
WELLINGTON REGIONAL STRATEGY

1. Purpose of Report

The purpose of the report is to update the Council on progress with development of the Wellington Regional Strategy (WRS) and confirm:

- A preliminary response to a proposal from Greater Wellington to assume responsibility for managing the WRS on behalf of the region, and specifically to undertake the economic development activity in the WRS;
- Approval of a Memorandum of Understanding (MoU) that sets out key elements of these new governance arrangements, on an interim basis in the first instance; and
- A nominee and alternate from this Council for the Interim Wellington Regional Strategy Committee of Greater Wellington. This Committee will in the first instance oversee the process of public consultation on the WRS, and subject to that consultation seek a further mandate from councils to proceed as a key governance body for the strategy.

2. Executive Summary

The Wellington Regional Strategy (WRS) has been developed over the past two years to give a new sense of direction and impetus to two critical areas: sustainable economic development and urban form.

It is a strategy to enable and facilitate sustainable and desirable development for the long term benefit of the region's citizens, businesses and institutions. The Strategy is directed at building an internationally competitive city and achieving improved levels of economic growth for the region than current forecasts indicate. It will recognise and reflect the uniqueness of the region which should be protected and enhanced as the region grows.

An extensive programme of work has gone into the WRS to ensure that it is solidly researched, innovative, and will have a significant positive impact on the region. A copy of the Draft Strategy as it stands will be circulated direct to Councillors.

Progress on development of the WRS has been regularly reported back and the Council has also confirmed that it "will contribute significantly to the completion and successful implementation of the Wellington Regional Strategy" as a strategic priority for the period 1 July 2006 to 30 June 2009.

The WRS has now reached a stage where the objectives and broad actions for economic development and urban form have been set out in draft form ready for a further round of consultation with the public. The next stage involves agreement on a set of interim governance arrangements to enable this to happen, with a view to these structures and roles, subject to consultation and a further mandate from councils, becoming permanent from 1 July 2007.

The proposed governance and funding framework for the Strategy has been developed by the WRS Forum with advice from the Wellington Region Chief Executives Group. It includes the following key elements (further detail is provided in the documents attached as appendices):

- (a) Governance of the strategy through a new WRS Committee
- (b) A regionally collected rate for specified economic development activities
- (c) Interim arrangements to apply during the consultation and strategy preparation phase
- (d) Public consultation on the Draft WRS to be through a Statement of Proposal
- (e) A Memorandum of Understanding setting out key aspects of governance over this interim period.

It is recommended that the Committee and Council:

- approve in principle the establishment of a new activity by Greater Wellington, namely governance of the WRS and economic development activity specified in it;
- agree to signing the MoU attached as Appendix 1 which sets out the interim arrangements for consultation and finalisation of the Strategy; and
- agree to nominate a representative and alternate for the GW Interim WRS Committee.

The following documents relating to the Strategy are attached:

Appendix 1: Memorandum of Understanding

Appendix 2: Letter from Greater Wellington seeking a response to establishment of a new activity

Appendix 3: Draft GW Statement of Proposal

Note: a copy of the Draft Wellington Regional Strategy will be circulated direct to Councillors.

3. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Note the work of the Wellington Regional Strategy Forum since July 2004 to develop a strategy for sustainable economic growth in the region.*

3. *Note the results of the initial public consultation process on a regional growth framework carried out in September 2005 and the regular updates on the content of the draft Strategy as it has been developed.*
4. *Note the consultation approach for the draft Strategy recommended by the Wellington Regional Strategy Forum, which is that public consultation on the Strategy include a formal Statement of Proposal under the Local Government Act, and that this process be led by Greater Wellington Regional Council.*
5. *Note that based on the model proposed in the Wellington Regional Strategy this requires the formation of an interim committee to hear submissions on the Strategy and make recommendations to Greater Wellington, and that this committee would include representatives of all councils in the region plus five private sector members.*
6. *Note that there will be an opportunity for councils to comment on the draft Statement of Proposal, and to make formal submissions as part of this process.*
7. *Agree to recommend to Council that it:*
 - (a) *Agree in principle to the proposal under Section 16 of the Local Government Act 2002 for Greater Wellington Regional Council to undertake a new activity, i.e. governance of the Wellington Regional Strategy and the economic development activity described in the Strategy.*
 - (b) *Agree to the Council signing the Memorandum of Understanding attached as Appendix 1 that sets out how consultation on the Wellington Regional Strategy and its proposed governance, implementation and funding will be achieved, the initiation of a section 16 LGA2002 process and the establishment of a committee of Greater Wellington to manage the consultation and to hear submissions, on the basis that a further agreement will be entered into between the councils at the conclusion of the consultation process that records the position going forward.*
 - (c) *Agree to nominate a representative and alternate for the Greater Wellington Interim WRS Committee.*

4. Background

The Wellington Regional Strategy (WRS) is a project of all nine councils in the Wellington Region. Its goal is to build an internationally competitive Wellington by developing and implementing a vision and an integrated framework to achieve sustainable development. The project has a long term outlook – to the year 2050 with a more detailed focus of action and priority for the next ten to twenty years.

It is a strategy to enable and facilitate sustainable and desirable development for the long term benefit of the region's citizens, businesses and institutions. The Strategy is directed at building an internationally competitive city and achieving improved levels of

economic growth for the region than current forecasts indicate. It will recognise and reflect the uniqueness of the region which should be protected and enhanced as the region grows.

The Draft Strategy:

- sets out an agreed vision and outcomes for the region reflecting the differing values and attributes of the regions' communities based on community outcomes already developed by the councils
- sets the national and international context, including key data and projections, drivers of growth, constraints to growth and major regional issues that need to be addressed, and opportunities to accommodate and deliver growth
- describes the kind of growth and benefits the region seeks from an agreed strategy, and the principles that should underlie the development of alternative solutions and options. This will include measurable indicators of the kind of growth the region is seeking and targets (such as growth in GDP, growth in average household income, population and household growth, growth in natural and cultural capital)
- provides a framework for growth that identifies the key action areas that must be addressed (and proposals to do so) to enable and facilitate heightened levels of sustainable growth for the region – these focus on long term urban form and a mutually reinforcing relationship with transport investment, investment of effort and resource in other infrastructure and places, people (including education), knowledge and enterprise, marketing and promotion
- gives a description of the options and alternative solutions, including the analysis of costs, benefits and implications explored as part of the development of the Strategy.
- includes a spatial concept and action plan which identifies how, when and where urban growth including redevelopment will be directed, along with the mutually reinforcing transport investment and other key infrastructure development needed to support and enable growth
- encompasses economic development strategies aimed at providing a platform for improved growth prospects for the region
- includes an implementation plan which sets out roles, responsibilities, timing, funding requirements, linkages to other plans such as the Regional Land Transport Strategy, Regional Policy Statement and Long Term Council Community Plans, further collaborative work programmes, ongoing governance, and linkages to councils.

An extensive programme of work has gone into the WRS to ensure that it is solidly researched, innovative, and will have a significant positive impact on the region. A copy of the Draft Strategy as it stands will be circulated direct to Councillors.

Progress on development of the WRS has been regularly reported back to the Committee as follows:

9 June 2004:

Endorse establishment of Joint Committee to develop the Strategy

5 November 2004:

Appoint representatives to the Joint Committee (WRS Forum)

21 April 2005:

Feedback on draft regional outcomes and issues

19 May 2005:

Feedback on draft regional economic and urban development principles

16 June 2005:

Feedback on draft regional focus areas

7 July 2005:

Growth Framework Discussion Document (before public consultation)

15 June 2006:

Initial feedback on the Wellington Regional Strategy (on economic development and urban form components and options for governance component)

The Council has also confirmed as a strategic priority for the period 1 July 2006 to 30 June 2009:

The Council will contribute significantly to the completion and successful implementation of the Wellington Regional Strategy.

5. Discussion

5.1 Context

The Wellington Regional Strategy has now reached a stage where the objectives and broad actions for economic development and urban form have been set out in draft form ready for a further round of consultation with the public. It has been recognised for some time that the third “pillar” of the Strategy, *Effective Leadership and Partnerships*, will be critical to its future success. A range of options have been considered and discussed for this area, that take account of the complexities of regional governance and the issues that face the region.

Given that Councils are separate bodies with specific accountabilities to their constituencies, it is challenging to set up an appropriate governance and funding framework for the WRS. However the whole WRS process is founded on an acknowledgement that integrated planning for the region is desirable and indeed necessary if the region is to prosper in the future.

5.2 Proposed governance and funding framework

The proposed governance and funding framework for the Strategy has been developed by the WRS Forum with advice from the Wellington Region Chief Executives Group. It includes the following key elements (further detail is provided in the documents attached as appendices):

(a) Governance of the strategy through a new Wellington Regional Strategy Committee

It is proposed that a governance committee be set up which includes representatives of all councils (one representative for the Wairarapa councils), and five private sector representatives for a total of 12 members. The role of the committee would be to provide oversight of the strategic direction set out in the WRS, and of specific implementation agencies for economic development, tourism and urban development. In the case of tourism the direct influence of Wellington City Council (as principal funder) is recognised. For the urban development area, further work is planned on how this would be put in place for the region or individual councils.

The Committee would be administered by Greater Wellington and reports to it would be signed off by the Wellington Region Chief Executives Group.

(b) A regionally collected rate for specified economic development activities

A regionally collected rate for the WRS governance and economic development activities in the strategy has been proposed which would replace current funding from individual councils. This is for reasons of simplicity, transparency, and to maintain a commitment to funding this activity that is spread appropriately across the region. A high level of involvement from all councils in this activity will be maintained through the governance arrangements including a memorandum of understanding between the councils. Councils have of course also been intimately involved in development of the Strategy itself.

It is proposed that the rate be allocated across the region on the basis of capital value. The impact on Wellington City of this would be either a slight reduction or slight increase in the city's current "share" of current funding for Positively Wellington Business (PWB), depending on the final funding envelope - expected to be between \$4.0m and \$5.0m. Current funding of PWB from all councils is \$3.5m and the WCC share \$2.3m. Since the rate would be collected regionally there would be a reduction in Wellington City rates of \$2.3m and a corresponding increase in regional rates for Wellington City based ratepayers – the increase or decrease referred to above is the net effect.

The Strategy envisages continuation of a significant proportion of current PWB activities, and the addition of new activities. These would be delivered through a new economic development agency which would be a CCO of Greater Wellington Regional Council (subject to consultation and final approval by all councils)

It is expected that implementation of the strategy would put the region in a very strong position to compete for additional central government funding currently available for regional economic development.

(c) Interim arrangements to apply during the consultation and strategy preparation phase

The WRS Committee described above will be set up on an interim basis with the specific role of managing consultation on the WRS and recommending a final strategy and funding levels to Greater Wellington. It is expected that the same membership would continue, subject to consultation and final approval, beyond 1 July 2007 with an expanded role as outlined in (a).

(d) Public consultation on the Draft WRS to be through a Statement of Proposal

The process for consulting on the WRS was planned as public consultation followed by consultation in council plan(s) in the next Draft Annual Plan round. However the recommendation for this to be a regionally co-ordinated activity means that a special consultative procedure is required under section 16 of the Local Government Act 2002 (including a Statement of Proposal) since this is a new activity for the Regional Council.

This means that a formal request from Greater Wellington has been received by all councils, which asks for a response on the effects of this new activity (governance of the WRS and specified economic development) on their own activities, and any objection councils may have. The effect on WCC activities, should the WRS be implemented, would essentially be the reduction in funding currently allocated to PWB, with this area of economic development activity taken up through the WRS.

(e) A Memorandum of Understanding setting out key aspects of governance over this interim period

The MoU between all the councils involved has three critical elements: the membership of GW's Interim WRS Committee; the (interim) role of this committee; and voting protocols. The first and second of these are described in (a) and (c) respectively (and in more detail in the MoU itself).

The voting protocols are that the WRS Committee would recommend to Greater Wellington Regional Council but it would not act independently of the Committee, and if there was significant disagreement with recommendations they would be sent back for further consideration. This is similar to the situation with the Regional Land Transport Committee. A further protocol is that voting on the quantum of funding or the funding allocation across the region will require a two-thirds majority.

The MoU will be superseded by a further agreement that is likely to contain additional elements, this is referred to as a multilateral agreement to distinguish them. The main changes would be confirmation of an ongoing role as described in (a) and possibly also funding envelope and allocation.

5.3 Matters for decision in this paper

There are three matters for decision addressed in this paper:

- A response to the request received from Greater Wellington on the effects of a new regional WRS governance and economic development activity on WCC activities, and any objection WCC may have. This request has been made with the support of councils through the WRS Forum, and it is recommended that WCC agree in principle to GW undertaking this new activity and note the effect on its own activity (should the GW activity go ahead) as being the removal of PWB funding from the LTCCP.
- Agreement for WCC to sign the Memorandum of Understanding attached as Appendix 1, which established the interim arrangements for consultation on the Strategy and recommendations on a final Strategy and funding to GW.
- Nomination of a representative and alternate for the Interim Wellington Regional Strategy Committee. It is recommended that this be done using the usual process

Note that the recommendations in this paper are for the Committee to recommend them to Council, which is scheduled to immediately follow the SPC meeting.

6. Conclusion

This report seeks Committee and Council approval for the next stage of development of a Wellington Regional Strategy. This is a groundbreaking piece of work that will potentially represent a significant advance in regional planning and collaboration.

It is recommended that the Committee and Council approve in principle the establishment of a new activity by Greater Wellington, namely governance of the WRS and the economic development activity specified in it, agree to signing the Memorandum of Understanding attached as Appendix 1 which sets out the interim arrangements for consultation and finalisation of the Strategy, and agree to nominate a representative and alternate for the GW Interim WRS Committee.

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Supporting Information

1) Strategic Fit / Strategic Outcome

This report is consistent with the outcomes and priorities of the LTCCP and reflects a strategic priority to “contribute significantly to the completion and successful implementation of the Wellington Regional Strategy”.

2) LTCCP/Annual Plan reference and long term financial impact

This report has no immediate financial implications. If the WRS is implemented it will result in a reduction in economic activity for Wellington City Council approximately equal to the current resource allocated to Positively Wellington Business.

3) Treaty of Waitangi considerations

This report has no Treaty implications. In terms of development of the Strategy, an ongoing relationship with mana whenua has been maintained through the Ara Tahi group of Greater Wellington Regional Council.

4) Decision-Making

This report does not require a significant decision to be made.

5) Consultation

a) General Consultation

This report does not require consultation and a consultation process for the draft WRS will be run by Greater Wellington Regional Council.

b) Consultation with Maori

This report does not require consultation.

6) Legal Implications

There are no legal implications.

7) Consistency with existing policy

This report is consistent with existing policy.