

Council Briefing Agenda

Date: Tuesday, 26 November, 2019

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Her Worship the Mayor Sheryl Mai
(Chairperson)
Cr Gavin Benney
Cr Vince Cocurullo
Cr Nicholas Connop
Cr Ken Couper
Cr Tricia Cutforth
Cr Shelley Deeming
Cr Jayne Golightly
Cr Phil Halse
Cr Greg Innes
Cr Greg Martin
Cr Anna Murphy
Cr Carol Peters
Cr Simon Reid

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

1. Apologies

2. Reports

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3. Closure of Meeting

2.1 2020 – 2021 Annual Plan and the Corporate Planning Cycle

Meeting:	Council Briefing
Date of meeting:	26 November 2019
Reporting officer:	Dominic Kula (General Manager – Strategy and Democracy)

1 Purpose

The purpose of the briefing is to provide Elected Members with an overview of the 2020 – 2021 Annual Plan process.

2 Background

The corporate planning cycle revolves around the Long Term Plan (adopted every three years), the Annual Plan (adopted every year, except the year the Long Term Plan is adopted) and the Annual Report (adopted every year).

The 2018-2028 Long Term Plan (LTP) was adopted on the 28 June 2018. It establishes the budget baseline for the 2020-2021 financial year.

As such, the starting point for the Annual Plan process is a review of Year 3 of the LTP considering:

- New information impacting the budget;
- Council resolutions that impact the budget; and
- Timing variances of LTP projects that impact the Plan budget/work programme

3 Discussion

The Annual Plan for the 2020-2021 year (1 July 2020 to 30 June 2021) will be the last one before the new LTP. The Annual Plan sets out what the council plans to do in the next 12 months to move towards achieving the goals that were set in the LTP.

Each year Council considers whether to formally consult with the public on the full Annual Plan, or whether to only consult on Council's Fees and Charges (as required by the Local Government Act). Full formal consultation is required when the Annual Plan differs materially or significantly to what was set out in the corresponding year of the LTP.

To remain compliant the Local Government Act 2002, Council must adopt the Plan prior to the end of June 2020. This also allows the rates to be struck for the new financial year.

This briefing will provide an overview of, and seek feedback from elected members on, a number of matters relating to the preparation of the 2020 – 2021 Annual Plan including the:

- Relationship between the Annual Plan and the broader corporate planning cycle

- Proposed timeframe for the preparation and adoption of the Annual Plan
- Key known assumptions underlying the 2020 – 2021 Annual Plan
- Key issues to be addressed in Year 3 of the LTP
- Options for communications/engagement with our community

Feedback from elected members will be used to further develop and refine the process going forward.

A presentation will be provided at the Briefing.

2.2 Governance of the Northland Events Centre

Meeting: Council Briefing
Date of meeting: 26 November 2019
Reporting officer: Sandra Boardman (General Manager – Community)

1 Purpose

The purpose of this paper is to brief Council on relevant background information and the work undertaken to date, in anticipation of a workshop in early 2020. Council will be asked to determine future governance arrangements for the Northland Events Centre in May/June 2020.

2 Background

The Northland Events Centre Trust was established in 2010 to operate and maintain a high-quality multipurpose events centre at Okara Park. Its objectives are to provide a regional sporting, cultural, convention and events centre for use by sports bodies and codes, arts, musical, social and cultural organisations, public bodies and community organisations for the benefit of the public of Northland.

The establishment of the Trust was a requirement of Northland Regional Council, who built the centre, and is set out in the handover agreement with Whangarei District Council. The Trust is a Council Controlled Organisation with up to four Trustees being appointed by Whangarei District Council and One by Northland Regional Council. The term of the current Trustee appointed by Northland Regional Council expires in December 2019 and the Regional Council have indicated a desire to remove NRC as an appointer of a Trust member as is currently provided for in the Trust Deed.

The Trust manages and operates the Semenoff Stadium using WDC Venues and Events staff. WDC has exempted NECT from the CCO accountability requirements of the Local Government Act 2002, so there is no requirement for the Trust to have a Statement of Intent. The contractual arrangements between WDC and NECT are set out in two documents: Management Agreement (15 December 2010) and Provision of Service Agreement (24 March 2011). The agreements are circular in nature with NECT agreeing to manage and operate the facility for WDC and WDC agrees to provide and pay for the staff to do this. The agreements have never been fully enforced, e.g. under the Management Agreement NECT is responsible for all costs and expenses, however WDC provides staff at significantly less than cost, and until this year underwrote NECT's losses.

In 2018 NECT asked WDC to discuss ways in which the Trust can work with more autonomy, flexibility and transparency; and requested to move from an annual underwriting arrangement to an annual operating grant. Council considered that an independent review of the governance and operations was required to evaluate the most effective arrangements for the NEC. A procurement plan was drawn up with input from NECT and 3 quotes sought from suppliers known to have experience of governance reviews. The evaluation of proposals was

undertaken by WDC staff and one of the NECT Trustees. A contract was subsequently awarded to Bruce Robertson of RDC Group. A copy of his report is included in this agenda.

A workshop, facilitated by Bruce Robertson and Ruth Stokes of the RDC Group, was held with Elected Members on 27 June 2019.

In considering future governance arrangements, the reviewers recommended that Council considered:

- The level of control it wishes to exert through strategy, planning, operating and maintaining the stadium
- The priority of community use and access relative to commercial use.

Following discussions in groups and as full Council, there was no clear preferred option for future governance. The two most favoured options appeared to be Council Full Operation or a New Trust (full). It was therefore noted that any decision would need to be made by the new Council. A copy of the minutes of the workshop is included in this agenda.

3 Discussion

The reviewers summarised the key issues found as:

1. The nature of our observations, given our experience, is such that we consider there are several critical issues with the current governance and operation of the NECT, such that a change from the status quo is the recommended direction of travel for WDC, subject to further investigation and verification of our findings.
2. In the event our findings are accepted, we consider either a form of new Trust or in-house Council operation is considered to best address the key issues identified, namely:
 - Lack of formal governance and accountability
 - Lack of confidence in financial management, commercial decision-making and probity
 - Lack of clarity in responsibilities for the delivery of effective asset management
 - Lack of understanding of health & safety liabilities and appropriate management
 - Limited capacity and capability to effectively govern the facility
 - Lack of integration with the organisation and broader sector
 - Limited ability to effectively manage the operation.
3. The final decision on the preferred option for Council will depend on its determination of the extent of control desired over the facility and its priorities for facility development and use, whether they be for commercial or community purposes.
4. Our view is that the Stadium is primarily a community facility that delivers commercial events when there is an opportunity to do so to offset the costs to the ratepayers or deliver economic benefit to the district/region. We also consider there is a need to improve relevant senior management capacity and capability in leading this facility.
5. Further, an independent Trust comprising industry and technical/professional expertise, in addition to general governance understanding, available to support management with appropriate accountability structures in place for WDC, could provide a robust platform for the delivery of both social and economic objectives.

WDC staff have developed an action plan to address the critical operational risks identified in the report, including working with NECT on both organisations' health and safety responsibilities as PCBU's (person conducting a business or undertaking).

A workshop will be held with Elected Members early in 2020 to consider the pro's and con's of each governance option, prior to a decision paper going to Council in May or June

4 Attachments

- Northland Events Centre Trust Report, Whangarei District Council 31 May 2019. Bruce Robertson
- Council Workshop Minutes Closed Session 27 June 2019 - Released under Chief Executive Delegation



Northland Events Centre Trust Report

Whangarei District Council
31 May 2019

Document status

Ref	Version	Approving director	Date
	Draft v1.0	Bruce Robertson	10 May 2019
	Draft v1.1	Bruce Robertson	13 May 2019
	Draft v1.2	Bruce Robertson	15 May 2019
	Final to client	Bruce Robertson	31 May 2019

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Summary of key findings

1. The recommendations arising from this review have been informed through the documentation we were provided, and interviews undertaken with all members of the Northland Events Centre Trust (NECT) and relevant Whangarei District Council (WDC) staff.
2. We note the efforts of the current trustees and WDC in endeavouring to reset the relationship in the past year and the support of both parties for the review to assist and expedite this process.
3. The review is not an in-depth operational assessment and all observations are high-level.
4. We note the efforts of the current trustees and WDC in endeavouring to reset the relationship and that both parties agreed to this review as a means to further those efforts. We acknowledge that all parties and, in particular, the Trustees willingly gave their time.
5. The nature of our observations, given our experience, is such that we consider there are several critical issues with the current governance and operation of the NECT, such that a change from the status quo is the recommended direction of travel for WDC, subject to further investigation and verification of our findings.
6. In the event our findings are accepted, we consider either a form of new Trust or in-house Council operation is considered to best address the key issues identified, namely:
 - Lack of formal governance and accountability
 - Lack of confidence in financial management, commercial decision-making and probity
 - Lack of clarity in responsibilities for the delivery of effective asset management
 - Lack of understanding of health & safety liabilities and appropriate management
 - Limited capacity and capability to effectively govern the facility
 - Lack of integration with the organisation and broader sector
 - Limited ability to effectively manage the operation.
7. The final decision on the preferred option for Council will depend on its determination of the extent of control desired over the facility and its priorities for facility development and use, whether they be for commercial or community purposes.
8. Our view is that the Stadium is primarily a community facility that delivers commercial events when there is an opportunity to do so to offset the costs to the ratepayers or deliver economic benefit to the district/region. We also consider there is a need to improve relevant senior management capacity and capability in leading this facility.
9. Further, an independent Trust comprising industry and technical/professional expertise, in addition to general governance understanding, available to support management with appropriate accountability structures in place for WDC, could provide a robust



platform for the delivery of both social and economic objectives.

Introduction

Purpose of the report

10. This report presents findings from the review of the effectiveness of current governance and operations of the Northern Events Centre Trust (NECT) and, in particular, the ability of NECT to maximize the use of the facility, be future focused, nimble and accountable to the Whangarei District Council (WDC) and the Northland community.

Key questions

11. To analyse the effectiveness of the current arrangements, WDC proposed the following questions to frame the review:
 - Is WDC receiving value for money?
 - Do the current service agreements and arrangements provide an effective operating model?
 - What would be the likely effect of moving to an annual operating grant?
 - How should costs be apportioned?
 - How can costs to ratepayers be minimized and benefits maximized?
 - Has NECT the ability to operate effectively?
 - How can the NECT operate in a more independent way?
 - Do WDC policies apply to WDC staff delivering NECT operations?
12. These were translated into key assessment areas of:
 - Governance including Trust establishment, mandate, composition, competence, decision-making, delegations and accountability [to WDC].
 - Operations including revenue, cost, staff, stakeholder and asset management.

Why review now?

13. The Northland Regional Council (NRC) recently repaid the loan funding related to the 2010 redevelopment of the Stadium, meaning Northland ratepayers no longer pay the Stadium targeted rate.
14. The WDC has until this time been required to operate under agreement and conditions that supported the basis on which the targeted rate was collected. This structure can now be reviewed.
15. In addition, the Management Agreement between NECT and WDC for the operation of the Stadium expires in 2020 together with the Service Level Agreement between WDC and NECT, in which WDC provides the resources required for NECT to deliver its obligations under the Management Agreement.

Scope

16. The review included assessing:

- The nature and extent of issues associated with the current governance and operational arrangements
- The effectiveness of the NECT [in its current form] in addressing these issues
- Whether changes to the current arrangements are necessary to address these issues or whether sufficient mechanisms are already available.

Out of scope

17. The review did not include:

- External Stakeholder engagement
- Detailed governance and operational evaluation.

Methodology

18. The review comprised four phases to gain insight on the key questions and form recommendations:

Preliminary Phase

This phase was in two parts: initial discussions to confirm scope and direction for the review and reviewing relevant documents and evidence, following a document request, including:

- NECT establishment documents: Handover Agreement from NRC to WDC, Trust Deed, Management Agreement between WDC and NECT and Provision of Service Agreement between NECT and WDC
- NECT's Strategic Plan, Business Plan, Board Charter, Annual Reports, policies and minutes of meetings
- Correspondence between WDC and NECT regarding roles and responsibilities.

Fieldwork Phase

This phase was completed onsite in Whangarei. Interviews were held with WDC senior managers, operational staff and members of NECT as a group and individually. These interviews provided additional insight into the key questions and assessment areas including:

- Competency of NECT Trustees and the Trust Board as a whole
- Accountability arrangements and alternative models of both governance and operational management
- Changes to the operating environment since the establishment of NECT
- NECT budget planning and financial management processes
- WDC's funding and staffing processes
- The allocation of income and expenditure between the parties
- Processes for allocation of staff to NECT and how competing demands for staff are managed
- Opportunities to enable NECT to operate more effectively and more independently.

Analysis and Evaluation Phase

This phase involved preparing a written evaluation report following:

- Collation of Phase 1 and 2 information
- Benchmarking performance with New Plymouth and Rotorua
- High-level comparison of governance structure in both local and national context.

Presentation

The last phase of the review comprised presenting the findings and recommendations to WDC and NECT.

What is the Strategic and Operating Framework for the Trust?

Whangarei District Council Strategic Framework



Long-Term Plan

19. In its 2018-2028 Long-Term Plan (LTP), WDC presented a revised set of community outcomes. The Stadium contributes significantly to the "proud to be local" outcome and the goals of:

- There is always something to do and see
- There are opportunities for people of all abilities, ages and life stages to be active.

Whangarei Five-Year Events Strategy and Action Plan

20. The Events Strategy and Action Plan are currently under review. The draft Whangarei Events Strategy 2019-2024, Experience Local, has the aspiration to "Amplify the value of local, with events focused on building local confidence, local capability and local connections".

21. Of relevance to the Stadium is the desire to focus events with proximity to, and lift foot traffic along, the Hatea Loop. The Stadium is well placed to support the delivery of this strategy.

Draft Active Recreation and Sport Strategy 2019

22. The draft Active Recreation and Sport Strategy 2019 is currently out for public feedback.

23. The strategy establishes key actions for Whangarei's recreation sector over the short, medium and long-term. The key action of relevance to the NECT is the recommendation to consolidate sports and associated facilities in multi-sport hubs to address an identified over-supply of single-use facilities and improve sustainability.

District Plan and Resource Consent

District Plan

24. The Stadium and surrounding greenspace is designated as 'Open Space' under the operative District Plan and is located within a predominantly business area with some residential properties to the south.
25. 'Open Space' is intended to meet community, recreation and conservation needs and has noise control limits associated with various activities. Of relevance to the Stadium, concerts with noise levels over 55dB (from 7am to 10pm) and 45dB (from 10pm to 7am) are deemed Discretionary Activities for which consent is required.

Resource Consent Conditions for the Stadium

26. The redevelopment of Okara Park into a regional event centre was consented on 13 September 2006 and included a new grandstand and terraces, ancillary rooms and services, a conference centre, 6,200m² of retail and 5,500m² office space, parking and landscaping.
27. In November 2017 WDC completed a consent variation to remove the conditions relating to retail sales on site, which reduced car parking requirements from 300 to 184.
28. The consent sets a yearly maximum of 100 sporting "events" involving the use of any sound amplification system. An "event" is defined as sporting activity/activities taking place on any single day. Any sporting activity/activities that occur over two or more days shall be considered as two or more "events".
29. The consent also limits the Stadium to 5 concert "events" a year involving the use of any sound amplification system provided that there are no more than two in any month, no more than three are longer than five hours, held only between 10am-10pm Sunday-Thursday and 10am-11pm Friday-Saturday, and noise limits at residential property boundaries to the south are not exceeded.

Current Governance/Operation

Purpose of the Trust

30. The NECT Deed of Trust (the Trust Deed) was established on 28 May 2010 with five unpaid Directors. The purpose of the Trust as outlined in the Deed is to operate and maintain a high-quality multipurpose event centre known as Northern Event Centre (NEC).
31. The Trust Deed outlines a requirement to provide a regional sporting, cultural, convention and event centre for use by sports bodies and codes, arts, musical, social and cultural organisations, public bodies and community organisations for the benefit of the public and wider region.

Role of the Trust (Management Agreement)

32. NECT entered into a Management Agreement with WDC on 15 December 2010, effective 1 July 2010 and expiring 30 June 2020.
33. As the manager of the NEC, NECT is to be responsible for all costs and may enter into contracts for leases, catering, naming rights, maintenance and repairs, management manuals, service contracts, cleaning, maintenance and insurance.
34. NECT was to provide, when requested by WDC but not more than every 6 months, a written report.

Role of the Council (Funding & Development/Settlor/Provision of Services Agreement)

35. On 19 December 2008, WDC entered into a Funding and Development Agreement with NRC for the redevelopment of Okara Park.
36. A Handover Agreement recording the intentions of the parties was executed on 29 September 2010, with NRC releasing ownership to WDC and WDC releasing NRC from any ongoing liability.
37. NRC collected a targeted rate that funded the capital investment made by NRC, WDC was to continue to act in accordance with the basis on which the rate was levied; that is, that the Stadium would be multi-purpose, for the benefit of the region and be run by an independent Trust. NRC was to have a representative on the Trust.
38. WDC resolved on 10 June 2011 to amend the Trust Deed to enable NRC to appoint a representative to the Trust. NECT did not resolve until 23 March 2013 to amend the Trust Deed, which was confirmed on 24 April 2013. This amendment also confirmed that WDC as settlor would confirm the number of trustees (not less than three and no more than five) with NRC appointing one and WDC the balance.
39. On 24 March 2011, NECT entered into a Provision of Services Agreement with WDC for the supply of staff and corporate support to meet its obligations under the Management Agreement.

What are the identified issues with the Trust?

40. Several key issues have been identified through the process of documentation review, interviews and a tour of NEC. As this was not a detailed operational review, where issues or questions have been identified that are out of scope, these are noted for information.
41. Commentary is provided in each major issue area, and while each is of concern, taken together they present significant financial, reputational and potential legal risks to Council and the Trust.

Governance/Accountability

42. NECT is a Council-Controlled Organisation (CCO) that has been exempted from the reporting requirements under the Local Government Act 2002. The Trust Deed, until amended on 9 June 2017 to include the words “unless otherwise exempted”, has contemplated that a Statement of Intent will be produced.
43. Documentation verifying WDC supported this amendment to the Trust Deed has not been sighted, with WDC effectively giving up an existing mechanism available to set performance expectations.
44. Irrespective of the ability for WDC to seek a statement of intent until 2017, outside of the Management Agreement and Provision of Services Agreement, no formal articulation of the objectives and key performance measures of the Trust is produced. There is no mechanism through which Council sets expectations, NECT responds with proposed measures and subsequent reporting.
45. There is a consequential lack of clarity over roles and responsibilities between Council and the Trust, further compounded by a lack of documented policies and procedures, including delegations, which are a requirement of NECT to produce, but has not, under the Provision of Services agreement.
46. In December 2018, NECT prepared an “internal” delegations policy, seemingly applicable to WDC staff working under the Services Agreement for NECT. WDC has not formally delegated financial mandates to NECT, as would be expected given the functions of NECT are delivered by WDC staff and the risk of over committing NECT’s financial position, and it is unclear how the NECT delegations align with those of WDC and in the event of a conflict, which would prevail.
47. Further it is unclear how the integrity or exercise of these delegation is managed and reported by and to NECT. This is exacerbated by the wording of some sections, such as the Chairman “will ensure the integrity of the tender process is sound”.
48. The CCO exemption is recorded as being based on reduced compliance costs for Council in its administration of NECT.

49. NECT in endeavouring to fulfil its interpretation of its obligations, holds monthly Trustee meetings attended by several Council staff members who prepare operational, financial and management reports including reports for decision-making. The time and cost of staff resource in supporting the governance function is not currently accounted for.
50. The sign-off process for staff reports to NECT is unclear and in the absence of performance measures and delegations, we are unable to comment on the veracity or appropriateness of the reporting and decision-making undertaken.
51. Council staff prepare operational reports to NECT, which only since October 2018 have been copied to the General Manager Community Services, noting these reports are only received and approved by the General Manager.
52. Further, there is no documented process relating to the performance assessment and review of the Trustees by the NECT or its Chair. This includes determining competencies required and the benchmarking of Trustees performance and development against these requirements.
53. This should underpin the recruitment of Trustees to ensure the appropriate skill-mix is in place, including a demonstrated understanding of the governance and accountability requirements to the WDC. The processes of Trustee performance management, development and recruitment should be owned by the NECT Chair, exercising a no surprises approach with WDC.
54. WDC separates the performance and relationship management functions for its CCOs between the Strategy and Governance division for performance management and the relevant operational department for relationship management. For NECT, this is held by the Community Services division.
55. In the most recent Trustee recruitment process in late 2018, WDC endeavoured to introduce skill-based Trustee assessments to inform targeted recruitment. As noted earlier, it would be expected that this process would be led by the NECT Chair and be part of an ongoing culture of performance management and development, rather than imposed by WDC. In addition, we consider that the remuneration of Trustees should be addressed. The current Trustees are not remunerated, nor expenses reimbursed for their involvement, commitment and responsibilities they assume. We consider remuneration commensurate with role and organisation should be introduced.
56. The governance and accountability arrangements between WDC and NECT need to be formalised and regularly reported against and reviewed. These reviewed arrangements should include the Trust Deed permitting reasonable remuneration of the Trustees to perform their role.

Financial Management/Probity

57. The Provision of Services Agreement contemplates that the Trust will document delegations and policies between the Trust and Council, however this has not occurred.

58. This absence of financial delegations means there is a lack of clarity over the appropriateness and process of decision-making relating to cost and revenue management.
59. Further, the absence of documented procurement and related policies such as contract management means there is a lack of clarity over the appropriateness of operational and capital contracts entered into.
60. The lack of formality in this area has resulted in differing views on the extent to which NECT can bind Council and the consequential obligation on Council to meet commitments entered in to by NECT.
61. Irrespective, there is a legislative obligation on all public entities to behave transparently and fairly.
62. At the time of writing, we understand that the existing catering contract was being renegotiated. We were unable to obtain contract documentation but on review of the financial statements available and based on staff interviews, we have questions over the structure of the arrangement, the competitiveness and transparency of the process, and the relative commercial advantage (value) being achieved by the Trust.
63. The delegations and financial policies between Council and NECT need to be formalised, regularly reviewed and decisions made under these frameworks executed and documented appropriately.
64. A review of the NECT operation to allocate full cost and clarify the full operational subsidy including the “ownership” of the NEC reserve is also recommended.

Asset Management

65. There is a lack of clarity on the responsibilities between the parties for the development and maintenance of the Stadium. Grounds maintenance is undertaken by a Council contractor and basic reactive maintenance of the built structures is arranged by the Trust.
66. The role of the Stadium and its potential development is not articulated within any documentation we were able to access. We were unable to obtain an asset management plan for the Stadium but received a condition assessment report completed in 2017 and high-level maintenance forecast.
67. We have not evidenced this maintenance plan translating into a business plan and note that the ten-year financial commitment is not fully funded in the WDC LTP. Further, we consider based on prior years’ financial reporting that NECT will be challenged to meet the implied maintenance obligation represented as the difference between WDC funding maintenance and renewals forecast. There is doubt it is doing so now.

68. There is tension in the process of investment decision-making as evidenced through the proposed purchase of new lights, retractable stage and big screens. We consider the absence of strategic planning and documented roles and responsibilities between the Trust and Council underlies this.
69. Further, the observed lack of framework for investing and maintaining the facility is reliant on ad-hoc NECT and staff decision-making in the face of issues. This presents a risk in relation to the appropriateness of the decisions made and resulting consequences.
70. Interviews and correspondence have also revealed there is a lack of understanding by NECT on its ability to seek third party funding for assets ultimately held by Council. NECT incorrectly considers they are unable to seek contributory funding for new assets. We also noted that NECT would not prepare funding applications itself, that this would be a purchased service.
71. We have also identified that current event documentation, handover and oversight processes could be substantially improved to reduce financial exposure to facility damage and address health & safety risks.
72. The responsibilities for strategic planning; asset planning, development, operation and maintenance; operational planning (including event attraction and delivery as well as venue for hire operations); and funding need to be formalised and allocated between Council and NECT, including capture within job descriptions as appropriate.

Health and Safety

73. Interviews have revealed that there is a lack of understanding by NECT on the extent of their personal liability in relation to Health and Safety (H&S), with the incorrect belief held that this obligation is with the Council as the asset owner.
74. NECT is a PCBU (person controlling a business or undertaking) for the purposes of the Health and Safety at Work Act 2015 and has a primary duty of care of the health and safety of its workers and any other [WDC] workers it influences or directs.
75. H & S reporting to NECT is provided by the Council Health & Safety Officer.
76. The sign-off process for H & S reporting to NECT is unclear and in the absence of appropriate understanding of obligations there is a significant risk that legislative requirements are not being met in respect of NEC.
77. We consider both the on-site H&S management and reporting could be improved based on observed behaviours and issues identified at the stadium and on review of the monthly reports.
78. We highlight a critical risk associated with the embankment and the seating, where it is accepted behaviour that patrons will run down the embankment and over the back of

the seating. Further, the gradient is beyond what would be considered safe for mechanical maintenance, adding additional cost and risk to the operation.

79. Current handover processes for venue-for-hire or after-hours arrangements should also be reviewed for both NECT and Council to satisfy themselves that they are meeting their obligations as a PCBU.
80. The responsibilities for H & S need to be articulated and appropriate documentation and processes, procedures and reporting in place including an NECT H&S Policy, critical risk identification, management and monitoring. This needs to be supported with appropriate training for NECT and staff, providing knowledge and skills in:
 - Managing workplace safety
 - Hazards, harm and risk
 - Controlling risks
 - Common workplace hazards
 - Incident investigation
 - Measuring performance and safety leadership.

Operational Management

81. NECT, although it has the mandate to do so under the Trust Deed, does not employ staff directly but takes the position it can direct relevant operational staff. This leads to conflict when NECT priorities are at odds with Council requirements or Council places limitations on the staffing resource available.
82. Although NECT is contracted to manage the Stadium, NECT in turn has contracted Council to provide the people and supporting corporate functions to enable NECT to deliver.
83. In practice, Council is determining the levels of service available under the Provision of Services Agreement to support NECT in delivering its obligations under the Management Agreement, meaning NECT is a resource taker rather than a resource specifier under the current scenario. Further, the recent churn in management staff assigned to the venue has challenged the NECT.
84. Staff responsibilities to NECT need to be formalised, including establishing direct employment arrangements as necessary to deliver under new governance and accountability arrangements and associated operating mandates and delegations.

Organisational Integration

85. At the time of writing, Council was to consider a draft Events Strategy, and a draft Sport and Recreation Strategy was out for public feedback. Neither strategy references the Stadium and while NECT was invited to participate in the draft Events Strategy co-design workshops this was not the case with the development of the Sport and Recreation strategy.

86. In parallel to the strategy processes, the neighbouring rugby club is proposing to re-locate and a new development at Pohe Island is funded for rugby in addition to the bike clubs already there. The NEC is also immediately adjacent to the Cricket Ground.
87. The Pohe Island development is a substantial new funding commitment for Council on a site compromised by previous use and is flood prone. We have been unable to identify where responsibility sits for considering this investment decision in the context of the NEC and its surrounds and whether this has occurred.
88. The observed absence of strategic direction and consequential planning is also highlighted through the proposed changes to the NEC resource consent. The lack of clarity on the role and future of the Stadium is leading to ad-hoc decision-making which presents a risk in relation to the appropriateness of the decisions made and resulting consequences.
89. The role of NECT as a key stakeholder in key strategic and planning processes should be reflected in Council project documentation and execution.
90. We note the NECT has recently prepared a strategic plan, however we consider this to be inconsistent with standards and guidance such as that provided by Sport New Zealand.

Capacity and Capability

91. As discussed earlier under Governance and Accountability, there is a lack of formal, repeating process in determining NECT composition and the recruitment, nomination, appointment and reappointment processes for Trustees.
92. Creating the right governance group requires an understanding of competencies across both the technical and the behavioural. Prior to reappointing, nominating or appointing individuals, NECT should, with WDC's input:
 - Consider what competencies and skills NECT, as a whole, should possess
 - Assess what competencies and skills each incumbent Trustee possesses
 - Consider the character of the Trustees and fit with desired NECT culture.
93. There are four areas of competence to consider:
 - Industry – experience in and knowledge of the industry in which the organisation operates
 - Technical – technical/professional skills and specialist knowledge to assist NECT in various aspects of its role
 - Governance – essential governance knowledge and understanding
 - Behavioural – attributes and competencies enabling Trustees to use their knowledge and skills to function well as a team and to interact with key stakeholders.
94. Trustees must first and foremost be familiar with their individual duties and responsibilities as directors of the organisation. Next, it is also helpful if there are Trustees with industry experience through a detailed knowledge of the organisation or the sector in which it operates, as well as those who understand the broader operating



environment.



95. Trustees must all be aware of, and comply with legal, ethical, fiduciary and financial responsibilities.
96. The existing Trustees demonstrate significant enthusiasm for and time commitment to the running of the Stadium. However, our initial impressions are that general Trustee understanding of their roles and obligations (and consequential risks) is low and there is little to no industry experience and technical/professional experience that would add value to the operation is limited.
97. In addition to improving knowledge of general governance functions and responsibilities around the table, NECT would benefit from industry and technical/professional expertise in the areas of:
 - events delivery or facility management for the purposes of events
 - fundraising
 - commercial financial management
 - marketing
 - sport & recreation.
98. Within WDC, we have also identified limited industry and technical knowledge, with an opportunity to bolster senior management in this area. An example of this is highlighted by staff event delivery requirements conflicting with standard Council employment relationships.
99. A skills matrix should be developed to inform decisions on NECT composition, including succession planning, in conjunction with formalising Trustee recruitment, nomination, appointment and reappointment processes. Annual performance reviews including consideration of the skills required/under development should be undertaken by NECT.

Is the Trust still the most appropriate means for managing the Stadium?

Does the Trust support good governance and accountability?

100. While there are no formal accountability documents and processes between NECT and Council, the current agreements have not precluded these from being in place. The lack of impetus for this framework may be reflective of relatively limited governance experience, particularly within public sector organisations, across NECT. In general, good governors would actively seek formal direction and mandate from the Shareholder.
101. While the intention under the Trust Deed was to preserve independence, it was also to ensure accountability, however the trust model of itself does guarantee good governance and accountability, it is the delivery.

Does the Trust provide additional technical expertise/commercial value?

102. While there is no skills matrix regularly referred to, performance measurement or formal, documented and repeated appointment and reappointment processes, the current arrangements have not precluded these from being in place. Further there is no formal business plan detailing opportunities for revenue growth and increasing visibility and awareness.
103. The lack of recognition and participation of the Stadium and NECT in key local, regional and national strategic conversations and planning processes, in addition to the relatively unsophisticated approach observed to managing its major potential revenue earners, may be reflective of the relatively limited technical/professional and industry expertise across NECT.

Does the Trust provide additional transparency/risk management?

104. While there is no documented financial management delegations or policies or significant other operating policies and frameworks, the current arrangements have not precluded these from being in place.
105. The lack of operational and financial transparency may be reflective of the relatively limited understanding of general governance functions and accountabilities across the NECT.

Do Council or the Trust identify any additional issues that the Trust or other model could address?

Role of rugby

106. There is a lack of clarity on the role of rugby within the Stadium. It is not an anchor tenant and planning for the code's provision within the district is being completed on an ad-hoc site by site, club by club basis even with the draft Sport and Recreation Strategy highlighting the changing nature of sport and the need to move to hubs.

Commercial vs community events

107. There is a lack of clarity over whether the Stadium is a commercial multi-use venue that can deliver community events or is a Community/Rugby Stadium that can deliver commercial events to offset the cost to ratepayers.

Integration with other facilities

108. There is an opportunity to strengthen and better coordinate the interaction and integration of the Stadium operation with other major facilities across the region.

Regional/National relationships

109. There is an opportunity to strengthen and better coordinate industry and sector relationships for the benefit of the Stadium operation.

What are the potential/other models that could be considered?

110. Following phases one and two of the review, several potential governance and operating models have been identified that could be applied to the future running of the Stadium.
111. These options are presented in the table below, with associated headline strengths, weaknesses, opportunities and threats.

Options	Description	Strengths	Weaknesses	Opportunities	Threats
Status Quo	<p>Continue operating under current arrangement including:</p> <ul style="list-style-type: none"> • Trust Deed • Service Agreement • Management Agreement • Council financial underwrite 	<ul style="list-style-type: none"> • Relationship between WDC operational staff and Trustees • Relationship of commercial event promoters with staff • Enthusiasm of current trustees 	<ul style="list-style-type: none"> • Current relationship between WDC and NECT • Lack of formal accountability documentation • Lack of formal operating and financial management policies and procedures • Lack of clarity of asset ownership and responsibilities • Low understanding of governance obligations • Limited relevant industry, technical / professional expertise • Subject to council contract for surface maintenance 	<ul style="list-style-type: none"> • Clarification of priority of commercial over community • Third party fundraising 	<ul style="list-style-type: none"> • Asset planning, development, operation and maintenance • Financial management • Third party tenancy agreements at NEC e.g. Rugby • Commercial arrangements e.g. catering • Annual financial exposure unknown by WDC • NECT's priority is 'commercial' events • NECT growth in understanding role and risks

Options	Description	Strengths	Weaknesses	Opportunities	Threats
Current Trust plus some staff (lite) <ul style="list-style-type: none"> - Operations manager - Operating grant - Updated agreements 	NECT receives annual operating grant from WDC. NECT employs manager to oversee day to day running of Stadium. WDC continues to supply some staff and corporate support services	<ul style="list-style-type: none"> • Relationship between WDC operational staff and Trustees • Relationship with commercial event promoters • Enthusiasm of current trustees • Clarity of roles and responsibilities • Improves relevant senior management capacity and capability • Deficit/Grant agreed in advance 	<ul style="list-style-type: none"> • Current relationship between WDC and NECT • Ongoing conflict between operational requirements for staff and Council employment terms • Low understanding of governance obligations • Limited relevant industry, technical / professional expertise • Subject to council contract for surface maintenance 	<ul style="list-style-type: none"> • Clarification of priority of commercial over community • Third party fundraising 	<ul style="list-style-type: none"> • Managing conflicting event priorities (NECT's priority is 'commercial' events) • Inability of NECT to realise additional commercial opportunities to offset costs • Third party tenancy agreements at NEC e.g. Rugby • Commercial arrangements e.g. catering • Ability to fully allocate cost to ensure transparency of grant funding required • NECT growth in understanding role and risks • Unknown effect on relationship with council staff when through manager rather than directly to NECT

Options	Description	Strengths	Weaknesses	Opportunities	Threats
Current Trust plus all operational staff <ul style="list-style-type: none"> - Full operational staff (approx. 5) - Operating grant - Update agreements 	<p>Fully independent Annual operating grant from Council</p> <p>Letter of expectations and Statement of Intent outlining purpose, commercial and community objectives, KPI's and proposed capital programme</p> <p>NECT employs staff and WDC provides corporate support services.</p>	<ul style="list-style-type: none"> • Relationship between WDC operational staff and Trustees • Relationship with commercial event promoters • Enthusiasm of current trustees • Clarity of roles and responsibilities • Improves relevant senior management capacity and capability • Deficit/Grant agreed in advance 	<ul style="list-style-type: none"> • Current relationship between WDC and NECT • Low understanding of governance obligations • Limited relevant industry, technical / professional expertise • Subject to council contract for surface maintenance 	<ul style="list-style-type: none"> • Clarification of priority of commercial over community • Third party fundraising 	<ul style="list-style-type: none"> • Managing conflicting event priorities (NECT's priority is 'commercial' events) • Inability of NECT to realise additional commercial opportunities to offset costs • Third party tenancy agreements at NEC e.g. Rugby • Commercial arrangements e.g. catering • Ability to fully allocate cost to ensure transparency of grant funding required • NECT growth in understanding role and risks • Unknown effect on relationship with council staff when independent

Options	Description	Strengths	Weaknesses	Opportunities	Threats
New Trust (Lite) - Operations manager - Operating grant - New agreements	Competency based recruitment for new trustees. Review Trust Deed. Annual operating grant from WDC. Letter of expectations and Statement of Intent outlining purpose, commercial and community objectives, KPI's and proposed capital programme Employs manager to oversee day to day running of Stadium. WDC continues to supply some staff and corporate support services.	<ul style="list-style-type: none"> • Maintains relationship with commercial event promoters (through staff) • Leverage trustee's experience and knowledge areas • Clarity of roles and responsibilities • Improves relevant senior management capacity and capability • Deficit/Grant agreed in advance 	<ul style="list-style-type: none"> • New relationship development required • Ongoing conflict between operational requirements for staff and Council employment terms • Subject to council contract for surface maintenance 	<ul style="list-style-type: none"> • Clarification of priority of commercial over community • Third party fundraising • Business development 	<ul style="list-style-type: none"> • Ability to attract new trustees • Managing NECT transition

Options	Description	Strengths	Weaknesses	Opportunities	Threats
New Trust (full) <ul style="list-style-type: none"> - Full operational staff - Operating grant - New agreements 	<p>Competency based recruitment for new trustees.</p> <p>Review Trust Deed.</p> <p>Annual operating grant from WDC.</p> <p>Letter of expectations and Statement of Intent outlining purpose, commercial and community objectives, KPI's and proposed capital programme</p> <p>Employs manager to oversee day to day running of Stadium.</p> <p>WDC continues to supply corporate support services.</p>	<ul style="list-style-type: none"> • Maintains relationship with commercial event promoters (through staff) • Leverage trustee's experience and knowledge areas • Clarity of roles and responsibilities • Improves relevant senior management capacity and capability • Deficit/Grant agreed in advance • Greater transparency of full cost to deliver 	<ul style="list-style-type: none"> • New relationship development required • Potential greater cost associated with administering separated governance and accountability functions • Reduced ability for WDC direct involvement • Subject to council contract for surface maintenance 	<ul style="list-style-type: none"> • Clarification of priority of commercial over community • Third party fundraising • Business development 	<ul style="list-style-type: none"> • Ability to attract new trustees • Managing NECT transition
Council In-house Operation and Ownership	<p>Trust is dissolved and all Stadium operations are brought back in house to WDC.</p>	<ul style="list-style-type: none"> • Clarity of roles and responsibilities • Maintains relationship with commercial event promoters (through staff) • Greater financial transparency 	<ul style="list-style-type: none"> • Relevant senior management capacity and capability • Ongoing conflict between operational requirements for staff and Council employment terms • Reduced commercial focus 	<ul style="list-style-type: none"> • Leverage use/access to other council facilities • Ability to masterplan across contiguous Council-owned facilities 	<ul style="list-style-type: none"> • NRC position unknown • Key stakeholders' views unknown • Community views unknown • Current contractual arrangements / obligations

Options	Description	Strengths	Weaknesses	Opportunities	Threats
Operating Agreement with Sport Northland	Heads of agreement, lease arrangement for the day to day operation of Stadium.	<ul style="list-style-type: none"> • Strong Regional Sports Trust (RST) operation • Strong representation on board • Proven strong governance and facility management • Currently runs WDC facilities and operations successfully • Direct connection with third party funders 	<ul style="list-style-type: none"> • Reduced ability for WDC direct involvement • Lack of clarity over responsibility for, and exercise of, asset maintenance and renewal 	<ul style="list-style-type: none"> • Efficiencies in operational roles • Collaboration opportunities with other facilities run by Sport Northland 	<ul style="list-style-type: none"> • RST role and funding dependant on Sport NZ • Change in personnel and sports trust direction • Sport Northland position unknown • Unknown cost to WDC
Operating Agreement with Northland Rugby	Heads of agreement, lease arrangement for the day to day operation of Stadium.	<ul style="list-style-type: none"> • Consistent operating model with other sports organisations locally e.g. Cricket, Hockey 	<ul style="list-style-type: none"> • Capacity, capability and sustainability of Northland Rugby • Perception that “just a rugby ground” • Potential conflict in managing surface for premier sports versus events 	<ul style="list-style-type: none"> • Create a “home” for rugby • Establish gym on-site, greater opportunity to attract games and training squads • Not a year-round demand for rugby 	<ul style="list-style-type: none"> • Northland Rugby position unknown • Unknown cost to WDC

Other local and comparable national facilities

Whangarei

108. Whangarei District has several other council and non-council facilities that are operated under different models as outlined in the Draft Event Strategy.

COUNCIL VENUES					NON-COUNCIL VENUES					
Large Public Scale	Medium 750	500	Small 250	Community	Community	250	Small	500	Medium 750	Large Public Scale
<p>Disclaimer:</p> <ul style="list-style-type: none">• This is an initial assessment for comparison of council versus non-council venues.• Indicative anecdotal capacities have been used where definite figures were unavailable.• This is not intended as a comprehensive district venue list.				NEC Level 3 Lounge 200 (theatre)	Conference / Function	Kiwi North 50 Northtec Marae 80 Oceans Resort 120 RSA Lounge 120 ASB Lounge 200 Barge Showgrounds 200			ASB Stadium 1,200-2,000	
		NEC Level 2 lounge 450 (theatre)		NEC East Lounge 100 (theatre) NEC NZ Vikings Lounge 100 (theatre)						ASB Stadium 600-1,700
	NEC 18,500	ITM Hockey Stadium 500 - 1,200			Public outdoor					
	NEC 18,500	Canopy Bridge 400 - 2,000+ Growers Market 300 - 1,500+ Hihiaua Park 500 - 4,000+				Quarry Gardens 15 - 150			ASB Stadium 1,500-1,700	
		Forum North Expo 300 - 700				Tikipunga Tavern 100			ASB Stadium 1,500-2,000 (standing)	
			Whangarei Art Museum 400	ONEONESIX 128	Visual arts			Hundertwasser Museum TBC		
	Forum North Expo 300 - 700	Forum North Theatre 340		Performing arts	Octagon Theatre 50					

(Data Source: Whangarei Five Year Event Strategy and Action Plan)

109. NEC is the only facility capable of hosting large sporting events in the district but has significant competition from both council and non-council facilities for corporate / meeting demand.

Rotorua – Rotorua International Stadium

110. The Rotorua International Stadium (RIS) holds up to 20,000 spectators and has hosted similar events to the Stadium such as Lions tour, second grade NZ games/NZ Maoris, Mitre 10 Cup, music festivals such as Ragamuffin and recently a Military Tattoo. It has a premier pitch.
111. RIS has surrounding supporting fields including a softball diamond that are used by national teams for training and is one of three venues used by Bay of Plenty rugby for Mitre 10 Cup games.

112. RIS is managed in-house by Council staff under the Events & Venues Rotorua banner. The team also manages several other facilities, including:
- Energy Event Centre
 - Sir Howard Morrison Performing Arts Centre
 - Rotorua Civic Centre
 - Te Runanga Tea House.
113. Events and Venues Rotorua both delivers events and acts as sole venue hire. There are seven staff in the RIS team, with specialised event staff working across all the facilities as required. The Rotorua District Council recently considered establishing a CCO for the operation but concluded there was no additional advantage.
114. The key annual performance measures for RIS are delivering/hosting:
- 10 community events
 - 3 regional events
 - 3 national (televised events)
 - 1 international event.

New Plymouth – Yarrow Stadium

115. Yarrow Stadium's governance and management arrangement is effectively a joint venture between Taranaki Regional Council (TRC) and New Plymouth District Council (NPDC). Most operational requirements, such as events attraction and management and facilities management, are met by NPDC.
116. A small Trust (one member representing each Council) oversees the operation and is responsible for ensuring the facility is run effectively.
117. Both Councils have considered what position a regional sports and stadium facility can hold, including recognising the low likelihood that the facility will generate a genuine return and its competitive position relative major metropolitan venues.
118. However, the Councils consider the arrangements allow for clarity of governance and accountability and enable the facility (through NPDC's event promotion and management team) to coordinate and maximise its use in conjunction with all of the City's facilities.

How would changes to the model compare to the status quo?

Legend
Works well
Some challenges
Significant issues

Options for Northern Event Centre Operation							
Options	Governance/Accountability	Financial management/Probity	Asset management	Health & Safety	Operational management	Capacity & Capability	Organisational integration
Status Quo							
Current Trust (lite) - operations manager - operating grant - updated agreements							
Current Trust (full) - full operational and administration staff - operating grant - updated agreements							
New Trust (lite) - operations manager - operating grant - updated agreements							
New Trust (full) - full operational and administration staff - operating grant - updated agreements							
Council Full Operation - In-House							
Sport Northland - Heads of Agreement							
Northland Rugby - Heads of Agreement							

Review findings and conclusion

119. This review, based on a documentation review and interviews with all members of NECT and relevant staff, has identified several critical risks associated with the current governance and operating arrangements for the Stadium. This was not a deep dive into the operations and the conclusions drawn are indicative directions of travel, assuming the high-level observations are confirmed.
120. Given the nature and extent of issues identified, a change from the status quo is recommended and although several options can be considered as alternatives, three perform best when assessed against the key areas of risk identified. These are:
 - Council in-house operation
 - New Trust (lite)
 - New Trust (full).
121. In establishing a preference to move forward, WDC firstly needs to identify where it wants to sit on the spectrum of control, through strategy, planning, operating and maintaining the Stadium. Secondly, WDC needs to determine the priority of community use and access relative to commercial.
122. For example, if a greater degree of control is desired, and priority is given to community use, the recommended model would be in-house.
123. In the event a greater degree of control is desired but not to the extent of operating the facility and priority is given to community use, the recommended model would be New Trust (lite).
124. Finally, if the preference is a focus on the commercial, with lesser operational control, the recommended option would be New Trust (full).
125. Our view is that the Stadium is primarily a community facility that delivers commercial events when there is an opportunity to do so to offset the costs to the ratepayers or deliver economic benefit to the district/region.
126. We consider there is a need for WDC to improve relevant senior management capacity and capability in leading this facility.
127. In addition, for the facility to maintain its own identity and regional support, an independent Trust available to support management with appropriate accountability structures in place for WDC, that comprised industry and technical/professional expertise, in addition to general governance understanding, could provide a robust platform for the future.

Council Workshop Minutes

Closed Session

Date: Thursday, 27 June, 2019
Time: 2:00 p.m.
Location: Council Chamber
 Forum North, Rust Avenue
 Whangarei

In Attendance	Her Worship the Mayor Sheryl Mai (Chairperson) Cr Gavin Benney Cr Crichton Christie Cr Vince Cocurullo Cr Tricia Cutforth Cr Shelley Deeming Cr Phil Halse Cr Cherry Hermon Cr Greg Innes Cr Greg Martin Cr Sharon Morgan Cr Anna Murphy
Not in Attendance	Cr Sue Glen
Scribe	Jennie Thomas (Democracy Adviser)

Apologies – Cr Glen (absent), Cr Cocurullo (lateness), Crs Murphy and Deeming (early departure)

1. Reports

1.1 Governance of the Northland Events Centre Trust

Her Worship the Mayor convened the meeting and welcomed Bruce Robertson and Ruth Stokes from the RDC Group. Sandra Boardman advised that discussions have taken place with Trustees of the Northland Events Centre Trust (NECT) on how we can improve relationships and a procurement plan was implemented for an independent review of NECT. The contract was awarded to the RDC Group and they are here today to present their findings, answer any key questions and to discuss options for the future. Cr Phil Halse asked for his declaration of interest to be noted as a Council Appointed Trustee to NECT that is subject to the review.

Mr Robertson acknowledged Cr Halse's declaration and advised that the trustees, including Cr Halse, had been met with the previous week. Mr Robertson expressed his enthusiasm to hear Cr Halse's views, as well as all others, during the workshop.

Mr Robertson advised that the workshop would focus on seven or eight main questions that only elected members could answer as a Council.

Elected members' views of the findings and what the main points were that they had taken from the review were requested. These included:

- Interest in the suggested governance role and the preference to explore a mixed model.
- The enthusiasm of the trustees while receiving no remuneration and the liability they were subject to, but the need for some expertise.
- The importance to have all the checks and balances in place no matter what systems of governance is put in place.
- Lack of investment in some areas, in particular Health and Safety.
- The reset required by Council Management and the Trustees to allow opportunities for something different to happen with the relationship between the two.
- The current governance model and relationship is not working, there are skill sets lacking in some areas and the relationship has become slightly fraught.
- A business plan is critical.
- Remuneration for trustees is important.
- Maintenance schedule and funding application responsibilities needs to be defined.
- The importance for the distinction of who carries responsibility of the facility.
- Key competencies required for governance including industry expertise in the areas of event delivery, facility management, fundraising, commercial financial management, marketing, sport and recreation.
- Needs to have relationship to other Council operational activities.
- The intent of the trust is important but the formal tools are needed.
- A wish not to dismiss a relationship similar to a Sport Northland arrangement.

Mr Robertson advised it should be first established what Council wish to do with their asset, then consideration of what is the most efficient and effective way to run the facility. There is a legacy from the operation of the facility for the Rugby World Cup. There now must be consideration given to how the facility will be run in this environment.

Ms Stokes then ran through the key findings of the review. Acknowledgement was first made of the staff who have participated passionately and capably and it was noted that these staff are a key component in taking the facility forward.

Ms Stokes advised that the multi-million dollar asset is being run with no formal expectation. Council has in essence contracted out with a lack of ability to effectively manage the facility.

It is agreed that there is no structure or formality. NECT is a CCO and has been exempted from reporting requirements. There is a need for parameters to guide the Trust so they are clear what decisions they should or shouldn't be made. A lack of clarity in responsibility for the delivery of asset management is symptomatic of the situation. There is a lack of understanding by Trustees of staff and public health and safety liabilities. The Trust believes this lies with the Council. There is a lack of confidence in financial management, commercial decision making and probity.

The purpose of this facility needs to be established first. The findings identified trustees who are passionate but the vision for the facility needs to be broader across the district and with the adjacent facility.

Trustees have responded that there is a level of frustration and they want visibility and accountability and are seeking a relationship improvement. The Trustees have concluded a reset is required.

WDC's management response has been general acceptance of the concept of the report. Concerns from management revolve around:

- What value does the Trust add?
- Are achievements of the Trust (and trust model) adequate?
- Does it still have social licence to actually operate in the eyes of the Council?

Management have also concluded a reset is required.

Ms Boardman advised that it has been a difficult environment to work with due to the circular nature of the agreements. The trust and staff are working with different financial figures, as the trust does not get information on staff costs. It has been difficult for the Manager of Venues and Events as she has to remain neutral.

Elected members and staff were asked to break into groups to discuss and formulate what they believe the level of service should be provided through the facility. The groups were also asked to consider where they believe Okara Park and its facility fit within Council's levels of service to the community.

Mr Robertson advised that this feedback will formulate what would be seen as successful for the facility from a Council perspective.

Summarised feedback included:

- A high class facility, show casing and promoting Whangarei and the region.
- A commercial self-sustaining centre underpinning community events.
- Through success grow the events base.
- It was seen important for the grounds to be a high class facility where as the level of service provided for the actual conference centre was not seen as important.

- The conference centre needs to fit its needs but investment in increasing the level of service was not seen as a priority.
- A premium pitch which will raise pride in the community that is fit for purpose for international events. When these events are not occurring, it should be used as facility for the community for events, festivals, weddings.
- There was no endorsement for a first class conference centre and views expressed were that there was no feel from the public that we should be providing one.
- Better use of first floor for commercial leases.
- The level of service should be aligned and integrated with the Events Strategy and physically with other physical assets and facilities. Outcomes from the facility need to align with the LTP, 'sense of pride and things to do.'
- Fit for purpose for national and international events 'Whangarei style.'
- A venue of choice.
- Changing rooms should be fit for purpose.

Ms Stokes summarised from the feedback received the facility would be seen to be successful if it could provide a great multipurpose centre that is able to host national/international events every few years.

It was expressed that our community would see the main purpose of the facility for community events and hosting a significant international event every five years.

Ms Boardman advised that the management staff that were present would like to see it as a community facility, providing social cohesion, recreation and wellbeing. It would be an aspiration to see the facility as a cornerstone for women's sports. The male codes have dedicated facilities elsewhere in the community. We would like see the facility recognised as a boutique stadium. A community facility our community aspires to use for premier events. A place for concerts and outdoor facilities for where our community goes to have fun. In a commercial context, we would like to be able to offset the cost to ratepayers but do not see it as a profitable commercial facility. Ms Stokes advised that there is no Council Events Centre in New Zealand that makes a profit.

Carina de Graaf – Manager Venues and Events expressed that staff saw the facility as having a level of service with a community focus. Regionally the park is the Northland home of the 'Taniwha.' Approximately every two years' major events are held. Community events that are hosted include the Christmas Festival, fireworks display, Fritter Festival etc. The facility was more community focused with a commercial face.

Ms Stokes noted that from the discussion heard, it appeared as if there was preference to either provide the Trust with more autonomy or to bring the operation in house. In answer to a point raised earlier she advised it would not cost ten times the amount to have the operation run by staff.

It was queried, and clarified, that if the operation was in house fundraising would be as, if not more, successful for the centre. At present staff were completing applications for funding or consultants were being used to do so.

It was clarified that at the time the trust was set up it was a requirement for NRC to do so as a condition of the regional rate for funding. Now that the rate for funding has ended there is strong indication that NRC will no longer be involved and we should be free to dissolve the trust.

The scope of the brief was high level and options would need further work to clarify the cost for those options provided. The workshop today was to define what the facility is for, what constitutes success and this defines how you might manage it in the future.

The meeting members were asked to again, in groups, discuss the governance options that had been identified in the report and then provide feedback on which each group believed would be the best option for a reset of the operation of the NEC.

There was no clear option from the feedback provided from the elected members. The two most favourable options appeared to be Council Full Operation or a New Trust (full).

Rob summarised that the situation was complicated. We are now at a point where we do not have strong direction from Council on what outcome is favoured. We would like to extend the term of the existing Trustees to the end of the financial year. We will request that Deborah Harding extend her role to 30 June 2020. We will recruit a replacement for Cr Halse or reappoint him after the election. It will be the new Council who will have to decide on the option for the operation of NEC.

Her Worship the Mayor thanked all for their input and Bruce and Ruth for the quality of the report and delivery of the workshop. She advised that the high calibre of information provided will give Council a position to move towards based on the feedback provided.

Cr Murphy left the meeting at 2.26pm, Cr Deeming at 3.30pm and Cr Halse at 3.38pm before discussion on the preferred options for the operation of the events centre.

Cr Cocurullo joined the meeting at 3.42pm during discussion and feedback on options. Cr Martin left the meeting at 3.51pm.

The meeting concluded at 4.12pm.