

## 11 PUBLIC EXCLUDED BUSINESS

### 11.1 DESTINATION WAIRARAPA MEMORANDUM OF UNDERSTANDING EXTENSION

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**File Number:**

The Council is satisfied that, pursuant to s48(1)(a)(i) of the *Local Government Official Information and Meetings Act 1987*, the information to be received, discussed or considered in relation to this agenda item is:

- s7(2)(h) the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities
- s7(2)(i) the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

#### PURPOSE

This report seeks agreement to extend the existing memorandum of understanding (MOU) with Destination Wairarapa through to 30 June 2027, to align with the Long-Term Plan (LTP) and support discussions on the future of economic development for the Wairarapa.

#### EXECUTIVE SUMMARY

- This report summarises the role Destination Wairarapa plays in supporting Economic Development in the Wairarapa.
- It outlines the historic shared funding agreement across the three Wairarapa Council's and recommends continuing this until 30 June 2027 to align with long-term planning and conversations around Economic Development delivery.

#### RECOMMENDATIONS

That Council:

1. Note that as part of the 2024-34 LTP, Council resolved to maintain the existing funding arrangements for Destination Wairarapa.
2. Note that the Destination Wairarapa MOU expires in September 2026.
3. Agree to extend the Destination Wairarapa MOU through to 30 June 2027, to align with the LTP and support discussions on the future of economic development for the Wairarapa.
4. Note the total cost of the proposed MOU extension is \$110,421 and can be covered from existing budgets.

5. Agree that this report and associated minutes stay in public excluded until the Chief Executive determines there are no longer any reason to withhold the information under the Act.
6. Note that the withholding of information under the Local Government Official Information and Meetings Act 1987 relates to the following sections of the Act:
  - s7(2)(h) the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities
  - s7(2)(i) the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

## BACKGROUND

Destination Wairarapa is a regional tourism organisation (RTO) servicing the Wairarapa region. Its role is to attract visitors to the region, to help grow tourism revenue, and to support local tourism operators. There are 31 RTOs across the country representing the various regions.

The three Wairarapa District Councils and Destination Wairarapa have a MOU that sets out key deliverables to be met by Destination Wairarapa in alignment with council funding an investment. An updated MOU was endorsed by all three Councils in September 2022 and extended last year.

Funding between the three councils is split on a population basis, in line with the approach to shared services.

All three district Council's have been considering the future for economic development in the Wairarapa, with discussions at both the recent combined Council's meeting and the Mayors, Deputy's and Chief Executives meeting. While the discussions are at an early stage, works is underway to develop a model to include as part of the upcoming LTP discussions.

Destination Wairarapa's MOU expires in September of this year. Given the discussions regarding the future for economic development in Wairarapa will not be resolved by September, it is recommended that the MOU be extended to June 2027. This will support the delivery of RTO functions in the interim.

Masterton District Council and Carterton District Council are also intending to extend the MOU and associated funding at their 13 May meetings respectively.

## DISCUSSION

Destination Wairarapa was formed in October 2007 as an incorporated society and receives the majority of its fundings from the three district councils. They also get funding from Trust House and industry members.

Destination Wairarapa's role is to attract more visitors to the Wairarapa who stay longer and spend more, and to grow Wairarapa tourism revenue will evening out the low to high season trough. Destination Wairarapa also supports local tourism operators, in alignment with the actions included in the Wairarapa Economic Development Strategy (WEDS) and the Wairarapa Destination Management Plan.

Destination Wairarapa is also a key player in the Wairarapa Dark Sky Reserve, including both the retention of the reserve status and the extension of the reserve to include Masterton. Destination

Wairarapa have provided support with business engagement to date, advice to potential service providers, and product development support.

The ongoing funding of Destination Wairarapa was considered as part of the wider funding conversation in the 2024-35 LTP process. Feedback received through consultation suggested that there was an appetite from the public to retain funding for Destination Wairarapa, with comments in support of the services they provide both the region and specific tourism businesses.

#### *Potential changes to Economic Development Delivery*

Economic Development services are currently provided in the Wairarapa by a number of organisations.

- WellingtonNZ support Wairarapa Economic Development Strategy (WEDS) initiatives focused on water resilience, primary industries, and skills development.
- Destination Wairarapa provides specific tourism support to member tourism businesses, in addition to the services provided under their MOU with the three Councils.
- Business Wairarapa is the regions chamber of commerce and also receives funding from all three councils to provide business support services, in alignment with the WEDS.

All three district councils have indicated a desire to develop a different model for economic development in the Wairarapa. This is driven by a number of factors including potential rationalisation of services, the need to strengthen accountability and outcomes for funding, and the constrained local government funding environment.

#### ***Destination Wairarapa Funding and MOU***

Destination Wairarapa has a three-year funding agreement and MOU with the three district councils. This MOU was extended for a year in September 2025, so is due for renewal in September of this year. Given the discussions about the future of economic development delivery in the region, officers suggest extending the MOU and funding agreement with Destination Wairarapa for a nine-month period through to 30 June 2027. This will enable, in the short term, the continued delivery of the work Destination Wairarapa undertakes, while the future state of economic development delivery is being considered.

Without continued funding from the three councils, it is likely that Destination Wairarapa would have to significantly downscale its operations or, more realistically, close. This would have an impact on tourism in Wairarapa, as Destination Wairarapa is the sole tourism marketing agency for the region.

#### **OPTIONS**

A summary of the options considered is included in the table below:

Option	Advantages	Disadvantages
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1	Agree to extend funding for Destination Wairarapa through to 30 June 2027	<p>Continued funding for Destination Wairarapa securing its ability to operate, while discussions around the future for economic development are ongoing</p> <p>Continued support for the work to increase visitor numbers, length of stay, and spend.</p> <p>Supports the ongoing regional approach to tourism.</p> <p>Consistent with public feedback and council decisions as part of the 2024-34 LTP process.</p>	Funding could be allocated elsewhere (or not allocated at all).
2	Do not agree to extend Destination	Funding could be allocated elsewhere (or not allocated at all)	<p>Destination Wairarapa likely to need to cease operations, or significantly downscale operations.</p> <p>Does not support the work to increase visitor numbers, length of stay spend.</p> <p>Potential inconsistency with the funding decisions made by CDC and MDC.</p> <p>Inconsistent with public feedback and council decisions as part of the LTP process.</p>

Option 1 is recommended. This ensures that Council will continue to support the work of Destination Wairarapa and aligns with public feedback and council decision making from the LTP process. It also allows consideration of the wider economic development model for Wairarapa to inform the 2027-37 LTP process.

## CONSIDERATIONS

### Financial

	Yes/No/NA	Commentary
Inclusion in the AP/LTP? (if no – provide commentary)	YES	
Confirmed budget source	YES	
OPEX or CAPEX	OPEX	

Rating impact	No	
Procurement process	N/A	

### Climate Change

There are no positive or negative effects on climate change from this decision.

### CONCLUSION

If the funding extension is agreed, this will be communicated to Destination Wairarapa.

### COMPLIANCE SCHEDULE

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the Long Term Plan) that relate to this decision.	This report complies with n/a.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	There are no implications for Māori.
Chief Financial Officer review	The Chief Financial Officer has not reviewed this report.
State the possible implications for health and safety	Nil

**APPENDICES**

**Nil**

Released