
**POSITIVELY WELLINGTON BUSINESS 2006/07
FUNDING REQUEST**

1. Purpose of Report

The purpose of this report is to consider a funding bid from Positively Wellington Business.

2. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Agree to provide Positively Wellington Business with an additional \$201,000 per annum for project C434 Positively Wellington Business funding; subject to officers receiving further information by May 2006.*

3. Proposal

The Wellington Regional Economic Development Trust's (PWB) role is to promote, foster and develop a dynamic and innovative economy in the Wellington region. The Trust specifically seeks to create jobs and economic prosperity through a range of activities including identifying and promoting business opportunities, attracting foreign and domestic investment and encouraging collaboration amongst business sectors.

Positively Wellington Business (PWB) are requesting a 10 percent increase in core funding from Wellington City Council for the 2006/07 financial year. The request from PWB was received on the 21st February 2006 and officers have not yet had time to fully assess it. The request is attached to this report.

The increase in funding will be used to ensure PWB is suitably resourced to implement the action points from the Wellington Regional Strategy.

4. Strategic Fit

PWB's work is aligned to the Wellington City Councils draft strategic direction 2006-2016, specifically around the following strategy and outcomes:

ECONOMIC DEVELOPMENT**More Prosperous**

"Wellington will have a strong and growing economy including a high quality, innovative and diverse public sector. Wellington will offer a wide range of sustainable employment and business opportunities."

More Competitive

- “Wellington will attract and retain an increasing diversity of vibrant internationally competitive people, targeted investment, and businesses and industries of all sizes.”

The work of PWB fits with strategic priority number 4 – the Wellington Regional Strategy.

Wellington Regional Strategy (WRS)

The Wellington Regional Strategy is a project driven by the Greater Wellington Regional Council and the five Territorial Local Authorities (TLA’s). The objective of the WRS is sustainable growth for the Wellington region. It is also expected to provide a cohesive direction for the Wellington region’s economic development and among other outcomes, identify and develop areas for new business and activities for PWB.

5. Relationship to Existing Activities

PWB currently delivers five programmes:

- Business Development Programme – delivery of business services to companies.
- Business Incubation Programme – the primary means by which PWB helps growth start-up businesses during their early phase of the business life cycle.
- Migrant and Expatriates Attraction Programme – the purpose of this programme is to boost regional growth by addressing skill shortages through immigration.
- Investment Attraction Programme – aims to grow existing businesses by attracting new investment capital and to attract new businesses to set up in the region
- Sector/Cluster Programme – working with sectors and groups of businesses to help build their collective capability, market access, addressing infrastructural needs and expand opportunities for import substitution.

6. Proposal Costs

For the 2006/07 financial year, PWB are seeking \$2.21 million from the Wellington City Council. This is a 10 percent increase (\$201,000) on 2005/06 funding of \$2.01 million.

Stakeholder funding for PWB from LTA’s for the 2005/06 financial year amounts to \$2.86 million. PWB is requesting an increase in stakeholder funding for the 2006/07 financial year to \$3.15 million, an increase of approximately ten percent across each local authorities 2005/06 contribution. The funding being sought from each TLA is set out in Table 1:

Table 1

<i>Local Authority</i>	<i>Amount</i>	<i>Current TLA Contribution</i>
Wellington City Council	\$2,211,000	\$2,010,000
Hutt City Council	\$484,990	\$440,900
Porirua City Council	\$221,540	\$201,400
Upper Hutt City Council	\$116,820	\$106,200
Kapiti Coast District Council	\$116,820	\$100,000
TOTAL	\$3,151,170	\$2,858,500

Following the publication of the WRS “Growth Framework” document, PWB embarked on an organisational restructure to ensure that PWB was appropriately resourced to deliver the action points around business development and economic vitality that are likely to be part of the WRS.

The increase in funding will be used to sustain PWB’s activity in:

- Migrant attraction
- Investment attraction
- Creative HQ
- Business development.

Central government has indicated its expectation that incubators should be self sufficient by 2011. Creative HQ’s 2006 funding has been cut by NZTE which suggests that regional/local government funding will need to be sustained and augmented in conjunction with the corporate partnerships it has built up since it was launched in 2002, in order to maintain service levels.

PWB have identified that investment promotion and attraction has underperformed in recent years. The restructuring ensured that suitably qualified resources are in place. It is not envisaged that there will be a proportionally greater spend, but that appropriate resources are allocated to this activity.

7. Conclusion

Officers have yet to undertake a detailed analysis of the proposal. Officers are seeking additional information and may be able to provide a verbal update to the Committee during deliberations. A more detailed proposal and evaluation is expected to be completed by May 2006, as the WRS is further progressed.

The Wellington Regional Strategy is a high strategic priority and officers recommend that this funding be approved, subject to further evaluation. Inclusion now will allow the proposal to be included for consultation. Councillors will be able to review the results of the evaluation during June LTCCP deliberations, and make changes at that time if required.

Contact Officer: *Lisa Clarke-Watson, Portfolio Manager, Council Controlled Organisations*

Supporting Information

1) Strategic Fit / Strategic Outcome

Refer to the report for strategic alignment.

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

C434 Positively Wellington Business.

3) Treaty of Waitangi considerations

There are none.

4) Decision-Making

This proposal will be consulted on within the draft LTCCP.

5) Consultation

a) General Consultation

The Trust has been consulted over the contents of this report.

b) Consultation with Maori

None has taken place.

6) Legal Implications

There are none at this stage.

7) Consistency with existing policy

Not applicable.