

Report 14.223  
Date 24 April 2014  
File WRS/09/01/01

Committee Wellington Regional Strategy  
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## Business Friendly Region Assessment

### 1. Purpose

To assess how the *Open for Business* activities in the Wellington Regional Strategy (WRS) align with the LGNZ Business Friendly Guidelines released in February this year.

### 2. Background

The Committee has requested a report on how the region measures up against the national *Business Friendly* guidelines. Without undertaking surveys of clients using councils' services and impacted by their policies, it is difficult to assess to what degree the region is considered business friendly. Such surveys of affected parties will be included in the WRS Evaluation project currently underway.

As an interim step, this report outlines:

1. the framework provided by the LGNZ Business Friendly Guidelines
2. the *Open for Business* activities of councils and the WRS Office using the above framework
3. opportunities for further business friendly activities.

In February this year LGNZ and the Ministry of Business, Innovation and Employment (MBIE) published business friendly guidelines as part of the Core Cities work. This involved the six largest metropolitan councils including Wellington City.

The project was designed to establish a national framework by which councils would develop a business friendly culture. This approach is relevant to the WRS *Open for Business* outcome of the Wellington region being known as a place in which it is easy to do business. Achievement of this outcome would be determined by perception based surveys.

The business friendly guidelines provide high level principles and a process to follow, as opposed to best practice guidelines. It is unclear what the problems are that the guidelines are attempting to remedy so one must make an assumption they relate to well publicised complaints by businesses of local government related practices, costs and lack of consistency. International research shows business concerns with government practices generally fall into the following categories:

- Unfair taxation or rating system
- Planning, zoning and consenting processes
- Business support services not visible or relevant for most
- Customer services and processes.

It is worth noting that at an international level New Zealand consistently scores very high in “business friendly” measures. For example New Zealand has consistently been in the top three nations in the *Doing Business* global rankings from 2006.

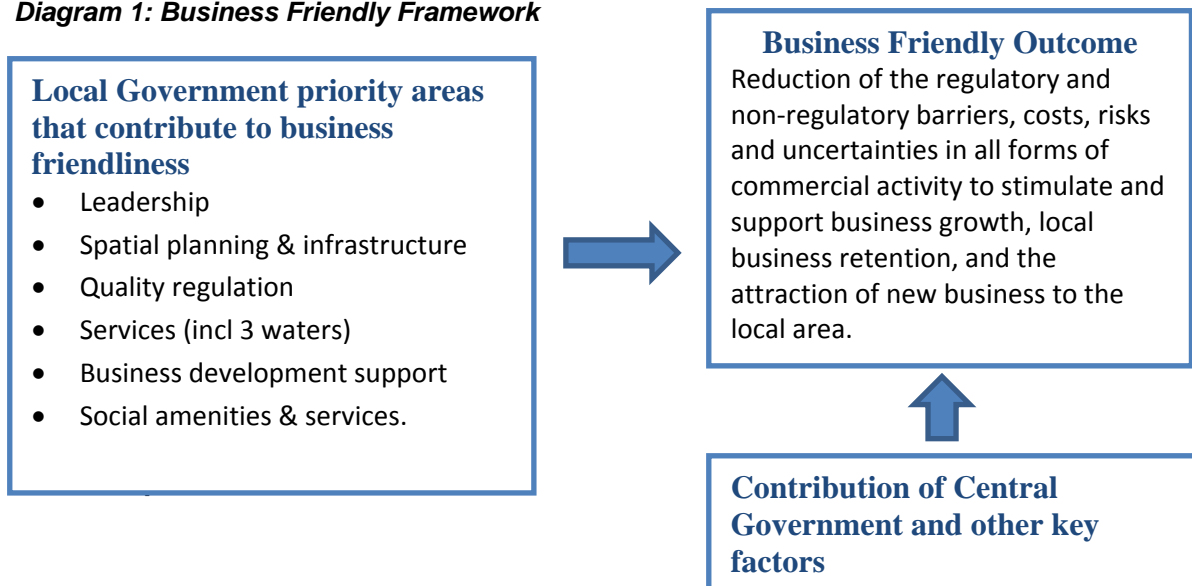
The LGNZ guidelines are targeted at implementation by individual councils rather than a regional approach as promoted through the WRS. However the general principles and process can be applied at a regional level although the ability of the WRS to embed a business friendly culture in councils is limited.

## 2.1 National framework

The LGNZ business friendly guideline is made up of a national framework, six principles for creating a business friendly council and a four stage implementation process. There are 14 case studies that give some practical insights into business friendly practices by the sponsoring councils.

These components of the guidelines are outlined below. They provide the basis for assessing at what point the region is in developing a business friendly approach. This is based solely on activities rather than any measure of how the regional and/or individual councils are perceived in this area.

**Diagram 1: Business Friendly Framework**



There are six (6) key principles for creating a business friendly council, as follows:

1. Foster excellent relationships and partnerships – *establishing a collaborative culture, skills and processes in council-business relationships*
2. Context matters – identify local challenges and local business needs – *recognising that cities and regions have different challenges and opportunities to progress*
3. Provide certainty and clarity for business decision-making – *planning requirements and regulation are clear for business*
4. Every interaction with business counts – *there are multiple touch points with council that can improve the experience for business*
5. Be proactive and look for opportunities – *working with business to leverage opportunities*
6. Respond rapidly and flexibility after major disruption to business – *to help business in any possible way post a major event*

These principles would drive councils' business friendly processes, services and systems at an operational level.

## **2.2 Implementation at a council level**

A four staged process to implement a business friendly council and culture is promoted in the guidelines.

1. Undertake analysis – this work includes factors such as identifying the various touch points with business, identifying internal strengths and weaknesses, reviewing the coherence of information and getting a stakeholder perspective.
2. Identify and assess opportunities – looking for areas of improvement, good practice and where significant efficiency gains can be achieved.
3. Embed business friendly principles in council activities – looking at council services through the eyes of business.
4. Support the development of a business friendly culture within the council – turning business friendly behaviours into “business as usual”.

This implementation process is obviously designed for individual councils. From a WRS perspective the focus has been on where across-council business friendly approaches are warranted and then how these may be implemented by all councils in the region.

### 3. Comment

Information is provided on business friendly related activities progressed through the WRS, councils and potentially through the shared services programme.

#### 3.1 WRS Open for Business activities

Following the refresh of the WRS in 2012 work commenced on the Open for Business focus area of the strategy. The process followed mirrors the implementation process published in the LGNZ, namely:

*Undertake Analysis* – this exercise included reviewing international practice and evidence, seeking what data was available in the region on understanding how councils could be more business friendly, and a stocktake of current council activities that interface with business. This stocktake categorised activities across regulatory areas, information provision, services and enquiries, and procurements. It did not extend to infrastructure.

A framework was developed (Appendix 1) for considering the business transaction process and where the contacts points for councils was likely to be in this mix. While councils come in for most criticism through regulatory functions, there are many less visible contacts that can equally influence whether an experience is “business friendly” or not. Examples include promotional material and messaging, and how relevant information is presented and made accessible. The analysis also looked at barriers to being considered business friendly which in turn identified areas for improvement.

*Identify and access opportunities* – the analysis stage highlighted areas of council activity where improvement could be made. At a regional level such opportunities are divided into strategic areas such as spatial planning and integrated IT systems, and more traditional shared services type activities. Spatial and district planning activities were being progressed through the Regional Planning Managers Group, and regional ICT projects through the IT Managers Group. Both of these regional programmes will presumably be incorporated into the Spatial Planning and ICT Shared Services projects agreed by the Mayoral Forum mid last year.

The WRS Office emphasis has been on promoting more pragmatic across-council initiatives. LGNZ Shared Services guidelines and selection criteria were applied in deciding what projects to progress. These have then promoted through the Wellington Economic Development Manager Group (WEDG) as a means of applying regional consistency and demonstrating a business friendly approach. This work has been on-going however largely placed on hold pending more clarity on future Economic Development Shared Services activities and how these might include “business friendly” initiatives.

Specific projects assessed and promoted to date through WEDG are as follows:

- Common procurement rules and processes – this was based on changes adopted on 1 October 2013 for Central Government agency procurement and the opportunity for the region’s councils to collectively align their

procurement policies and practices to these new government rules. These rules can be used to support local economic development objectives and innovative solutions.

- Regional business portal so that “Wellington” in a regional business sense had a common entry point for council related services, regulatory information, commercial property information, statistical data, economic research and report, and business support services. To some degree this has been satisfied through the Grow Wellington website however it is more focussed on attraction activities.

A regional businesses portal was also deemed desirable as the national equivalent ([www.business.govt.nz](http://www.business.govt.nz)) makes no links to local government information or regulatory functions.

- Common economic data and reporting – because councils in the region have historically used differing economic information and reporting suppliers, the ability to present comparative information and have access to a regional picture is difficult. From a business friendly perspective there is now alignment across councils in using the same economic data source and open access to socio-demographic data. Work is continuing on aggregating research and other information needs. Ultimately, public access to such council held information would be through a single point.

Progressing such initiatives in a timely fashion has been challenging while (a) councils are rightly focussing on improving their own internal systems and services first, and (b) delaying additional regional work while awaiting decisions on amalgamation and economic development shared services on the basis that projects promoted to date would naturally be implemented through such processes.

### **3.2 Councils’ business friendly services**

There is a high degree of consciousness by councils on being business friendly and initiatives are in place to enhance this. Examples include more online services, financial incentives for new development, client case management, investment in town centres and business continuity planning.

Ratepayer annual surveys conducted by councils demonstrate high levels of satisfaction (>90%) across core service provision. Such results are not necessarily consistent with media reports in response to specific experience by a particular business and/or ratepayer. Consents and other regulatory processing figures demonstrate an improving pattern however results vary depending on what is being measured:- compliance and performance measures or levels of client satisfaction.

### **3.3 Alignment with economic development shared services**

At an operational level the shared services programme provides a platform to implement a comprehensive business friendly programme within local government. The question then is, what services and activities provided

through councils and their delivery agents would benefit from a shared services approach? The LGNZ Shared Services guidelines state that the suitability and applicability of an activity as a shared service will typically demonstrate the following components:

- High volume – involves significant resource, is low risk and is rules based
- Efficiency focused – requiring access to latest technologies, no on-going capital investment and not requiring specialist expertise
- Repetitive activity – transactional in nature with limited variation over time
- Performance is measurable
- Consistent customer requirements – subject to a high degree of standardisation
- Transaction or services orientated skill set – a physical service is provided
- Relatively low risk from a corporate perspective

From a list of all council activities these high level criteria were applied as an initial filter to determine the more suitable activities for a shared services programme. The result demonstrated limited scope for additional projects. The rest are consistent with what is already being promoted, has been delivered already or would be incorporated in the other shared services programmes (spatial planning, ICT, water). Our initial assessment of suitable shared services activities include:

- Socio- economic data
- Economic development research, surveys and information
- Integrated planning platform (GIS) incorporating common datasets/research as above
- Economic reporting and monitoring
- Sister Cities visits and business programmes
- Business and property databases
- Regional business portal with comprehensive information
- Regional promotional collateral

District Plan and RMA rules and policies would be picked up through the Spatial Planning shared service. Other activities such as regional collaboration and agreement on major projects, and greater innovation in local government services, will generally fall into the leadership focus of the business friendly framework. Thus they will be strategic activities as opposed to what would typically constitute a shared service.










### **3.4 Conclusion**

There is a strong correlation between what is being promoted through the WRS Open for Business activities, the provision of council services, the regional shared services programme; and the approach adopted by the LGNZ Business Friendly Guidelines. While this does not provide a measure of how business friendly the region is perceived, it does demonstrate that the right areas (for improvement) are being targeted and progressed.

So how does the Wellington region measure up against the LGNZ Business Friendly Guidelines? From a qualitative perspective this is difficult to answer without a structured business survey that captures user perceptions from across the full range of council services and business contact points. This would need to include online services for example.

The WRS evaluation project underway will provide some insights into “valuing” council services however the scope of this will be limited in the first year of surveys. In the interim, Table 1 below provides a subjective indication of how the region is placed in a business friendly sense based on the priority areas for local government in the guidelines.

**Table1. Indicative business friendly scorecard**

Priority areas in LGNZ guidelines	Assessment	Comments
LEADERSHIP		Regional economic development strategy since 2002. Council strategies developed and implemented. Business forums and engagement promoted. Economic development politically supported.
SPATIAL PLANNING & INFRASTRUCTURE		Elements of regional spatial planning progressed. Current proposal for regional approach. Infrastructure and land supply able to support growth. Major projects (RONS, airport extension) in planning stages.
QUALITY REGULATION		Not all councils in the region meeting compliance performance targets or client satisfaction measures for annual reporting purposes. Variable approaches and measures across councils. Some regional collaboration through Planning Managers Group.
SERVICES (incl 3 Waters)		Considerable investment in securing sustainable and quality water supply and storage network. High levels of satisfaction reported for core services.
BUSINESS DEVELOPMENT		Multiple delivery agencies and approaches to business development across the region. All councils involved in business development. General business and employment trends below the national average.
AMENITIES & SERVICES		Region generally well regarded for access to community amenities, recreational facilities, events support and services to the community.
<b>Legend:</b>		
Business Friendly High:  Average  Low: 		

#### 4. **Communication**

No further communication is required

#### 5. **The decision-making process and significance**

Part 6 of the Local Government Act 2002 requires Greater Wellington Regional Council to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

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.

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

#### 6. **Recommendations**

*That the Committee:*

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes that The WRS Evaluation process will provide qualitative information on perceptions of the region's business friendliness.*

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**Attachment 1:** Framework for considering business contact points with councils