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Committee Wellington Regional Strategy Committee
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Wellington Regional Strategy review - next steps

1. Purpose

To provide the Committee with a proposal for the Wellington Regional Strategy (WRS) activity to continue, and provide a proposed approach for the refresh of the Strategy.

2. The decision-making process and significance

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002.

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance in accordance with the definition of "significance" in the Local Government Act 2002. Irrespective of its "significance" this is an important decision.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

3. Background

Following the independent review of the Wellington Regional Strategy (WRS), on 30 June 2011 the Committee agreed that the function of regional economic development should be continued (Report 11.296). In making this decision, the Committee also supported the review recommendation that to fully recognise the benefits of a region-wide approach to economic development, it is important that the Strategy itself be refreshed and that changes are considered to the governance and implementation arrangements.

The Mayoral Forum met at a workshop on 15 November 2011 to discuss the future focus of regional economic development activities, and the range of

governance options for the WRS. The outcomes of this discussion are reflected below. A paper setting out economic development issues for the region was provided to the Forum. A copy of this is in **Attachment 1**.

4. Mayoral Forum considerations

The Mayoral Forum workshop agreed that the success of the WRS is only possible if the region continues working together, and confirmed that all councils are committed to working together to advance the objectives of the WRS.

The workshop considered four main aspects of the WRS: the region's strengths and challenges; the areas the region needs to focus on in the short to medium term; the governance arrangements for the WRS; and the operation of the WRS Committee.

4.1 The region's strengths and challenges

It was generally considered that Wellington can only be competitive nationally and internationally by building on its points of difference and strengths. The following is a general outline of our strengths:

- We have the capital city of NZ in the region, with the rest of the region connected to the capital. This gives us access to Government and to senior public servants. We are also the region in which the majority of public servants live, which provides an additional connection for us into central government.

Through our capital city status we have access to the diplomatic community. The capital city status and links to central government is a potential selling point overseas.

- We have a high level of intellectual capital, and a highly-educated population compared to the rest of New Zealand.
- We have land-based economic growth potential, especially in Wairarapa.
- Our size, compactness and connectivity make us especially attractive to businesses, including those wanting to connect with others in the same sector.
- We have an internationally regarded film and television industry, especially on the back of Weta's success.
- We have world class science and innovation, with many research and tertiary institutions located in the region.

The workshop identified a number of key challenges facing the region. These include:

- The need to increase productivity.

- Marketing the region to attract the right people and businesses.
- Our physical access to the rest of NZ and the world, and the importance of the air and sea ports.

4.2 The economic strategy and focus areas

The workshop agreed that the economic strategy for the region needs fewer, clearer, high-level goals than the current WRS. It also agreed the goals need to be realistic and any use of rates needs to have real, measurable benefits.

A vision was suggested for the strategy which is:

“To be the smartest and most productive region in NZ”

Six focus areas were considered by the workshop to be the most important for the region. They are briefly described below. In addition to these focus areas, the workshop identified tourism as a key aspect of the region’s economic growth potential. While not currently a focus area the workshop identified this as a key component of the future regional economic strategy.

4.2.1 Focus area 1: Innovation

This would involve a strong focus on science and technology-driven innovation. It involves building on the region’s growing high tech, digital and established niche manufacturing capabilities, and its technology and research base, in which central government is a key player. It involves building better connections within the region and externally.

Innovation involves supporting existing successful businesses, and exploiting the region’s attractiveness as a vibrant and supportive environment for entrepreneurs to set up firms, access capital and to innovate.

Key initiatives could include:

- A central ‘clearing house’ to ensure co-ordination of innovation advisory services for the region’s businesses are developed between regional and central government partners.
- The facilitation of an innovation fund or mechanism for the region, and/or linking with national and international sources to meet the investment needs of the region’s businesses. The role for local government is in making investment connections locally and internationally
- Building on the region’s technology and innovation strengths and investigating options to more strongly drive development of business clusters and co-location options between the region’s research, education, firms and incubator activity (e.g. build from the region’s institutions such as IRL and GNS, existing initiatives such as Creative HQ, and Centres of Excellence such as Clean Technology).

4.2.2 Focus area 2: Investment for growth

The region needs capital for business growth. In particular it needs to attract international investment. The region also needs to make more of existing investment networks (such as angel investment networks) and ensure these are connected internationally and to local business opportunities.

Key initiatives could include the creation of a capital markets forum to better connect Wellington's financial institutions (such as NZX, merchant banks and venture capitalists) with the needs and opportunities of high-growth firms in the region.

The workshop agreed the region needs to work better with central government agencies and that it needs a systematic approach to do this embedded in current local government activities. It was recognised that the region needs good intelligence though links into research, science and business.

It was also believed the region can get more value from councils' relationships in Asia and other places.

4.2.3 Focus area 3: Building world class economic infrastructure

An identified constraint on growth is the region's level of connectedness at a national and international level – considered 'moderate' in terms of international trade, migration and international student connections. The workshop agreed that our infrastructure needs to be world class.

Key initiatives could include:

- Attracting long haul flights, identified as a priority issue
- Ensuring maximum value contributed by Wellington's port
- Broadband (advocacy and direct brokering to support higher quality national and international links, and building better urban and rural broadband services)
- Advancing regional economic infrastructure investment to support growth opportunities (e.g. transport and Wairarapa irrigation).

4.2.4 Focus area 4: Targeted marketing of the region to attract business, investment and talent

The WRS review identified that the region does not have a concerted approach to marketing the region to businesses, potential investors, skilled migrants and students. The approach should be targeted to the particular business niches, skills, or any gaps in the supply chain that would assist the Wellington region most and build on existing strengths. The workshop did not believe that this marketing should include providing incentives to companies to come to Wellington.

The region needs to develop a clear proposition for businesses and investors that is different, unique to the region, emphasises the lifestyle qualities (art, culture, open spaces, compactness, ease of transportation) and which articulates the distinctiveness and location choices within the region.

The approach also needs to have a strong focus on business retention.

Key initiatives could include a cohesive approach to marketing the region to businesses and investors, likely to also include a focus on export education opportunities.

4.2.5 Focus area 5: Education and workforce development

This focus area includes an advocacy and connections role (within the region and connecting with central government and internationally), building on existing initiatives to grow the region's skills and education base, and ensuring the region's specific skills needs are met.

Key initiatives could include:

- Regional education / business partnerships to identify and address core skills requirements of regional businesses
- Marketing of education
- Strategic partnerships with education and tertiary institutes to meet the region's needs
- Targeted internships and skills training programmes, working with the Ministry of Science and Innovation (MSI), the Tertiary Education Commission (TEC), WelTec, Whitireia etc – as has happened with WETA and Victoria University on digital skills programmes.

4.2.6 Focus area 6: Open for business

This focus area is about how the councils do their business and how easy they are to deal with. It means delivering council services with a 'can do' attitude, enabling a well-functioning built environment and facilitating a business environment where 'smart', innovative firms can flourish. This focus area recognises councils have an important role in delivering regulatory and other services in a business-friendly way, including making smart use of technology to improve the integration and cost-effectiveness of service delivery.

Key initiatives could include councils working together to achieve consistent "can do" cultures, streamlining regulatory processes and providing clear and consistent information.

4.3 Governance and resourcing of the Strategy

4.3.1 Governance

The Forum workshop considered a number of governance options for the WRS. These included the following:

(a) Status quo

The WRS Committee is a Greater Wellington standing committee comprising 7 council representatives and 5 non-local government members (including an independent chair). Greater Wellington delegates all decisions to the Committee it can and cannot act contrary to any recommendations from the

Committee. It must either accept a recommendation or send the decision back to the Committee for reconsideration. Grow Wellington is a CCO of Greater Wellington but oversight has been delegated to the WRS Committee.

(b) Variation of the status quo

This option is the same as Option 1, but includes various options for the number of members, and the split between local government and non-local government members.

(c) Joint committee

This option is a jointly-owned committee of the participating councils (i.e. not a standing committee of Greater Wellington). Consideration could be given to including independent appointees on a joint committee. Each council would formally agree to establish the committee and make its appointments. Ownership of Grow Wellington could be jointly held by the councils or be owned by one or some of the participating councils. Funding of the WRS and its implementation would also be the responsibility of the individual councils.

(d) Individual council-based economic development with discussion on issues at Mayoral Forum

Under this option each council would make decisions and rate on economic development activities, without a combined decision-making body. The Mayoral Forum would provide oversight/a forum to discuss issues of commonality and progress on achieving economic outcomes. All or several councils could join together for specific activities, similar to a shared service approach. Councils could establish their own economic development agencies, or contract to an agency owned by another council.

4.3.2 Preferred governance option

The workshop agreed to a variation of the status quo:

- Greater Wellington to continue to “host” WRS, rate to support the activity and oversee the activities of Grow Wellington
- WRS Committee as a standing committee of Greater Wellington, to continue with same delegations (i.e. all delegations that it can have under the Local Government Act)
- Membership of WRS Committee limited to a representatives from each of the councils in the region (i.e. nine members)

The workshop considered the possibility of an independent, non-voting chair but no agreement on this was reached. Under the Local Government Act the Chair has to be a member of the Committee, but it is possible for a member not to have voting rights. The workshop also considered it appropriate that the Grow Wellington Chair be invited to join the committee table but not as a member.

4.3.3 Operation of the WRS Committee

The workshop considered the way the WRS Committee has operated in the past and the matters raised in the independent review of the WRS. It agreed that in the future:

- Agendas should concentrate on focus areas rather than projects
- There needs to be improved communication/information from Grow Wellington
- Key sectors, partners and other agencies should be invited to the meetings to discuss issues and opportunities for progressing objectives of the WRS.
- Council representatives should bring to the Committee information about their councils' economic development activities. This is to enable the Committee to identify potential duplication between council and Grow Wellington (and other agencies) activities and to identify opportunities and gaps
- The Committee is to be clearer about its expectations of Grow Wellington and what it wants achieved. The Grow Wellington Board would still decide how to achieve its outcomes and report this back to the Committee
- The Committee should be the primary forum for monitoring local government progress in focus areas under their ambit, e.g. 'open for business' and 'building world class economic infrastructure'
- Improvements need to be made to communications back to individual councils, so that all councils are involved in the activities and have a high level of knowledge about the activities that are happening and what progress is being achieved.

4.3.4 Resourcing Grow Wellington and the WRS Office

The issue of resourcing the WRS Office and Grow Wellington was raised at the workshop, although not discussed in any substantial way. The general view was that more resources in the WRS Office will be required to support the WRS Committee under its modified approach. The level of resources will need to be determined through the preparation of the Statement of Proposal (discussed below).

5. Next steps

5.1 Statement of Proposal

To formally restart the WRS activity the Committee will need to confirm the Statement of Proposal to be included in Greater Wellington's Draft Long Term Plan 2012-2022. Consultation on the Long Term Plan will occur in April/May 2012. The Statement of Proposal will specify governance and support functions (i.e. the WRS Office and Committee structure), implementation arrangements and funding levels.

One option on the funding issue that the Committee might consider is to hold the total current funding levels for the WRS activity (\$4.6million) in the 2012/13 year, and allocate less to Grow Wellington (currently \$4.25m) and more into the WRS Office.

Officers will prepare an assessment of resource levels required to support the Committee and the cost of that resourcing. This will be included in a draft Statement of Proposal to be prepared for the meeting of 8 February.

5.2 Letter of expectation to Grow Wellington

Grow Wellington is required to develop its Statement of Intent 2012/13 and forward a draft to the WRS Committee by 1 March. To allow Grow Wellington time to include the new focus areas in its Statement of Intent, a letter of expectation to Grow Wellington will need to be confirmed at the 8 February meeting of the WRS Committee.

A draft letter will be prepared by officers for that meeting. In the meantime, it would be appropriate for the Chair of the WRS Committee to informally communicate the decisions in this report to the Chair of Grow Wellington.

5.3 WRS refresh

Refreshing the WRS document will be need to be undertaken. This should be carried out over the next 6 months.

While the focus areas for economic development, as agreed at the Mayoral Forum workshop, should be the core of the WRS, a decision will need to be made on the non-economic development aspects of the WRS. A draft of the proposed steps for this will be prepared for the meeting of 8 February. There will need to be engagement with sectors and key stakeholders in the refresh process.

5.4 New multi-lateral agreement

Following confirmation of the WRS activity in Greater Wellington’s Long Term Plan, a new multi-lateral agreement will need to be drawn up and signed by each of the councils in the region. The multi-lateral agreement sets out how the councils will work together to progress economic development in the region through the WRS activity.

5.5 Proposed timetable

| Month | Process |
|-----------------------|--|
| November - January | Development of WRS proposal for inclusion in Greater Wellington’s Long Term Plan |
| January/February 2012 | Letter of Expectation to Grow Wellington |
| 8 February WRS | Statement of Proposal approved by WRS |

| | |
|-------------------|--|
| Committee meeting | Committee Outline of strategy refresh agreed by WRS Committee |
| March - April | Consultation on Statement of Proposal with Greater Wellington's Long Term Plan |
| May | Hearing of submissions by WRS Subcommittee |
| June 2012 | Adopt Long Term Plan |
| June 2012 | Preparation of new Multilateral Agreement |
| June 2012 | Refresh of Strategy - draft completed |

6. Communication

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

7. Recommendations

That the Committee:

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Endorses the following focus areas for the Wellington Regional Strategy:***
 - *Innovation*
 - *Investment for growth*
 - *Building world class economic infrastructure*
 - *Targeted marketing of the region to attract business, investment and talent*
 - *Education and workforce development*
 - *Open for business.*
4. ***Requests the Chief Executives draft a letter of expectation for Grow Wellington, based on the focus areas, to be agreed by the Committee at the next meeting.***
5. ***Agrees the process set out in section 5 of this report to restart the WRS activity.***

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Attachment 1: *Economic development issues for the Wellington Region*, material prepared by Martin Jenkins for the Mayoral Forum workshop 15 November 2011.