

16 February 2015

Peter Biggs
Chair
Wellington Regional Economic Strategy Agency

Dear Peter

Re: Letter of Expectations (LoE)

This letter sets out the Committee's expectations of WREDA for the 2015/16 financial year. It is intended to assist in their business planning and the preparation of its final Statement of Intent (SOI) for 2015/16.

This will be the first SOI for the new organisation. The Wellington Regional Strategy Committee (WRSC) expects a bold plan of action and not simply an amalgam of the previous SOIs. The emphasis needs to be on actions and deliverables.

The WRSC acknowledges that WREDA has only been recently formed, has yet to appoint a CEO and will only receive this LoE a few days prior to the statutory deadline of 1 March for delivery of the draft SOI. We understand that WREDA is proposing the following:

- WREDA will prepare a draft SOI which contains the matters required by the Local Government Act and will send it to the Shareholders and WRSC by 1 March 2015.
- The draft will include an acknowledgement that the matters raised in this LoE will be responded to in the presentation to WRSC's meeting on 28 April where WREDA's business plan will be outlined.
- Following this meeting WRSC will then have the opportunity to review the plan and provide any formal feedback to WREDA.
- WREDA will then complete their final SOI and send it to WRSC and the Shareholders by 30 June 2015.

Aspirational Goals

WREDA is expected to be the lead agency for the outcomes in the WRS and to drive a series of step changes to the economy of the region. The goals that WREDA needs to aspire to include:

- Contribution to GDP growth above historical averages
- Fostering faster population growth at higher levels than forecast

- More business activity, more jobs
- Growth in the capital value of the region as a result of new investment.

Matters to be addressed in the final SOI and draft business plan

1. WREDA receives substantial funding from Councils and other funders (government, private sector). We expect that WREDA will continue to grow the funding contribution from these non- council sources. A target that for every \$1 contributed by councils being matched by \$1 from non-council sources should be considered.
2. WREDA will take ownership of the sector growth plans, in particular the tech, film, digital, education and creative sectors. We expect to see specific actions that support, facilitate and strongly contribute to a step change in growth of these areas.
3. Assisting the educational/ research sectors to better commercialise innovation arising from their activities.
4. Consider whether the Region should have a major programme of inward investment and if so, how?
5. Supporting various major regional projects through advocacy and planning to leverage off the opportunities they may produce, specifically:
 - Supporting and advocating the business case to extend the runway for Wellington Airport including the opportunities that the extension will bring (for key areas such as logistics, tech, education, tourism and film). It should not be viewed solely as a transport project but considered as one element of a broader and linked regional growth package.
 - The development of a new Wellington Convention centre
 - Developing proposition(s) for business growth from the opportunities provided by major road projects including the Petone to Grenada link road, Transmission Gully and the Kapiti Expressway.
 - Wairarapa Water use project
 - Indoor Arena
 - Film Museum

6. The Region needs to create a lasting partnership with Government. WREDA needs to develop and maintain this partnership in conjunction with, and in support of the Region.
7. Develop appropriate marketing strategies and actions to deliver on the agreed actions.
8. Outline the actions required in the tourism sector to grow the visitor economy through increasing the number of visitor numbers and value to the Region. This will include tourism, events, business tourism, and product development.
9. WREDA should continue to develop Wellington's major events portfolio to deliver on a range of economic and social objectives over the calendar year. This will include a review of existing events and a medium term plan for major events including retention of "iconic" major events in Wellington.
10. Through its management of the venues outline how WREDA will contribute to, maintain and enhance Wellington's reputation as the arts, culture and events capital of New Zealand.
11. Destination Wellington was set up in 2012 as a business attraction and marketing programme. This now needs to be redefined and updated with focus on the following:
 - Business attraction and retention
 - Inward migration
 - Marketing of Wellington as a destination
 - International students.
12. Exports are a key contributor to economic growth and consideration needs to be given on how to boost regional exports especially in high end manufacturing and tech. However, WREDA is expected to work with any businesses that have the potential to significantly grow the Wellington regional economy.
13. Constraints on business growth in the region are well understood and where practical WREDA will play a role in addressing such constraints. Of particular note is the need to help address skills shortages and develop a workforce that better reflects regional needs.

General Principles for WREDA

14. Activities should occur where it makes sense from a regional economy perspective. We need to maximise the benefit from the investments we make. While it is anticipated that some activities will occur throughout the region, we do not expect a rationing approach or deliberate spread of activities. Parochial

interests should not influence the decisions of WREDA, although it is expected that the benefits of its activities to the overall region, even when activities happen in only one part of the region, will be well communicated to all Council stakeholders. At the same time, WREDA will also comply with the relevant Council's Revenue and Financing Policy.

15. Many economic development activities are long-term. Recent poorer economic performance relative to the national economy means that in some areas it will take time to accelerate growth. WREDA will have clear performance measures to ensure the ultimate outcomes are likely to be achieved
16. The rationale for sector interventions are explicit and the outcome/s being sought are reflected in the company's monitoring and reporting framework

Key performance Indicators (KPIs) and Reporting

17. Each of the entities that comprise WREDA has their existing KPIs which will be reported against for the 2014/15 year. For 2015/16 and beyond we want WREDA to develop a new set of KPIs to measure their performance including progress on the outcomes. They need to be as far as possible measurable and enable the question ***how do we measure success*** to be answered.
18. All legal reporting requirements and obligations for a CCO under the Local Government Act 2002 are fully met. This includes the provision of an SOI, audited annual report and six-monthly report. It is expected that the WREDA Chair and Chief Executive will provide progress reports at each of the WRS Committee meetings during the year.
19. The Shareholders will be provided with a 2015/16 business plan, a six monthly detailed progress report against the business plan and quarterly financial reports to the Chief Executives of the Shareholders.
20. The Chair of the WREDA or the Chief Executive is expected to be available to present to the Shareholders as necessary.

Yours sincerely

Wayne Guppy
Chair
Wellington Regional Strategy Committee