

Aligning for Growth

Wellington Regional Economic Development Agency (WREDA) Proposal

Consultation

Wellington City Council and Greater Wellington Regional Council are seeking views on a proposal to combine their economic development, tourism, venues and major event activities. The proposal is outlined below.

Feedback is invited by 6 August 2014.

The councils in the region have already discussed and agreed the proposal in principle. When the submission period finishes, councils will consider the feedback and make a decision whether to progress the proposal and establish Wellington Regional Economic Development Agency (WREDA). It is expected this will happen in August/September 2014.

Feedback can be provided by either;

- completing the submission form and sending it by post to
Freepost 3156
WREDA
Greater Wellington Regional Council
P O Box 11646
Wellington 6142
- making a submission online at www.gw.govt.nz/wreda
- by sending an email to info@gw.govt.nz

The opportunities

The Wellington region's economic performance has been the subject of much discussion in recent years by a range of commentators. While the economic performance statistics are showing an improvement, the broad consensus is that we can do better.

It is also the view that a more coordinated approach to economic development could deliver the necessary impetus to deliver on the potential that exists in the region. The current arrangements to promote economic growth are thinly spread, there is duplication of effort, high agency costs and there is insufficient scale.

The Wellington region has many economic advantages, generally high quality infrastructure and amenities, world class events and attractions, an educated population, respected universities and research organisations, and strength in sectors such as high tech manufacturing, software/IT and creative content.

Stronger economic growth also helps grow the rating base which provides the means to reduce pressure on existing ratepayers. It would also enable us to invest more in community facilities and infrastructure.

The proposed WREDA will enable the region to take a more focused approach in building on those advantages and make our economy perform to its potential.

Having an economy that performs to its potential means:

- more jobs and opportunities for the region's residents
- more resources to invest in new or improved amenities
- stronger communities – greater economic security
- a more vibrant region.

The proposal in a snapshot

It is proposed to combine the economic development activities of Wellington City Council and Greater Wellington Regional Council into a single entity using an existing council controlled organisation to achieve this. As we are not establishing a new council controlled organisation the special consultative procedure is not required.

Greater Wellington Regional Council currently owns Grow Wellington – the region’s economic development agency, which was set up in 2007 to promote business growth.

Wellington City Council currently funds separate entities such as Positively Wellington Tourism, Positively Wellington Venues and some other independent economic development activities such as the Destination Wellington programme, major festivals and events.

The new WREDA would be the key provider for all economic and tourism services – but it would not prevent local councils in the region from undertaking their own activities at a local scale.

WREDA would include the functions, and funding, of the following organisations and programmes:

Wellington City Council

- Positively Wellington Tourism
- Positively Wellington Venues
- Major Events (excluding Community Events)
- Destination Wellington
- The business relationship with Westpac Stadium.

Greater Wellington Regional Council

- Grow Wellington (and its subsidiary Creative HQ)
- The operational relationship with Westpac Stadium.

With respect to Westpac Stadium, all that would transfer to WREDA is the ongoing event liaison and planning undertaken currently by Wellington City Council. The appointment of trustees will remain with Wellington City Council and the Greater Wellington Regional Council.

WREDA will have a board of suitably qualified and experienced directors who will be overseen by a reconstituted Wellington Regional Strategy Committee. WREDA will have reporting requirements to the Wellington Regional Strategy Committee. Shareholding councils will consider and approve WREDA’s statement of intent and Annual Reports on the recommendation of the Wellington Regional Strategy Committee.

Following appropriate consultation it is intended that the staff in the operations noted above will ultimately be employed within WREDA.

Key criteria to make it work

To ensure the best chance of success, the following overarching criteria have been developed to guide the transition to the new agency and the early years of operations. These include:

- a) current funding streams and dollar amounts are maintained for five years
- b) robust monitoring and evaluation regime set in place to ensure resources are well used, effective and deliver the expected benefits
- c) service and support costs are minimised to maximise investment in economic development activities.

Anticipated benefits from moving to a single agency

The current economic development arrangements are not broken but nor do they position the region to reach its full economic potential. A single agency would help the region to unlock its economic potential in the following ways:

- a) *Stronger economic leadership* – A single agency that prioritises business and wider economic success will be able to provide leadership and a clear sense of direction for the region’s economy.
- b) *One voice* – Having a single expert agency will allow the region to strengthen its partnerships and speak with one voice when dealing with government, businesses, investors and research providers. It would also assist in leveraging funding.
- c) *Clearer strategic focus* – A single expert agency will be able to set clear priorities and investment decisions, ensuring that funding is used in ways that delivers the best results for ratepayers and the region as a whole.

- d) *Improved capacity* – A single agency will have more resources available to use for projects with potential to unlock the region’s economic potential.
- e) *More effective regional promotion* – A single agency will be able to promote the region more effectively to businesses, investors, skilled workers and visitors.
- f) *Broader pool of talent* – A single agency will have a wider pool of talent to draw on in areas such as governance, strategic management and business expertise.
- g) *Better use of resources* – Establishing a single agency will reduce duplication in back office functions such as procurement and technology, creating savings which can be directed to improving the region’s economic performance.
- h) *Improve perceptions* – Having a single agency will improve perceptions of the Wellington region among businesses and investors in terms of doing business.
- i) *Simplify governance* – Currently there are multiple boards of directors/trustees, an unwieldy WRS Committee, other council committees and business units within both Wellington City Council and Greater Wellington Regional Council. This would be simplified and streamlined under the proposal

The proposed structure

WREDA would be a council controlled organisation – this provides the right mix of operational efficiency, shared ownership, focused leadership and direction, and accountability to residents and ratepayers. It would be jointly owned by Greater Wellington Regional Council (20 percent) and Wellington City Council (80 percent).

Political oversight of the agency would be provided by a streamlined Wellington Regional Strategy Committee. The Committee would consider, and recommend to shareholding councils for approval, a single statement of intent developed by WREDA in response to the overall goals and levels of service set by the Wellington Regional Strategy Committee.

The Wellington Regional Strategy Committee will continue to be a committee of Greater Wellington Regional Council but be restructured to reduce the number of members from 14 to 10, with no external (non-councillor) members.

The Wellington Regional Strategy Committee will have membership as follows:

- four from Wellington City Council
- one from Lower Hutt City Council
- one from Upper Hutt City Council
- one from Greater Wellington Regional Council
- one from the Wairarapa councils
- one from Porirua City Council
- one from Kapiti Coast District Council.

The Wellington Regional Strategy Committee would have the following functions:

- a) Monitor the performance of WREDA and its board
- b) Provide governance oversight on WREDA
- c) Set the strategic outcomes required for regional economic development
- d) Review and agree the strategies for achieving the desired outcomes
- e) Review WREDA’s statement of intent and recommend (if appropriate) to the shareholders
- f) Respond to changes and economic trends and consider modifications of the desired outcomes
- g) Recommend the appointment of WREDA directors to shareholders.

The Wellington Regional Strategy Committee will commission independent advice if and when required.

Board of directors

WREDA’s operations would be overseen by a board of independent directors, appointed for their specific business expertise and other relevant experience. It will be important that the board reflects a range of business sectors relevant to the Wellington context.

The proposal is for eight directors, appointed on merit and with the agreed skill sets.

There will be no elected representatives appointed to the board of directors – political input and oversight will come through the Wellington Regional Strategy Committee which comprises only elected members from the region.

The directors should have strong connections to, and expertise in key sectors in the Wellington economy, including:

- tourism and hospitality
- major events
- science and education, especially in tertiary and research
- primary industries and manufacturing
- IT/tech services
- creative, film production, digital and performing arts
- professional services
- start-up businesses, attraction, innovation and venture capital.

Directors will also need significant business and commercial acumen and experience, along with a good understanding of corporate governance.

How WREDA will be funded

Funding will be provided by Wellington City Council and Greater Wellington Regional Council on behalf of the region and will initially be set at current funding levels. It will be documented in a Funding Agreement between the parties which will set out the committed minimum amounts and the time period this funding will be provided for.

The proposed Funding Agreement will include a minimum period of five years for which the funding will be maintained to provide certainty for WREDA.

In time, if other councils provide funding, then a separate funding agreement will be made.

The anticipated funding for 2014/15, based on existing budgets is as follows:

\$ millions	Council Funding	Other Funding	Total
Wellington City Council	16.1	20.6	36.7
Greater Wellington Regional Council	4.0	2.1	6.1
Total	20.1	22.7	42.8

Proposed WREDA structure

