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Committee Wellington Regional Strategy
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Establishment of a Regional Economic Development Agency to implement the Wellington Regional Strategy

1. Purpose

To seek the approval of the Committee to recommend to the Council that it establishes a Council Controlled Organisation to act as a regional economic development agency, in the form of a not-for-profit company, to implement the economic development components of the Wellington Regional Strategy, and to agree on a process to appoint the board.

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 Interim WRS Committee (Interim Committee), on behalf of Greater Wellington, has taken the WRS and its governance and funding proposals through a special consultative process. The Interim Committee was established in August 2006 specifically for this purpose.

The Interim Committee completed its work in January 2007 and recommended that the WRS be confirmed (with amendments) and that Greater Wellington establishes a regional economic development agency (EDA) to deliver the economic growth initiatives in the WRS. These recommendations were adopted by the Council at its meeting on 22 February.

Part of the proposal confirmed through the special consultative procedure was for a Regional EDA to be established, in the form of a Council Controlled Organisation (CCO), to implement the economic development initiatives of the WRS.

4. Form of the Regional EDA

The Council has confirmed that a new CCO is the most appropriate agency to implement the economic development initiatives of the WRS. Both the WRS Hearings Subcommittee and the Interim WRS Committee considered the options for the form of the CCO, with the principal options being:

- A not-for-profit company
- An incorporated charitable trust

These options were explicitly part of the consultation document. The committees concluded that the most appropriate form would be a not-for-profit company. The company option will provide greater flexibility than a charitable trust option because there is no need for the agency to restrict its activities to advancing a charitable purpose. This has been identified as one of the limitations of Positively Wellington Business, which was established as a charitable trust.

4.1 Constitution

The draft constitution is included as **Attachment 1**. The constitution is relatively standard although the following transactions require shareholder approval;

- The incurring of debt or the giving of guarantees
- The giving of security or giving of any guarantees
- The establishment of any council controlled organisation
- Changing the company name
- Approval of dividends
- Any transaction where the Company acquires/sells more than 20 % of its assets.

4.2 Company Name

For the purpose of establishing the regional EDA it is proposed that the simple descriptive name be Regional EDA Limited. This complements the names of other Greater Wellington CCOs. It is envisaged, however, the Board of Directors of the company will select a different trading name in due course.

5. Appointment of Board Members

5.1 Criteria for Appointment

In accordance with recommendations from the Interim WRS Committee Greater Wellington has resolved to appoint a merit-based board to the EDA, comprising 7 people. These people are to have the capability and experience necessary to govern a successful EDA.

The feedback on the governance proposal received through submissions suggested the need for the board to have a strong commercial sector representation. The Interim WRS Committee considered that appointees should have the skills, knowledge and passion to ensure the regional EDA is effective for the total Wellington Region.

These considerations will guide the selection of appropriate board members.

5.2 Appointment Process

A process led by the Chairman of the WRS Committee and supported by the Chief Executives Group is proposed for the appointment of the board. The WRS Committee will make the final recommendations to Greater Wellington for the appointments.

A wide range of sources will be used to identify potential board members. This will include databases available through central government and the Institute of Directors. In order to attract a wide range of skilled people and to ensure the best people are appointed to the board it is proposed to also call for Expressions of Interest through ads placed in newspapers and through appropriate professional institutes.

The Chief Executives would provide a shortlist of candidates to the Chairman of the Committee. The Chairman would then consider the shortlist and, in consultation with other Committee members, identify the most appropriate people. The Chairman may consider interviewing prospective members.

The Chairman will propose the names of seven people to the WRS Committee. The WRS Committee will consider these nominees and if they are accepted recommend their appointments to Greater Wellington.

It is expected that the appointment process will be completed in time for the full board to be in place prior to 1 July 2007, with an agreed Statement of Intent.

Directors are proposed for appointment in the interim period to facilitate the establishment of the agency while the permanent board directors are sought. This is the subject of a separate report to the Committee. While this departs from usual practice, in this instance it will be necessary in order that the EDA is in a position to begin implementing the WRS on 1 July 2007.

6. Impact of the Decision on a Section 16 Objection Process

Greater Wellington's proposal to undertake the "keeper" role for the WRS may be subject to an objection process under Section 16 of the Local Government Act 2002. In the first instance this would involve a reference of the decision to mediation by one or more of the region's territorial authorities.

At the time of preparing this report Greater Wellington had not received formal notice of any reference to mediation. However, Upper Hutt City Council has signalled verbally that it will refer the matter to mediation.

The establishment of the regional EDA will not prejudice any decisions that may arise through either a mediation process, or ultimately a decision of the Minister, should the matter be decided by the Minister. If the final decision is for Greater Wellington not to take on the new activity, the company can be discharged.

7. Communication

A press statement will be prepared following the conclusion of the meeting outlining the matters arising from the decision.

8. Recommendations

That the Committee:

1. ***Receives*** the report.
2. ***Notes*** the content of the report.
3. ***Recommends*** to Greater Wellington that it establish a Council Controlled Organisation as a not-for-profit company to implement the economic development elements of the Wellington Regional Strategy.
4. ***Recommends*** to Greater Wellington that the name of the EDA be Regional EDA Limited.
5. ***Recommends*** to Greater Wellington the constitution of the Regional EDA as in Attachment 1.
6. ***Instructs*** the Chief Executives Group to initiate a recruitment process, including calling for Expressions of Interest and preparing the shortlist of potential appointees.
7. ***Requests*** the Chairman, with assistance from the Chief Executive Group and in consultation with Committee members, undertakes a process to identify seven people for appointment to Regional Economic Development Agency Ltd.

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Attachment 1: Regional EDA Ltd Constitution