



15 October 2019

Malcolm Bailey  
Chair  
Central Economic Development Agency Ltd  
478 Main Street  
**PALMERSTON NORTH 4410**

Dear Malcolm

### **LETTER OF EXPECTATION**

The purpose of this Letter of Expectation 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 2020-2021.

### **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 measureable outcomes.

We would like this strategic relationship agreement process to be concluded by 1 September 2020.

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

We look forward to working with CEDA to agree on the 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 recognise that 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, and
- Developing a talent pipeline

The shareholders also expect International Education to be a strategic priority encompassing a commitment to recruitment, marketing, the student experience and the maintenance of existing and new partnerships. How this will be measured and regularly reported to the shareholders is important to signify the importance we place on this area.

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 region's strengths of research/agri-food/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 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 the contractual relationship.

The Shareholders would like to continue the monthly Team meeting between the Mayors, Council CE's and contract managers with the CEDA Chair and CE.

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

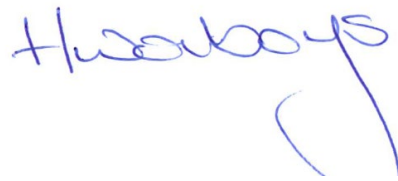
The Shareholders will invite CEDA to report quarterly to the Joint Strategic Planning Committee.

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

A handwritten signature in black ink, appearing to read 'Grant Smith', with a large, stylized flourish at the end.

Grant Smith, Mayor  
**PALMERSTON NORTH CITY COUNCIL**

A handwritten signature in blue ink, appearing to read 'Helen Worboys', with a large, stylized flourish at the end.

Helen Worboys, Mayor  
**MANAWATU DISTRICT COUNCIL**