



18 May 2021

Malcolm Bailey
Chair
Central Economic Development Agency Ltd
Level 1/1-19 Fitzherbert Avenue
PALMERSTON NORTH 4410

Dear Malcolm

CEDA Statement of Expectations 2021-2022

The purpose of this Statement of Expectations is to provide CEDA with the Shareholders' focus and priorities for delivery, against its purpose of driving and facilitating the creation and growth of economic wealth in the Manawatu region and beyond.

When working beyond the Manawatu, there must be a causal link of the outcomes or benefits back to the Manawatu region based on the core functions and measures of success outlined below.

It is also expected that CEDA will use this letter to guide the development of the Statement of Intent (SOI) for 2021-2022.

Strategic Relationships

Taking a leadership position and building strategic relationships in the Manawatu region and beyond, is fundamental for CEDA to achieve its purpose. CEDA must be relationship-driven at all levels and we appreciate your commitment to this. From our perspective (both as shareholders and partners), this means CEDA developing a deep understanding of the roles of its strategic partner organisations, what their priorities and strengths are, and how CEDA can add value to the relationship (and vice versa) to achieve better economic outcomes for the region.

CEDA formalising these strategic relationships, is important to us as shareholders, to ensure we have cohesion in the region around economic development activities. We would like this to be driven further by CEDA through mutually agreed partnership agreements or similar, to ensure everyone is on the same page and provide the basis for a consistent and collective approach with measurable outcomes.

Ongoing review of the existing strategic partnership agreements already in place is expected.

The shareholders have identified the following strategic partners for CEDA: Palmerston North City Council, Manawatu District Council, Iwi, Manawatu Chamber of Commerce, Talent Central, The Factory, and key central government agencies.

The Shareholders and CEDA will continue to work together to update the existing list of strategic partners.

There may be opportunities for CEDA to leverage existing strategic relationship agreements entered into by the shareholders, e.g. Councils and NZ Defence Force.

Key Agreed Functions and Outcomes

We understand that to be effective, CEDA must be able to focus on key outcomes within a well-defined mandate. We also recognize this is a challenge given historical expectations and activities undertaken by CEDA's antecedent organisations, along with differing stakeholder expectations.

This means CEDA focusing on the delivery of its core functions and outcomes in:

- Inward investment (both national and international), retention and expansion of business in the Manawatu region, along with survival and recovery of businesses due to COVID-19.
- Developing a talent pipeline.
- Domestic Visitation (due to impacts from COVID-19).

Top priorities for MDC are:

- Promotion and development of key tourism and visitor destinations, including the country road tourism route.
- Increase Inward investment for Manawatū district.
- Promote Manfeild as a venue for business conferences and events and where appropriate integrate this with the promotion of business conferences and events undertaken by PNCC.
- Regional Identity project completed, and implementation started.
- CEDA to respond with identified ways for CEDA to contribute to the labour supply for farms.

Top priorities for PNCC are:

- Implementation of the Central NZ Distribution Hub Strategy.
- Support advocacy on the Palmerston North Integrated Transport Investment project.
- Increased investment in Palmerston North city.
- Assist with a smooth transition of specified functions to PNCC.

A specific joint priority of MDC and PNCC is:

- Develop a Food and Fibre Strategy that addresses the total value chain from primary production, farmers and growers to agri-business clusters, e.g. rural

banks, real estate, insurance, vets, sale yards, stock firms, grain & seed merchants, agri-retail and rural tourism with a Manawatu District focus, through to agri-tech & science, including supporting Food HQ with its aspirations.

In balancing the priorities of each council within its resources, CEDA is expected to adhere to its purpose in the constitution of "driving and facilitating the creation and growth of economic wealth in the Manawātū region and beyond" and take into account the priorities identified in regional strategic planning documents, including the Regional Spatial Plan.

While International Education is now a function that primarily sits with Palmerston North City Council, the shareholders expect CEDA to continue to consider the aspirations of the International Education sector with respect to the delivery of its other core functions.

Action plans to deliver on these core functions should identify KPIs based on clear intervention logic.

As we have discussed, it is expected that CEDA will work very closely with key stakeholders of the regions strengths of research/agri-food/agri-business/land/horticulture, distribution and logistics, defence, health, visitor, education (domestic and international), digital and technology, and a growing Maori economy.

CEDA is expected to scan for new opportunities, whether or not it is a key strength, where this can benefit the region.

CEDA's success will be measured by the shareholders using the following indicators of the health of the regional economy:

- Job growth
- Increase in median household income
- Number of investment leads and deals secured
- Strength of the relationship with strategic partners

The shareholders acknowledge that the first two measures are not directly under CEDA's control. Significant changes in international and national economic factors will be taken into account when the Shareholders measure CEDA's performance.

Understanding the strategic drivers of the Councils and aligning CEDA's core functions to those drivers is critical to the partnership between the Councils and CEDA. The Councils have a key role in setting the economic environment for business to flourish and CEDA acts on the Councils behalf in facilitating opportunities for improved economic outcomes. CEDA is the Councils Agency for the delivery of economic development across the region.

Therefore, it is expected that CEDA will engage with the Councils in the development and implementation of their strategies and plans (such as Inward Investment Strategy, Labour Market Plan, Visitor Strategy and Māori Engagement Plan). These strategies and plans are expected to demonstrate active engagement with other strategic partners in their development.

The Councils are obliged to ensure that our services are delivered effectively and efficiently.

As a Council-Controlled Organisation (CCO), this expectation extends to CEDA. The Shareholders require CEDA to provide an activity-based budget so the Council can effectively communicate levels of service and value for money to their ratepayers. In addition, there are many opportunities where shared resourcing, expertise and services should be explored and we would like to discuss these opportunities from both a short-term and long-term perspective.

To ensure the Shareholders and CEDA are on the same page, the focus, scope of activity, and priorities will be set through the Statement of Intent (SOI), and delivery managed through any relationship agreement that is put in place.

For the purposes of clarity, following the reduction in CEDA funding by PNCC from 1 July 2021, the following functions are now the responsibility of Palmerston North City Council:

- a) Support of the International Education sector.
- b) Marketing of Palmerston North for business conference and events.
- c) Palmerston North specific marketing and communications activities.

The shareholders expect that where CEDA is marketing the Manawatu region and this requires differentiating between the Manawatu, Feilding and Palmerston North, that this will continue to be delivered by CEDA in close collaboration with both shareholders.

The Shareholders would like to continue the monthly team meeting between the Mayors, Council CE's and relationship managers with the CEDA Chair and CE, although the purpose and participation at these meetings should be reviewed in collaboration with the shareholders.

The Shareholders would like a quarterly slot on your Board agenda to further build relationships and understanding.

The Shareholders will invite CEDA to report quarterly to the Joint Strategic Planning Committee.

We look forward to working with CEDA to develop an economic development model that successfully delivers. We thank the Board, CEDA CE, and CEDA staff for their continued commitment to economic growth in the Manawatu region.

Yours sincerely



Grant Smith
Mayor
PALMERSTON NORTH CITY COUNCIL



Helen Worboys
Mayor
MANAWATU DISTRICT COUNCIL