule 10 occurred by evaluating large batches of tree nominations at once rather than individually and the cost of scheduling "per tree" does not adequately reflect the scale of the process.

10. Tree schedules are highly dynamic and are not as easily maintained as other AUP schedules which are static (e.g. Outstanding Natural Landscapes Overlay Schedule, Outstanding Natural Features Overlay Schedule) meaning that they fall further out of date over time. This is because (given the large number of properties it affects) subdivision, development and consents for removal/alteration as well as emergency works affect the description of listings on the Schedule. Updates will therefore be required, and errors will still be identified from time to time given the number of listings contained in the Schedule. To update Schedule 10 requires a plan change at cost to the ratepayer and the larger the number of items on the Schedule the more complex a maintenance plan change would have to be. These changes cannot be addressed through any other process.
11. If the decision was made to invite submissions on trees that may merit inclusion in the Schedule, this could precipitate a review of the current Schedule 10 listings. This would substantially increase the cost and timeframe required to deliver the plan change (that initially only sought to add trees) significantly. Given that a number of the current scheduled trees would not meet the criteria under the AUP (i.e. weed species or damaged/dead tree) it is also possible that the number of currently scheduled trees would be reduced. New nominations would also not have immediate legal effect (ie no immediate protection) under s.86B of the RMA so those trees would be under threat of removal until a decision on the plan change is publicly notified.
12. Potentially, there are two council grants available to assist with the ongoing maintenance of notable trees on private property, the individual Local Board grants and Regional Historic Heritage grant. However, the funding criteria for the Local Board grants is at their discretion and may not include scheduled trees as a priority for funding. Funding is available for notable trees under the Regional Historic Heritage grant however, it is important to note that this grant has been oversubscribed.

#### Possible efficiencies

13. Possible methods for achieving cost and time efficiencies for future additions to Schedule 10 have been considered below:
  - Approaching other areas of council for assistance, such as Consents and Community Facilities arborists to reduce the external cost for consultants. However, consultants would still be required if the scope of the plan change extended beyond the addition of 587 existing nominations. The process would require the timeframes outlined in paragraph 9 above.
  - Creating a system prioritising the 587 nominations by only considering against a single criterion (as per the evaluation form found on page 11 of Attachment B). For example, limiting evaluation out in the field to only those which have heritage significance as indicated by the nominator. In terms of heritage specialist time these could be evaluated in conjunction with other work being done on site. This approach could possibly create cost and time savings in the evaluation of nominations stage when addressing heritage significance. However, it would not affect the cost of the remaining steps in the schedule 1 process. Also, assessing trees against a single criterion would potentially not provide a robust assessment and other criteria would need to be assessed moving forward and thus the cost and time would be multiplied for each assessment criterion.
  - Undertaking the work in tranches as opposed to one large plan change. This would still require a process which may be inefficient as it would require several plan changes over the course of several years and may likely be perceived as unfair in terms of which trees are scheduled first when compared with other equally meritorious trees. The cost and time of the process would be multiplied by the number of plan changes required to

3

schedule the nominated trees. Piecemeal reviews may also not provide an opportunity to be more strategic in addressing the unequal distribution of tree cover across the region.

- General tree protection. Currently the schedule protects an extremely small number of trees in comparison to what general tree protection could. RMA reform Panel recommendations are silent on the matter of general tree protection (and s76(4A)) and whether the new system should specifically rule out the use of the general tree protection district rule.

14. The costs per tree of scheduling will remain high even after the consideration of possible efficiencies. As mentioned in paragraph 7, on 21 July 2020 the Environment and Climate Change Committee resolved that a report on the full review of the Notable Trees Schedule 10 be provided to the Planning Committee. It is likely that that report will be taken to either the October or November 2020 Planning Committee meetings. That report will provide a fuller consideration of all alternatives alongside a full review of Schedule 10.

#### Current nomination webpage

15. Currently the Auckland Council website contains nomination information required to nominate a tree or group of trees to be scheduled. It does not outline the timeframe it takes to complete this process. It also does not state that trees or groups of trees are not given automatic protection when they are nominated, though this information is provided in the guidance document (Attachment B). Please see Attachment C for the current wording on the website. A interim amendment is to be made to this wording to alert people to the delays between their nominations being received and a change being made to the AUP (including the Hauraki Gulf Islands District Plan). Longer term, once the Planning Committee resolve a way forward in relation to the notable trees schedule, further changes to the text can be made to the website.
16. The following wording is proposed to be inserted on the webpage:

*Please note that the nomination process does not afford automatic protection. Any new trees or groups of trees nominated for inclusion to the schedule need to go through a full process under the Resource Management Act via a Plan Change, and this is quite a significant process which involves professional assessment and a public submission process. Any nominated tree or groups of trees need to meet specific criteria for protection, which include features such as botanical significance, amenity or historic value. There is currently no plan to initiate a plan change that enables the public to nominate new trees for inclusion on the Schedule, although there may a process like that in the future. Completing the nomination form would be a positive course of action for you to take so that we have the details of the tree (or group of trees) on file should a plan change to add trees to the Schedule of Notable Trees be commenced.*

#### Next steps

17. A report on a full review of Schedule 10 Notable Trees Schedule will be reported back to Planning Committee in either October or November.
18. The Notable Trees web page will be updated to include wording which reflects the delay between nominations of trees or groups of trees and scheduling. This change will be made by the end of this month.

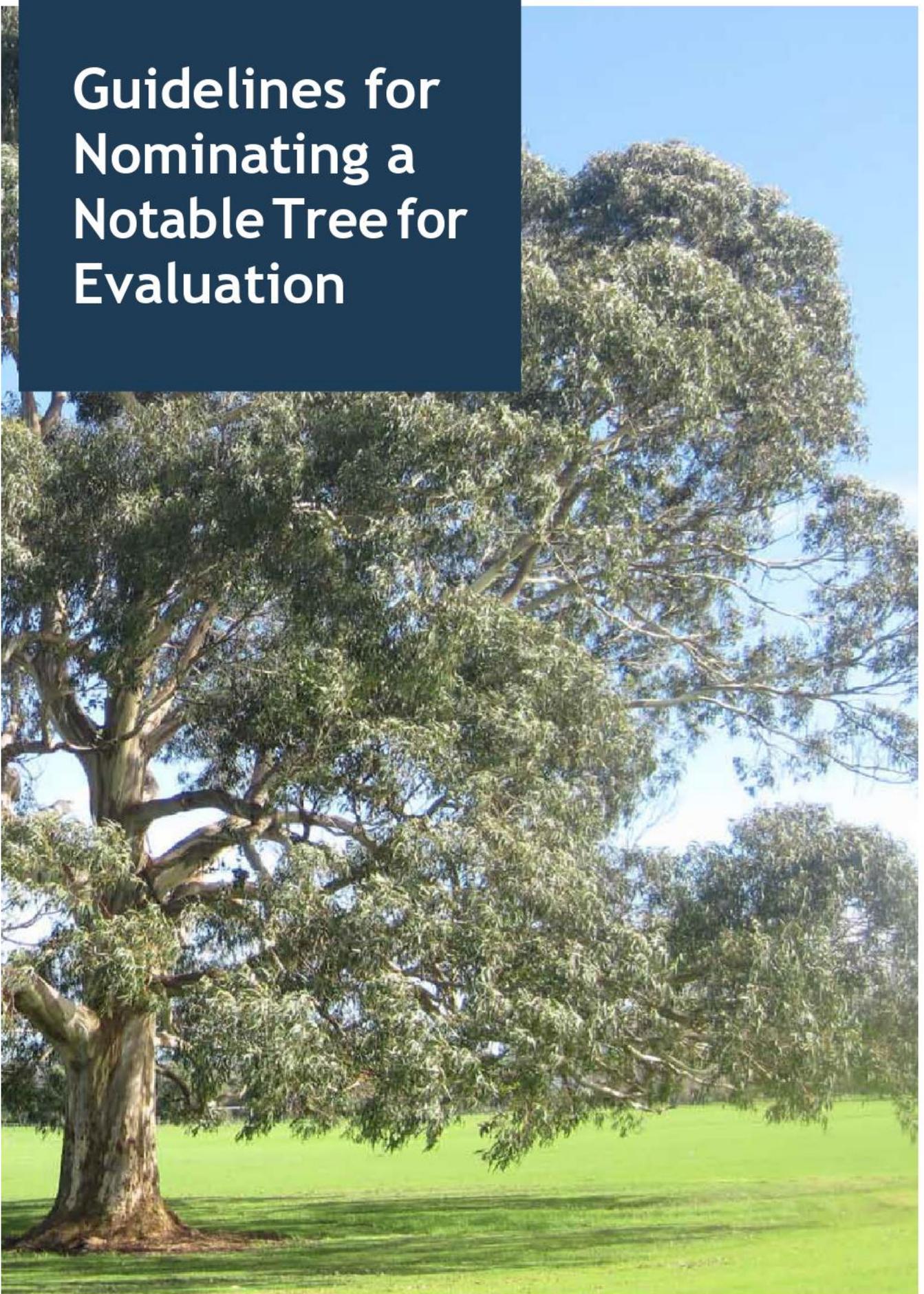
#### Attachments

- Attachment A: Process, timeframes and cost of adding trees to Schedule 10 spreadsheet
- Attachment B: Guidance for Nominating a Notable Tree for Evaluation
- Attachment C: Current Auckland Council webpage regarding Notable Tree nominations
- Attachment D: Resource consent fee schedule associated with Notable Trees

**Process, timeframes and cost of adding 587 trees to Schedule 10 Notable Trees**

Step	Process	Timeframe Estimate +/- 2 months	Explanation	Staff resource required	Estimated cost +/- \$1000
1	Nomination	NA - administrative task which requires minimal staff time	Currently a nomination can be made by completing the nomination form and emailing it to the Plans and Places Heritage Information team.	NA - administrative task which requires minimal staff time	NA
2	Evaluation of trees held in the nomination database	6 - 10 months	This calculation is based on 587 existing tree nominations. It is estimated that for a single tree it would take 30-45 minutes onsite evaluation. A group of trees could potentially take longer than 1 hour. Additionally, travelling in between sites will add time. For the purpose of this exercise travel time is being calculated at 20mins between sites. There is also a significant amount of preparation work that needs to take place before onsite evaluations can be conducted. This preparation work involves notifying affected landowners and residents, preparing site sheets, desktop analysis of any existing information available on file.	Senior planner (0.5 FTE) Planner (0.5 FTE) 2 x Arborists (1.0 FTE)	\$203,000
3	Preparation of a plan change Section 32 evaluation report Scope Reporting	3-4 months		Senior planner (0.8 FTE) Planner (0.5 FTE) Arborist (0.2 FTE)	\$56,000
4	Notification Submissions & further submissions Evaluation of submissions and any supporting information provided by submitters in relation to nominated trees	16-18 months	This cost of notification letters for 587 property owners and 587 residents at \$1.30 per letter comes to a total cost of \$1526. This cost is included in the total. Evaluation of submissions on plan changes of this nature require significant amount of time as they often involves site visits and in-depth desktop analysis in order to determine the accuracy of information provided in the submission.	Senior planner (0.8 FTE) Planner (0.5 FTE) 2 x arborists (0.5 FTE)	\$327,000
5	Mediation hearing, reporting, public notification of decisions etc.	3-4 months		Senior planner (0.8 FTE) Planner (0.5 FTE) 2 x arborists (0.5 FTE)	\$78,000
6	Appeal period (appeals to Environment court, approval of plan change, make plan change operative or operative in part)	6 months +		Senior planner (0.8 FTE) Planner (0.5 FTE) 2 x arborists (0.5 FTE)	\$115,000
7	Maintenance and delivery of a larger schedule (heritage inventory team, arborist input, not just consents but also monitoring conditions when arborist is required on site to supervise, attendance at notified hearings etc.)	Ongoing	Calculations are based on 12 months of maintenance and delivery.	Arborist (0.8 FTE) Planner (0.1 FTE)	\$92,000
<b>Total process cost</b>					<b>\$871,000</b>
<b>Cost per tree</b>					<b>\$1,484.00</b>

# Guidelines for Nominating a Notable Tree for Evaluation



# Nomination Guidelines

These guidelines outline the requirements for nominating a notable tree for evaluation by Auckland Council for inclusion on the region's Notable Tree Schedule. This document will assist you in completing and submitting the nomination form.

## Nominating a tree

Any person or organisation may nominate a tree or group of trees for evaluation by completing and submitting the nomination form.

Before you submit a nomination, please read these guidelines to check whether nomination is appropriate, and to ensure that you complete the form correctly. You should only nominate a tree or group of trees if you consider it has significant value and would be a worthy addition to Auckland's Notable Tree Schedule.

## Purpose of evaluation

The purpose of this evaluation is to identify notable trees for inclusion in Auckland's Notable Tree Schedule, or for other appropriate management to protect the tree such as a legal covenant.

Nomination of a tree or group of trees does not automatically guarantee that it will be evaluated or considered for scheduling. Priority will be given to nominations for trees on the nominator's property or on public land (open space, reserves or streets) and to those that are not already scheduled as part of a Significant Ecological Area. Priority will also be given to nominations that clearly identify the values of the tree and are supported by relevant background information. Therefore you are encouraged to make a persuasive case for the significance of the tree.

## What is a Notable Tree?

Practically all trees play important economic, environmental and social roles in any district of New Zealand. However, some trees are often thought of as being of greater value than others. That is, there are some specimen trees, or groups of trees, that stand out as being notable, significant or distinguished. It is those trees that, for various reasons, are selected by territorial local authorities, throughout New Zealand, for inclusion on a notable tree schedule in a district plan. Through this mechanism they gain greater legal protection.

Notable trees are generally those that a community or nation regard as being of special importance because they commemorate important events in a nation's history, are exceptional or unique examples of a species, are critical to the survival of other species or are of such age, stature, character and visibility that they are regarded as the best in the district.

## What is the Notable Tree Schedule?

Auckland's Notable Tree Schedule is a list of significant trees or groups of trees in the Auckland region. Inclusion of a tree or group of trees in the Schedule means that:

- It has been officially recognised by the Auckland Council as being a Notable Tree
- It is protected by provisions in district or unitary plans to ensure it is not damaged or destroyed
- It may be eligible for grants and other incentives.

### Criteria for scheduling Notable Trees

Auckland Council has proposed criteria for evaluating the importance of trees and the level of significance required to be considered for inclusion in the Notable Tree Schedule. There are three types of criteria: Special factors (stand alone), Negative factors and Tree Specific factors.

The special factor criteria are stand alone which means that if a tree or group of trees meets any one criterion then it is deemed notable. The tree-specific criteria require a cumulative assessment. That means, for a tree or group of trees to be notable, it must have a cumulative score of 20 or more out of 40 using the scoring systems described in Appendix 1.

Both the special factor and tree-specific criteria are used in combination to determine whether a tree or group of trees is notable. A tree will be notable if it meets only one of the special factors or the score threshold for tree-specific criteria.

In addition, the assessment against the Special factor and tree-specific criteria is then balanced by taking into account the potential negative effects of the tree. In situations where negative effects occur then these must be offset against the benefits of protecting a notable tree. This methodology does not provide a definitive way to make this decision but it relies on the expertise of trained arborists assessing the risk of the negative effects occurring and the overall significance of the tree. The critical part of this assessment is determining whether the hazard or negative effects are unmanageable. Most hazards and all nuisance effects can be managed but in instances where they are unmanageable a tree will not be scheduled as notable. Pest plants listed in the Regional Pest Management Strategy or Plan will not be scheduled.



## Special Factors (stand alone)

### A. Heritage

- Is associated with or commemorates an historic event (including Maori history or legend)
- Has strong public associations or has an historic association with a well known historic or notable figure
- Is strongly associated with a local historic feature and now forms a significant part of that feature

### B. Scientific

- Is the only example of the species in Auckland or the largest known specimen of the species in Auckland (including height and lateral spread) (only applies to individual trees)
- Is a significant example of a species rare in Auckland or a native species that is nationally or regionally threatened (as assessed by the Department of Conservation (DOC) or on the regional threatened species list)
- Has outstanding value because of its scientific significance

### C. Ecosystem service

- Provides critical habitat for a threatened native species population e.g., bats, chevron skinks, kiwi, yellow mistletoe etc

### D. Cultural

- Demonstrates a custom, way of life or process that was common but is now rare, is in danger of being lost or has been lost
- Has an important role in defining the communal identity and distinctiveness of the community through having special symbolic, spiritual, commemorative, traditional or other cultural value or represents important aspects of collective memory, identity or remembrance, the meanings of which should not be forgotten
- Is a landmark, or marker that the community identifies with

### E. Intrinsic

- Is intrinsically notable because of a combination of factors including the size, age, vigour and vitality, stature and form or visual contribution of the tree or group of trees

## Negative Effects

### F. Negative effects

- Are there any matters that may weigh against the tree's long term protection at this location?
- Does the tree present negative impacts upon human health and / or property?
- Are these negative effects manageable through arboricultural or property management means?
- Is the tree species listed in the Regional Pest Management Strategy as a Total Control or Containment Plant or listed under the Biosecurity Act 1993 as an Unwanted Organism?

## Tree-specific factors (see below for scoring)

### G. Age and health

- Is notable because of its age (e.g., the oldest of its species in Auckland) and there is something about the vigour and vitality of the tree or group of trees which makes it notable given other factors (such as its age)

### H. Character and form

- Is an exceptional example of the species in character and/or form (i.e., text book shape or has a particular relationship with its environment) or attributes that makes it unique

### I. Size

- It is an exceptional size for the species in this location (including height, girth or lateral spread)

### J. Visual contribution

- It makes a significant contribution to the visual character of an area or to the vista from elsewhere in Auckland



### Thresholds

When applying tree-specific factors to groups of trees an average assessment for all trees in the group should be used. At least one individual in a group must be scheduled independently as notable and all trees in the group must be physically close to each other or form a collective or functional unit through meeting at least one of the following criteria: 1. Canopies touch; 2. Canopies overlap; 3. Canopies are not further than 5 metres apart.

To be considered eligible for inclusion in Auckland's Notable Tree Schedule, a tree or group of trees must meet at least one of the special factor criteria or achieve a score of 20 or more for tree-specific criteria.

Other tree specific factors are also taken into account in the decision to recommend a tree for scheduling. Sometimes scheduling is not the most appropriate way of protecting an important tree. For example, it may be part of a significant indigenous plant community and it would be more appropriate to schedule as a Significant Ecological Area (SEA) or it may already be within one of these SEAs and therefore a lower priority for evaluation. The final decision over whether to schedule a notable tree or group of trees is made by the Council after assessing the information obtained from this process.

### What trees can be nominated?

Any tree or groups of trees may be nominated including those in towns, streetscapes and settlements, gardens, trees and plantings or they may be naturally occurring trees in parks, reserves or covenants.

Frivolous or vexatious nominations will not be accepted including nominations for:

- Any tree or groups of trees that has been planted and is less than 20 years old, other than in exceptional circumstances
- Moveable or portable trees such as those in planter boxes.
- Any tree that cannot be accurately located or identified.

Priority will be given to trees nominated for inclusion in Auckland's schedule of Notable Trees that occur on the property of the nominee or in a public reserve. Detailed nominations supported with good information will have an increased chance of being processed quickly for acceptance into the schedule and will be peer reviewed. Nominations providing limited information, or those for trees on another person's private property will be processed as and when resources are made available.



### **Completing the nomination form (see Appendix 1)**

#### **Before completing the form**

Before you complete the nomination form (see Appendix 1) you should check your existing Notable Tree Schedule to ensure that the tree or group of trees is not already scheduled.

#### **Completing the form**

You are encouraged to complete and submit the nomination form in electronic format. You can download an electronic copy of the form from the Auckland Council website (<http://www.aucklandcouncil.govt.nz>)

#### **Section 1 (Contact details)**

We need to be able to acknowledge receipt of your nomination, verify information if needed, and keep you informed. We cannot accept anonymous nominations.

#### **Section 2 (Address)**

We need to know where the tree is. If it doesn't have a street address, you can provide the legal description or grid reference (using NZ Transverse Mercator coordinates). You can access these through the council's GIS viewer: <http://maps.aucklandcouncil.govt.nz/aucklandcouncilviewer/>

Legal description: use the 'identify' button on the toolbars on the right of the screen  
Grid reference: go to Tools/capture map coordinates. Print out and attach an aerial photo of the site with the tree clearly circled. If there are multiple trees please show where each tree is located.

#### **Section 3 (Owner/occupier)**

Complete this section if you have access to this information.

#### **Section 4 (Description)**

You should include a description of the tree and its location. For example provide a description of the estimated height, age, species and context for the tree.

#### **Section 5 (Threats)**

It is useful to identify known threats to the tree, because this will assist in prioritising nominations. For example, pressure from development, risk of being removed to create views etc.

#### **Sections 6-8 (Tree specific and special factors and negative effects)**

You should evaluate the tree or group of trees against each of the criteria. This will be the primary means by which we will evaluate a tree.

#### **Section 9 (Conclusions)**

Summarise your conclusions about the tree or group of trees here.

#### **Further assistance**

If you need assistance with the form, please contact the Council's Heritage team by email at [heritage@aucklandcouncil.govt.nz](mailto:heritage@aucklandcouncil.govt.nz)

Please complete the form in as much detail as possible.

# Frequently Asked Questions

## **Can I provide information in confidence?**

Generally not. Evaluation of Auckland's heritage is a public process. All members of the public, including the owner of a tree, are entitled to access all information held by the Council on a property. Councils are only required to restrict access to sensitive information about places of significance to tangata whenua as this is a statutory requirement under the Resource Management Act 1991. All other information relating to a property is public information, and is therefore available to members of the public upon request. If you have concerns about providing information that is, or may be sensitive or subject to copyright, you should discuss this with staff in the Council's Heritage Unit before providing the information.

## **What about my personal details?**

The Council has a responsibility to comply with the Privacy Act 1993 and the Local Government Official Information and Meetings Act 1987. All information provided to, and held by Council as public records, is public information and is subject to disclosure upon request unless there are reasons why it should not be disclosed. If you have concerns, you should refer to the relevant Acts, and seek independent advice.

## **What if I don't have the time or knowledge to provide all the information you require?**

The more supporting evidence you can provide the better. Nominations that lack sufficient information may be assigned a low priority for evaluation. You could approach your Local Board, botanical society or other community group to assist with the nomination or to make it on your behalf.

## **Why can't the Council evaluate all nominated trees?**

The process of evaluating trees requires specialised personnel and resources. As well as public nominations, the council identifies potentially significant trees through its own work. All nominations receive an initial appraisal. Those that are unlikely to meet the significance thresholds or lack sufficient information will be assigned a low priority or may not proceed. In some cases nominated trees have been previously evaluated, so unless new information becomes available they will not be re-evaluated.

## **What is the best format for sending information to the Council?**

Electronic files are preferred. Original photographs or documents should be scanned or copied. If you have large files (over 10MB) send them in parts or convert them to smaller file sizes (e.g. by converting them to PDF files) or copy them onto a CD.

## **Can I protect my tree even if my tree is not notable?**

If you have a tree and you think it is special but is unlikely to be scheduled as notable then there are alternatives to enable it protection such as a private legal covenant.

# Notable Tree Nomination Form

This nomination form is to be used for assessing trees or groups of trees. When applying tree-specific factors to groups of trees an average assessment for all trees in the group should be used. At least one individual in a group must be scheduled independently as notable and all trees in the group must be physically close to each other or form a collective or functional unit through meeting at least one of the following criteria: 1. Canopies touch; 2. Canopies overlap; 3. Canopies are not further than 5 metres apart.

## Section 1: Your Contact Details

## Section 2: Address of the tree

## Section 3: Owner/occupier

## Section 4: Description

## Section 5: Threats to the tree

**Section 6: Tree-specific factors (see following page for scoring)**

A tree can be scheduled as Notable if it achieves a score of 20 or more

	Score (see explanatory notes)	Comments
<p><b>Age and health</b> Is notable because of its age (e.g., the oldest of its species in Auckland) and there is something about the vigour and vitality of the tree or group of trees which makes it notable given other factors (such as its age)</p>	<input type="checkbox"/>	
<p><b>Character and form</b> Is an exceptional example of the species in character and/or form (i.e., text book shape or has a particular relationship with its environment) or attributes that makes it unique</p>	<input type="checkbox"/>	
<p><b>Size</b> It is an exceptional size for the species in this location (including height, girth or lateral spread)</p>	<input type="checkbox"/>	
<p><b>Visual contribution</b> It makes a significant contribution to the visual character of an area or to the vista from elsewhere in Auckland</p>	<input type="checkbox"/>	
<p><b>Section 7: Negative effects</b></p> <p>Are there any matters that weigh against the tree's long term protection at this location?</p>		
<p><b>Hazard and negative effects</b></p>	<p><b>YES</b>    <b>NO</b></p>	
Does the tree present negative impacts upon human health and / or property?	<input type="checkbox"/>	<input type="checkbox"/>
Are these negative effects manageable through arboricultural or property management means?	<input type="checkbox"/>	<input type="checkbox"/>
Is the tree species listed in the Regional Pest Management Strategy as a Total Control or Containment Plant or listed under the Biosecurity Act 1993 as an Unwanted Organism?	<input type="checkbox"/>	<input type="checkbox"/>

## Scoring of tree specific factors

These scoring systems are to be used when evaluating a tree against the tree-specific factors in Section 6 (see page 10).

### Age and health

Vigour and vitality	High	3	5	6	8	10
	↑	2	4	6	8	8
		2	4	6	6	7
		2	4	4	5	5
Low	2	2	2	3	3	
	Age in Years	<40	41-60	61-80	81-100	>100

This scoring system should be used when assessing the age and health of a tree. It allows for trees that are old and healthy to score much more highly than trees that are either unhealthy or young. The degree of vigour and vitality for any tree is assessed given the age of the tree. Therefore, a tree that is over 100 years old and showing high vigour and vitality, for a tree that age, will score a 10.

### Character or form

Not exceptional	0
Exceptional example locally	5
Exceptional example in Auckland	10

This scoring system should be used when assessing the character or form of a tree. It allows for trees that are exceptional examples at two spatial scales (from local to Auckland-wide) to score more highly than trees that are regarded as normal.

### Size

Average size for the species in this location	0
Greater than average size (up to 25% larger)	5
Substantially greater than average size (>25% larger)	10

This scoring system should be used when assessing the size of a tree (including height, girth and lateral spread). It allows for trees that are larger than would be expected (on average) for a particular location to be scored more highly than trees that are at, or close to (or below), their average height.

### Visual contribution

In backyard or gully	2	e.g. fewer than 100 people see the tree daily
Local park/community/ beside minor road or feeder road/catchment	5	e.g. between 100 and 5000 people see the tree daily
Main Road/motorway or highly visible landform	10	e.g. more than 5000 people see the tree daily

This scoring system should be used when assessing the visual contribution of a tree. It allows for trees that are seen by more people on a daily basis to score more highly than trees that are rarely seen.

**Section 8: Special factors (stand alone)**

For a tree to be scheduled or Notable it needs to meet only one of these special factors

**Heritage**

Is associated with or commemorates an historic event (including Maori history or legend)

YES NO

Has strong public associations or has an historic association with a well known historic or notable figure

Is strongly associated with a local historic feature and now forms a significant part of that feature

**Scientific**

Is the only example of the species in Auckland or the largest known specimen of the species in Auckland (including height and lateral spread) (only applies to individual trees)

Is a significant example of a species rare in Auckland or a native species that is nationally or regionally threatened (as assessed by DOC or on the regional threatened species list)

Has outstanding value because of its scientific significance

**Ecosystem service**

Provides critical habitat for a threatened native species population e.g., bats, chevron skinks, kiwi, yellow mistletoe etc

**Cultural**

Demonstrates a custom, way of life or process that was common but is now rare, is in danger of being lost or has been lost

Has an important role in defining the communal identity and distinctiveness of the community through having special symbolic, spiritual, commemorative, traditional or other cultural value or represents important aspects of collective memory, identity or remembrance, the meanings of which should not be forgotten

Is a landmark, or marker that the community identifies with

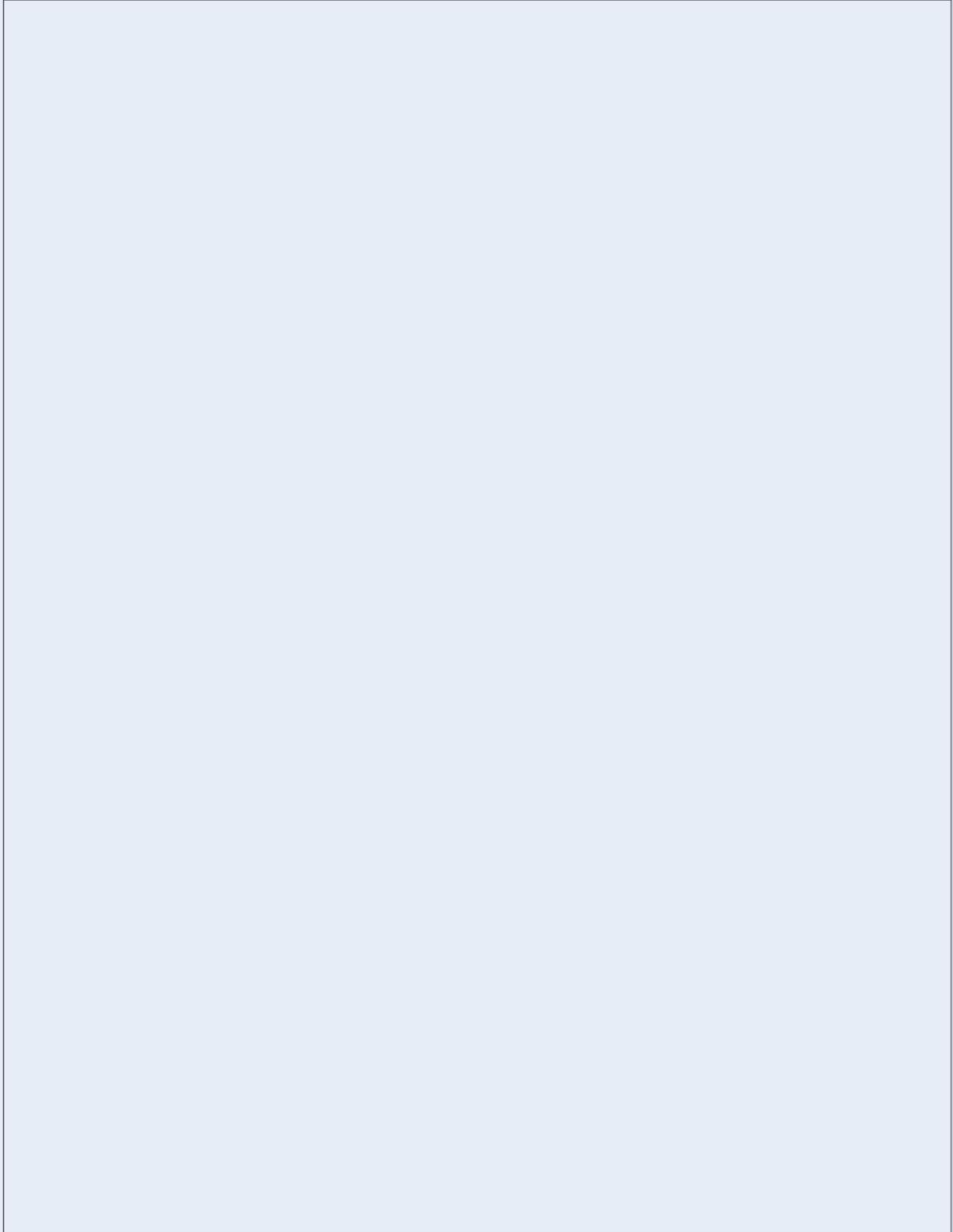
**Intrinsic**

Is intrinsically notable because of a combination of factors including the size, age, vigour and vitality, stature and form or visual contribution of the tree or group of trees

Comments

**Section 9: Conclusions**

Include your final assessment of whether or not the tree is notable and any additional comments. Note that under the Tree-Specific factors, a score of 20 or more is needed before it can be scheduled or Notable.

A large, empty rectangular box with a thin black border, intended for the user to provide their final assessment and comments regarding the tree's notability.

## Guidelines for notable tree evaluation

To find out the criteria for evaluating the importance of trees and their level of significance, see the Guidelines for nominating a notable tree for evaluation document.

You could ask your local board, botanical society or another community group to help you with the nomination, or to make it on your behalf.

### [@Guidelines for Nominating a Notable Tree for Evaluation](#)

PDF download 1.6 MB

You cannot nominate pest plants listed in the [Regional Pest Management Strategy](#).

## How to nominate a notable tree for evaluation

### - By email

Read the guidelines document and complete the nomination form contained in it.

Email the completed form to the heritage unit at [heritage@aucklandcouncil.govt.nz](mailto:heritage@aucklandcouncil.govt.nz).

### [@Guidelines for Nominating a Notable Tree for Evaluation](#)

PDF download 1.6 MB

# Fees and charges

## Consenting and property information fees and charges

Effective from 1 July 2020



Find out more: phone 09 301 0101  
or visit [aucklandcouncil.govt.nz](http://aucklandcouncil.govt.nz)

**Auckland Council has reviewed fees and charges for the 2020/21 year.**

The following notes should be read in conjunction with the schedule of fees and charges.

- All fees and charges are inclusive of GST at the rate of 15%.
- All fees and charges are in effect from 1 July 2020.
- While Council has aimed to provide a complete and accurate schedule of charges, if any errors or omissions are identified, charges will be calculated by reference to the appropriate underlying authority/resolution. Council reserves the right to vary and introduce fees and charges at its discretion.



Building consent fees					
Type	Description	Base Fee/ Fixed Fee*	Processing deposit	Inspection deposit	Total
Pre-application meeting	Pre-application: standard	\$311*			\$311
	Pre-application: complex	\$311			\$311
All other building applications	Project value up to \$4,999	\$790*		\$340	\$1,130
	Project value \$5,000-\$19,999		\$1,200	\$680	\$1,880
	Project value \$20,000-\$99,999		\$2,000	\$850	\$2,850
	Project value \$100,000-\$499,999		\$3,200	\$1,530	\$4,730
	Project value \$500,000-\$999,999		\$5,000	\$2,040	\$7,040
	Project value \$1,000,000 and over		\$7,200	\$2,550	\$9,750
Amended plans	Amended building consent applications: project value up to \$19,999		\$400		\$400
	Amended building consent applications: project value \$20,000-\$99,999		\$700		\$700
	Amended building consent applications: project value \$100,000 and over		\$1,200		\$1,200
Code Compliance Certificate (CCC)	Project value up to \$19,999	\$200			\$200
	Project value \$20,000 and over	\$595			\$595
Certificate of Acceptance	Project value up to \$19,999 <b>Note:</b> Prosecution and Infringements may also apply for work undertaken without consent	\$1,200		\$170	\$1,370
	Project value \$20,000 and over <b>Note:</b> Prosecution and Infringements may also apply for work undertaken without consent	\$2,000		\$170	\$2,170
Building application	Building application: national multiple use approval (based on project value \$0-\$499,999)		\$1,309	Based on project value	\$1,309
	Building application: national multiple use approval (based on project value \$500,000 and over)		\$2,726	Based on project value	\$2,726
Building inspections <sup>n</sup>	Building inspection per standard 45 minutes (include factory audits). Additional time charged by the hour			\$170	\$170

Building consent fees					
Type	Description	Base Fee/ Fixed Fee*	Processing deposit	Inspection deposit	Total
Building inspections- same day cancellation	Fee for building inspections cancelled after 12pm the day before the inspection booking	\$170*			\$170
Fire engineering briefs (new)	Fire engineering brief meeting, limited to one hour (hourly rates apply thereafter)	\$311			\$311
LINZ registration (Land Information New Zealand)	Where land is subject to natural hazards, or when building is across more than one lot	\$377*			\$377
Solid fuel heating appliances (fee per appliance)	If installed by an approved installer** providing a producer statement	\$280*			\$280
	Wetback (plus one inspection fee payable at time of application)	\$280*		\$170	\$450
	If installed by a person who is not an approved installer** (plus one inspection fee payable at time of application)	\$280*		\$170	\$450
Solar water or heat pump water heating devices (fee per device)	If installed by an approved installer** providing a producer statement	\$295*			\$295
	If installed by a person who is not an approved installer** (plus one inspection fee payable at time of application)	\$295*		\$170	\$465
Injected wall applications	Application for injected wall insulation. If installed by an approved installer** providing a producer statement	\$280*			\$280
	If installed by a person who is not an approved installer** (plus one inspection fee payable at time of application)	\$280*		\$170	\$450
Temporary structures	Application for a temporary structure	\$470			\$470
Exemption	Application for exemption from building consent requirements base charge	\$440			\$440
Minor Plumbing	Minor plumbing with a producer statement where value of work is less than \$5,000	\$295*			\$295
Minor Alteration for structural engineering design	Minor structural engineering design with a producer statement where value of work is less than \$5,000	\$245		\$170	\$415

Building consent fees					
Type	Description	Base Fee/ Fixed Fee*	Processing Deposit	Inspection Deposit	Total
Separation	Application to separate a historic building consent that relates to two or more buildings on the same site (per application)	\$548			\$548
Project Information Memorandum (PIM)	Issuing Project Information Memorandum	\$445			\$445
Filing fee	Receiving third party reports or any other information to place on a property file at the owner's request, or Schedule 1 exemption filing	\$253*			\$253
Extensions of time	Extension of time to commence building work under a building consent	\$150*			\$150
Lapsing	Lapsing of building consent	\$167			\$167
Refusing	Refusing of building consent	\$165			\$165
Waiver	Building consent subject to waiver or modification of building code	\$300			\$300
Issuing compliance schedule	Base charge	\$125			\$125
	Additional charge per specified system	\$30			\$30
	Amendment to compliance schedule base charge	\$110			\$110
Building Warrant of Fitness (BWOFF)	Annual Renewal	\$150			\$150
	Advisory inspection			\$170	\$170
	BWOFF Audit	\$124			\$124
Independent Qualified Person (IQP) Register	Registration costs for IQP	\$345*			\$345
	Registration renewal for IQP (3 yearly)	\$195*			\$195
Notice to fix	Issuing notice to fix	\$262*			\$262
Certificate for Public Use (CPU)	Certificate	\$520			\$520
	Extension of time for CPU	\$244			\$244
Issuing consent report	Weekly (annual subscription)	\$1,595*			\$1,595
	Monthly (annual subscription)	\$765*			\$765
	Single request (monthly or weekly report)	\$150*			\$150

Building consent fees					
Type	Description	Base Fee/ Fixed Fee*	Processing Deposit	Inspection Deposit	Total
Title Search	Record of Title	\$50*			\$50
Alcohol licensing building and planning certificate	Certificate that proposed use of premises meets requirements of building code and Resource Management Act	\$990			\$990
Construction of vehicle crossings	Vehicle crossing permit (application processing and inspection)	\$340			\$340
Producer statement author register	Registration as a producer statement author	\$345*			\$345
	Renewal of registration (3 yearly)	\$200*			\$200*
Swimming/spa pool compliance inspection	Swimming/spa pool inspection (each)	\$132*			\$132
	Owner sends photo	\$65*			\$65
	Independently Qualified Pool Inspectors (IQPI) record – administration of IQPI records	\$66*			\$66
Industrial cooling tower	Industrial cooling towers registration	\$175*			\$175
	Industrial cooling towers inspection	\$170			\$170
	Industrial cooling towers renewal	\$112*			\$112
Earthquake Prone Buildings	Extension of time to complete seismic work on certain heritage buildings or part of	\$148*			\$148
	Exemption from the requirement to carry out seismic work on the building or part of the building	\$350*			\$350

<sup>n</sup> Please refer to notes section for more information.

\* All fixed fees non-refundable and no additional charges will be applied.

\*\* Installer must be listed on Auckland Council's producer statement authors register.

- All fees and deposits must be paid at lodgement.
- All base charges are non-refundable and additional charges may apply and will be based on the actual processing and inspection time that occurs for the specific application.
- For deposits, actual costs for each application will be determined based on the processing and/or inspection hours that occur for the application. Additional charges may apply based on the actual processing and inspection time spent on the application.



Resource management and other lodgement fees		
Type	Description	Deposit
Pre-application	Resource Consent appraisal	\$505 <sup>n</sup>
Land use	Residential land use (infringing development standards)	\$4,000
	Non-residential	\$4,500
	Exemptions and approvals under the Auckland Council Signage Bylaw	\$1,490*
	Waiver of outline plan	\$500
	Tree works (excludes pruning or to undertake works within the protected root zone of notable (scheduled) trees, which does not incur a deposit or charge)	\$600*
Subdivision	Subdivision (with the exception of those below)	\$4,000
	Cross-lease; unit title; boundary adjustment	\$2,000
	Right of way and other non-resource consent matters relating to subdivisions e.g. cancellation of easements	\$1,100
Combination	Multiple/bundle applications for any combination of two or more: land use, subdivision or regional consent	\$9,500
Regional	Coastal structures, activities and occupation	\$7,000
	Discharge of stormwater, domestic wastewater or other contaminants	
	Earthworks and sediment	
	Water take, use and diversion	
	Works in, on, under or over the bed of lakes, rivers and streams	
	Transfer of coastal, water or discharge permit to another site	
	Contaminated sites; landfills; discharge of contaminants to air	
Other	Variation or cancellation under RMA s127 or s221, review of conditions	\$5,000
	Certificate for completion; certificate of compliance; existing use; outline plan; extension of lapse date	\$1,500
	Drill or alter a bore	\$600
	Deemed Permitted Boundary Activity; Forestry Permitted Activity	\$500
	Permitted Activity review - review of any proposal or query to determine if it is a permitted activity	\$250
	Consent transfer or consent surrender	\$229*
	s357 Objection hearing deposit	\$1,500

Resource management and other lodgement fees		
Type	Description	Deposit
Notified	Fully notified	\$20,000
	Limited notified	\$10,000
	Hearing (where complex a higher deposit will be required)	\$3,000
	Treeworks (excludes pruning or to undertake works within the protected root zone of notable (scheduled) trees, which does not incur a deposit or charge)	\$1,000*
Monitoring	Dairy Farm monitoring inspection deposit. Actual charges are calculated on the inspection time and hourly rate(s).	\$170
	All other monitoring activity: base fee applied on application approval	\$170**
Private plan change	Simple projects	\$10,000
	Complex projects	\$30,000
Notice of requirement	Pre-application appraisal	\$500 <sup>n</sup>
	Uplift an existing notice of requirement	\$1,000
	Minor alteration to existing notice of requirement	\$5,000
	Simple new notice or alteration	\$10,000
	Complex new notice or alteration	\$30,000
Consent report	Weekly (annual subscription)	\$1,595*
	Monthly (annual subscription)	\$765*
	Single request (monthly or weekly report)	\$150*

<sup>n</sup> Please refer to notes section for more information.

\* Fixed Fees are non-refundable, and no additional charges will be applied.

\*\* Compliance monitoring – a non-refundable base fee will be charged for resource consent monitoring inspections. Additional work over and above the base fee will be charged per hour.

- All fees and deposits must be paid at lodgement.
- For deposits, actual costs for each application will be determined based on the processing and/or inspection hours that occur for the application. Additional charges may apply based on the actual processing and inspection time spent on the application.



<b>Regulatory Engineering lodgement deposits</b>		
<b>Consents may require further charges that exceed the initial lodgement deposit**</b>		
Type	Description	Deposit
Engineering	Major engineering approval for new public infrastructure assets and enabling works; Section 181 and 460 LGA applications requiring access to adjoining land	\$2,500
	Minor engineering works – common access ways, new stormwater connections and activities over public stormwater pipes	\$600

- All fees and deposits must be paid at lodgement.
- For deposits, actual costs for each application will be determined based on the processing and/or inspection hours that occur for the application. Additional charges may apply based on the actual processing and inspection time spent on the application.

<b>Hourly rates<sup>n</sup></b>		
Category	Description	Rates
Technical Level 3	All areas – Manager, Project lead, Legal services	\$206.40
Technical Level 2	Building – Residential 2, 3 and all Commercial, Planning, Engineering, Monitoring, other – Senior, Intermediate, Principal, Team leader	\$197.40
Technical Level 1	Planning, Subdivision, Urban design, Compliance, Monitoring, Investigation, Environmental health, Licensing, Building – Residential 1, other	\$169.80
Administration	Administration (all areas)	\$111

**Note:**

1. The particular technical hourly rate level is determined by staff competency levels.
2. Position titles vary across Auckland Council.
3. Where the cost of the external resource involved does not exceed the Auckland Council staff rate, external resource(s) will be charged at the senior/intermediate rate.
4. Where the cost of the external resource involved exceed the Auckland Council rates, it will be charged at cost.
5. External resources may be engaged to address either expertise or capacity that is not available internally.
6. For guidance on the Building Consent definitions for Residential and Commercial please refer to the following link: [Residential and Commercial Consent](#)

Notes	
Topic	Note
Accreditation levy	An accreditation levy is payable on all building consents to cover the council's costs of meeting the standards and criteria required under the Building (Accreditation of Building Consent Authorities) Regulations 2006. The levy is 50 cents per \$1,000 value of works.
Base Fee	A base fee is the minimum fee which will be charged for an application/service. A base fee is: <ul style="list-style-type: none"> <li>• non-refundable</li> <li>• additional charges may apply and will be based on the actual processing and inspection time that occurs for the specific application</li> </ul>
Building inspection	Standard inspection fee includes charges for: Preparation, system updating, travel time, review of associated documents, minor variation assessments, inspections waived, or inspections carried out using Artisan App and any building consent refusal inspection. If an inspection has taken longer than 45 minutes, additional charges apply.
Building research levy	The Building Research Levy Act 1969 requires the council to collect a levy of \$1 per \$1,000 value (or part thereof) of building work valued over \$20,000. GST does not apply to this levy.
Contaminated land site enquiries	Information relevant to the potential or actual contamination of a given property is collated and presented in a response letter, which includes records of pollution incidents, environmental investigations, selected consents, and corresponding files. The fee varies, depending on the time spent on collating the information. The fee is charged upon the completion of a response letter to the party making the enquiry.
Compliance monitoring inspections	A non-refundable base fee will be charged for resource consent monitoring inspections. Additional work over and above the base fee will be charged per hour.
Deposits	<ul style="list-style-type: none"> <li>• The processing deposit and the inspection deposit are payable when the application/service request is lodged. The deposit is an upfront payment for the processing and inspection time that will occur.</li> <li>• Actual costs will be determined based on the processing and inspection hours that the Council spends. The original deposit will be credited against the actual charges to arrive at a refund or additional fees to pay.</li> <li>• Interim invoices may be also issued through the life of the application.</li> <li>• For complex and significant applications (including hearing deposits) if specialist input is needed or the applicant has significant outstanding fees, the council may require a higher deposit payment before proceeding. This will be discussed with the applicant in advance.</li> </ul>
Fee changes	Fees and charges may change. Please check our website <a href="http://aucklandcouncil.govt.nz">aucklandcouncil.govt.nz</a> or your nearest service centre for up to date information.
Financial and development contributions	Financial and/or development contributions may be payable in addition to the consent processing charges. Please refer to the development or financial contributions policy and relevant district plan for your development.
Fixed Fee	A fixed fee is the amount charged for an application/service. A fixed fee is: <ul style="list-style-type: none"> <li>• non-refundable</li> <li>• no additional charges will be applied</li> </ul>

Notes	
Topic	Note
Hearings	The hearing deposit fee is payable prior to the hearing proceeding. Any actual costs of the hearing that exceed the deposit fee will be charged as an additional charge, e.g. costs arising from the use of a specialist consultant, independent hearing commissioner(s).
Hourly rates	The hourly rates displayed in the hourly rates table above apply to all services including private plan changes and notices of requirement. Where the cost of the external resource involved does not exceed the Auckland Council rates, external resource will be charged at Senior/ Intermediate rates. Where the cost of the external resource involved exceed the Auckland Council rates, it will be charged at cost. External resources may be engaged to address either expertise or capacity that is not available internally.
Ministry of Business Innovation & Employment (MBIE) Levy	The Building Act 2004 requires the council to collect a levy of \$1.75 per \$1,000 value (or part thereof) of building work valued over \$20,444.
Other services	Other services will be charged at cost. Where Auckland Council committee members are engaged, fair and reasonable costs will be recovered.
Private plan change pre-application appraisal	The initial pre-application meeting will be free of charge. A deposit is required to cover all subsequent pre-application meetings. Planning and other specialists will be charged per hour as required.
Resource consent pre-application appraisal	The initial pre-application appraisal will involve one or two planning and/or development engineering staff. Other specialists will be included as required. Where the actual costs exceed the deposit paid, the additional costs (including charges by external specialists) will be invoiced.
Value of work	The value of building work will be based on the New Zealand Building Economist set costs for residential construction and Rawlinsons New Zealand Construction Handbook set costs for commercial construction. Council staff will be able to assist with this.



Land and property information (including GST)		
Category	Service	Fee
LIM reports—residential and non residential	Standard service (10 working days)	\$307
	Urgent service—where service is available (three working days)	\$415
LIM reports – additional copies	Copy of LIM at the time of purchase of original LIM	\$13
Property information	Property file online: standard (10 working days)*	\$64
	Property file online: urgent (three working days)*	\$96
	Hard copy property file viewing (where service is available)	\$33
	Electronic property file viewing (where service is available)	\$23
Maps, reports and certificates	Building consent status report per property	\$13
	Site remediation report	\$13
	Soil reports	\$13
	Private drainage plan	\$13
	Valuations certified copy	\$13
	Building inspection report	\$13
	Site consent summary	\$13
	Copy of Code Compliance Certificate (CCC)	\$13
	Copy of Building Warrant of Fitness (BWOFF)	\$13
	Combined public drainage and contour map	\$56
	GIS maps (including aerial maps): A4	\$10
	GIS maps (including aerial maps): A3	\$13
	District plan: zoning/designation maps	\$13
Photocopies	Black and white paper sizes A0, A1, A2, A3 & A4: Add \$0.50 extra for colour copy	\$1.50
Courier charges	Courier charges will be charged at cost	

\* Working days (Monday to Friday).

\*\* Working hours (8.30am to 5pm).

**Note:**

A0/A1/A2 size printing/photocopying may not be available at all service centres.



July 2020. v11.

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Te Kāhui Kaunihera o Aotearoa.

**Attachment B**

**Letter to Hon David Parker**



9 April 2019

Hon David Parker  
Minister for the Environment

**By email:** [D.Parker@ministers.govt.nz](mailto:D.Parker@ministers.govt.nz)

Tēnā koe David

Thank you for your letter dated 20 December 2018 in which you seek information on the current state of urban trees in Auckland in order to inform stage two of the Government's reform of the resource management system.

Like you, I have received correspondence raising concerns about urban tree loss in Auckland and about the protection of trees under the Resource Management Act 1991 (RMA). I welcome the opportunity to provide you with information about urban trees in Auckland to inform your decision making in this area.

#### **Assessments of urban trees in Auckland**

Auckland Council carried out a region wide assessment of the urban forest canopy cover (defined as all vegetation three meters or greater in height) using LiDAR (Light Detection and Ranging) data collected in 2013. To date, this is the only assessment that provides information on the state of Auckland's urban forest canopy cover at a regional scale. According to the assessment, Auckland has 18 per cent urban forest canopy cover, distributed unequally throughout the city, with lower levels of canopy cover in southern suburbs. The majority of Auckland's urban forest is located on private land and only 6 per cent of the urban forest is over 20 metres in height. *Appendix 1 provides a summary of the key findings.*

In 2016/2017, new LiDAR data was collected by Auckland Council. Work is currently underway to verify, process and analyse this data to determine the current state of Auckland's urban forest throughout the region and assess changes between 2013 and 2016/2017. While the council does not yet have the results region wide, it does have a preliminary assessment of the data sub-regionally.

One of the two recent reports referred to in your letter analysed the changes in canopy cover between 2013 and 2016 in the Auckland suburbs of Mellons Bay, Howick, Māngere Bridge, Māngere East, Flat Bush and East Tamaki Heights. Preliminary results showed there was an overall one per cent net increase in canopy cover across these suburbs, yet there was also noteworthy change: over the timeframe there were significant losses of urban canopy cover in each suburb, but that in all but one suburb (East Tamaki Heights) these losses were counter-balanced by new growth. *Appendix 2 provides a more detailed summary of this report.*

In your letter, you also refer to a report showing a significant loss of canopy cover. Auckland Council published a report in September 2018 assessing urban trees in the Waitemātā Local Board area over the 10 year period from 2006 to 2016. Unlike the suburb study, which used LiDAR, this study used aerial photographs and reported on tree loss but not tree growth (which was evident over the timeframe). Results showed a total loss of 61.23 ha of tree canopy in the Waitemātā Local Board area over the 10 year period. The loss was made up of 12,879 different detected tree removal 'events'; meaning a minimum of 12,879 trees were cleared. *Appendix 3 provides more details.*

#### **Impact of RMA changes made by the previous government**

The region wide impacts on urban tree cover resulting from changes to the RMA made by the previous government are not yet fully understood. However, we do know that following the lifting of blanket tree

protection rules, Auckland Council has fewer controls over urban trees on private properties, leaving them at risk of felling.

The study of tree loss in the Waitemata local board area over the period 2006-2016 showed that tree loss was dominated by tree loss on private land, making up 65% of total reported canopy loss, and that 75% of all cleared trees in that area had no statutory protection. This suggests that the impact of changes made to be RMA could be significant. Further, the study also showed that more than half (54 per cent) of tree canopy clearance had occurred for no obvious reason – that is, no new structures such as dwellings or other buildings, pools, house extensions, decks or driveways had replaced the space that was beneath the cleared forest canopy.

I believe we need greater urban tree protection and agree with you that we need mechanisms to protect mature and ecologically significant trees while ensuring that protections do not create unnecessary compliance costs for routine pruning or the removal of smaller trees. In my view, councils should have the ability to create district plan rules to protect trees with certain attributes, and to selectively apply these rules in areas of the most need.

Auckland is experiencing unprecedented growth with population projected to grow by another 720,000 people over the next 30 years. We will require another 313,000 dwellings, in addition to new infrastructure and community facilities. Auckland Council would appreciate the opportunity to work with government to explore how to better protect urban trees on private properties as part of its Urban Growth Agenda. In particular, within the Urban Planning pillar led by the Ministry for the Environment and the Spatial Planning pillar led by the Ministry of Business, Innovation and Employment/Ministry of Housing and Urban Development. For example, the council could specify a role for urban trees to create quality-built environments and provide guidance on urban tree considerations as part of the spatial planning processes.

### **Conclusion**

Auckland Council recognises that a well-managed, flourishing and healthy urban forest has a wide range of evidence-based benefits. This makes it increasingly essential in counteracting the associated pressures of growth in urban Auckland.

Trees and vegetation play an important role in creating liveable neighbourhoods and provide a range of services required for Auckland to function and thrive. This includes enhanced stormwater management, air pollution removal, improved water quality, cooling to reduce the urban heat island effect, and ecological corridors to connect habitats and improve biodiversity.

Auckland Council has recently published an [Urban Ngahere \(Forest\) Strategy](#), which outlines a strategic approach to managing our urban trees. A key target of the strategy is to increase canopy cover across Auckland's urban area up to 30 per cent, with no local board areas less than 15 per cent. I see the potential for your RMA reforms to provide greater tree protection measures that help us achieve this goal.

We are happy to provide any additional information you may require and would welcome the opportunity to work more closely on these issues and explore together how to drive positive outcomes for urban trees in Auckland.

Yours sincerely

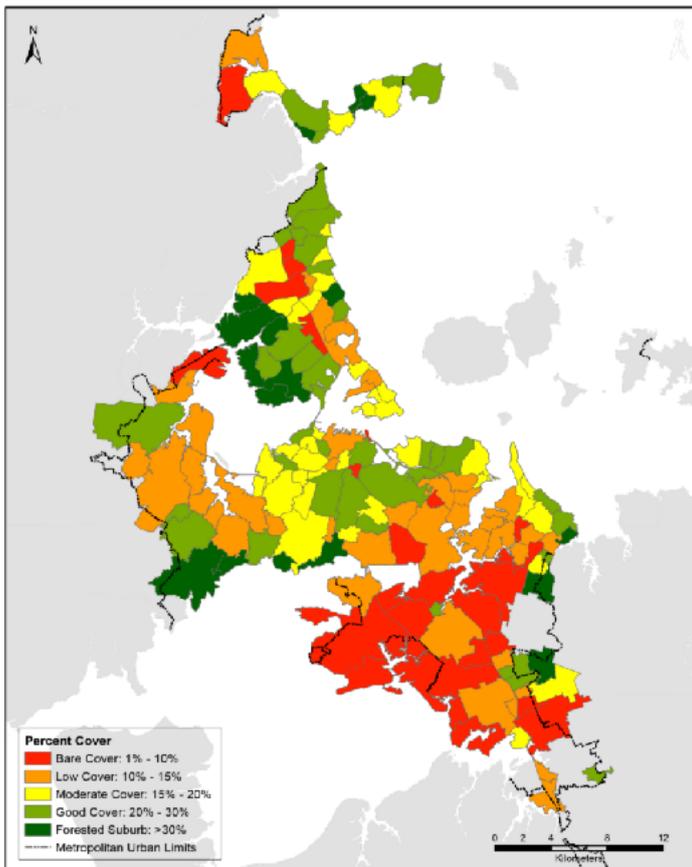


Phil Goff  
**MAYOR OF AUCKLAND**

**Appendix 1: State of Auckland’s urban forest - based on analyses of LiDAR data collected in 2013.**

Some key findings of the 2013 LiDAR data analyses:

- Auckland’s urban area has just over 18 per cent urban forest canopy cover.
- Auckland’s urban forest is distributed unequally throughout the city, with lower levels of canopy cover in southern suburbs, and relatively high canopy cover in northern and western parts of the city (see *Figure 1*). The unequal canopy cover distribution is particularly apparent at a local board area level (see *Figure 2*).
- The majority of Auckland’s urban forest – 60 per cent – is located on privately-owned land. The remaining 40 per cent is on public land, with 23 per cent on Auckland Council parkland, 9 per cent on road corridors, and 8 per cent on other public land, such as schools (see *Figure 3*).
- Tall trees are rare in Auckland’s urban areas; only 6 per cent of the urban forest is over 20 metres in height. The majority, nearly 60 per cent, is less than 10 meters (see *Figure 4*).



*Figure 1. Average percentage canopy cover of urban ngahere (3m+ height) in Auckland suburbs – based on RIMU analysis of the 2013 LiDAR survey.*

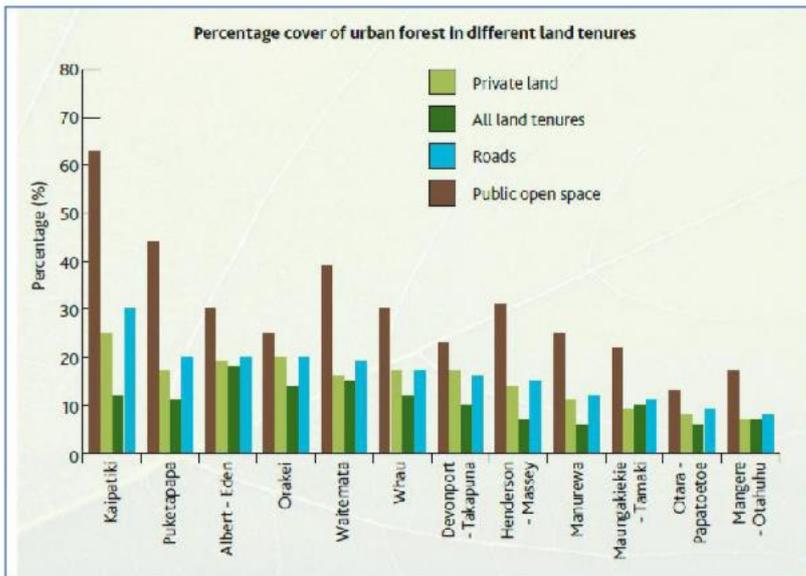


Figure 2. Urban ngahere canopy cover at a local board level.

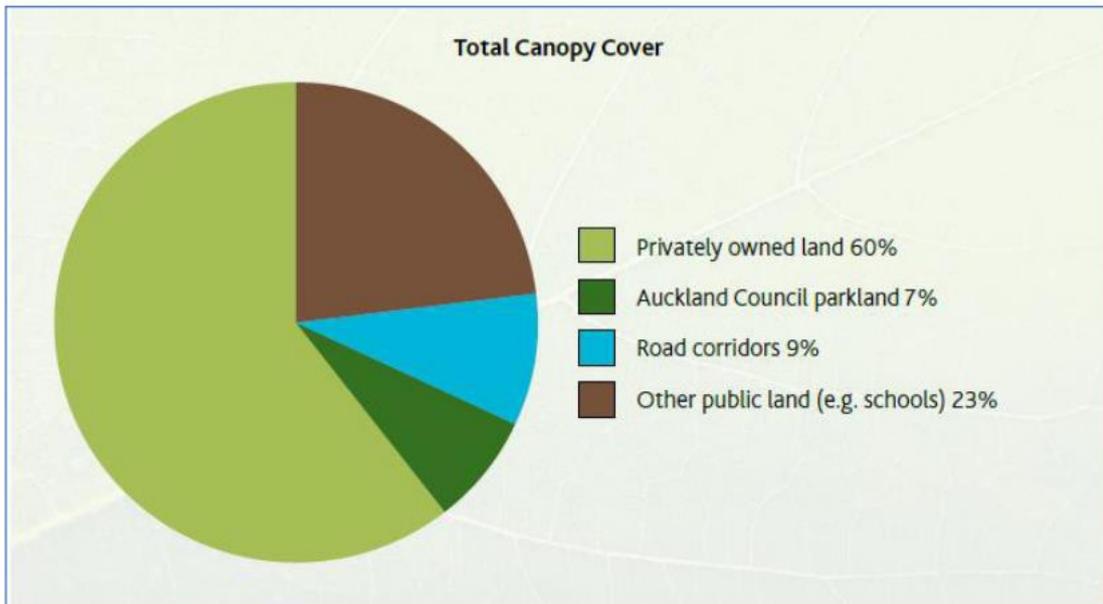


Figure 3. Proportion of urban forest canopy on different land ownership types.

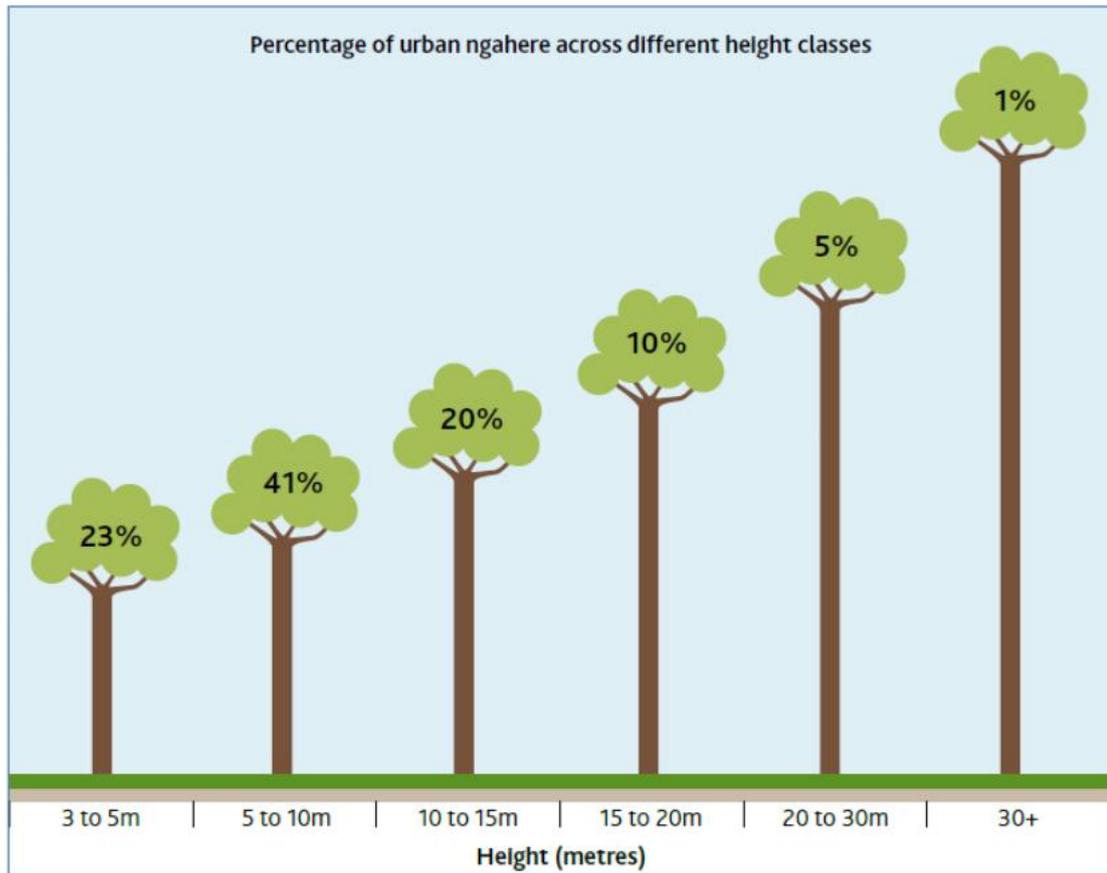


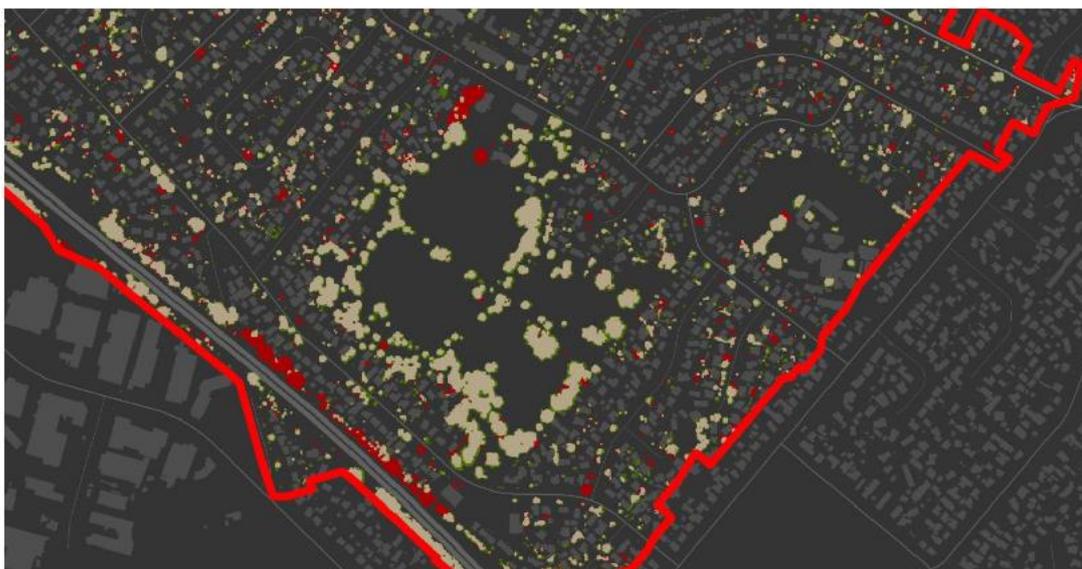
Figure 4. Percentage of urban ngahere across different height classes.

## Appendix 2: A preliminary assessment of changes in urban forest canopy cover across six suburbs

### Methods

Within the southern half of the Auckland region, six suburbs (Mellons Bay, Howick, Māngere Bridge, Māngere East, Flat Bush and East Tamaki Heights) were selected to assess the change in canopy cover of urban forest. These areas combined made up approximately eight per cent of the southern urban area. Suburbs were chosen to reflect a cross section in demography and baseline canopy cover ranging from low (~10 per cent cover of urban forest canopy 3m+ in height in this suburb) to high (>25 per cent canopy cover). The sample also contained two suburbs on the margins of the metropolitan area that are currently undergoing significant change from rural to urban land use: Flat Bush and East Tamaki Heights.

By using the pre-classified vegetation point cloud data for each 2013 and 2016 LiDAR flyover, we were able to create two respective canopy height models and compare them against each other to detect change. Change was assessed in each of the representative suburbs and broken down into tree height classes. An example of the type of data used to make these comparisons is presented in Figure 1. The red pixels show locations where tree canopy has been lost – usually through the loss of a discrete tree or group of trees.



*Figure 1:* Snapshot of spatial data depicting the change in tree canopy cover between 2013 and 2016 LiDAR data. Red pixels show canopy loss, green pixels are canopy gain, and beige pixels show persistent canopy over the approximately three-year period between the two samples.

### Results

The results are to be treated as indicative only, as they have not yet been verified in detail.

This preliminary study detected a one per cent net increase in urban forest canopy cover across all six suburbs that we examined over the three-year period from 2013 to 2016 (*Table 1*). Five out of the six suburbs (Mellons Bay, Howick, Māngere Bridge, Māngere East and Flat Bush) showed a net gain in urban tree canopy cover (*Table 1*). East Tamaki Heights experienced a net loss (-4%) of urban tree canopy of the three-year period. This was largely the result of a single clearance event of large trees (20-30m in height) where exotic plantation forest in the rural fringe of the suburb was cleared and replaced by housing.

**Table 1: The percentage cover of urban forest in 2013 and 2016 for a sub-sample of six suburbs from the south-eastern part of Auckland city.**

Suburb	Year		% change
	2013	2016	
Mellons Bay	23%	24%	+ 1%
Howick	16%	17%	+ 1%
Māngere Bridge	11%	12%	+ 1%
Māngere East	10%	11%	+ 1%
Flat Bush	19%	20%	+ 1%
East Tamaki Heights	39%	35%	- 4%
TOTAL for all six suburbs	18%	19%	+ 1%

The overall net increase in canopy cover disguised significant change in urban forest cover. The data shows there were significant losses of urban canopy cover in each suburb, although in all but one suburb (East Tamaki Heights) these losses were counter-balanced by the gains (*Table 2*). These suburbs are effectively in a dynamic equilibrium between canopy cover loss from tree removal and development, and canopy gains from tree canopy growth and new tree plantings. The two different types of canopy cover gain are clearly evident in *Figure 1*. The green 'donuts' show marginal growth of established trees, whereas the green 'dots' show where the canopy of a newly planted tree has grown above the 3m threshold for inclusion as part of the urban forest.

The greatest gains in urban forest canopy were experienced in Māngere East and Māngere Bridge (12 per cent and 13 per cent respectively). However, the low 'starting point' in terms of total urban forest cover in these two suburbs meant these relatively large increases in cover only translated to just over one percentage point gain in overall canopy cover (*Table 1*).

**Table 2: Gains and losses of urban forest canopy between 2013 and 2016 in a sub-sample of six suburbs from the south-eastern part of Auckland city.**

	% loss of 2013 tree canopy cover from 2013 to 2016	% gain in new canopy cover (based on 2013 area) from 2013 to 2016
Mellons Bay	20%	24%
Howick	24%	30%
Māngere Bridge	16%	29%
Māngere East	22%	34%
Flat Bush	14%	15%
East Tamaki Heights	19%	9%
TOTAL for all six suburbs	17%	18%

There has been a disproportional loss of tall urban forest canopy cover between 2013 and 2016. The loss of tree canopy cover in the larger height classes (i.e. taller trees) was clearly evident across all six suburbs (*Figure 2*). With only one exception (15 – 20m height class in Māngere East) net tree canopy 10m+ in height decreased across all six suburbs and net growth in tree canopy cover was confined to the two lower height classes. Flat Bush and East Tamaki Heights in particular were characterised by significant losses of large trees in the rural portions of these suburbs as these areas were cleared to provide 'clean' sites for new development.

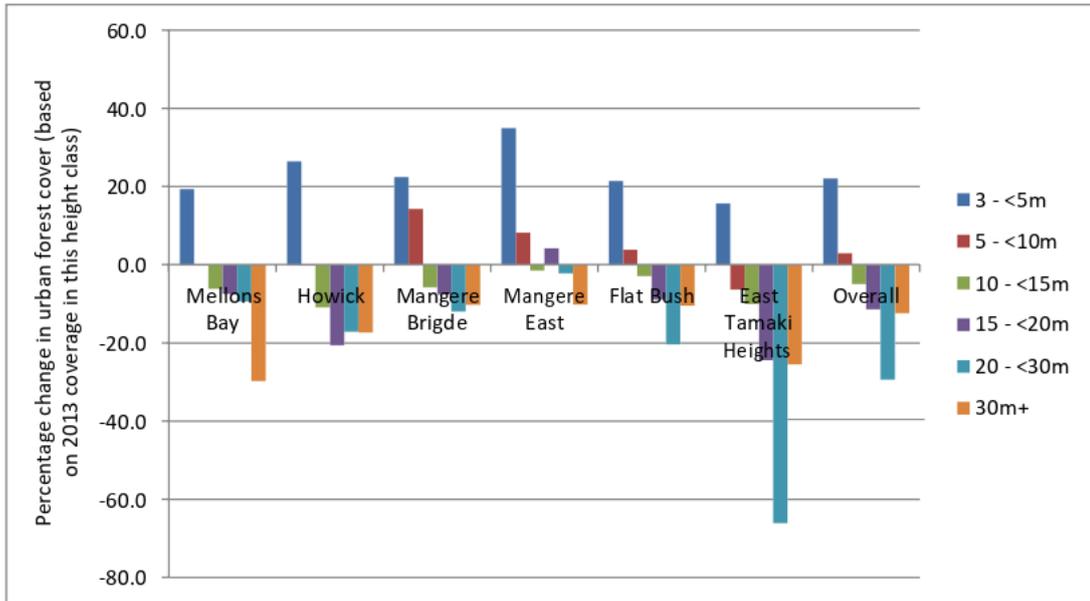


Figure 2: Percentage change (gains and losses) of urban forest canopy in different height classes between 2013 and 2016 with data from a sub-sample of six south-eastern suburbs of Auckland.

### **Appendix 3: Tree loss in the Waitematā Local Board area over 10 years, 2006-2016**

A summary of the report findings are outlined below:

#### **Tree loss versus tree growth**

Only canopy losses were captured and mapped in this report. It was evident throughout the aerial analysis that newly established canopy and canopy growth of existing trees has also occurred within the Waitematā Local Board area, in some cases quite extensively.

Given that growth was usually represented by small marginal increments across many tens of thousands of individual trees and shrubs it was impossible to identify and digitise in the same way that tree loss was. An accurate determination of the actual proportion of canopy loss in Waitematā Local Board area therefore requires further data (e.g. LiDAR).

#### **Total tree canopy lost**

A total of 61.23ha of tree canopy was lost from the Waitematā Local Board area over 10 years. The loss was made up of 12,879 different detected tree removal 'events'; meaning a minimum of 12,879 trees were cleared. The actual number of trees cleared is likely to be somewhat greater than this figure because the larger clearances involved the removal of multiple trees.

In terms of absolute area cleared, tree canopy loss was dominated by tree canopy removal on private land (65%). However, as private land is also the dominant ownership of tree canopy in the Waitematā Local Board area, this is not an unexpected result. Our data also showed that in the last 10 years there has been a proportionally higher rate of loss on private land with a disproportionately low rate of loss on public parkland.

#### **The collective impact of individual actions**

The vast majority of tree clearances were quite small in terms of the quantity of canopy removed at a single location. 57 per cent of total loss of tree canopy was caused by the combined impact of many thousands of individual clearance events, all of which were individually less than 0.01ha (100m<sup>2</sup>) in size.

In terms of the pattern of tree canopy loss, it really is 'death by a thousand cuts'. More than 90 per cent of clearance events were <0.01ha in size, yet these clearances accounted for almost two thirds of the total area of canopy loss.

#### **Protection status of trees**

More than 75 per cent of all cleared trees had no statutory protection and unprotected trees experienced higher rates of tree canopy clearance; about 60 per cent higher than what would be expected on a proportional basis.

86 per cent of tree canopy loss in the 'high protection' categories was on public land (including Newmarket Park stabilisation (45%), Zoo redevelopment (14%), park maintenance (7%)). However, the losses on public land are more likely to be offset, in the fullness of time, by the growth of new plantings.

#### **Reasons for tree loss**

More than half of tree canopy clearance had occurred for no obvious reason (54%). That is, no new structures such as new dwellings or other buildings, pools, house extensions, decks or driveways had replaced the space that was beneath the cleared forest canopy. Reasons could include gardening/landscaping, improving light conditions/reducing shading.

Developments, improvements and extensions to existing buildings were the second most important reason for tree canopy clearance (33 %).

Other causes contributed a relatively small proportion of the total (8%): this includes transport e.g. road widening (5%) and remediation of Newmarket Park (3%).

The full report is available to download here:

<http://www.knowledgeauckland.org.nz/publication/?mid=2661&DocumentType=1&>

**We are.  
LGNZ.**  
Te Kāhui Kaunihera o Aotearoa.

**Attachment C**

**Letter to Hon David Parker**



20 July 2020

Hon David Parker  
Minister for the Environment

**Via email:** [d.parker@ministers.govt.nz](mailto:d.parker@ministers.govt.nz)

Tēnā koe David

We are writing to follow up the letter sent to you on 9 April 2019 regarding assessments of urban trees in Auckland and the impact of RMA changes made by the previous Government. A copy of the letter is attached for your convenience.

We wish to draw your attention to a newly published assessment of Auckland's urban tree canopy cover, and to advocate for your RMA reforms to again allow for the general protection of urban trees where this form of protection is proven to be the most appropriate measure.

#### **Assessment of urban trees in Auckland**

Last week, Auckland Council's Research, Investigations and Monitoring Unit (RIMU) published Auckland's urban forest canopy cover: state and change (2013-2016/2018).

The canopy cover report compares two points in time, 2013 and 2016/18, and describes changes across the predominantly urban local boards. The report shows that in 2016/2018 average urban tree canopy cover across Auckland was 18.4 per cent, similar to the 2013 average cover of 18.3 per cent, but well below the 30 per cent goal identified in Auckland Council's Urban Ngahere (Forest) Strategy.

Initial analysis indicates the locations experiencing more gains than losses were typically publicly owned park land and the road corridor, while the locations experiencing more losses than gains were typically privately-owned land and rural areas.

#### **Impact of 2012 RMA changes**

Although this RIMU report is an important step in our understanding of Auckland's urban canopy cover, it is difficult to infer any direct impact of the RMA policy changes. To understand the impact of the RMA changes would require more research over a longer period to measure rate of losses and gains overtime, both before and after the RMA changes.

That said, we are advised that our tree protections under the Auckland Unitary Plan are problematic and that there is a potential for your RMA reforms to provide greater tree protection without creating unnecessary compliance costs.

#### **Tree protection under the Auckland Unitary Plan**

Currently urban trees in Auckland can be protected via the notable trees schedule of the Auckland Unitary Plan but this creates a number of issues. Firstly, all nominations for an individual tree or group of trees need to go through a full process under the Resource Management Act via a plan change. This is a significant process which involves professional assessment and a public submission process, and costs approximately \$1500 per nomination.

Secondly, even with approximately 5000 individual urban trees protected by the notable trees schedule this remains a tiny fraction of our total urban tree cover so the schedules influence on total cover is minimal. Lastly, schedules of this size within RMA plans easily lose their integrity as trees disappear (due to consented removals/development, illegal removals, storm damage or old age) more quickly than the RMA plan can be updated by plan change.

#### **RMA reforms**

As stated in the 9 April 2019 letter, we need greater urban tree protection and agree with you that we need mechanisms to protect mature and ecologically significant trees while ensuring that protections do not create unnecessary compliance costs for routine pruning or the removal of less significant trees.

In our view, councils should have the ability to create district plan rules to protect trees with certain attributes, and to selectively apply these rules in areas of the most need or in areas with specific particular benefits, for example, the North-West Wildlink.

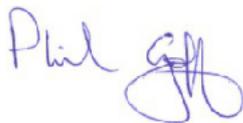
#### **Conclusion**

A healthy urban forest has a wide range of benefits, such as enhanced stormwater management, air pollution removal, improved water quality, cooling to reduce the urban heat island effect, and ecological corridors to connect habitats and improve biodiversity. Auckland Council's ability to realise these benefits is constrained by a cumbersome and costly process to add specimens to the notable tree schedule of the Auckland Unitary Plan.

Auckland's urban canopy cover has grown by 0.1% between 2013 and 2016/18; however, we would be able to make greater progress towards our goal of 30 per cent urban tree canopy cover if we had the ability to create district plan rules to protect trees with certain attributes and to selectively apply these rules in appropriate areas of most need whilst also recognising the needs for housing and business capacity.

As you continue your review of the RMA, we encourage you strongly to provide greater overall protection for trees of significance. We would welcome any opportunity to collaborate on the issue of greater tree protection.

Yours sincerely



Phil Goff  
**MAYOR OF AUCKLAND**



Richard Hills  
**CHAIR, ENVIRONMENT AND CLIMATE CHANGE  
COMMITTEE**

# 2

## Rating Value of Forestry Land

---

<b>Remit:</b>	That LGNZ request the Valuer General amend the relevant legislation to allow for Local Government to address the growing disparities between the rating valuation of forestry land and other land uses.
<b>Proposed by:</b>	Gisborne City Council
<b>Supported by:</b>	Hauraki District Council; Western Bay of Plenty District Council; New Plymouth District Council; Hastings District Council; Manawatū District Council; Ruapehu District Council; Whakatāne District Council; Central Hawkes Bay District Council; Wairoa District Council; and Waikato District Council.

### Background information and research

#### 1. Nature of the issue

Councils with a high proportion of regional land use under forestry currently face challenges to rate foresters at a level which reflects their use of council resources or the forest sector's ability to pay.

This is a result of very low land valuations under established forestry, as the land value is transferred into the value of growing trees which are not included in capital value under the Act.

#### 2. Background to the issue

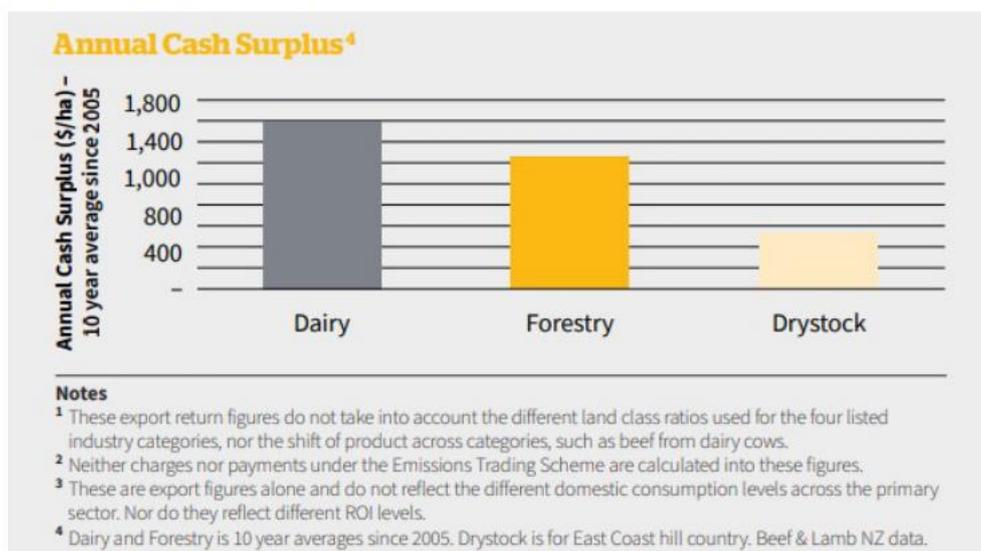
Local Government raises funds by gathering rates from landowners – which are set in accordance with their Revenue and Finance policies. The rates being applied are typically a multiplier of either the Land Value and Capital Value, or some combination of the two. The Land value and Capital Value of assets is presumed to act as a proxy for the landowner's ability to pay.

Councils are required to apply the funds raised to providing services, infrastructure and regulatory oversight to ratepayers and the community. They attempt to align the cost of rates to those who benefit from the service provided where possible – although this is fraught with difficulty and has in recent years become increasingly challenging when considering the nature of the forest sector land values and the relationship to infrastructure needs in the Gisborne region amongst others.

The forest sector is a heavy user of both infrastructure (in particular roads) and regulatory services – and over time has grown in the Tairāwhiti region to cover some 30 percent of land used for economic purposes. During this time, the value of farmland has appreciated significantly – and more recently has seen foresters contest at unprecedented levels for pastoral farmland which when planted, is eligible to earn New Zealand units (carbon credits) at a minimum guaranteed floor price of \$20.00.

However, forestry land prices – where transactions occur from one forest owner to another, have remained depressed and remain significantly lower than pastoral land prices – as land in existing forestry typically has a high proportion of any sale value apportioned to tree value.

This results in land value rapidly being devalued once trees are established, as it transforms into forestry land – while its future demands on council resources remain significant. The fact that there is no capital value attributed to the growing trees means that the rateable value of a property decreases even as its demand on council resources (at harvest) increases. The land value of forestry land is also a poor reflection of this sectors ability to pay, as the graph below depicts the relative profitability of forestry compared with sheep and beef farming.



(Figure 1: relative profitability of forestry compared with sheep and beef farming. Source: FOA Facts and Figures 2019/20)

### 3. New or confirming existing policy

In the last 15 years the addition of carbon unit revenues earned through sequestration of post 1990 forests has meant that the tree crop rotation cycle (the length of time between incurring expenses and earning income) which may have once formed the bases for excluding exotic forest values into capital value – no longer apply for post 1990 forests.

In addition, when the Rating Valuation Act was last debated in June 1998, the carbon price did not have a minimum guaranteed price. The most contentious issue at the time appears to have been whether or not live hedges should be included in capital value. The section relating to tree value is as follows:

*“(1) The value of trees is not to be included in any valuation under this Act unless the trees are fruit trees, nut trees, berryfruit bushes, or live hedges.*

*“(2) The value of any fruit trees, nut trees, vines, berryfruit bushes, or live hedges is not to be taken into account in assessing the land value of any rating unit under this Act.”*

However, the Rating Valuation Act 1998 confers a broad discretion on the Valuer General to make rules setting requirements in relation to valuations which are *“necessary for the maintenance and upkeep of the district valuation roll and in the interest of ensuring national consistent, impartial, independent and equitable rating valuation system.”*

The Net Zero Carbon Act and ETS now provide certainty for the forest sector of an appreciating carbon price and significant returns – which are driving rapid afforestation of pastoral land – both by landowners themselves and forestry expansion at the whole farm scale. This competition for land is increasingly the value of pastoral land – while the depreciation of that land once planted – creates a discrepancy for rating purposes which (in the absence of increasing differentials) is resulting in decreasing rates for forest owners, while their earnings rise significantly.

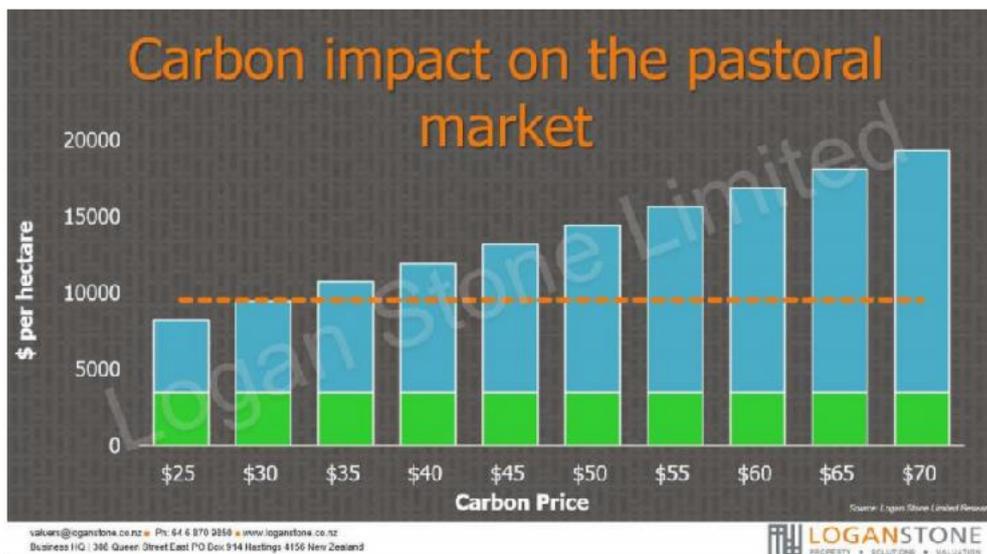
Below the impact of afforestation (including carbon income) on land value is shown over time. This corresponds broadly to observed valuation patterns in the Gisborne region.



(Figure 2: impact of afforestation on land value over time)

These long term decreases create a disproportionate burden for other ratepayers and further exacerbate the degree to which low-income ratepayers are asked to pay for infrastructure and regulatory services – with this trend increasingly apparent over time.

The impact of Carbon price on competition for land use is also in stark contrast to the ability for Local Government to account for these distortions and apply fair and equitable rating valuation system, as pastoral farmers are currently being rated for the potential carbon storage in their land, while those who extract this value, pay less and less with every subsequent year following afforestation.



(Figure 3: carbon impact on the pastoral market)

**4. How the issue relates to objectives in the current Work Programme**

LGNZ has a current focus on infrastructure and funding – this issue cuts to the heart of these topics and is significantly connected to current climate change work, and the evolving policy in response to the Climate Change Response Act.

The Climate Change Commission (CCC) has made a series of draft recommendations to Government – which detail their expected continuation of afforestation and a rising carbon unit price – which would see the issues outlined above become more pronounced.

The questions around how to fund increasing demands on infrastructure, in particular roads, bridges and drainage systems in the face of climate change, must consider the flows of carbon revenue into regions where forest activities (some of them permanent) will have an impact on local economic cycling and may correspondingly limit Councils’ ability to gather rates in a fair and equitable way.

This is at a time when LGNZ’s submission to the CCC advice has been to highlight the significant challenges facing councils in addressing the ‘transition’ and fundamental shifts which will be required at a local level to accommodate changes to local plans, urban form, energy and transport infrastructure to name but a few. Any anomalies in the rating system which exacerbate the inequity already apparent in the rating system should therefore be addressed with urgency.

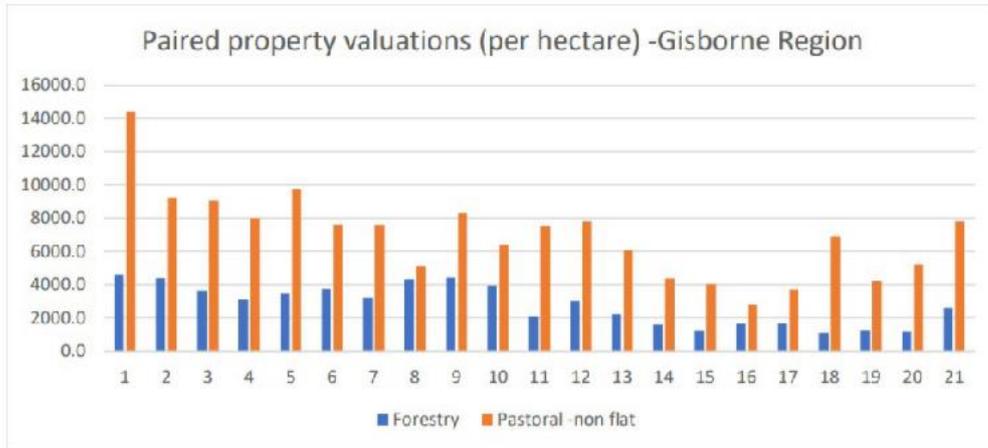
CARBON RETURNS REFLECTING CCC ADVICE FOR 2021-2030-2050							
	MSA/ha	Today's Carbon Price	Price forecast Sensitivity to 2024	Price forecast Sensitivity 2025-2030	Price forecast Sensitivity 2031-2050	Price forecast Sensitivity 2051-2070	
	100	\$39.00	15.8%	11.40%	2.95%	-10.0%	
Age	Yr	Total NZU	Forecast NZU/Value	Annual Carbon Income	A V E R A G I N G	Return/ha/Carbon	
1	2022	50.00	\$45.14	\$2,257.13			\$22.57
2	2023	250.00	\$52.25	\$13,063.11			\$130.63
3	2024	600.00	\$60.48	\$36,289.32			\$362.89
4	2025	2500.00	\$70.01	\$175,020.38			\$1,750.20
5	2026	3136.15	\$81.03	\$254,135.86			\$2,541.36
6	2027	3983.62	\$93.80	\$373,653.46			\$3,736.53
7	2028	5396.10	\$108.57	\$585,856.87			\$5,858.57
8	2029	5536.19	\$125.67	\$695,735.21			\$6,957.35
9	2030	2777.18	\$140.00	\$388,796.04			\$3,887.96
10	2031	3411.63	\$144.13	\$491,706.44			\$4,917.06
11	2032	3780.23	\$148.38	\$560,904.91			\$5,609.05
12	2033	4047.57	\$152.76	\$618,288.79			\$6,182.89
13	2034	4205.94	\$157.26	\$661,433.52			\$6,614.34
14	2035	4315.88	\$161.90	\$698,745.93			\$6,987.46
15	2036	4383.68	\$166.68	\$730,659.28			\$7,306.59
16	2037	4418.15	\$171.59	\$758,128.78			\$7,581.29
17	2038	4417.03	\$176.66	\$780,295.19	\$7,824,970.21	\$7,802.95	

(Table 1: recommended carbon price trajectory – Climate Change Commission)

The above table shows that according to the CCC's recommended carbon price trajectory, revenues would be many times in excess of any pastoral use (as seen in Figure 1). Note also that this table assumes that pruning and thinning takes place – which reduces the net stocked area and temporarily reduces carbon income – failing to prune or thin removes this dip in revenue.

Given the returns available to foresters (and farm foresters) – are significant, paving the way for later harvest revenues – it is appropriate that the Valuer General consider how this issue should be treated for rating purposes and if amendments to the Rating Valuations Act 1998, or addition of new mechanisms at a localised level are appropriate.

There is work being undertaken at a regional level to understand the implications of a rising carbon unit price and the associated land price distortions – however while the land value under forestry remains significantly lower than the land being acquired for forestry – this disparity and the corresponding inequitable outcomes will persist.



(Figure 4: paired property valuations (per hectare) – Gisborne Region)

The above graph represents 21 properties which have been ‘paired’ for consistency, meaning they are located in the same area (ideally neighbouring), are of an appropriately comparable scale and are free from anomalies such as horticulture or significant flat land.

**5. Any existing relevant legislation, policy or practice**

The introduction of Gold Kiwifruit licence into the calculation of Capital Value illustrates that when an industry is significantly out of step with the purposes of rating valuations – that the Valuer General is prepared to step in. LGNZ should advocate the same approach be applied to this issue.

# 3

## Funding of Civics Education

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<b>Remit:</b>	That Local Government New Zealand (LGNZ) advocate to central government for provision of funding to enable Councils to engage in civics education for high school children.
<b>Proposed by:</b>	Hamilton City Council
<b>Supported by:</b>	Horizons Regional Council; Christchurch City Council; Tauranga City Council; Nelson City Council; New Plymouth District Council; Hastings District Council; Waikato District Council; Whakatāne District Council; and Ōpōtiki District Council.

### Background information and research

#### 1. Nature of the issue

Currently the provision of civics education in schools is limited and sporadic. A real opportunity exists to get school children meaningfully involved in civic affairs through their local Council.

There is currently a real gap between schools and councils – a gap that needn't exist, given that the very point, and the very strength, of local Government is that it is local. The funding requirement for Councils to be able to play a greater outreach role in their community would be relatively modest, and incredibly beneficial.

There is significant New Zealand and international evidence of the benefit of providing young people with civic education in general, and engagement with local Government in particular.

#### 2. Background to the issue being raised

Hamilton City Council has noted an increasing demand from high schools and their students wanting to engage with Council as part of a rounded education. However, the demand for interaction with Council currently outstrips our ability to supply it. Indeed our current arrangements, which have proved hugely popular, risk being unsustainable without additional funding.

On [some areas of Council business](#), the number of young people now responding to consultations broadly fits the age demographic across the city. These are people who want to engage with Council, but many of them are unable to do so. At large, however, disengagement from local politics is real – and growing. Voter turnout in local elections and cynicism about the work of local Government remain

significant issues – in large part due to a lack of knowledge, particularly among young people, about what Council does, and how people can engage with Council.

Hamilton City Council works in partnership with the Electoral Commission to encourage people, especially young people, to enrol and to vote, but more support from Government would enable all Councils to play a bigger role in this area.

**3. New or confirming existing policy?**

New policy.

**4. Does the issue relate to objectives in the current LGNZ business plan? How?**

It supports the work programme by raising the profile of, and accessibility to, local government for young people. The benefits of that could be significant in the long-term.

**5. What work or action on the issue has been done, and what was the outcome?**

We are aware of small-scale schemes but not national action, which we believe is required.

**6. Any existing relevant legislation, policy or practice**

There has been lots of academic research on the benefits of civic education in general, and engagement with local government in particular. See for example:

- [Citizenship in Action: Young People in the Aftermath of the 2010-2011 New Zealand Earthquakes | Sisyphus — Journal of Education \(rcaap.pt\)](#)
- [Alive and Motivated: Young people, participation and local government - Murdoch University Research Repository](#)
- [Citizen Schools: Learning to rebuild democracy | IPPR](#)
- [Getting the Majority to Vote: Practical solutions to re-engage citizens in local elections](#)

There is clearly a very good fit between the role of Councils and the [social sciences achievement objectives](#) in the New Zealand Curriculum. Moreover, closer working between schools and local authorities would fit well with the compulsory teaching of New Zealand history in schools and kura from 2022.

The highly successful (but very limited reach) Tuia programme, through which young Māori are mentored by Mayors, which most Councils support (at their own cost) is a further example of both the benefit of young people engaging with their local Councils, and the need for resource to enable this at greater scale.



**7. Outcome of any prior discussion at a Zone or Sector meeting**

N/A.

**8. Suggested course of action by LGNZ envisaged**

That Local Government New Zealand (LGNZ) advocate to central government for provision of funding to enable Councils to engage in civics education for high school children.

# 4

## Promoting local government electoral participation

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<b>Remit:</b>	That the power the Chief Executive has under the Local Government Act (42, 2 (da)) for "facilitating and fostering representative and substantial elector participation in elections and polls held under the Local Electoral Act 2001" be removed and placed with the Electoral Commission.
<b>Proposed by:</b>	Palmerston North City Council
<b>Supported by:</b>	Zone Three

### Background information and research

#### 1. Nature of the issue/background

Local Government authorities, concerned by retaining neutrality, have been inconsistent in their actions to 'facilitate and foster representative and substantial elector participation.' The Electoral Commission has greater reach to engage consistently and effectively to increase the low turnout in local body elections.

#### 2. New or confirming existing policy?

This will be a new policy as LGNZ previously supported that option that this responsibility sit with Chief Executives.

#### 3. Does the issue relate to objectives in the current LGNZ business plan? How?

The proposed remit fits clearly within the already identified LGNZ policy advocacy workstreams.

- Five significant projects were identified by LGNZ in its policy advocacy work for 2020/21 year: Housing, Environment, Climate Change; Democratic Well-being, and Transport.
- Within democratic wellbeing is the electoral system reform strand, which is further divided into two projects, one of which is to:
  - o Investigate alternative methods of voting, as well as wider system reform, such as making the Electoral Commission responsible for both local and national elections. This will include examining the checks and balances within the system to ensure they are fair, transparent and fit for purpose.

**4. What work or action on the issue has been done, and what was the outcome?**

Legislative change has been put in place re: Māori wards (one of the two electoral reform projects). We now ask LGNZ to focus on wider electoral system reform.

The Parliamentary Justice Select Committee Inquiry into the 2017 General Election and 2016 Local Elections (recommendation 15), and the subsequent Inquiry into the 2019 Local Elections and Liquor Licensing Trust Elections and Recent Energy Trust Elections (recommendation 1), recommended (and reiterated) that the Government consider giving responsibility for running all aspects of local elections to the Electoral Commission.

**5. Any existing relevant legislation, policy or practice**

As above.

**6. Outcome of any prior discussion at a Zone or Sector meeting**

N/A

**7. Suggested course of action by LGNZ envisaged**

Ensure LGNZ's voice on the issue is heard by the Justice Select Committee in its call to hear further feedback on the issue, as the Government has indicated that the detail of this change would need to be worked through.

# 5

## Carbon emission inventory standards and reduction targets

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<b>Remit:</b>	That LGNZ works with central government in a) developing consistent emission inventory standards for use by local and regional authorities, and b) setting science- based emissions reduction targets to support delivery on our National Determined Contribution (NDC) under the Paris Agreement and on our nationwide emissions budgets being established by government via advice from the Climate Change Commission.
<b>Proposed by:</b>	Palmerston North City Council
<b>Supported by:</b>	Zone Three

### Background information and research

#### 1. Nature of the issue/background

Inconsistent emission's inventory standards across different local and regional authorities create difficulties in comparing and contrasting emission profiles. A consistent standard with accompanying guidance could also reduce costs for local and regional authorities by reducing the level of expertise required.

The Climate Change Commission has recently released its first package of advice to Government, proposing a set of three emissions budgets, and includes discussion regarding the delivery and compatibility of our National Determined Contributions (NDC's) with the 1.5°C warming target.

#### 2. New or confirming existing policy?

Enhancing existing policy.

#### 3. Does the issue relate to objectives in the current LGNZ business plan? How?

The proposed remit fits clearly within the already identified LGNZ policy advocacy workstreams.

- Five significant projects were identified by LGNZ in its policy advocacy work for 2020/21 year: Housing, Environment, Climate Change; Democratic Well-being, and Transport.
- The climate change project, in part, seeks to 'Advocate for, and participate in, the development of a right-sized reporting methodology and framework for councils that meets the foreseeable needs of the Climate Change Commission' and notes that

“Councils can also play an important role in mitigation by working with their communities to reduce emissions”.

**4. What work or action on the issue has been done, and what was the outcome?**

The Climate Change Response (Zero Carbon) Act is now in place, we now ask LGNZ to focus on its implications for Local and Regional Government.

The Climate Change Commission has released its first package of advice to Government. The package contains a range of recommendations for Government, but contains relatively little detail on the role of local and regional government.

**5. Any existing relevant legislation, policy or practice**

As above.

**6. Outcome of any prior discussion at a Zone or Sector meeting**

N/A.

**7. Suggested course of action by LGNZ envisaged**

Ensure LGNZ's voice on the issue is heard by the Climate Change Commission in its call to hear further feedback, and that it work with Government to support delivery of New Zealand's Nationally Determined Contribution.

# 6

## WINZ Accommodation Supplement

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<b>Remit:</b>	That LGNZ works with the Government to: <ol style="list-style-type: none"> <li>1. Conduct an urgent review of the Work and Income New Zealand (WINZ) Accommodation Supplement (AS) system zones in partnership with Territorial Authorities.</li> <li>2. Schedule a two yearly review of the WINZ AS system zones in partnership with Territorial Authorities ongoing.</li> </ol>
<b>Proposed by:</b>	Queenstown Lakes District Council
<b>Supported by:</b>	Hamilton City Council; Nelson City Council; Porirua City Council; Southland District Council; Clutha District Council; and Central Otago District Council.

### Background information and research

#### 1. Nature of the issue

Work and Income New Zealand (WINZ) administers an Accommodation Supplement (AS) system, which provides a weekly payment that helps people with their rent, board or the cost of owning a home. It is a means-tested payment that is available to citizens or New Zealand residents aged over 16 who are not in social housing and have accommodation costs to meet<sup>1</sup>.

The AS is structured according to four tiers, with AS1 being paid in urbanised areas (\$305 per week) through to AS4 being paid in the least urbanised areas (\$120 per week). The vast majority of the land mass of New Zealand is classified as AS4. With a difference of \$185 per week between AS1 and AS4, it is important that urban areas are zoned appropriately.

However, the AS system has not kept pace with areas experiencing significant change. It was last reviewed in 2018, but for high growth areas significant urban developments have been overlooked. New developments and suburbs have emerged at pace and have remained at their original rural AS level of AS4. With the current government's appetite for increasing housing supply, this issue may become more apparent with progress in this space.

This creates an inequitable and confusing situation between closely located neighbouring suburbs within urban areas. Older urban areas may be zoned as AS1, but new, adjacent neighbourhoods remain zoned AS4 as if never developed. Residents moving into these new neighbourhoods are rarely aware of the significant drop in AS they will experience and the considerable impact this could have upon their family's wellbeing.

<sup>1</sup> <https://www.workandincome.govt.nz/products/a-z-benefits/accommodation-supplement.html>

This remit is recommending that LGNZ pursues an urgent review of the AS map across the country to ensure that households are able to access funds that will meaningfully improve their financial position and wellbeing.

This review should be undertaken in partnership with territorial authorities, aligning urban zoning potential with AS1 areas insofar as possible.

Furthermore, with a strong governmental focus on increasing the supply of housing across New Zealand, the review of the AS system should be conducted every two years in order to accommodate future changes.

Ensuring a regular, systematic review will be essential to maintaining the health of the AS system ongoing. A review every two years will ensure that the risk of this situation threatening the wellbeing of fast-growing communities can be mitigated over the longer-term.

## **2. Background**

The payments are particularly important to people in areas where the cost of living is high, but the average wages are below the national average.

Queenstown is a good example of where this is a challenge. The urban geography of the Queenstown Lakes District has changed considerably due to unprecedented growth in both residential and visitor numbers in the past ten years. Even post COVID 19, demand projections indicate a return to similar levels of growth in the near future<sup>2</sup>.

As such, a number of areas identified as Area 4 (AS4) have now been fully urbanised for a number of years.

This is most notable in the Wakatipu Ward, where 16 per cent of all dwellings are in the Lake Hayes Estate, Shotover Country Estate and Jacks Point. These are family-focussed neighbourhoods with significant capacity to grow, yet these locations are all AS4, eligible for only \$120 AS per week. Rent averages over \$700 per week for households in these locations.

Queenstown will not be alone in facing this challenge, with other high growth areas likely experiencing similar situations.

## **3. New or confirming existing policy?**

This remit represents a new policy position for LGNZ and for Central Government.

## **4. Does the issue relate to objectives in the current LGNZ business plan? How?**

This remit aligns with the policy priorities of LGNZ in relation to social equity and housing. This recommendation is an initiative that will reduce the risk of inequity when increasing the housing supply for working households.

<sup>2</sup> <https://www.qldc.govt.nz/community/population-and-demand>

**5. What work or action on the issue has been done, and what was the outcome?**

Queenstown Lakes District Council has advocated on this matter to central government over a number of years with little localised success. A wider system change approach is now recommended.

**6. Any existing relevant legislation, policy or practice**

This relates to an existing WINZ product and the processes which used to govern its delivery.

**7. Outcome of any prior discussion at a Zone or Sector meeting**

None.

**8. Suggested course of action by LGNZ envisaged**

That LGNZ works with the Government to:

- Conduct an urgent review of the WINZ AS system zones in partnership with Territorial Authorities.
- Schedule a two yearly review of the WINZ AS system zones in partnership with Territorial Authorities ongoing.

# 7

## Liability – Building consent functions

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<b>Remit:</b>	That LGNZ works with Government to obtain legal protection/indemnity from the Crown in favour of all Councils, and/or to implement a warranty scheme, for any civil liability claim brought against a Council with regards to building consent functions carried out by Consentium (a division of Kāinga Ora), as any such costs should not be borne by ratepayers.
<b>Proposed by:</b>	Waikato District Council
<b>Supported by:</b>	Upper Hutt City Council; Hauraki District Council; Waipā District Council, Ōtōrohanga District Council; Thames-Coromandel District Council; and Hamilton City Council.

### Background information and research

#### 1. Nature of the issue

Consentium (an internal division of Kāinga Ora) has been registered as a Building Consent Authority (BCA) and has taken over building consent functions for public housing of up to four levels. Consentium is the only nationally accredited and registered non-Territorial Authority BCA.

If Kāinga Ora is disestablished via a change in government or change in government approach or if the Kāinga Ora properties are sold, then there is a risk that Councils, as “last person standing” are exposed to civil liability claims in respect of the building consent functions carried out by Consentium, with such costs being borne by ratepayers.

#### 2. Background

Kāinga Ora, a Crown Entity subject to the Crown Entities Act 2004, has established its own Building Consent Authority (BCA) called Consentium.

Consentium is New Zealand’s first accredited and registered non-Council BCA (accredited in November 2020 and registered by the Ministry of Business Innovation and Employment (MBIE) 9 on March 2021). Consentium is a separate division within Kāinga Ora. It is not a separate legal entity.

Consentium provides building compliance services for *public housing of up to four levels* which includes:

- Processing of building consent applications;
- Issuing of building consents;
- Inspection of building work;
- Issue of Notices to Fix;
- Issue of Code Compliance Certificates; and
- Issue of Compliance Schedules.

(BCA Functions)

Disestablishment of Kāinga Ora/Sale of the Properties

There is a risk that due to a change in government or government approach that Kāinga Ora could be disestablished thereby taking Consentium with it; or could sell the properties.

If Kāinga Ora were dissolved and/or sold its properties:

- It would no longer own the properties Consentium has provided BCA Functions for, meaning new owners may attempt to bring legal proceedings against Councils (as “the last man standing”) with regards to any existing consents granted by a Council and subsequently assigned to Consentium, via sections 213 or 91(2) of the Building Act 2004, or new consents issued by Consentium. Even if such proceedings are without merit and/or unsuccessful Councils incur the costs of defence of those proceedings;
- Councils would need to take over the BCA Functions for properties that are in the process of construction and have not had a Code Compliance Certificate issued. Issues of split liability may arise where Consentium may have negligently issued a building consent or negligently undertaken preliminary inspections, with the relevant Council completing the remainder of the process. Again, this exposes Councils to risk of legal proceedings brought by the new owners of these properties.

Consentium not being able to meet its share of any civil liability if claims arise

As part of the BCA registration process Consentium had to evidence to MBIE that it will be in a position to meet its share of civil liability if claims arise in respect of the BCA Functions carried out by Consentium. A request was made for a copy of such evidence but was declined by Kāinga Ora on the basis of commercial sensitivity. This is a key issue for Councils. The private certifier system under the Building Act 1991 failed when private certifiers lost their insurance. Councils were left “holding the bag” in respect of any and all properties experiencing issues where they had any involvement and could therefore be pulled into a claim. Councils do not want history to repeat.

**3. New or confirming existing policy?**

The issue is related to LGNZ's existing housing policy priority, as it impacts on the consenting functions of local authorities and has potential impacts in terms of Council liability.

**4. Does the issue relate to objectives in the current LGNZ business plan? How?**

As per above.

**5. What work or action on the issue has been done, and what was the outcome?**

There has been collaboration between a few Councils with regards to obtaining legal advice on an agreement proposed by Kāinga Ora pursuant to section 213 Agreement of the Building Act 2004 with regards to certain existing consents together with advice on the risks Councils are exposed to as a consequence of Consentium taking over BCA functions in their districts.

Kāinga Ora declined to give an indemnity for matters that it had assumed liability for under the proposed section 213 Agreement. It further declined to provide information as to how it satisfied MBIE that it will be in a position to meet its share of civil liability if claims arise.

**6. Any existing relevant legislation, policy or practice**

As outlined above, Kāinga Ora is a Crown Entity subject to the Crowns Entities Act 2004 (CEA). Section 15(b) of the CEA specifically sets out that a Crown entity is a separate legal entity to the Crown. Section 176 of the CEA and section 49(1)(a) of the Public Finance Act 1989 (PFA) specify that the Crown is not liable to contribute towards the payment of any debts or liabilities of a Crown entity.

There is no statutory guidance on the liability of the Crown entity in tort when it is dissolved. It may be that the general position is similar to the dissolution of a company. However, in the Resource Autonomous Crown Entities, Independent Crown Entities (excluding District Health Boards and Corporations Sole), it is stated at page 59 "Although Crown entities are legally separate from the Crown, in some cases a court may decide that the Crown is liable for the agency. This will depend largely on its statutory functions and the extent of control exercised over the entity by Ministers and other central government agencies".

Section 65ZD of the CEA empowers a Minister to give a person, organisation or government an indemnity or guarantee on behalf of the Crown if it appears to the Minister to be necessary or expedient in the public interest to do so. The indemnity or guarantee may be given on any terms and conditions that the Minister thinks fit. Any guarantee can be given in respect of performance or non-performance by another person, organisation or government. Accordingly, a Minister could provide an indemnity or guarantee to Councils in the event that Kāinga Ora is dissolved, or sells its properties prior to the 10 year holding period currently contemplated.

In most states in Australia, state-backed warranties are a “last resort mechanism” protecting owners from losses arising from defective buildings, for example the Competition and Consumer Act 2010 (Cth), Part VIA and Proportionate Liability Act 2005 (NT). These act as state-backed defects insurance, covering the cost of rectifying defects for new house construction if the builder is insolvent or disappears before rectifying the defects. In its report Liability of Multiple Defendants, the Law Commission considered recommending the introduction of state-backed warranties in New Zealand if a proportionate liability regime was implemented, replacing the current joint and several

**7. Outcome of any prior discussion at a Zone or Sector meeting**

None.

**8. Evidence of Support from Zone/Sector meeting or five Council's**

As outlined above there has been collaboration from some Councils with regards to seeking legal advice on the matter and during this collaboration there was the shared concerns around exposure to future liability claims with regards to Consentium's activities, this no doubt will be indicative of concerns across the sector.

**9. Suggested course of action by LGNZ envisaged**

LGNZ seeking legal protection/indemnity from the Crown in favour of all Councils for any civil liability claim brought against a Council with regards to building consent functions carried out by Consentium, as any such costs should not be borne by ratepayers.

LGNZ seeking a state-backed warranty to be put in place in the event Kāinga Ora is disestablished, in favour of subsequent owners of Kāinga Ora properties, covering any and all liability Kāinga Ora/Consentium would have had in relation to those properties in order to prevent owners from pursuing Councils in respect to those losses, as any such costs should not be borne by ratepayers.

## Remits not going to AGM

The remit Screening Committee has referred the following remits to the National Council of LGNZ for action, rather than to the Annual General Meeting for consideration. The Remit Screening Committee's role is to ensure that remits referred to the AGM are relevant, significant in nature and require agreement from the membership. In general, proposed remits that are already LGNZ policy, are already on the LGNZ work programme or technical in nature will be referred directly to the National Council for their action.

The following remits have been declined.

### 1. Meeting Quorum and Attendance

**Remit:** That LGNZ calls on the Government to introduce legislation that would update the Local Government Act 2002 to enable members attending meetings via audio link or audiovisual link to be counted as forming part of the quorum of the meeting.

**Proposed by:** Manawatū District Council

**Supported by:** Zone Three

**Recommendation:** That the remit is declined on the basis that it was previously debated and endorsed at the 2020 AGM.

The following remits are referred directly to the National Council for action because they reflect existing local government policy or address matters that are primarily technical in nature.

### 1. Increase Roadside breath testing

**Remit:** That LGNZ engage directly with relevant ministers and government agencies to advocate for an increase in the number of roadside breath test and mobile deterrence road safety enforcement activities.

**Proposed by:** Auckland Council

**Supported by:** Auckland Zone

**Recommendation:** That the remit is referred to the National Council for action.

## 2. Fly tipping

**Remit:** That LGNZ advocate the Litter Act 1979 be amended to allow for 'cost recovery' in instances where littering/fly tipping is 'more than minor' and the identity of the perpetrator is discoverable.

**Proposed by:** Gisborne City Council

**Supported by:** Hauraki District Council, Western Bay of Plenty District Council, New Plymouth District Council, Hastings District Council, Manawatū District Council, Ruapehu District Council, Napier City Council, Rotorua District Council, Whakatāne District Council, Wairoa District Council, Waikato District Council; and Whanganui District Council.

**Recommendation:** That the remit is referred to the National Council for action

## 3. Maritime Rules

**Remit:** That LGNZ recommend Central Government establish and improve the Maritime Rules for recreational vessels in relation to personal flotation devices, vessel registration, and licensing of skippers.

**Proposed by:** Northland Regional Council

**Supported by:** Zone One

**Recommendation:** That the remit is referred to the National Council for action.

## 4. Alcohol Licencing for appeals

**Remit:** That amendment be made to the Sale and Supply of Alcohol Act 2012 to enhance opportunities for the community to participate in the alcohol licensing process.

**Proposed by:** Whanganui District Council

**Supported by:** Zone Three

**Recommendation:** That the remit is referred to the National Council for action.

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18/03/2021

Hon Stuart Nash  
Minister of Economic and Regional Development, Small Business and Tourism  
Parliament Buildings  
WELLINGTON

**Re wine excise tax proposal**

Dear Minister

In November last year, as lead of a coalition of 20 Mayors of predominantly regional wine producing districts, I wrote to you seeking your support for removal of the wine excise currently imposed for small (sub 500,000l) producers. As the winescape provided by small-scale cellar-door operations is integral to the tourism offerings of smaller districts such as the one I represent, it was felt your support as Minister of Economic and Regional Development, and Tourism and Minister of Small Business to this proposal was essential in progressing the concept.

I attach a copy of that letter as we are unaware if it reached you, as we received word from officials this year that the matter was moved directly on to the Office of the Minister of Finance. I also attach a copy of a letter received from Minister Robertson this week outlining the areas of concern he has with the proposal but noting it remains alive with it being passed on to Inland Revenue and Treasury officials for consideration.

Minister; the reason that we are bringing this matter back before you is that we believe the proposal requires a champion in caucus, and given the matter falls firmly within three of your portfolios as mentioned, that it is crucial that this person be you.

Small scale wine producers in New Zealand are facing crisis, as outlined in the attached recent The Listener article by leading New Zealand wine writer Michael Cooper. Losing these small producers will have a significant direct impact on the tourism offering of the districts we represent.

We draw specific attention to the final page of the Cooper article where he notes "A further 100-plus wineries have an annual output of 20,000 to 100,000 litres, selling half of it on the domestic market. But more than half of this country's wineries (380) are tiny, selling an average of just over 4000 litres, or fewer than 500 cases, a year. More than 75% of this wine is sold within New Zealand, showing how crucial the local market is to most producers..... While the big producers' exports of sauvignon blanc are soaring, the core market is shrinking for these small wineries". Cooper notes earlier in the article that between



## THE OFFICE OF THE MAYOR

2011 and 2020, local consumption of New Zealand wine on which small producers rely has dropped by one third.

What the industry, and those regional areas that rely heavily on the industry as part of its tourism offering face, is a declining market and a future where many small producers disappear through closure or financially induced merger.

The regions have a number of factors pushing against them economically, and wineries are critical players at the center of a series of direct employment opportunities (for example, wineries in the Bridge Pa area), but also at the support services level (irrigation services, machinery repairs, etc). This is very much a regional strategy as there are no small wineries in central cities.

We are not asking for a hand-out; rather for the removal of an outdated tax for small producers akin to what has occurred in Australia, the United States and Canada in some form or other for many years now. Our proposed exemption for small producers who have a cellar door would cover only an estimated 7% of New Zealand wine production, meaning the fiscal costs should be small and manageable, yet would benefit approximately 90% of New Zealand wineries.

Minister Robertson makes four arguments against the proposal in his attached letter, being:

- 1. If the proposal is accepted, it will benefit successful small producers as well as those that are struggling.* Industry studies by Deloitte over many years show that the smallest wineries consistently lose money, and small and medium wineries return low single digit returns which means that they are losing money on an invested capital basis. That invested capital provides jobs, but not returns. In addition, anecdotal evidence is that most producers are struggling while very few are doing well. If a few are benefited, but jobs and the tourism landscape are saved by removing an imposition on these that may currently fail; the nett result for the regions is a positive one.
- 2. A permanent concession to assist with a temporary shock is not advisable.* The temporary shock the Minister refers to is the pandemic. However, Covid is only one negative influencer on small producers. Our proposal seeks to assist wineries to get through that shock and its reverberations, which we suspect will be long-term as the European and American visitors in particular will be generally lacking for quite a number of years. Our proposal also seeks to provide a baseline level of support akin to that provided in all competitor overseas markets to smaller producers who provide greater positive externalities in terms of the culture, and lack the capital backing that the larger, mainly overseas owned businesses have. Michael Cooper's article also shows the challenges facing small producers are by no means limited to Covid.
- 3. A concession to small producers will create an unfair structural advantage in the market.* As amply illustrated in both our original letter to you and in Michael Cooper's article, there is already an unfair structural advantage in the market in favour of big, often overseas owned producers of primarily one wine type. Our proposal is a means to rebalance that situation before it leads to the demise of much of our regional tourism offerings and puts the New Zealand wine industry in the position of being a one-trick-pony vulnerable to the whims of fashion and taste. This concession, and accompanying support of producers critical to jobs

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in the regions, simply levels the playing field with small producers in other countries, which whom the New Zealand brands are forced to compete with in export markets.

4. *Exemptions would create distortions in the market (addressed at 3) and undermine the coherence of the excise regime.* We do not agree. There is no evidence of price changes as a result of these changes in other markets, and they would, in any event, produce fewer distortions than a regressive tax that taxes a greater proportion of smaller, less profitable producers' income, than larger ones. The current excise regime is like have a 39% tax on people earning \$10,000. It makes no sense. It also makes no sense to say an exemption creates a 'distortion in the market'. If this were the case, a progressive income tax scale would make no sense and be rejected as distortionary. We note that distortions in the excise regime did not stop Australia, Canada and the US from undertaking such an approach as we advocate in order to keep their small producers viable.

Minister, when we wrote last year, we sought an audience with you to discuss this matter. A delegation of four Mayors would be joined by a small number of small wine producers and our tax consultants Robin Oliver and Mike Shaw. We seek that audience again in order that we can convince you to work alongside us with this proposal. We are available to come to Wellington at any time that suits to achieve this.

In the interim, please don't hesitate to contact me in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to be "Tim Cadogan".

Tim Cadogan  
Mayor Central Otago District



27/11/2020

Hon Stuart Nash  
Minister of Economic and Regional Development,  
Small Business and Tourism  
Parliament Buildings  
Wellington

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Dear Minister

### **Wine Excise for Small Producers**

Firstly, may we congratulate you on being appointed Minister of Economic and Regional Development, Tourism and being re-appointed Minister of Small Business.

We represent a coalition of 20 Mayors of wine-growing districts throughout New Zealand and we are seeking your support for relief from excise tax on small wine producers so that they can survive the impact of Covid-19.

This is necessary so they can contribute to the revitalisation of the regions in the years ahead.

### **Background**

There are 611 wineries in New Zealand. Over 90% of these are small producers<sup>1</sup> who produce only some 7% of total New Zealand wine production. While small in terms of New Zealand total wine production, small producers disproportionately contribute to the community and economic life of the regions and New Zealand generally. As Mayors of wine-producing districts, we have joined together to speak as one to the importance of small wine producers to each of our economies and tourism offering.

Small boutique wineries should not be seen as simply producers of alcoholic beverages. Instead they are part of the infrastructure that brings vibrancy to the regions in which they are located. Local wineries are an essential part of the New Zealand regional experience and play a significant role in getting people not just to visit the regions, but to spend more time (and money) there than they might otherwise.

The ability to serve high quality locally grown healthy food in great surroundings with magnificent New Zealand wine is part of what attracts people to visit our regions. International literature recognises how a "winescape" can add to the attractiveness and enhance the economy of regions. This includes establishing wine trails, amenities, attractions and qualified service staff so as to enhance local attractions with a "wine experience"<sup>2</sup>.

<sup>1</sup> Deloitte's *Growing Smarter - Wine Industry benchmarking and insights 2018* refers to wineries under \$10 million turnover as being "small". We use 500,000L of wine production which is about equivalent.

<sup>2</sup> See Thomas, B *Factors influencing Wine Tourist Satisfaction*



Small wine producers directly provide employment in the community and train people in a variety of skills from vintner to cropping to hospitality to suppliers of the large range of goods and services required to run such operations. There are then flow-on benefits to the local tourism, retail and service sectors. The President of the California Association of Winegrape Growers recently was quoted as stating that wine and vineyards were now integral to the vibrancy of the California economy. "The scenic views and tasting rooms found in wine country attracted nearly 24 million tourist visits in 2015, and the commitment of California growers and vintners to sustainable practices forms a foundation that supports 325,000 jobs while also promoting social and environmental benefits."

The investment required to provide this combined food/wine/location experience is very substantial. The business needs to be operated in a way that maximises the return from every part of the overall operation in order to meet the high capital overheads. For example, if the wine production aspect is not sufficiently profitable so that it is unable to contribute to servicing the capital costs, the food and hospitality and other experience aspects will be unable to justify the capital costs of providing the type of experience people come to the regions to enjoy. We need a profitable small wine production industry to justify the costs that the regional experience visitors come for requires.

#### **Impact of Covid-19**

Covid-19 has had a huge adverse impact on the tourism/hospitality/experience industry in the regions. Four million international tourist customers per year are no longer arriving. Domestic tourism to the regions cannot make up that difference and domestic tourism tends to be focused on particular times of the year – school holidays. Overhead costs continue over the extended "off-season".

These are issues beyond the government's control and, if it continues, something the regions will need to adjust to. It has, however, put enormous pressure on local small wine producers many of which are struggling to survive (and in some cases falling into liquidation). We as Mayors are concerned that if local small wine producers do not survive, a large part of the regional experience infrastructure will be lost.

We are not seeking a government hand-out for local small wine producers but instead removal of a penalty tax imposed on them. The wine excise is a penalty tax and designed to be so with the objective of discouraging alcohol consumption. The 2019 Tax Working Group described the alcohol excise tax as a "corrective tax"- a tax penalty designed to correct undesirable community behavior. It seems unjustified to impose such a penalty on small wine producers struggling to survive in this environment especially when the economic viability of the New Zealand regional experience is so dependent on such producers.

#### **Taxes on Wine**

As with all goods sold in New Zealand, wine faces GST of 15% on the price of sale. We have no issues with this. This is consistent with long-standing New Zealand tax settings that taxes be levied on a broad and comprehensive base so as to minimise tax-induced distortions on decisions such as what to spend money on, how to earn it and what to invest in. We consider this approach to have long-standing and broad community support.



However, in addition to GST, wine faces an additional penalty tax by way of excise tax. This is a tax that most other goods and services do not face. It then faces GST on the excise tax – a penalty tax on a penalty tax. This is GST most other goods and services do not face. As has been pointed out by the McLeod Tax Review 2001 and the Tax Working Group 2019, this is inconsistent with the broad and comprehensive base approach.

The current excise rate for most non-fortified wine is \$2.9432 per litre. As noted by the Tax Working Group (Interim Report page 76) alcohol excise rates vary with some levied on the basis of volume and some alcohol content. The Tax Working Group concluded that the alcohol excise taxes were inconsistent in their application and “unnecessarily complex”. In its Final Report the Tax Working Group supported the development of a better framework for deciding when to apply corrective taxes and recommended simplification of alcohol excise taxes. The earlier (McLeod) Tax Review 2001 in its Final Report (at page 39) was more forthright arguing that “excises and duties are levied in ways that have no policy rationale consistent with generally accepted tax policy frameworks.” It recommended (page 42) that “at a minimum the many anomalies in this area of the tax system should be subject to further review”. No such review has taken place. We consider removal of alcohol excise tax on small wine producers to be consistent with the conclusions of the above Reports. It is clear from those Reports that there is no existing coherent framework for current excises that an exemption for small wine producers would undermine.

As noted above GST is on top of the \$2.9432 excise rate making the total penal tax levied on wine of \$3.3847 per litre. For a representative bottle of quality New Zealand wine, the tax works out broadly as follows: (all numbers \$ GST exclusive):

Production cost	9.65
Production margin	1.57
Price to Distributor	11.22
Distributor's margin (33%)	5.53
Price to Retailer	16.75
Retailer's Margin (33%)	8.25
<b>Retail price (excluding excise and GST)</b>	<b>25.00</b>
GST on Retail price	3.75
Excise	2.30
GST on Excise	0.35
<b>Total price to consumer</b>	<b>31.40</b>

Points to note from the above are:

- All financing and capital costs (including a return to winery investor) must be met out of the \$1.57 production margin.
- The excise plus GST on the excise (\$2.65) exceeds the production margin.
- The example assumes that the excise and GST on the excise is pushed forward and borne by the consumer. However, consumer price resistance for this category of wine is likely to mean that some (if not all) of the excise and GST on the excise is borne and absorbed by the winery by way of reduced production margin. (See comments below on the price elasticity of demand).
- This means the already small \$1.57 production margin is reduced further if not erased.
- As a result, the excise and GST on the excise removes any realistic potential for the winery to contribute to overheads leaving the overall necessary investment in the regional experience infrastructure uneconomic.



The figures used in the above example are merely representative, but they are indicative of the extent to which current excises undermine the economics of boutique wineries. Boutique wineries are generally not sufficiently profitable to be able to contribute to servicing the investment in infrastructure required to provide the facilities necessary for the public to enjoy a true New Zealand regional experience. As noted earlier, the substantial capital investment required to provide such an experience means that all aspects of a business need to contribute to overheads (winery, retail, food, accommodation, attractions). The wine excise and the GST on that excise undercut the ability of boutique wineries to be part of the New Zealand regional experience and without their contribution much of this would be lost.

#### Justifications for the Wine Excise

The only justification generally given for the penal alcohol excise tax is that social costs of alcohol consumption outweighs the private costs. The difference is externality costs – the health costs and anti-social behavior claimed to be associated with alcohol consumption - normally “binge drinking” and alcoholism. In general, these health costs from alcohol consumption are seen as concentrated among a relatively small group of the population and it is generally conceded that there are some health benefits from moderate alcohol consumption<sup>3</sup>. See 2001 (McLeod) Tax Review Final Report at pages 40 to 41. The McLeod Report in particular disputed the argument that studies on the health costs of alcohol justify the level of excises New Zealand has.

Irrespective of one's views on this, it seems difficult to associate the consumption of high-quality boutique wine with the social costs incurred by excessive alcohol consumption by a small section of society. To put the matter bluntly – boutique wines are not likely to be consumed by binge drinkers. Boutique wines are more likely to be associated with the accepted health benefits of moderate alcohol consumption – a relaxant that enhances social activities and the enjoyment of high-quality healthy food.

The same economic framework that uses the claimed social costs or externality costs of alcohol consumption to support current excises, also justifies no such excise where production and consumption produces external benefits. As well as the above noted potential health benefits of boutique wine, as also previously noted, the production and consumption of such wine enhances the regional New Zealand experience by helping to meet the overhead costs involved in providing the necessary infrastructure for that experience.

#### How would removal of excise tax assist small regional wine producers?

The New Zealand wine industry tends to be divided between a large number of small producers and a small number of large producers. These have highly differentiated features<sup>4</sup>.

- Large wineries have higher returns – 8.4% EBIT/Assets versus small wineries at 2.4%
- Large wineries have economies of scale giving them much higher returns on assets.
- For large wineries, most of the revenue comes from wine sales whereas for small wineries, 10-15% of revenue comes from hospitality and other non-wine sale sources.

<sup>3</sup> See the 2001 Tax Review and the 2019 Tax Working Group Reports and Felicity Barker “Consumption Externalities and the Role of Government: The Case of Alcohol” New Zealand Treasury Working Paper 02/25 December 2002.

<sup>4</sup> Data from Deloitte's *Growing Smarter - Wine Industry benchmarking and insights 2018*



- Large wineries significantly rely on exports and bulk sales with domestic sales only accounting for 21% of sales whereas small producers mostly (70%) sell domestically.

It is small wineries that are without economies of scale, have lower returns, and are reliant on domestic sales (NZ excise does not apply to exports) that are most adversely affected by the excise and it is these small producers that make the investment critical to the development of the New Zealand regional experience.

Obviously, excise removal will assist small producers obtain higher production margins enabling them to invest more only if they are able to keep a material amount from the removal of the excise. Small regional wine producers are confident that a removal of the excise charge would flow through to them by way of higher profit per bottle. In the representative example above that would mean up to an extra \$2.65 per bottle thereby maintaining the profit margin necessary to service the capital cost required to provide a regional New Zealand experience.

Orthodox economic analysis of the incidence of tax is that if a good is price sensitive (high price elasticity of demand), a tax (such as the alcohol excise) will reduce demand and production so that most of the cost of the tax is borne by the producer through lower production and little of the tax cost is borne by the consumer who consumes less and ends up with similar post-consumption income. If a good is price insensitive (inelastic elasticity of demand) a tax will not impact much on demand and production so that most of the cost of the tax is borne by the consumer who ends up with lower post-consumption income.

International studies generally conclude that alcohol consumption is relatively price insensitive (price inelastic).<sup>5</sup> This suggests that the effect of alcohol excises is more likely to reduce the income of consumers than to reduce consumption (the purported objective of the tax). In the case of boutique wine, however, it is likely that this is price sensitive. A consumer faced with an increase in the price of a bottle of wine is likely to purchase a cheaper (mass produced or imported) wine. Wine consumption remains about the same, but production and consumption moves to cheaper wine. The burden of the tax then falls on the small producer of boutique wine. Removal of the excise would remove this burden on such producers. That in turn would provide additional funds for investment in the regional experience infrastructure that we need.

#### **Overseas Experience**

Many countries have recognised that far from incurring social costs (negative externalities) by way of additional health costs etc. small-scale wine production produces the type of social benefits (positive externalities) described above. They have thus removed or reduced excises the policy objective of which is to act as a "corrective tax" (as described by the 2019 Tax Working Group) to offset the claimed social costs of alcohol consumption.

#### **United States of America**

The Craft Beverage Modernization and Tax Reform Act 2017 sets the excise rate for domestic breweries, wineries and distilled spirit makers producing less than two million barrels a year, at 50% of the normal rate.

<sup>5</sup> See (McLeod) Tax Review 2001 Issues Paper at page 53; HMRC (UK) "Estimation of price elasticities of alcohol in the United Kingdom" Joao Sousa, December 2014, HMRC Working Paper 16.



#### **Australia**

In Australia, wine is taxed differently to other alcoholic beverages. While other beverages are taxed based on their alcohol content, wine is taxed at a flat 29% rate of value. An annual rebate is available of up to \$A350,000 for wine producers that grow at least 85% of the grapes used in their wine-making process. The cap of \$A350,000 means that those winemakers who sell over \$A1.206 million receive no further rebate.

#### **Canada**

Canada provides a full excise exemption for wine that is made from 100% Canadian-grown agricultural products.

#### **Design of the Tax**

We are proposing an exemption from excise duty for winemakers that both:

1. Produce less than a set litres of wine per annum (say 500,000L). This should reflect a level covering what is generally considered a small producer with few operating on the margin of this cap to ensure some winemakers are not encouraged to reduce production. The industry view is that such small producers overwhelmingly produce high quality boutique wines given the need to cover the costs of servicing the substantial investment from low production.
2. Have a Cellar Door that is available for visitation by the public, whether on a permanently open or a "by appointment" basis. This links the excise exemption to those who are using wine production to help meet the costs of investing in the infrastructure required to support the New Zealand regional experience and thus give rise to the external benefits the proposal aims to achieve. A Cellar Door requirement should also encourage more wineries to offer this. That would enhance the overall winescape and provide an immediate boost to investment and jobs in the regions. Section 17 of the Sale and Supply of Alcohol Act 2012 requires a winery selling wine to customers not for consumption on the premises (and those providing free tastings) to have an off licence. This off licence is administered by the local authority and an annual fee is charged for it. This Cellar Door requirement could be policed through requiring a qualifying winery to have an off licence and secondly by the normal checks carried out by Customs.

#### **Fiscal Costs**

Given that the proposed excise exemption would cover only an estimated 7% of New Zealand wine production, the fiscal costs should be small and manageable.



**Next Steps**

We assume the first opportunity to introduce this measure would be as part of Budget 2021. With that in mind we suggest a working group of officials from interested departments (Treasury, MBIE, Tourism, and Customs) be established to work with the industry to develop a proposal for consideration of the government.

In the meantime, we would be grateful for an opportunity to meet with you to discuss this matter further. If you agree we shall arrange a suitable time with your office.

Yours faithfully

Handwritten signature of Tim Cadogan.

Tim Cadogan  
Mayor  
Central Otago District

Handwritten signature of Jim Boulton.

Jim Boulton  
Mayor  
Queenstown-Lakes District

Handwritten signature of Alex Walker.

Alex Walker  
Mayor  
Central Hawkes Bay District

Handwritten signature of Rehette Stoltz.

Rehette Stoltz  
Mayor  
Mayor Gisborne District

On behalf of:

Mayor Greg Lang  
Mayor Lianne Dalziel  
Mayor Sandra Hazlehurst  
Mayor Marie Black  
Mayor Kirsten Wise  
Mayor Rachel Reese  
Mayor Lyn Riesterer  
Mayor Andy Watson  
Mayor Steve Chadwick  
Mayor Sam Broughton  
Mayor Alex Beijen  
Mayor Tim King  
Mayor Dave Trewavas  
Mayor Sandra Goudie  
Mayor Gary Kircher  
Mayor Sheryl Mai

Carterton District  
Christchurch City  
Hastings District  
Hurunui District  
Napier District  
Nelson City  
Opotiki District  
Rangitikei District  
Rotorua District  
Selwyn District  
South Wairarapa District  
Tasman District  
Taupo District  
Thames-Coromandel District  
Waitaki District  
Whangarei District

## Wine romance and greater quality are drawing us to vineyards, but as bulk exports soar and foreign firms move in, returns per litre are falling. And so is our consumption of New Zealand wine.

**SPECIAL REPORT BY MICHAEL COOPER**

**W**ine is a symbol of the good times, but we enjoy it in times of stress, too. The challenges of the past year have seen many Kiwis reaching for a glass or two of wine – and we are not the only ones.

Sales of New Zealand wine in its key export markets – the UK, US and Australia – are booming. “The planet decided Covid-19 wasn’t supposed to be endured in a state of sobriety,” declared win-

is significantly more mature, even compared with five years ago. We’re just getting started on wine style and quality.”

But things are complicated. Villa Maria declared recently that its sales of sauvignon blanc in the US are “rocketing, and at far better prices than we get in the UK”. At the same time, it is phasing out some of its most prestigious Hawke’s Bay chardonnays and reds under the Vidal brand. And although the consumption of New Zealand wine here is falling, the number of wineries is climbing (a winery, strictly speaking, is a building used to make wine, but the term is commonly used for any wine-producing business).

According to one smallish, well-regarded producer, “there is very little positive news, unless you are one of the 20 largest producers (and therefore probably overseas-owned), rather than the 697 small or medium-sized players.”

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**The value of our annual exports recently hit \$2 billion. Every second, about 80 glasses of our wine are consumed around the world.**

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emaker Steve Bird late last year, “so people were locked down at home and they were drinking wine like there was no tomorrow.”

On the surface, things are rosy in the wine industry. The value of our annual exports recently hit \$2 billion. Every second, about 80 glasses of New Zealand wine are consumed around the world.

In 2020, a record number of wine producers (more than 700) handled the country’s biggest-ever grape crop, harvested from nearly 40,000ha of vines. After a notably dry summer and autumn, the new season’s wines are brimful of promise. And if you scan the opening pages of New Zealand Winegrowers Annual Report 2020, it’s equally easy to form a positive view. New Zealand accounts for just 1.2% of the world’s production, but wine is now our fifth-largest export ‘good’.

Some key advances in the industry are worth highlighting. The quality of New Zealand wine has never been better. Commitment to organic viticulture is expanding gradually and mature, 15- to 25-year-old vines are increasingly the norm.

Many grape growers and winemakers have now been working on the same site for decades. As one winegrower put it recently: “The whole industry

### **FIVE MAIN MARKETS**

Take the latest export trends. In the year to November 2020, New Zealand exported 80.6 million litres of wine to the US (generating \$622 million), 93.6 million litres to the UK (\$517 million), and 68.6 million litres to Australia (\$385 million).

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**“There is very little positive news unless you are one of the 20 largest producers and therefore probably overseas-owned.”**

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Together with Germany and Canada, those five countries absorbed nearly 90% of our wine shipments by volume. But the average price per litre of those exports fell by 6%, compared to 2019.

Shipments of bulk (unbottled) wine surged by 17% and are close to half of all exports. Large wine producers enjoyed an 8% rise in their export volumes, but those of small wineries dropped slightly. Our exports of such prestigious varietal wines as chardonnay (down 9% by volume), pinot noir (down

GETTY IMAGES

## WINE INDUSTRY

17%) and merlot (down 47%) tumbled.

Could this be attributed to the effects of Covid-19, given the reduced opening hours of countless restaurants and bars overseas? No. Since 2016, the volume of our sauvignon blanc exports has soared from 182 million litres to 249 million litres. Pinot gris and rosé exports are up, too, but the volumes of our chardonnay, merlot, syrah and pinot noir exports have all dropped significantly.

And as the total volume of our exports goes up, the price keeps dropping. New Zealand exported 19.2 million litres of wine in 2001 at an average of \$10.31/l. By 2009, we were shipping 112.6 million litres at \$8.85/l. In the year to June 2020, we exported 286.5 million litres of wine at just \$6.71/l.

Chris Yorke, global marketing director at NZ Winegrowers from 2004-2019, rejects the argument that the slump in export prices means growth does not equal success. "Prices have come down because the volumes have exploded," he says. "If you compare us with the rest of the world, the two countries that achieve the highest average prices for their wines are France and New

**"The two countries that achieve the highest average prices for their wines are France and New Zealand."**

Zealand." However, France's production of wine is 14 times greater than New Zealand's.

New Zealand wine is sold in about 100 countries. Philip Gregan, chief executive of



From top: NZ Winegrowers' Philip Gregan, Angela Flynn of Giesen Group, wine retailer Daniel Kemp.

NZ Winegrowers since its formation in 2002, says that "at its core, the growth reflects the reputation New Zealand wine has in global markets. That reputation for quality was built in markets such as the UK and Australia. It's there now, in markets such as the US and Canada, and we're seeing it in markets such as China and the rest of Asia, so we have really strong demand around the world." But the spectacular export growth is causing widespread concern in the industry. In the year to September 2020, bottled wines commanded an average price of \$8.75/l, but bulk shipments fetched less than half that - \$4.03/l.

Blair Gibbs, of Nelson drinks business Winelord, says there's a distinction between "good" and "bad" bulk exports. "Good bulk belongs to a company with the capability to transfer the wine to one of its offshore partners, package it under one of

its own brands and proceed to distribute it in their local market. Bad bulk is ... sold at a commodity price to any national or international buyer, to be possibly blended, packaged in the destination market and sold at discounted prices."

Two-thirds of our white-wine exports to the UK are shipped in bulk to supermarkets and liquor store chains, then marketed under brands most New Zealanders have never heard of, such as Mahia Point, Okahu Bay or Tiki Ridge.

Hence the launch in 2018 of Appellation Marlborough Wine. John Forrest, the group's vice-chairman, emphasised he was "not saying that reputable companies can't send bulk wine to other places ... for bottling successfully, but I am saying that if we have

no rules or checking around how that's happening - 100% per cent of the time with 100% integrity - we have to draw the line about being bottled at source." The organisation's members use 100% Marlborough grapes in their sauvignon blancs (the Australia and New Zealand regulations covering wine

**Two-thirds of our white-wine exports to the UK are shipped in bulk then marketed under brands most New Zealanders have never heard of.**

labelling by region require only 85%), and bottle their wines in New Zealand.

#### WE'RE DRINKING LESS

At the core of the industry's problems is a brutal reality it has been slow to wake up to - Kiwis are drinking a lot less wine than they used to, especially their own wine. Our consumption of wine, both local and imported, has declined by about 14%, from 21.3 litres per person in 2011 to 18.3l/pp in 2020. And over that time, our consumption of New Zealand wine has plummeted by a third, from 15.2l/pp to 10l/pp.

Why are we drinking less wine? It's not rising prices. A couple of years ago, I compared the prices of mid-priced wines from long-established wineries such as Babich, Hunter's, Mission Estate and Seifried. Over the previous decade, their prices were essentially unchanged.

In the UK, nearly 30% of people aged 16 to 25 now avoid all alcoholic beverages, including wine. The only age group that is drinking more wine is the oldest - those in the 65-plus category. There are clear signs of a similar pattern in New Zealand.

"Health and well-being is a global consumer-behaviour driver, with lighter alcohol choices driving changes in drinking habits," says Angela Flynn, marketing manager of Giesen Group. The tighter enforcement of drink-driving laws has also triggered a more moderate approach to wine drinking in New Zealand.

Given the popularity of local wines, it's easy to overlook the fact that imported brands command 45% of the New Zealand market, with special strength in the sub-\$10 category. Even Montana Sauvignon Blanc is

# POUR CHOICES FOR NZ



US billionaire Bill Foley has steadily expanded his empire in NZ. Below: Sir George Fistonich, founder of Villa Maria.

## Foreign ownership raises fears for the future of our wine industry.

**F**oreign firms control 40% of New Zealand's wine output, according to a Westpac report in 2017, raising inevitable questions about the direction of the industry.

Sir George Fistonich, founder and owner of Villa Maria, has long worried that overseas companies promote New Zealand as a source of "commodity" sauvignon blanc – a raw material with which to create their own finished product.

A South Island pinot noir producer told me recently: "I'm damned if I'm going to see this industry destroyed by overseas-owned companies trying to make us a commodity producer."

The counter-argument is that foreign investment has been highly beneficial to



Bay, founded in 1985 by an Australian, David Hohnen, and now part of the LVMH luxury brands conglomerate. "How would anyone rate its contribution to the New Zealand wine industry? Outstanding."

Another example of overseas investment is Foley Family Wines, listed on the stock exchange but controlled by US billionaire Bill Foley, whose goal is to "bring financial discipline to the wine industry". Since making his first move here in 2009, Foley has steadily expanded his empire while boosting quality, and now owns the Vavasour, Grove Mill, Dashwood, Goldwater, Martinborough Vineyard,

Te Kairanga and Mt Difficulty brands. The giant producers include US-owned Constellation Brands NZ (owner of the Kim Crawford, Selaks, Crafters Union and Monkey Bay brands); Paris-based Pernod-Ricard NZ (Brancott Estate, Stoneleigh, Church Road); Australia-based Treasury Wine Estates (Matua, Shingle Peak, Squealing Pig) and Australia's Accolade Wines (Mud House, Waipara Hills).

New Zealand-owned companies in the big league include stock exchange-listed but still family-controlled Delectat Group (Oyster Bay, Delectat, Barossa Valley Estate); Villa Maria Estate (Villa Maria, Esk Valley, Vidal, Te Awa); and Giesen Wines.

Easily overlooked in this mix is the key role of Indevin, founded in 2003 by

**"I'm damned if I'm going to see this industry destroyed."**

the industry. The injection of funds and technical expertise can help wineries to boost their quality and output, and foreign liquor conglomerates have also given New Zealand wine global distribution. Philip Gregan, chief executive of NZ Winegrowers, likes to point to Cloudy

**"Foley's goal is to bring financial discipline to the wine industry."**

Marlborough-based Duncan McFarlane. With 3000ha of vines and wineries in Marlborough, Hawke's Bay and Gisborne, Indevin is the country's leading producer of exclusive "own label" wines, supplying clients such as Tesco and Waitrose in the UK.

now an Australian wine. Why? Because it sells largely on its low price and the Aussies can grow the grapes more cheaply.

Daniel Kemp, an Auckland-based wine distributor and retailer, believes "New Zealanders are getting bored with the same old, same old... A lot of people who drink Marlborough sauvignon blanc or Central Otago pinot noir are now trying imported wines and finding them competitively priced."

A prominent Marlborough producer is more cynical. "By confusing the public as to the identity, integrity and quality of these wines, they [bars, shops and restaurants] can charge much larger markups than on the wines of authentic Kiwi producers, whose product and pricing are generally known."

New Zealand wine is also competing with other beverages - non-alcoholic drinks, gin, cocktails, seltzers and craft beers. "Wine is basically just old grape juice anyway," according to Matt Eats, beer curator at Beer Jerk, an online craft-beer retailer. "Where's the fun in that?" If you work in a bar, you learn how to stir.

The *Guardian* noted recently that the drinks industry in the UK is racing to



Kiwis are drinking more beer. Below, Cosmo Hawke and Liz Carrigan, Grant of Everyday Wine unpack boxes of wine after the first lockdown.



a turbulent reallocation during the lockdowns while export volumes were unaffected. Although consumption remained stable - within a long-term trend of decline - it was reallocated heavily from the devastated hospitality sector to retailers. Supermarkets took a bigger sales share just from being open during lockdowns.

Other retailers' sales volumes appear to have grown post-lockdown, as did wineries', even though cellar-door sales were hit by the absence of overseas visitors. Local winery tourism increased, with New Zealanders possibly more able to take away boxes of wine in their cars than luggage-toting foreign tourists.

Another offsetting factor was a rise in email-order sales, with more locals acquiring the habit of ordering straight from the winery or wholesaler.

The industry faces new domestic sales volume uncertainty, however, with the Government confirming this month it will not continue to prop up businesses that are heavily dependent on foreign tourists. A further chal-

### At the core of the industry's problems is a brutal reality - Kiwis are drinking a lot less wine.

bring out "nolo" (no- or low-alcohol beers, spirits and cocktails). Here, winemakers are offering a growing selection of "light" wines. The best by far are made from riesling. Winemakers are also trying their best to coax attractive wines from sauvignon blanc grapes picked early with less-ripe flavours, higher natural acidity and a lower natural sugar content (and so reduced potential alcohol levels).

However, sauvignon blanc is a challenge when it comes to making a light (below 10% alcohol by volume) wine that tastes good, because the acidity level in its juice doesn't drop markedly until its natural grape-sugar level is too high for lighter wine production. Most of our "lighter" sauvignon blancs are very crisp, with a gentle splash of sweetness and boring, green-apple flavours.

### COVID'S MARK

Most of the 2020 harvest was still on the vines when the Government announced New Zealand would go into lockdown in late March because of Covid-19. The vintage was allowed to go ahead, with everyone told to keep two metres apart. With temporary workers from overseas sharing crowded accommodation, concerns mounted about the health risk, but no cases were reported of virus transmission in the vineyards or wineries.

But the lockdowns of 2020 changed the way we eat and drink. More people around the world are eating at home, which benefits big wine producers with extensive distribution through supermarkets. Small wine producers are more likely to rely on restaurants, whose sales have fallen significantly - although one small producer reported that the lockdown closure of their cellar door was more than compensated for by a surge in online orders.

The occasions when we reach for a glass of wine have changed, too. When people are at home all day during lockdown, the traditional routine of a glass of wine with dinner is disrupted. At-home drinking of wine without food has increased in frequency. Gregan says domestic sales experienced

### There's a race to bring out low-alcohol drinks. The best "light" wines by far are made from riesling.

lence is that the summer domestic tourism peak, and the partying season, are beginning to tail off. As consumption declines, the industry may get a clearer indication of bedrock turnover without the benefit of foreign tourists or automatic state support.

And don't bank on China's tariff sanction against Australian wines providing a silver lining for New Zealand producers, Gregan says. China had already landed a considerable inventory of Australian wine before it tightened the screws, so importers may not be in a hurry to find alternative suppliers. In any case, New Zealand produces little of the sort of red speciality wines that China likes to import from Australia. Overall, the Asian continent is a relatively small market for Zealand wine, and expected to remain so.

PHOTOS: SUPPLIED

## WINE INDUSTRY

**MARLBOROUGH'S RISE**

Are wineries struggling to survive? Vinoptima, in Gisborne, and Mahana, in Nelson, both went into receivership in 2018. Carrick, in Central Otago, was placed in receivership last November, shortly before the murder of its owner, Elizabeth Zhong. Many other producers that have depended on tourists, mostly from overseas, to keep their winery restaurants and cellar doors bustling must be fighting for survival.

Pre-Covid, New Zealand attracted more than 750,000 overseas "wine tourists" per year (each visited at least one winery during their stay). Tourists from the UK and the US were more likely to visit a winery cellar door than those from Australia or China. Now, the borders are closed and the wine tourists have gone.

Looking back, the 1990s was a golden age of New Zealand wine. Quality wine was still

Lucky to get NZ wine in top New York wine store Sherry-Lehmann.



**Sales experienced a turbulent reallocation during the lockdowns ... pre-Covid, New Zealand attracted more than 750,000 overseas "wine tourists" per year.**

new and exciting, given that "stretching" wines by adding copious amounts of water to unfermented grape juice - although illegal - had been routine practice until the early 1980s. Affluent baby boomers in their forties rushed to plant vineyards. Wine columns proliferated in newspapers and magazines; wine books soared high on the bestseller lists.

Today, much of the industry can be summed up in five words: sauvignon blanc, pinot noir, Marlborough. So dominant is Marlborough that in 2020, it was the biggest regional source of varieties it is not even immediately associated with, including pinot noir, with triple Central Otago's harvest. And its signature variety, sauvignon blanc, is so dominant nationally that in 2020, it was the most commonly harvested grape not only in Marlborough, but also in Hawke's Bay, Nelson and Canterbury.

The overseas response to the first vintages of Marlborough sauvignon blanc, from the likes of Montana (1979) and Cloudy Bay

(1985), has been memorably described by British wine writer Oz Clarke: "No previous wine had shocked, thrilled, entranced the world before with such brash, unexpected flavours of gooseberries, passionfruit and lime, or crunchy green asparagus spears."

Those early vintages, Marlborough winemakers recall, were best "picked, pressed and pissed by Christmas". Sauvignon blanc from New Zealand is still viewed as a wine to drink young while its instantly recognisable, herbaceous aromas and flavours are leaping out of the glass. In fact, today's sauvignon blancs usually age soundly for at least two years.

But the popularity of our pinot noir has done far more to persuade overseas consumers that New Zealand wine can mature gracefully - as it must, if the country is to be accepted as a serious wine producer. "To gain true international recognition, an industry has to be capable of making wines that improve with age - that's the ultimate quality factor," stresses John Buck, co-founder of Te Mata Estate, acclaimed for its long-lived Hawke's Bay cabernet/merlots. "People need to be able to put wine into their cellars with confidence and know that when they pull them out they will be a damn sight better than when they put them in."

Pinot noir, the famous red-wine grape of Burgundy, has transplanted happily to New Zealand's 'cool-climate' viticultural regions, from the Wairarapa to Central Otago, with classy wines emerging since the mid-1980s. At least 700 pinot noir labels are now crowding the shelves. But our pinot noir exports are shrinking - from 13.2 million litres in 2018 to 12.3 million

litres in 2019 and just 10.3 million litres in 2020.

What's going on? "The more sauvignon blanc we produce and sell, the harder it is to sell pinot noir or other premium red varieties," argues one Central Otago producer. "There was a belief held by the volume producers that they open markets and make it easier for small producers to come into that market, but that is not the case. Sure, they built us a reputation for sauvignon blanc,

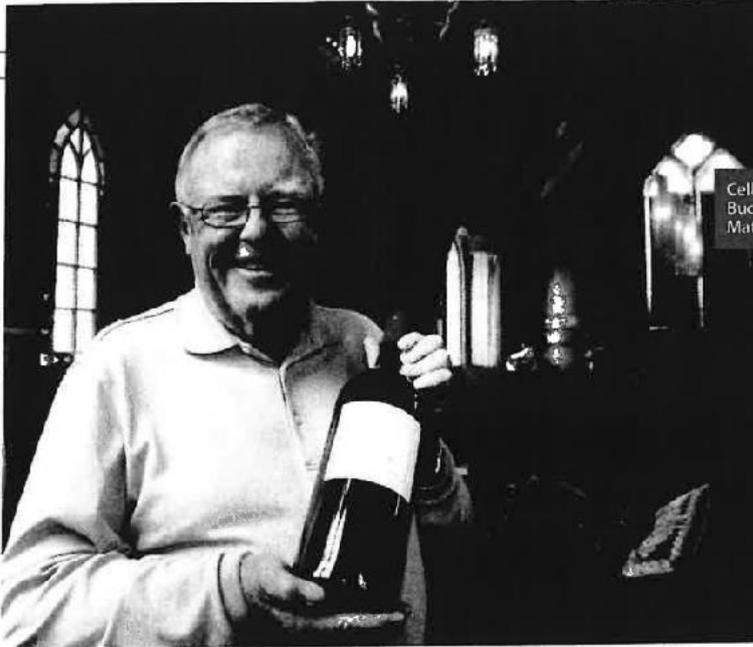
**"No previous wine had shocked, thrilled, entranced the world before with such brash, unexpected flavours."**

but as a white-wine-producing country only, and at a "value" price point that only works for the largest producers."

Sauvignon blanc has been a huge money-spinner for wineries, based on the variety's rare ability, when cultivated in Marlborough, to produce distinctive, aromatic, flavour-packed wines, even at very high cropping levels. Between 2016 and 2018, Marlborough vineyards had an average yield of 12.8 tonnes a hectare - far ahead of Gisborne (10.5t/ha), Hawke's Bay (8.1t/ha) and Otago (4.9t/ha).

Expat Kiwi Ken Mudford is director of inventory at Sherry-Lehmann, one of New York's top wine stores. "Most importers

GETTY IMAGES



Cellaring potential: John Buck, co-founder of Te Mata Estate.

River, Waimea, Mahana (renamed Gravity) and Bannock Brae.

Major changes are also under way at Villa Maria, the country's largest fully family-owned wine company, where, last year, some senior production and marketing staff were made redundant. Last November, the company announced it was selling 31ha of vineyards and bare land adjacent to its headquarters near Auckland Airport (the winery, head office and hospitality function areas will stay), and planned to raise additional capital "to accelerate its global growth strategy and ambitions".

Most recently, the *Australian Financial Review* reported that Villa Maria has hired UBS, a global investment bank, to approach investment funds and other large wine producers about buying a strategic stake in the company or even taking full control. A Villa Maria spokesperson described the

here are reluctant to bring in anything except sauvignon blanc," says Mudford. "It's a shame, but the US is a huge country and apart from on the two coasts, there is little knowledge of New Zealand or our wine." A producer of New Zealand pinot noir lucky enough to get their wine listed by Sherry-Lehmann will sell, on average, about six cases a year.

Phil Handford, managing director of Grasshopper Rock, an acclaimed producer of pinot noir in Alexandra, Central Otago, is candid about its recent challenges. "In the year [2020] of our smallest harvest since 2007, we were also dealing with a substantial drop in sales through restaurant and retail channels. With Covid-19, borders closed and restaurants struggling globally, we made the decision to sell much of our fruit."

Other pinot noir producers worry about the possibility of "a glut of wine dumped on the industry, which would trash the Central Otago brand more broadly." Two years ago, Glacier Bay Central Otago Pinot Noir was advertised in Auckland by Liquor Centre at \$11.99. "I don't know how anyone can sell pinot noir at that price," a top winemaker told me. "Someone is losing money, as it's just not possible."

**THE FEW AND THE MANY**

Is the wine industry splitting into two camps with irreconcilable interests? Ninety-three per cent of New Zealand wine is made by 7% of the producers. Are the objectives of these huge, export-focused, often overseas-owned companies compatible with those of the majority of producers - small, family-owned and heavily reliant

on the domestic market?

Between the large and tiny producers are 75 wineries, each producing between 100,000 and one million litres of wine annually, selling two-thirds of their output overseas. A further 100-plus wineries have an annual output of 20,000 to 100,000 litres, selling half of it on the domestic market.

But more than half of this country's wineries (380) are tiny, selling an average of just over 4000 litres, or fewer than 500 cases, a year. More than 75% of this wine is sold within New Zealand, showing how crucial the local market is to most producers. To make a profit in this category, you need minimal staff and direct marketing to consumers at high margins via online sales, at the cellar door or in a vineyard restaurant. While the big producers' exports of sauvignon blanc are soaring, the core market is shrinking for these small wineries.

New Zealand Winegrowers does its best to represent these tiny - often disparaged as "weekend" - producers, as well as the local operations of the global giants. Representing wine producers and more than 600 specialist grape growers, it is funded principally by levies on the sale of grapes and wine. The present chair of its board is Clive Jones of Marlborough's Nautilus Estate, which is controlled by Australia's oldest family-owned winery, Yalumba.

Consolidation moves are under way. Booster Wine Group, part of a larger investment group within the Tahiti portfolio, was established in 2019 by merging "family-owned and run wineries", while keeping them in New Zealand ownership. Today, the group includes Sileni, Awatere

**Central Otago pinot noir was advertised in Auckland by Liquor Centre at \$11.99. "I don't know how anyone can sell pinot noir at that price."**

report as "purely speculation".

Some argue that New Zealand is already making too much wine. As Matt Rutherford, managing director of Spencer Hill winery in Nelson, said in 2018: "The sheer volume of wine available ... has driven many producers to constantly lower their prices. We see casualties, both locally and nationally, and my bet is that we will see many more." Daniel Schwarzenbach, of Nelson's Blackenbrook Vineyard, commented after the 2020 harvest: "The biggest challenge for the whole industry is going to be selling the beautiful wines we are making this year."

"Beer is made by man, wine by God," believed Martin Luther. Looking at the challenges facing today's wine producers, some must be praying for divine intervention. ■

*Multiple award-winning wine writer Michael Cooper is the author of 45 books, and his annual wine-buyer's guide is now in its 29th edition. He has been a weekly columnist for the Listener since 2007.*

NEWSPIX

**Hon Grant Robertson**

MP for Wellington Central  
Deputy Prime Minister  
Minister of Finance  
Minister for Infrastructure  
Minister for Sport and Recreation  
Minister for Racing



**- 5 MAY 2021**

Tim Cadogan  
Mayor – Central Otago District  
mayor@codc.govt.nz

Dear Tim

Thank you for your email of 31 March 2021 to my colleague Minister Nash regarding the Lake Dunstan trail and the removal of excise tax on small wine producers. I am responding to your point about excise because, as Minister of Finance, I am responsible for the policy settings on excise tax.

I appreciate that removing excise tax on small wine producers would support small wine producers who may still be struggling with the effects of COVID-19 and the loss of international visitors. I also appreciate the benefits that small wine producers provide to their local communities and the national economy.

Officials have considered your proposal (as set out in your earlier letter of 27 November 2020, to which I responded on 15 March 2021), but consider that this is not the most appropriate way to provide support to these businesses. Exempting excise tax on small wine producers would be a poorly targeted measure to these businesses impacted by COVID-19. An exemption based on size would provide a tax benefit to both firms that are struggling and firms that are not. Introducing a permanent tax concession is not well-targeted to addressing a temporary shock and would give these producers an unfair advantage in the market. Further, introducing exemptions for alcohol excise for some producers would undermine the coherence of the excise tax regime and create distortions in the market.

If small wine producers are finding it difficult to meet their excise obligations as a result of COVID-19, I would encourage them to get in touch with the Customs Service to discuss payment options. Contact information is available here: <https://www.customs.govt.nz/covid-19/businesses/excise-clients/>

Thank you for taking the time to write.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Grant Robertson'.

Hon Grant Robertson  
**Minister of Finance**

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**REPORT R25992**

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## **Status Report - Council**

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### **1. Purpose of Report**

1.1

### **2. Recommendation**

*That the Council*

- 1. Receives the report Status Report - Council (R25992) and its attachment (A1168168).***

### **3. Background**

3.1 text

### **4. Conclusion**

4.1 text

**Author: Robyn Byrne, Team Leader Governance**

### **Attachments**

Attachment 1: A1168168 Status Report - Council [↓](#)

## Status Report – Council – 1 July 2021

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS																						
9/09/2020	City Streets for People Deliberations Report	<p><i>That the Council</i></p> <p>3. <i>Approves the completion of the City Centre Spatial Plan as a first priority for the City Development Team, noting the Spatial Plan will be aligned with the Parking Strategy; and</i></p> <p>4. <i>Supports the work in the City Centre by allocating:</i></p> <table style="margin-left: 40px;"> <tr> <td>2020/2021 year</td> <td>\$200,000</td> <td></td> </tr> <tr> <td></td> <td>unbudgeted</td> <td></td> </tr> <tr> <td></td> <td>operating</td> <td></td> </tr> <tr> <td></td> <td>expenditure</td> <td></td> </tr> <tr> <td></td> <td>\$400,000</td> <td>capital</td> </tr> <tr> <td></td> <td>expenditure</td> <td></td> </tr> </table> <p><i>Reallocating the Annual Plan capital budget for this work to:</i></p> <table style="margin-left: 40px;"> <tr> <td>2021/2022 year</td> <td>\$1.2M</td> </tr> <tr> <td>2022/2023 year</td> <td>\$1.5M</td> </tr> </table> <p>5. <i>Accepts budgets may need to be adjusted to allow for appropriate sequencing and agrees the purpose of this funding is to advance the pedestrian and place-making aspirations anticipated in the Spatial Plan, noting that engagement and design commences during the 2020/21 year and delivery and implementation commences during the 2021/22 year.</i></p> <p>6. <i>Notes where tactical works are implemented they need to be of a scale that is able to be evaluated, and while they are moveable and</i></p>	2020/2021 year	\$200,000			unbudgeted			operating			expenditure			\$400,000	capital		expenditure		2021/2022 year	\$1.2M	2022/2023 year	\$1.5M	Barton, Clare	<p>1. City Centre Spatial Plan is underway and is the priority for the City Centre Development Programme Lead. Draft expected to be reported to Council 12 August</p> <p>2. Capex and Opex for FY20/21 are committed. Opex for various consultant expertise engagements and Capex mostly on Council approved multi-function lights in Upper Trafalgar. Other capex looking at assisting on people-focused outcomes with Selwyn Place speed reduction and safety (with Transport), 4Lanes Festival planning (with Events) and the Pride Crossing (with Capital Projects/Paul Shattock). The budgets for 21/22 and 22/23 are included in the LTP for City Centre (or CBD Enhancement or whatever the budgeted activity is)</p> <p>3. We acknowledge some budget adjustment might be needed across the three year</p>
2020/2021 year	\$200,000																									
	unbudgeted																									
	operating																									
	expenditure																									
	\$400,000	capital																								
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## Status Report – Council – 1 July 2021

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
		<p><i>removable, in order to test them the expectation is that they will be in place for at least 3 years; and</i></p> <p>7. <i><u>Supports</u> the City Development Team in engaging with city centre stakeholders on tactical and permanent, resilient, quality and smart enhancement of Nelsons City Centre; and</i></p> <p>8. <i><u>Accepts</u> the Waka Kotahi funding offer will be relinquished and acknowledges the support from Waka Kotahi; and</i></p> <p>9. <i><u>Notes</u> officers will have follow up discussions with Waka Kotahi for future funding opportunities.</i></p>		<p>programme</p> <p>4. Acknowledged with future SfP tactical projects.</p> <p>5. Pre- Engagement on CCSP complete</p> <p>6. Funding was relinquished from successful City Centre application but utilised locally for the Nelson South project on Kawai Street</p> <p>7. Relationships at officer level with Waka Kotahi ongoing, including continued participation on Streets for People (Major Town Centre cluster) and TAG member on Urban Streetscape Guide development.</p> <p>Ongoing</p>
18/02/2021	Options for a Climatorium	<p><i>That the Council</i></p> <p>1. <i><u>Receives</u> the report Options for a Climatorium (R20301) and its attachment (A2398703); and</i></p> <p>2. <i><u>Supports</u> Wakatū Incorporation’s approach of</i></p>	McDonald, Nicky	<p>Officers will be meeting with Wakatū Incorporation to discuss next steps on the Climatorium project.</p> <p>Ongoing</p>

## Status Report – Council – 1 July 2021

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
		<p><i>developing a business case for the development of a Climatorium; and</i></p> <p>3. <i><u>Agrees</u> that planning for any library redevelopment in the Mahitahi River Precinct should recognise the potential development of a Climatorium on Wakatū Incorporation land; and</i></p> <p>4. <i><u>Agrees</u> to work with Wakatū Incorporation to convene a meeting with representatives from government, industry, research institutions, and the community to explore the opportunity for Nelson to become a centre for climate change mitigation, adaptation and resilience research and innovation; and</i></p> <p>5. <i><u>Requests</u> that progress on the development of the Climatorium is reported to Council on a regular basis via the Mayor’s Report.</i></p>		
18/02/2021	Elma Turner Library Redevelopment Options	<p><i>That the Council</i></p> <p>1. <i><u>Receives</u> the report Elma Turner Library Redevelopment Options (R21341) and its attachments (A2411462, A2478433, A2572096 and A2479330); and</i></p>	White, Andrew	Discussions with Wakatū Incorporation are underway. Process has been redefined through LTP deliberations resolutions. Business case was brought to Council as part of LTP deliberations report.

## Status Report – Council – 1 July 2021

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
		<p>2. <i>Confirms</i> that Council's preferred option is to build a new library building on the corner of Halifax Street and Trafalgar Street, within the Riverside Precinct, subject to agreement with Wakatū Incorporation on a land exchange involving that site and the current library site; and</p> <p>3. <i>Directs</i> officers to enter into preliminary negotiations with Wakatū Incorporation to develop a land exchange proposal and report back; and</p> <p>4. <i>Notes</i> that a business case will be brought to Council for final approval of the project; and</p> <p>5. <i>Notes</i> that any agreements negotiated with Wakatū Incorporation will be subject to approval of the business case and confirmation of the location and the budget for the Elma Turner Library through the Long Term Plan 2021-2031.</p>		Complete
11/05/2021	Options for Increasing Māori Representation on	<p><i>That the Council</i></p> <p>1. <i>Receives the report Options for Increasing Māori</i></p>	McDonald, Nicky	Job descriptions are underway for the new roles. Verbal update to be provided at the Iwi-Council

## Status Report – Council – 1 July 2021

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
	Committees and Subcommittees	<p><i>Representation on Committees and Subcommittees (R22652); and</i></p> <p>2. <i><u>Establishes</u> roles to represent Māori in each of the following governance bodies of Council:</i></p> <p>a. <i>Community and Recreation Committee</i></p> <p>b. <i>Infrastructure Committee</i></p> <p>c. <i>Audit, Risk and Finance Subcommittee</i></p> <p>d. <i>Forestry Subcommittee</i></p> <p>3. <i><u>Directs</u> Officers to liaise with iwi and seek nominations for an appropriate candidate for each role.</i></p>		partnership hui on 23 June 2021. Ongoing