



# Business Improvement District (BID) Policy (2016)

Part 1 - Policy Principles

June 2016

**A framework to partner with business  
associations in Auckland's town  
centres and business areas**

Adopted by the Regional Strategy and Policy Committee 2 June 2016 – Resolution number REG/2016/31

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## 1.0 Introduction

### BID Policy (2016)

This policy establishes the roles and responsibilities for the Auckland Business Improvement District (BID) Programme. It replaces the Auckland Region Business Improvement District Policy (2011).

This policy includes two separate but integral parts, namely:

- x Part 1 – Policy Principles:
  - o Establishes high-level principles (29 in total in green text)
  - o Outlines why BID programmes are established and what they are trying to achieve
  - o Defines partner roles and accountabilities.

References to additional operating detail contained in Part 2 are highlighted in brackets (**bold black text**).

- x Part 2 - Policy Operating Standards:
  - o Focussed on assisting BID programme management and Auckland Council with operational management of BID programmes.

In addition to parts 1 and 2, further detailed operating requirements and guidance will be published on an Auckland Council website dedicated to the BID programme. This additional online information will be based on the principles outlined in this policy.

### Why Auckland Council supports BID programmes?

Auckland is growing fast and is projected to add another one million people in the next 30 years. This level of growth will present challenges and opportunities for Auckland town centres and key business areas.

BID programmes provide the opportunity to partner with business associations, to seize on the opportunities from Auckland's growth.

BID programmes encourage collaboration to achieve greater local outcomes. They provide a mechanism to enable local boards to engage with the business sector in local town centres and business areas in a co-ordinated way.

## BID programmes and business associations

BID programmes are:

- x Established to develop local business improvement and economic development **(Section 1.1)**
- x Based on an Auckland Council targeted rate for core funding – collected using powers under the Local Government (Rating) Act 2002
- x Managed by business associations which are:
  - o Incorporated societies
  - o Independent from Auckland Council
  - o Accountable to BID programme members for the delivery of services funded by a targeted rate.
- x Defined by a BID programme agreement between each business association and Auckland Council, in which both parties agree to operate within this policy.

Auckland Council sets the policy framework but it's ultimately the responsibility of the business association to ensure BID programme success. **(Section 1.3)**

## Strategic context and alignment **(Appendix 6)**

This policy and the Auckland BID Programme have been developed to align with:

- x The Auckland Plan
- x Auckland's Economic Development Strategy (EDS)
- x Auckland Council's Māori Responsiveness Framework - particularly the "Enable Māori outcomes" driver, which articulates the council's role in enabling better outcomes with and for Māori for the benefit of all Aucklanders
- x Local board plans and local economic development (ED) action plans (where adopted)
- x Other plans, strategies and priorities – such as Auckland City Centre Masterplan, ATEED plans, Regional Land Transport Plan (RLTP), Proposed Auckland Unitary Plan (PAUP), confirmed priorities of Panuku Development Auckland and spatial priorities (part of implementation of Auckland Council Long Term Plan 2015-2025).

Business associations are encouraged to seek alignment between BID programme strategic and business plans and local board plans in particular, as well as make reference to other Auckland Council policies, plans and initiatives. **(Section 1.5 and diagram 1).**

## 2.0 Targeted rates and BID programme agreements

This section outlines the principles regarding two key features of BID programmes:

- x BID programme targeted rates<sup>1</sup> - enables BID programmes to be established and provides their core funding
- x BID programme agreements - provide the link between individual BID programmes and this policy.

### BID programme targeted rates

1. BID programmes can utilise a variety of rating options. **(Section 5.1)**
2. Each BID programme operates within an area defined on an official boundary map. All business rated properties within the boundary will be required to pay the BID programme targeted rate. **(Appendix 2, Criteria 2)**
3. The BID programme targeted rate grant funding can be applied to any activity that supports economic development within the targeted rate area map but must not be used for the provision of any service that is otherwise provided by Auckland Council via its general rate. It can, however, be used to provide a higher level of service, if desired.
4. The minimum required for a new BID programme establishment is \$120,000 (targeted rate only). Smaller BID programmes (i.e. lower than \$120,000 targeted rate only), will be considered on a case-by-case basis. Smaller BID programmes will be subject to a defined set of establishment criteria and ongoing monitoring. **(Appendix 3)**

### BID programme agreements

5. Each BID programme requires a BID programme agreement:
  - a) A mandatory formal agreement between Auckland Council and individual business associations.
  - b) Commits both parties to accountability and governance requirements in accordance with this policy and operates for three years.
  - c) States that a business association's own constitution cannot be inconsistent with this policy.**(Template BID programme agreement – Policy Operating Standards - Appendix 1)**

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<sup>1</sup> Collected using powers under the Local Government (Rating) Act 2002

### 3.0 Partners – definitions, roles and accountabilities

This section outlines the BID programme partners, their roles (see table, pages 9 – 11) and accountability mechanisms.

The key partners are:

- Business associations
- Auckland Council:
  - Local boards
  - The governing body (mayor and councillors)
  - Organisation and CCOs.

There needs to be a careful balance between the independence of the business association but also the accountability for monies that have been collected by a public sector organisation.

#### Partner characteristics

6. Clarity of roles for each partner is a key factor in ensuring the successful operation of a BID programme. Success is enhanced with collaboration and a collective respect to working together.
7. The rationale for establishing a BID programme varies for each partner and relates to the value received from the partnership. **(Section 1.4)**
8. This policy encourages partners to discuss how they wish to work together at a local level, as long as this is consistent with policy accountability requirements.

#### Local boards

9. Local boards have allocated decision-making responsibilities<sup>2</sup> relating to BID programmes. Local boards have the primary relationship with business associations operating BID programmes. **(Section 2.1)**
10. Local boards and business associations have a vested interest in a particular place and often share common goals.
11. Governance-to-governance (board-to-board) relationship between the local board and business association board is strongly encouraged. There needs to be equal effort from both parties to make this relationship work.

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<sup>2</sup> As defined in Auckland Council Long Term Plan (LTP) 2015 – 2025 – Part 3: Our Policies and other information – 3.5 – Allocation of Decision-Making Responsibility for non-Regulatory Activities.

## Accountability principles

12. The responsibility, accountability and reporting for the targeted rate funding and service delivery should sit at the appropriate level. For this programme that means:
  - a) Business associations are accountable to ensure that BID programme members receive services outlined in their strategic and business plans, and for the usage of targeted rate funds received.
  - b) Local boards to their constituents that the BID programme targeted rate money has been spent as intended i.e. as set out in the business association's strategic and business plans.
  - c) The organisation, department or team that delivers service within Auckland Council and CCOs on the service provided.

**(Section 3.4 and Table 1: Accountability reporting requirements)**

## Performance measures and reporting

13. Business associations are required to set and report on key performance indicators that are meaningful, measurable and aligned to achieving the outcomes in the business association's strategic and business plans.

**(Section 3.1)**

## Auckland Council funding agent powers

14. Auckland Council, as funding agent, reserves the right to review the use of targeted rate funds (the purpose used); the needs for audit; financial viability of the BID programme and any other BID programme related information at Auckland Council's sole discretion (to be exercised reasonably).
15. Auckland Council, as funding agent, reserves the right to undertake (at Auckland Council's expense) random audits on any aspect of the BID programme (to be exercised reasonably).
16. Auckland Council will make the final decisions on what BID programme targeted rates, if any, to set in any particular year or property (in terms of the amount and the geographic area to be rated)<sup>3</sup>. **(Section 3.3)**

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<sup>3</sup> In accordance with the provisions of the Local Government Act 2002 and the Local Government (Rating) Act 2002.



**Table 1: Partner roles**

Partner	Roles	Policy Operating Standards reference
<p><b>Business associations:</b></p> <p>a) <b>Board</b></p> <p>b) <b>Management</b></p>	<p>Governance and decision-making requirements for the BID programme including:</p> <ul style="list-style-type: none"> <li>x BID programme strategic direction (in partnership with the local board(s))</li> <li>x Reporting and accountability requirements under the Incorporated Societies Act (1908) (and any subsequent review of the Act)</li> <li>x Reporting and accountability requirements under the Auckland BID Policy 2016 (parts 1 and 2).</li> </ul> <p>Fulfill operational management of a BID programme – a key role is to progress projects and initiatives, as per the business association’s business or strategic plan.</p>	<p><b>Section 2.3</b></p> <p><b>Section 2.4</b></p>
<p><b>The governing body:</b></p> <p>a) <b>Governing body (as a whole)</b></p> <p>b) <b>Ward councillors</b></p>	<p>Allocated governance and decision-making:</p> <ul style="list-style-type: none"> <li>x Approval of the BID Policy (2016)</li> <li>x Setting the targeted rates as part of council annual budget process.</li> </ul> <p>Ward councillors may have a relationship with business associations operating BID programmes in their ward, as part of key stakeholder engagement.</p> <p>This engagement is within the context that local boards have the primary decision-making role and relationships with business associations operating BID programmes in their area.</p>	
<p><b>Local boards:</b></p> <p>a) <b>Local board (as a whole)</b></p>	<p>Allocated governance and decision-making:</p> <ul style="list-style-type: none"> <li>x BID programme strategic direction (in partnership with the business association)</li> <li>x Establishment of new BID programmes within the parameters set by this policy</li> <li>x Recommending BID programme targeted rates to the governing body.</li> </ul> <p>Other BID policy-related governance roles (provided by this policy):</p> <ul style="list-style-type: none"> <li>x Approval of BID programme expansions</li> <li>x Approval of BID programme dis-establishments, amalgamations and rating mechanism changes</li> <li>x Approval of BID programme boundary maps</li> </ul>	<p><b>Section 2.1</b></p>

Partner	Roles	Policy Operating Standards reference
<p><b>b) Local board representative on business association board</b></p> <p><b>c) Economic Development (ED) portfolio holder (local board member)</b></p>	<ul style="list-style-type: none"> <li>x Providing feedback to the business association at the annual BID programme reporting and alignment workshop/meeting/presentation with the local board</li> <li>x Various roles relating to dealing with BID programme problems</li> <li>x Seeking alignment between relevant local board activities and BID programmes activities.</li> </ul> <p>The local board representative appointed to liaise with a business association operating a BID programme ensures there is a direct link between Auckland Council and the operation of the BID programme. Key principles include:</p> <ul style="list-style-type: none"> <li>x The business association may invite the appointed local board member onto its board and decide whether they having voting rights or not<sup>4</sup></li> <li>x Only the appointed local board member has the responsibility to participate in the association board governance and the business of the BID programme.</li> </ul> <p>Suggested local board representative roles:</p> <ol style="list-style-type: none"> <li>1. Provide updates to the business association on Auckland Council activities, plans and projects.</li> <li>2. Communicate to other local board members and the economic development/business portfolio holders (where relevant) on activities undertaken by the business association operating the BID programme.</li> </ol> <p>The ED portfolio holder's role is to liaise with the local board representative on the business association board to understand how BID programme activity contributes to local economic development.</p>	<p><b>Section 2.2</b></p>
<p><b>Auckland Council (organisation) and council-controlled organisations (CCOs), including:</b></p> <p><b>a) The BID programme team</b></p>	<p>Responds to requests for service relating to BID programmes:</p> <p>Overview of the Auckland BID Programme on behalf of Auckland Council, including programme development and governance and accountability of individual BID programmes, as outlined in this policy.</p>	<p><b>Section 2.5</b></p>

<sup>4</sup> It is recommended that this member is not given voting rights, to avoid any conflicts of interest (real or perceived) or disputes between the local board and the business association board. However, if the local board member and business association are comfortable that these risks can be managed and consider that voting rights will add to creating a collaborative relationship, this policy does not prevent this from happening.

Partner	Roles	Policy Operating Standards reference
<b>b) Auckland Tourism Events and Economic Development (ATEED)</b>	<p>ATEED's mission is to improve New Zealand's economic prosperity by leading the successful transformation of the Auckland economy.</p> <p>ATEED's predominant activity with BID programmes is mainly at an individual company level. ATEED has a role to advise local boards on local economic development matters. This may include the development of projects and initiatives that directly or indirectly involve BID programmes.</p>	
<b>c) Auckland Transport (AT)</b>	<p>Auckland Transport is responsible for all of the region's transport services (excluding state highways), from roads and footpaths, to cycling, parking and public transport.</p>	
<b>d) Other council and CCO services (not an exhaustive list)</b>	<p>The following services are provided by Auckland Council that directly affect BID areas:</p> <ul style="list-style-type: none"> <li>x Major regional sporting, performing arts and arts facilities (Regional Facilities Auckland - CCO)</li> <li>x Urban regeneration (Panuku Development Auckland - CCO)</li> <li>x Development and maintenance of community facilities, parks and reserves</li> <li>x Land-use planning and zoning</li> <li>x Processing of consents and licences</li> <li>x Development and implementation of bylaws</li> <li>x Community empowerment (working closely with the local boards).</li> </ul>	

## 4.0 BID programme operating principles

This section covers the high-level principles relating to operating BID programmes, including:

- x Dealing with problems – including a variety of ways to mitigate problems and processes to deal with them, should they escalate
- x Process requirements relating to BID programmes:
  - o Establishment
  - o Disestablishment
  - o Boundary expansion
  - o Boundary reduction
  - o Boundary amalgamation
  - o Rating mechanism change.
- x BID programme growth mechanisms and partnerships - focussed on:
  - o Growing the Auckland BID Programme – through new BID programme establishment in areas that have significant development potential
  - o Growing individual BID programmes - increasing efficiencies or scale within existing programmes.
  - o Partnership opportunities - identifying opportunities to leverage the collective power and scale of the Auckland BID Programme.

### Dealing with problems

17. Parties are encouraged to work proactively to resolve issues and find compromises independently of Auckland Council intervention, prior to resorting to a formal process. **(Section 4.1)**
18. This policy provides a range of processes to deal with problems, issues and serious concerns, utilising a proportional response dependent on the severity or complexity. **(Sections 4.1, 4.2, 4.3, 4.4, 4.5 and Appendix 5)**
19. Business associations are required to advise Auckland Council of situations which they believe could be defined as a problem or issue which, if unresolved, becomes a serious concern. This includes where there are breaches of the business association's constitution.

### Democratic and ballot processes

20. BID programmes are based on the principle of democracy – every BID programme member is allowed to participate in making decisions, either directly (voting on a decision) or through elected leaders who act on behalf of BID programme members.

21. Auckland Council is required to include details of any process outlined above, as part of local board annual plan consultation processes.
22. Ballot voting is based on the principle of 'one entity - one vote', an entity being a business ratepayer and/or a business/occupier. **(Section 6.2)**
23. The business association must: **(Table 5)**
  - a) Publish adequate details of the preliminary eligible voter list at least one month before any proposed ballot, to enable transparency of the ballot process and ensure businesses are aware of whether they will receive voting information
  - b) Ensure that voting campaigns are undertaken in a democratic manner and that the business association does not interfere with or unfairly influence voters.<sup>5</sup>
24. The threshold for a valid ballot is at least 25% of the total voting forms being returned. A minimum of 51% of the votes must be in favour of the proposition raised on the ballot form to achieve a mandate. **(Table 5)**
25. A ballot that fails to meet the required mandate will result in a two-year stand down period before another ballot can be held. **(Table 5)**
26. If a mandate is achieved, there are further steps before the BID programme process underway can be confirmed. This includes a resolution from the local board accepting the mandate and a resolution from the governing body to set the targeted rate. **(Section 6.2)**

### **Growth mechanisms and partnership opportunities**

27. Business associations can attract additional income to supplement their current BID targeted rate. There are two key areas for BID programme growth **(Section 7.0 and Table 6)**:
  - a) Growth opportunities that could be facilitated via this policy
  - b) Growth opportunities that could be considered and facilitated by the business association.
28. The accountability for funding sourced outside the BID programme targeted rate mechanism is not governed by this policy.
29. Auckland Council's BID programme team, under its operational model effective from July 2016, will work within Auckland Council (organisation) and CCOs to identify potential partnership opportunities and leverage for the Auckland BID Programme. **(Section 7.1)**

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<sup>5</sup> Section 122 and 124 of the Local Electoral Act 2014 provides guidance on how these concepts will be interpreted.

BID Policy (2016) – Part 1 – Policy Principles

