



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

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Committee Wellington Regional Strategy Committee
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Submissions received on the Wellington Regional Strategy in the Draft Long-Term Plan 2012-2022

1. Purpose

This report provides an overview and highlights the key issues contained in the submissions that Greater Wellington received on the Wellington Regional Strategy as part of the Draft Long-Term Plan 2012-2022.

2. The decision-making process and significance

No decision is being sought in this report. This report provides a summary of submissions received for your information.

3. Background

Greater Wellington's proposed Long-Term Plan 2012–2022, and associated summary document was released for public consultation on 26 March 2012. A proposal to continue the Wellington Regional Strategy activity formed part of Greater Wellington's proposed Long-Term Plan. The proposal to 'Continue the Wellington Regional Strategy activity' is appended as **Attachment 1**.

The proposed Long-Term Plan was made available on Greater Wellington's website, and sent to a list of key stakeholders and interested parties (around 300 in total). A summary of the proposed Plan was distributed to all households in the region. The summary identified the key proposals in the plan over the next ten years, including the Wellington Regional Strategy activity.

4. Submissions

4.1 Summary

In total 980 submissions were received that pertained to the Wellington Regional Strategy activity. The number of submissions grouped according to those who supported or opposed the continuation of the Wellington Regional Strategy is as follows:

Support	587
Oppose	381
Unsure	<u>12</u>
Total	980

The majority of submissions did not contain comments regarding the Wellington Regional Strategy, but simply indicated support or opposition to the Strategy's continuation by ticking a YES/NO box. A significant proportion of comments queried the costs involved in maintaining the Committee and implementing the Strategy.

4.2 Submission themes

4.2.1 Cost

Concern was expressed about the cost of funding the Strategy by both those who supported and opposed the continuation of the Strategy. Common themes around the cost of the activity were:

- Ratepayers should not be responsible for incurring the costs, and that businesses should be funding projects designed to make the region more economically competitive.
- There should be greater scrutiny of operational costs.
- The Strategy has not noticeably improved the performance of the economy over the last four years when compared to the rest of New Zealand.
- Suggestions were made regarding how the proposed funding for the WRS could be better spent, including water supply, pest control, holding the money in reserve for the civil defence and emergency management plan, or for upgrading public buildings to withstand earthquakes.
- Suspicion that a significant portion of the Wellington Regional Strategy funding would go towards expensive consultants and contractors.

4.2.2 Wellington Regional Strategy Committee

Overall, there appeared to be some confusion about the precise nature of the Committee's role and what they were expected to achieve. Comments about the Committee included:

- Questions as to whether the cost of maintaining the Committee could be justified. Some felt that there ought to be a reduced number of Committee meetings.
- Some criticised what they perceived as a situation in which bureaucrats are trying to 'pick winners' to create a vibrant economy. A number of submitters emphasised the need for less bureaucracy, not more.

- Some people felt that the Committee being composed of various Council members from across the region constituted “double-dipping” or a “duplication of services.”
- Some submissions stated they would like to see the Committee establish a set guidelines, which will stay in place for further years for the individual Councils to work by, instead of funding staff at Grow Wellington.
- Wellington Employers' Chamber of Commerce supported the WRS Committee continuing to oversee governance but saw merit in reviewing the membership and makeup of the Committee. They commented that reweighting the representation according to rating contribution as opposed to one voice-one vote may result in more buy in from large disaffected Councils.

There were several suggestions made about the composition of the Committee:

- Interested members of the public and residents associations should not be excluded.
- A research or NGO representative should be appointed.
- The Committee should exist within Greater Wellington and have elected Council representatives only. Greater Wellington could then obtain specialists for funded projects as required.

4.2.3 Grow Wellington

The following themes about Grow Wellington emerged in comments on the proposed Long Term Plan:

- An evaluation of what Grow Wellington has achieved is needed before ongoing funding commitments are made.
- Positively Wellington Tourism and the Wellington Employers' Chamber of Commerce supported the proposal that Grow Wellington continues as the region’s economic development agency going forward.
- Some were doubtful that the money spent by Grow Wellington constituted a good use of rate payer funds.
- Having the Wellington Regional Strategy and Grow Wellington was superfluous and that they should be merged. Some were of the opinion that Grow Wellington and the Strategy are all about Wellington city and that therefore Wellington city should pay for it and leave the rest of the region to develop and implement its own growth strategies.
- Some thought that Grow Wellington should be shrunk until such time as an economic boom re-emerges (if one does), as all business proposals need 'demand', which is suppressed during a recession and can be over-estimated.

- There was an assertion that Grow Wellington should reduce its programmes and focus on core content, rather than events aiming to get people to spend money they don't have.
- Some submissions stated a preference for either disbanding or minimising expenditure on Grow Wellington, and instead concentrating on issues of sustainability, equity and fairness.

4.2.4 Greater Wellington's role

A diversity of opinions was expressed regarding Greater Wellington's role, as follows:

- Porirua and Upper Hutt City Councils, Kapiti Coast District Council and Wellington Employers' Chamber of Commerce all registered their continuing support for the leadership role that Greater Wellington provides in facilitating a collaborative approach to economic development.
- Federated Farmers registered support for the continuation of the WRS in a status quo situation, though commented that they viewed the status quo governance as not very agile, but that the proposed joint committees would be even more unwieldy.
- The need for Greater Wellington to host or perform supporting functions was questioned by some, commenting that Grow Wellington as a CCO is enough.
- One opinion was that Greater Wellington's involvement in economic development strategies and initiatives should cease because the projects to date were not seen to have produced any tangible or significant economic benefit to the region.
- Some criticised the Strategy on the grounds that it is too council-area focused and not based on an amalgamated/single local authority structure. However, others held the view that Greater Wellington should cease any efforts to encourage city and district councils in the region to work together and that the WRS should be the domain of city councils, not Greater Wellington. Submitters in the latter camp felt that funding into a common pot ends up with little control and that therefore each council should organise its own funding and be accountable to its own rate payers.
- In particular, a number of submissions stated that Upper Hutt has had little benefit from the WRS in relation to cost and that economic development in each territorial authority should be left to local councils with better local knowledge.

4.2.5 Governance

- Federated Farmers registered support for the continuation of the WRS in a status quo situation, though commented that they viewed the status quo governance as not very agile, but that the proposed joint committees would be even more unwieldy.

- Some submissions expressed the view that there is a need to rationalise the number of Councils in order to cut down on the level of bureaucracy.
- Some submissions stated that they believed the WRS created governance for the sake of it.
- One view was that the Chamber of Commerce or EMA would be better placed to undertake economic development in the Wellington region and that local government should not be involved as it is a private sector responsibility.
- Another opinion was that co-ordination of the WRS could be through the Mayoral Forum and Greater Wellington Strategy, because a separate economic entity creates more expense and will duplicate work supposed to be carried out by Central Government agencies such as the Ministry of Economic Development and New Zealand Trade and Enterprise.
- It was suggested by the Tawa Community Board that the current governance arrangement could be overtaken by the possible merger of the Councils.

4.2.6 Economic growth and sustainability

- Quite a number of submissions commented that the Strategy must be based on the principles of sustainable development. There were concerns that the Strategy is having too little effect on creating the kinds of work/growth opportunities that are accessible to all communities in a sustainable way. An example cited by several submitters was that the commitment to “good urban form” was contradicted by Greater Wellington’s support of Upper Hutt's urban sprawl proposal in Maymorn.
- There was quite a lot of concern about the new, much narrower focus on the purely economic elements of the Strategy. It was acknowledged that, while a tighter focus may well be advisable, a singular focus on economic growth to the exclusion of other areas such as open spaces, biodiversity, and other important focus areas was not desirable. The fundamental importance of healthy ecosystems in enabling economic activity was highlighted.
- A number of submissions noted that attention should be given to the interconnectedness of economic development, urban development, transport and environmental quality. Retaining a focus on good regional form, including urban design, was strongly advocated.
- Several submissions emphasised that we should aim to be more economically co-operative and more economically sustainable rather than economically "competitive", which was seen as too narrow. A broader, more long-term vision was advocated and it was suggested that Wellington should aspire to lead the way in developing and funding sustainable solutions in transport, land use, asset management, and resource management, as this would attract new residents and businesses for the long-term.
- Mt Victoria Residents' Association stated their disappointment that the WRS’s sole aim is to make the region more economically competitive.

They would prefer the WRS be more people-focussed, with less bureaucracy, or to see it scrapped in favour of improving the regional parks and making the region more friendly and encouraging, and safer, for pedestrians and cyclists.

- Similarly, it was suggested that regional leadership must ensure that all CBDs across the region have a clear public and active transport focus, and such things as tourist public transport passes to support visitor use of attractions across the region and stencilled walking routes through the Wellington CBD to main destinations were endorsed.
- There were others who felt that the idea of a 'sustainable growth' strategy is a contradiction in terms.
- In contrast with the above comments, Wellington Employers' Chamber of Commerce were pleased that the WRS is being revised to focus more closely on the region's economic growth and supported the proposed six new focus areas. However, the Chamber noted that it would be concerned if there is any duplication between the WRS and Wellington City Council's Economic Development Strategy, given the contribution that Wellington business rate-payers are making to these two agencies.
- Masterton District Council registered full support for the recent re-focus from export to job growth and asked that this be included in the Strategy.
- Sustainable Wairarapa wished to add to the proposed WRS the development of an energy strategy with the objective of making use of the Region's renewable energy resources in order to strengthen the Region's energy security and underpin sustainable development. They also proposed to add an assessment of the Region's best soils and their potential use, plus an assessment of infrastructure requirements to meet any potential resulting shift from this use.
- Fonterra registered an interest in being involved in any preliminary discussions regarding amendments to the Strategy or proposed new planning documents of similar scope.

4.2.7 Measuring value

There appeared to be a lack of understanding regarding who benefits from investment in the Strategy, and comments were made that it is hard to ascertain value generated from funds spent. It was felt that if value for money was being achieved then continued calls for regional amalgamation would have ceased.

Some submissions noted that it was difficult to comment on the Strategy as it was not clear what had been achieved since 2007 under the current Strategy. It was commented that some Strategy work is required, but tangible investment in infrastructure and services needs more attention. Some submissions said that the proposal looks great in theory but that it was unclear how the tangible outcomes would be measured. A number of submissions stated that the amount to be spent on the WRS appeared high without further information about the anticipated outcomes. Some form of cost/benefit study was proposed in order to ensure good value for money is achieved.

4.2.8 Clarity of proposal

Several submitters commented that they felt the proposal to continue the WRS was broad and ill-defined. People felt the objectives were vague and that they were unclear as to exactly what the Strategy aims to do. A common complaint was that the information given regarding the WRS was not specific, and thus it was difficult to have an opinion.

Concern about 'duplication' in the economic development arena was a common theme. For example, the question arose as to whether the WRS duplicates existing channels in Central Government. Wellington Employers' Chamber of Commerce noted their concern about the potential for unnecessary duplication of regional economic development activities in light of Wellington City Council's concurrent Economic Development Strategy.

5. Comment

Officers have read and considered the submissions on the Wellington Regional Strategy Proposal, and do not recommend any changes to the proposal. Many of the comments made by submitters, particularly the comments in relation to sustainable economic growth and sustainability will be picked up through the refresh of the Wellington Regional Strategy and its implementation.

6. Recommendations

That the Wellington Regional Strategy Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report prepared by:

Report approved by:

Report approved by:

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Attachment 1: Proposal to continue the Wellington Regional Strategy activity

Wellington Regional Strategy Proposal

1. Introduction

Greater Wellington wants to hear the views of the people of the region on our Proposal to continue to fund the Wellington Regional Strategy (WRS) activity.

The Wellington region is a great place to live and work. To keep it this way we must ensure our economy is internationally competitive. As a region we face some challenges to achieve sustainable prosperity, which is why in 2004 the councils of the Greater Wellington region decided to work together to develop a WRS to achieve our economic goals.

Since 2007 the region's councils, in conjunction with central government and the region's business, education, research and voluntary sectors, have worked together under the WRS to make the region "internationally competitive" – in other words, a region that offers the competitive package of a great lifestyle and job opportunities, supported by a strong economy.

When the WRS multi-party agreement was signed by all the region's councils in late 2007, Greater Wellington was asked by the other local authorities in the region to host the WRS and to fund this through regional rates. It was agreed that the WRS arrangements be revisited this year. We are proposing in this Long-Term Plan that Greater Wellington continue this role.

2. Overview of proposal

This Proposal represents a renewed commitment from all councils in the Wellington region to continue the WRS activity. This recognises the ongoing commitment of the region's councils to work together on sustainable economic growth and development for the Wellington region.

The key elements of this proposal are:

- Greater Wellington retains responsibility on behalf of the region for the WRS by hosting the WRS Committee and the WRS Office:
 - The WRS Committee continues to oversee decision making and governance of the WRS. All councils in the region will be represented on the committee, in addition to five non-local government members
 - The WRS Office continues to support the implementation, monitoring and review of the WRS

- Grow Wellington (a Council Controlled Organisation of Greater Wellington) continues as the region's economic development agency
- Greater Wellington, on behalf of the region, continues to fund the delivery of the WRS (including Grow Wellington and the WRS Office) through a targeted rate for economic development initiatives

3. Background

3.1. Current WRS

The WRS (or Strategy) is a joint initiative by all councils in the Wellington region to promote and facilitate sustainable economic growth and development for the region.

The process to develop the Strategy was initiated in 2004, following recognition by councils that each had similar aims and goals for economic development and it made sense to avoid duplication and work together for the benefit of all.

At its heart, the current Strategy is about economic growth and development. In preparing the WRS however, the region's councils were keen to ensure that the WRS was underpinned by broader and more sustainable aims. To this effect, the current WRS was developed on the basis that:

- Economic growth and development must reflect the principle of sustainable development with its four dimensions of economic, environmental, social and cultural wellbeing
- Particular attention was made on the interconnectedness of economic development to urban development, transport and environmental quality
- Economic activity supported by the WRS reflects and takes account of the community values that define each city or district of the region
- Links were made to councils' statutory obligations under the Local Government Act 2002 and other Acts, in particular, the development and adoption of Long-Term Plans, the Regional Land Transport Strategy and the Regional Policy Statement

The WRS was formally adopted by all councils in the Wellington region in May 2007. This included the establishment and funding of a regional economic development agency (Grow Wellington Ltd), as well as establishing a committee of Greater Wellington to oversee the implementation and further development of the Strategy (the WRS Committee). Membership of the WRS Committee includes representatives from the region's councils and independent members with specialist expertise and experience.

The current WRS has three primary focus areas:

- Effective leadership and partnerships. Most of the WRS initiatives are about facilitation and bringing together the key players that can deliver on the region's sustainable growth objectives. This relies on effective leadership and forging partnerships between local authorities, central government, business and the education, research and voluntary sectors
- Growing the region's economy, especially its exports. The focus on investment in exports was proposed as a response to the generally poor economic performance of the region at that time
- Good regional form. Regional form is about the physical arrangement of urban and rural communities and how they link together. It is a key aspect that contributes to the region's economy and quality of life. Priority actions include: strengthening city and town centres, matching transport decisions to urban and rural needs, quality urban design, improving open spaces and providing housing choice in appropriate locations

It is important to note that the economic climate facing the region today is fundamentally different to that of 2006/07 when the original WRS was adopted. The Strategy is being revised to focus more closely on economic growth issues in the region. Further details are set out in section 4.2 of this Proposal.

3.2. Review of the WRS

Consultants MartinJenkins were commissioned in late 2010 to undertake a review of the WRS. The findings were presented to the WRS Committee, all Councillors in the region, and the Grow Wellington Board in June 2011. Overall, the review supported the fundamental rationale behind the WRS and continuation of a regional approach to facilitating economic development. The final report concluded that there remain good reasons for continuing to pursue economic development at a region-wide level, and to fund and deliver economic development activities on a region-wide basis. For a copy of the WRS review report go to www.wrs.govt.nz/wrs-review-2.

4. The proposal

This Proposal is issued by Greater Wellington because it wishes to continue its current role in relation to regional economic development and the WRS, beyond 30 June 2012.

When the region's councils entered into the multi-party agreement for a regional approach to economic development in 2007, it was agreed that the arrangements be reviewed by 30 June 2012 and that, if it was agreed

that Greater Wellington continues to carry out regional economic development activity after 30 June 2012, it would undertake this process.

As set out in section 5 of this Proposal, few changes are anticipated to the way in which the activity is currently run. For this reason, it is expected there will be a negligible effect on council's activities.

Matters relating to the WRS and its governance, delivery and funding are regularly discussed at the Wellington region's Chief Executives' Forum and the Mayoral Forum, as well as more formally through the WRS Committee. Represented by their mayors, the territorial authorities are each broadly in line with the WRS, as outlined in this Proposal. It is therefore unlikely that any objections will be raised.

4.1. Governance, delivery and funding of the WRS

This Proposal is about the on-going governance, delivery and funding of the WRS activity through Greater Wellington.

It proposes that:

- Greater Wellington retains responsibility on behalf of the region by hosting the WRS Committee and the WRS Office:
 - The WRS Committee continues to oversee decision making and governance of the WRS. The WRS Committee is proposed to comprise the Chair of Greater Wellington Regional Council, a representative of each of the eight local councils, and five non-local government representatives who represent established networks within the region
 - The WRS Office continues to support the implementation, monitoring and review of the WRS
- Grow Wellington, as a Greater Wellington-controlled organisation, continues to operate as the region's economic development agency on behalf of the region
- Greater Wellington, on behalf of the region, continues to fund the delivery of the WRS (including Grow Wellington and the WRS Office) through a targeted rate for economic development initiatives from 1 July 2012. Funding for the WRS for the 2012-22 period is proposed at \$4.6 million per year, the same as funding in 2011/12. The allocation of funding is to be split at \$4 million for Grow Wellington and \$600,000 for the WRS Office and the work of the WRS Committee

This is a targeted rate allocated on a fixed-amount basis for residential and rural ratepayers. It is allocated on capital value for businesses. For residential properties, the fixed amount is \$14 plus GST and rural properties \$28 plus GST.

4.2. Revised strategy

Following the WRS review, further work was commissioned on economic development issues for the region. The WRS Committee considered and endorsed the following revised focus areas to address sustainable economic growth issues in the region:

- **Focus area 1: Commercialisation of innovation**
With a focus on science and technology-driven innovation, this focus area 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.
- **Focus area 2: Investment mechanisms for sustainable growth**
This is about attracting international investment, making more of existing investment networks (such as angel investment networks) and ensuring these are connected internationally and through local business opportunities.
- **Focus area 3: Building world class economic infrastructure**
Regional economic prosperity is heavily dependent on the region's level of connectedness at local, national and international levels. This is in turn, dependent on the quality of our foundation infrastructure and transport systems.
- **Focus area 4: Attracting business, investment and talent to the region**
This is about having a targeted approach to attracting businesses, potential investors, skilled migrants and students to the region.
- **Focus area 5: Education and workforce development to service regional economy needs**
This focus area is about building on existing connections and initiatives to grow the region's skills and education base, and ensure the region's specific skills needs are met.
- **Focus area 6: Open for business**
Being open for business is about councils delivering business services with a "can do" attitude and facilitating a business environment where smart, innovative firms can flourish.

Work is currently underway to refresh the WRS document and look in detail at how Grow Wellington and the region's councils can focus their work in these areas.

5. Consideration of alternative governance, delivery and funding options for the WRS

In coming to this Proposal, the WRS Committee considered a series of options for the governance, delivery and funding of the WRS, following on from the report back on the WRS review. This forms part of the requirement under the Local Government Act 2002 for councils to consider the benefits and costs in terms of the present and future social, economic, environmental and cultural wellbeing of the region.

5.1. Governance options

Two governance options were considered:

1. **Status quo – continuation of the WRS Committee as a standing committee of Greater Wellington with funding provided as it currently is through a regionally administered targeted rate to support Grow Wellington and other implementation costs**
2. **Joint committee of the region's councils – this would see partners in the joint committee (those who wish to be involved) taking shared responsibility for the administration, delivery and funding of the WRS. Each council partner would rate separately via an integrated funding agreement for the WRS implementation, including support for Grow Wellington**

Options	Assessment
1. Status quo	<p>Simple rating structure</p> <p>A targeted rate means that the funds are significant and that the whole region pays a share of the costs</p> <p>Simplicity of approval and appointments processes for Grow Wellington through one governing body</p> <p>Involvement of independent members potentially provides:</p> <ul style="list-style-type: none"> wider range of expertise and new ideas balancing the potential for focus on local activities at the expense of wider regional benefit <p>Structures already in place so there would be no transitional costs</p>
2. Joint committee	<p>Maintains accountability at a local level</p> <p>Could enable stronger integration between Grow Wellington activities and territorial authority business development activities</p> <p>No guaranteed long-term commitment to action or funding because annual funding decisions are subject to individual councils' Annual Plan processes</p> <p>If all councils are not involved it could potentially be more difficult to obtain central government assistance</p> <p>Risk of high transaction costs in relation to on-going contractual requirements between Grow Wellington and the various councils constituting the committee</p> <p>Inefficient and duplicate processes for funding and monitoring</p>

We are proposing Option 1 – status quo – for governance.

5.2. Delivery of economic development activities

Two variations of delivery models were considered:

1. Status quo – Grow Wellington, as the region's economic development agency, continues to deliver economic development activities across the region on behalf of the region's councils, supported by councils delivering at a local level
2. Councils deliver – Councils within the region undertake economic development activities in-house

Options	Assessment
1. Status quo	<p>Provides a consolidated delivery of economic development activities across the region according to a regional mandate set by the WRS</p> <ul style="list-style-type: none"> Ability to access central government funding for regional growth projects Ability to target collaboration and investment in larger capital-intensive projects
2. Joint committee	<p>Local priorities likely to affect the ability to deliver on regional economic development priorities</p> <p>Could result in duplication or competition of local economic activity to the detriment of regional economic gain</p> <p>Variable ability between councils to access central government funding and investment</p>

We are proposing Option 1 – status quo – for the delivery of economic development activities.

5.3. Funding formula

Two options were considered:

1. Status quo – the economic development agency rate. This is a targeted rate allocated on a fixed-amount basis for residential and rural ratepayers. It is allocated on capital value for businesses. For residential properties, the fixed amount is \$14 plus GST and rural properties \$28 plus GST
2. Capital or land value based system for all ratepayer categories. Rural and residential ratepayers would pay an amount based on capital or land value. Businesses would pay on a capital or land value.

Options	Assessment
1. Status quo	Fair and equitable system that reflects the distribution of benefits Transparent and easily understood by ratepayers A capital value based rate for businesses allows for equity between large and small businesses
2. Joint committee	Rural ratepayers, especially the owners of larger rural properties, would pay a disproportionately high contribution to the activity Businesses would potentially be pay a disproportionately low contribution to the activity that has high direct benefits to business

We are proposing Option 1 – status quo – for the funding formula.

6. What we will deliver

It is intended that the WRS activity contribute or deliver the following performance targets shown in the following table.

Note: The region will also continue to update the Genuine Progress Index. This will assist us in measuring the region's overall performance, including our economic wellbeing.

Level of service	Performance measures	Performance targets				
		Baseline	2012/13	2013/14	2014/15	2015/22
Promote economic growth in the region through: <ul style="list-style-type: none"> • CCO • WRS Office • WRS Committee 	Percentage of GDP spent on research and development	1.50% (Average 2005-2010)	1.55%	1.65%	1.75%	1.85%
	Percentage of workforce employed in highly skilled occupations	21.8% (2010)	21.9%	22.0%	22.1%	22.2%
	GDP per capita	\$55,000 (2010)	\$56,100	\$56,900	\$57,750	\$58,600

