

Report 11.296
Date 30 June 2011
File WRS/09/01/01

Committee Wellington Regional Strategy Committee
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WRS Review

1. Purpose

This report recommends to the Committee that the function of regional economic development be continued, and sets out a process that will enable a statement of proposal to be drafted for inclusion as part of Greater Wellington's Long Term Plan 2012-2022.

2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

The Wellington Regional Strategy (WRS) was developed between 2004 and 2007 by the Wellington region's nine local authorities in consultation with the region's business, education, research and community interests. It emerged from a shared recognition that previous arrangements for promoting economic development were fragmented, inefficient and did not take full advantage of opportunities for regional economic advancement.

A key issue to be addressed at the time was whether to take a consolidated approach to the delivery of certain economic development initiatives and activities through a single, regionally funded economic development agency. This issue was contentious at the time the WRS was approved in 2007, but all councils agreed to an approach whereby an economic development rate would be charged across the region by Greater Wellington Regional Council. Grow Wellington, formally a CCO of the Greater Wellington Regional Council, was established as the region's economic development agency.

Prior to the final proposal for the WRS being adopted by Greater Wellington in early 2007, a mediated agreement between Hutt City Council, Upper Hutt City Council and Greater Wellington was entered into. The mediated agreement involved the commitment to undertake a review:

By 30 June 2011, a full and independent review of the effectiveness of the entire Wellington Regional Strategy be completed and reported to the WRS Committee. The WRS Committee must recommend whether or not GW will continue to carry out the function of regional economic development in accordance with clause 1.2.

Clause 1.2 states:

That GW will cease to carry out the function of regional economic development on 30 June 2012. Prior to 30 June 2012, if GW wishes to carry out the function of regional economic development after 30 June 2012, it must undertake the process set out in section 16 of the LGA 2002 or such other process that applies at the time.

4. Review results

The terms of reference for the review of the WRS were agreed by the Committee at their meeting of 2 June 2010, and Martin Jenkins and Associates (Martin Jenkins) was appointed in September 2010 to undertake the review.

Martin Jenkins has completed its review, and the report has been released. The findings of the review were presented to the Committee, all councillors in the region, and the Grow Wellington Board on the 1st of June 2011, and copies of the report provided. The executive summary of the review report is appended as **Attachment 1**.

Overall, the review report recommends the continuation of a regional approach to supporting economic development, concluding that *there remain good reasons for continuing to pursue economic development (including good regional form) at a region-wide level, and to fund and deliver economic development activities on a region-wide basis.*

However, the review highlights to fully recognise the benefits of such a region-wide approach, it is important that the Strategy itself be refreshed, and that changes are made to the governance and implementation arrangements.

Overall, the recommendations are summarised in the report as follows:

- A refresh of the Strategy is required because of significant changes in the economic environment and because there are arguably too many activities and initiatives and some stated priorities do not appear to have region-wide support
- In refreshing the Strategy, it will be important to develop an associated action and resource plan that makes more transparent what is to be progressed, by when, and what resource is being allocated for that purpose
- A programme of monitoring and evaluating key initiatives should be put in place, with systematic and regular measurement of progress and outcomes achieved

- The role of the Committee should be clarified and its composition changed, so that it is smaller in size and better balanced as between political and independent members
- To achieve better alignment between the Strategy, the Committee and Grow Wellington, the Committee must more actively engage in setting the direction for Grow Wellington and an independent member appointed to both bodies
- Improvements are also required on reporting against the Strategy, including from Grow Wellington to the Committee on its achievements
- To enable the above changes and to support the Committee in its role, a strengthened support function, drawing on the capacity and resources of the region.

The Chief Executives Group and SORT have discussed the recommendations in the review report, and are in general agreement with the findings. The Chief Executives Group therefore recommend to the Committee that the function of regional economic development be continued.

5. Feedback from Grow Wellington Board

The Grow Wellington Board has considered the WRS review report and has provided a letter to the Chair of the Committee endorsing the recommendation that the regional approach to accelerate growth of the region must continue. This letter is appended as **Attachment 2**.

6. Next steps

6.1 Process from here

If the decision is taken to continue the function of regional economic development, this will have to be included in Greater Wellington's Long Term Plan 2012-2022. To enable a statement of proposal to be drafted for inclusion as part of the consultation in Greater Wellington's Long Term Plan 2012-2022, the following timeline and process is suggested to allow a statement of proposal to be included as part of the consultation for the Long Term Plan.

Month	Process
30 June WRS Committee	WRS Committee decision whether or not GW will continue to carry out the function of regional economic development
July	Identification of issues and responses to recommendations in the WRS Review report by councils and the Grow Wellington Board

August	Draft issues and options paper developed by SORT and the Chief Executives Group
29 September WRS Committee	WRS Committee to adopt and release draft issues and options paper for consultation with Councils and Grow Wellington Board
27 October WRS Committee	Feedback collated and reported to WRS Committee
November	Development of WRS proposal for inclusion in Greater Wellington's Long Term Plan
7 December WRS Committee	Proposal agreed
January/February 2012	Statement of Proposal prepared
March - May	Consultation on Statement of Proposal with Greater Wellington's Long Term Plan

6.2 Matters to be addressed

While the review of the WRS recommended that the function of regional economic development be continued, it also highlighted that, to fully recognise the benefits of such a region-wide approach, it is important that the Strategy itself be refreshed, and that changes are made to the governance and implementation arrangements.

Several matters raised in the review report will need to be addressed prior to the refresh of the Strategy. It will be useful to have these matters discussed and agreed prior to the drafting of the statement of proposal. The remainder of the recommendations can best be considered as part of the refresh of the strategy itself. The matters identified are set out below.

6.2.1 Agree process

As part of the mediated agreement between Greater Wellington, Upper Hutt City Council and Hutt City Council, it was agreed that *Prior to 30 June 2012, if GW wishes to carry out the function of regional economic development after 30 June 2012, it must undertake the process set out in section 16 of the LGA 2002 or such other process that applies at the time.*

The process set out in section 16 of the LGA 2002 relates to significant new activities proposed by a regional council. While the regional economic development function is no longer a new activity, we could agree to follow a similar process, or adopt an alternative process.

6.2.2 Governance arrangements

The review report identified a number of issues with governance arrangements and made recommendations relating to the size and composition of the Committee, the purpose and role of the Committee, relationships between the Committee and other fora, and the relationship between the Committee and Grow Wellington.

While the review report suggests that governance changes would follow a refresh of the Strategy, the Chief Executives Group considers that this should be considered before the Strategy is refreshed. This would allow any new Committee to shape the new Strategy.

6.2.3 Funding

The quantum of funding and allocation between Grow Wellington and the WRS Office needs to be decided. Greater Wellington currently rates general ratepayers for the WRS office and there is a targeted economic development rate for Grow Wellington.

6.2.4 Changes to monitoring and reporting of WRS activities

As outlined in the Martin Jenkins report, the monitoring and reporting arrangements for the WRS need to be addressed. It would be helpful if these arrangements were reflected in the Statement of Proposal

6.2.5 Process and timing of WRS document refresh

Refreshing the WRS document will be a significant task. The Chief Executives Group and SORT recommend that this be carried out in the 2012/13 financial year. The budget for the refresh will need to be included in the Statement of Proposal.

While the refresh of the Strategy will not be undertaken until after the Statement of Proposal is adopted, we could begin to look at priorities and the focus of the WRS as indicated in the review report.

7. Decision making

Under the WRS Committee Terms of Reference, the decision on whether or not to continue the function of regional economic development requires a 75% majority vote. All committee members have an equal vote on this matter.

8. Communication

A press statement on the decision will be released following the meeting.

There will be ongoing communications as the statement of proposal is developed, particularly with councils in the region.

9. Recommendations

That the Committee:

1. ***Receives*** the report;
2. ***Notes*** the content of the report;
3. ***Resolves*** to recommend to Greater Wellington that the function of regional economic development be continued; and
4. ***Agrees*** to the process set out in section 6 of this report.

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Attachment 1: Executive Summary, Review of the Wellington Regional Strategy Final report

Attachment 2: Letter from Grow Wellington Board