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Committee **Council**
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Establishment of the Wellington Regional Strategy Committee

1. Purpose

To seek approval of the Council for the establishment of a standing committee to be called the Wellington Regional Strategy Committee. The Committee's purpose is to be the "keeper" of the Wellington Regional Strategy.

2. Significance of the decision

The matters for decision in this report **do** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002. See Section 4 below.

3. Background

3.1 Wellington Regional Strategy (WRS)

Greater Wellington has been working with the territorial authorities of the region for some two years to develop a sustainable growth strategy for the region. The strategy has been developed through the WRS Forum, with advice provided by the Chief Executives Group (CEG). Membership of the Forum has been all Mayors, with alternates and the Greater Wellington Chairman. Ara Tahi and Positively Wellington Business are observers on the Forum.

The CEG and the Forum have received technical support from senior officers of the Councils, through a Project Executive Group. A Strategic Partners Forum has also been involved with the development of the WRS.

The WRS is an economic growth strategy, focussing on making Wellington an internationally competitive region. The strategy identifies three areas of focus:

- Effective Leadership and Partnerships
- Investment in Increasing Exports
- Quality Regional Form and Systems.

A keeper committee will have directional oversight in all three areas. The strategy has a long term (50 year) outlook, with actions identified and prioritised for 10-20 years. While much of the strategy has been completed, the strategy will be further developed and refined over the coming months and years. **See Attachment 1.**

The strategy provides for an economic development agency as the key body to deliver the economic development initiatives. Currently in the region there are three principal agencies carrying out economic development work. These include:

- Positively Wellington Business (PWB)
- Enterprise Coast (an agency of Kapiti and Horowhenua District Councils) and
- Go Wairarapa (the economic development agency of the three Wairarapa Councils)

While it is envisaged most of the quality regional forms and systems work will be carried out directly by the region's Councils, the Committee itself will be responsible for the direction-setting and a number of decisions and work programmes.

3.2 Need for a WRS Keeper Committee

The WRS Forum has recognised the importance of the issue of governance to the success of the WRS. Two key considerations have influenced the Forum's considerations:

- a single growth strategy implemented in an integrated manner across the whole region is required for the region's economy to grow effectively
- in order to align with Central Government policy and therefore attract Central Government funding support, the region must demonstrate it is speaking with a single voice.

Through the development of the strategy, and particularly as the governance options have been developed there have been strong indications from Central Government that a single governance model will be strongly supported. The Forum itself, and its capability to develop the WRS to its present form has received very positive supportive indications from Central Government.

The Forum discussed three possible governance and funding models for the WRS on the 29th June. In summary the options considered were:

- Option A - a joint committee of the region's councils with each council represented as well as non-political appointees. Each member Council would rate separately for the WRS implementation. An economic development agency would be established by the committee.

- Option B - a standing committee of the regional council, with membership from representatives of the region's councils and non-political appointees, with a Greater Wellington rate to support a Greater Wellington economic development agency (established as a CCO) and other implementation costs.
- Option C - a new agency established through legislative change which would be a regional body that would have powers to strike rates, and which would have representation from all region's councils as well as independent appointees. The new agency would establish an economic development agency.

The Forum requested the CEG further refine the options to address some outstanding concerns of Forum members. As a result of this further work a paper was presented to the July 28 Forum meeting that recommended a refinement of the previous options. The CEG recommended a new option: Option D. The reports outlining the governance options are in **Attachment 2**.

Option D is very similar to Option B, with a key difference being that the new standing committee of Greater Wellington is to carry out a consultative process, under the LTCCP provisions of the Local Government Act 2002, on the governance, funding and implementation proposal.

3.3 Request by the WRS Forum

The Forum endorsed Option D, as presented by the CEG at its meeting on the 28th July. **Attachment 3** contains the minutes of that meeting. All members voted in support of the option with the exception of the Upper Hutt City Council representative. The Forum's support for the governance and funding model was made subject to it further considering funding matters, including providing to the standing committee guidance as to the range of investment appropriate (and in particular the quantum of rates) and the allocation of rating across the region. The Forum is to meet on the 16th August to discuss the outstanding matters.

Notwithstanding the funding issues still be to discussed, the Forum has requested that Greater Wellington establishes a WRS Committee to oversee the WRS, in accordance with the Option D model. The following key principles/protocols formed the basis of the agreement of the Forum:

- Greater Wellington will not act independently of the Keeper Committee, so that any committee recommendations that Greater Wellington cannot accept will be referred back to the committee for further consideration.
- The Keeper Committee will have full delegations, except the delegations that cannot be made under the LGA (setting rate and funding policy).
- The Committee will recommend for ratification by Greater Wellington Regional Council the five non-local government members of the Committee.

- The multi lateral agreement to be developed and completed at the conclusion of the consultation process and subject to the final outcome will reflect a general intent to avoid as far as practicable duplication of economic development services or economic development agencies.
- Each member of the Keeper Committee will have one equal vote, and decisions will be made by simple majority, except decisions on the recommended quantum of funding and the funding policy which will require a two thirds majority vote.
- All the region's councils will work in good faith to support the Keeper Committee and the EDA to foster economic development and sustainable urban and rural development, which includes minimising barriers to achieving regional outcomes.
- The CEG will be the adviser to the Committee.

4. Comment

4.1 The Terms of Reference

In response to the WRS Forum's request Terms of Reference and delegations for a Greater Wellington WRS Committee have been prepared. These are in **Attachment 4**. The Terms of Reference reflect the Committee's initial purpose that will be (on behalf of Greater Wellington) to prepare a draft statement of proposal for the combined and concurrent consultation on the draft WRS, and to develop and prepare a draft statement of proposal in regard to its future governance, funding and implementation.

A Memorandum of Understanding (MoU) is to be signed by the region's councils to reflect the Forum's decision and the proposed consultation on the WRS governance and funding proposals. The proposed Terms of Reference have been developed to reflect the likely provisions in the MoU. The MoU will ultimately be replaced by either a multi-party agreement or through the provisions of the Triennial Agreement if the proposals are endorsed through the consultation process.

If the consultation process confirms a Greater Wellington CCO and regional rate the WRS Committee's terms of reference will be reviewed to reflect its on-going purpose as the keeper of the WRS. The Terms of Reference is likely to state the following responsibilities of the Committee:

- Monitoring the implementation of the Wellington Regional Strategy, including consideration of any Statement of Intent and similar mechanisms relevant to WRS implementation.
- Recommendations to the Council as to funding and financial matters necessary to implement the Wellington Regional Strategy.
- Overview of review processes to ensure the WRS remains relevant and effective.

- Making recommendations to the Regional Council or other relevant organisations on any aspects of interest to the Regional Council.

4.2 Consultation Process

The consultation to be undertaken by the Committee will be a process under section 16 LGA 2002 that provides for Greater Wellington to undertake a significant new activity involving the governance, implementation and funding of the WRS and under section 56 LGA 2002 that Greater Wellington establishes an economic development agency CCO.

The proposal that Greater Wellington undertake a significant new activity requires (under section 16) that Greater Wellington must advise all the territorial authorities in the region and the Minister of Local Government and include the proposal as an amendment to its LTCCP using a special consultative procedure. The proposed establishment of the CCO must also (under section 56 LGA 2002) be completed in accordance with a special consultative procedure. The Committee will therefore recommend a combined statement of proposal and the initiation of a special consultative procedure to the Council and then a consultation process similar to that carried out this year will follow. A detailed consultation plan is to be developed by the Committee. The Committee will also hear submissions (via a subcommittee if necessary) and make a recommendation to the Council following the consultation process. A region-wide survey is also likely to be carried out to gauge public opinion on the proposal.

A timetable is currently being prepared for the consultation and LTCCP amendment process. It is envisaged that the process will be completed by the end of the year. The timing of this work is important for the annual plan processes that will be underway early in 2007. This applies not only to Greater Wellington's annual plan process, but also to the territorial authorities that currently fund economic development. If Greater Wellington starts collecting regional rates for this purpose, other Councils will reduce their own rates.

4.3 Representation

The WRS Forum has requested that the Committee have seven local government members and five non-political members. The seven local government representatives are proposed to be one each from:

- Greater Wellington
- Wellington City Council
- Hutt City Council
- Upper Hutt City Council
- Porirua City Council
- Kapiti Coast District Council.

It is proposed that one person represents the Wairarapa Councils.

The Forum has requested that the local government representatives be nominated by each of the Councils, in the same way the appointments are made

to the Regional Land Transport Committee. It is therefore recommended that each Council be asked to nominate a representative and an alternate. Greater Wellington would then make the appointments in accordance with the nominations. Greater Wellington's appointee must be an elected member of Greater Wellington. It is usual practice for Greater Wellington Committees to appoint the Chair of the Council as an *ex-officio* member. In this case the Forum has requested that Greater Wellington has the same representation as all other member Councils and it is therefore recommended that the usual practice is not followed for this Committee.

The non-political Committee member appointments will be based on selection criteria developed by the Committee, with a recommendation for appointments made to Greater Wellington. The Forum has requested that at least one of the non-political members be able to represent the interest of Maori. It is envisaged that the non-political members will be “eminent people” who are passionate about the Wellington region and have significant business knowledge.

The Forum’s expectation is that the chair of the committee will be decided by the WRS Committee, once all the appointments have been made. In the interim the Greater Wellington representative will be in the chair.

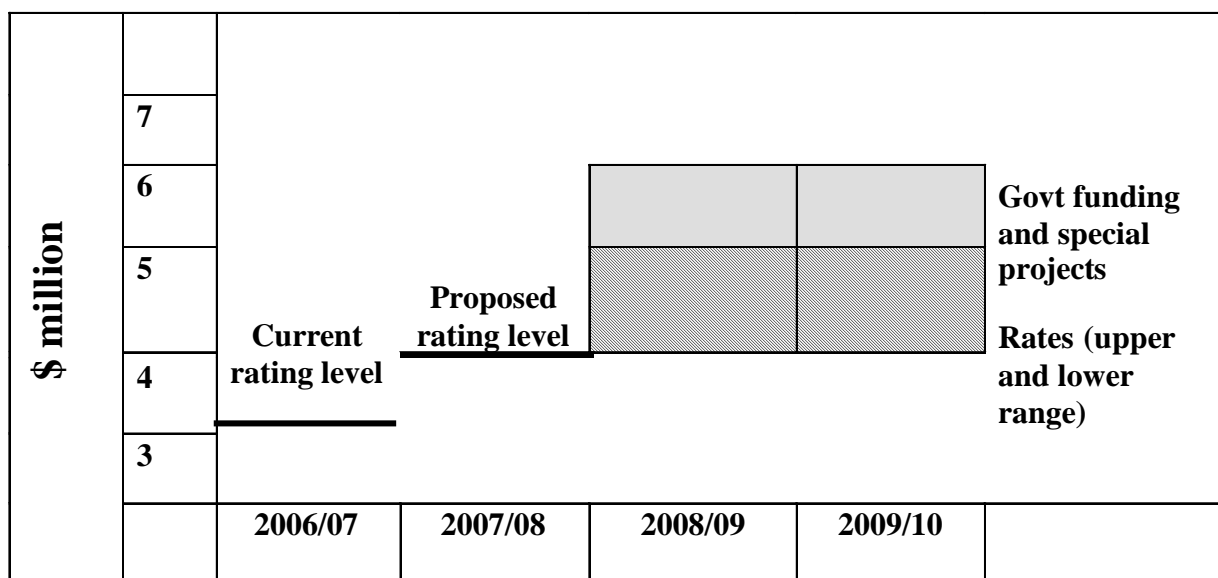
4.4 Delegations

The Forum has an expectation that the Committee will have a high level of delegations. This expectation reflects the understanding that the role of the Committee is to be a regional committee, in a manner similar to the Regional Land Transport Committee. The non-political appointees, it is anticipated, will enable a cross section of skills relevant to economic development and add a level of business expertise that may not otherwise normally sit within a Council Committee. The draft delegations provide for this expectation, with only those matters that cannot be delegated to a committee (rating and funding policy) and Committee appointments being retained by the Council. The delegations will need to be reviewed once the LTCCP consultation process is completed and the decision made with regard to the proposals and the on-going role of the Committee.

4.5 Rating Implications

As discussed above, the WRS Forum is to meet on the 16th August to develop a funding guideline for the WRS Committee’s consideration when it considers the funding elements of the Statement of Proposal. There have been two concerns expressed by Forum members on the funding quantum – some are concerned that the economic development agency will not receive sufficient funding to enable effective investment and therefore achieve economic growth. Others are concerned that an unacceptably high level of investment will be made which will be unaffordable for the communities they represent. The CEG are currently developing a draft guideline. While this is yet to be put to the Forum, it is likely to reflect the following:

Possible Economic Development Investment



The graph shows provision for Central Government funding. The existing economic development agencies receive Central Government support, and it is likely that this level of support will increase under the WRS framework and proposed governance model.

As well as the quantum of regional rate, the allocation of the rate across the region will be a significant decision for Greater Wellington. The Forum is to provide the Committee with guidelines on allocation. As with rate quantum the Councils do not have a united position on rate allocation. Wellington City, which has historically invested a disproportionately high amount in economic development, has signalled its strong desire to have the historic inequalities addressed through the proposed new regional rate model. It is very likely that other Councils who are currently “under investing” are likely to have some discomfort with what will effectively be additional rates.

The funding proposal will be consulted on concurrently with the proposal mentioned earlier to amend the LTCCP. This will require a proposal to amend Greater Wellington's current Revenue and Finance Policy. Subject to the outcome of the consultation process the Committee will recommend a new targeted rate to Greater Wellington for adoption from 1 July 2007.

While the decisions on rates quantum and allocation are likely to attract significant attention through the consultation process and as decisions are confirmed for the 07/08 Annual Plans, the Forum has consistently identified the regional rate model as the only feasible way forward for the funding of the WRS. Funding certainty and equity were the primary reasons that the joint committee and individual council-based funding model was rejected by the Forum (Option A).

4.6 WRS Office

The WRS Forum has been supported by an office consisting of a project director, an administrator, and contractors who have been used for specific tasks. Greater Wellington is currently managing the funding of this office on behalf of the Forum members (in the order of \$230,000), although the office is physically located at Wellington City Council. The WRS Committee will need to be supported by an office in both the short term, to progress the consultation process, to amend the LTCCP and then on an on-going basis. It is proposed that the current office be moved to Greater Wellington.

The Chief Executive will determine the most appropriate location for the office within the organisational structure. There will also be funding requirements that will be addressed through the 07/08 Annual Plan process. A number of the tasks to support the committee will be absorbed by the current organisation's work. At this stage it is anticipated that in the order of an additional \$300,000 will be required for the on-going funding of the office. As well as directly supporting the committee the office will be involved with the non-economic development projects signalled in the WRS (i.e. the Quality Regional Forms and Systems projects). For the 2006/07 year funding for the project office is addressed through joint council funding and a just under half of the requirements via a NZTE funding support package (obtained via Positively Wellington Business).

4.7 Standing Orders

The proposed Terms of Reference deviate from the Council's Standing Orders in two respects. These are in the casting vote of the chair, and the voting. It is proposed, in response to the request of the WRS Forum, that the chair does not have a casting vote. The reason for this request is that the decisions of the Committee should reflect at least a majority of the members, given the nature of the decisions and the membership of the Committee. Decisions where the Committee is split in such a way as to require a casting vote are decisions the Forum believes should receive more consideration. It is therefore recommended the Standing Orders are amended to replace the casting vote provisions with a "no casting vote" provision for the WRS Committee.

The Forum also requested that the Committee's decisions on rate quantum and allocation be made by way of a two thirds majority vote, with all other decisions by simple majority. The Standing Orders currently require only a majority. It is recommended that the Standing Orders be amended to provide for the Committee's alternative two thirds voting.

In order to amend the Standing Orders as recommended a 75% vote agreeing to the changes will be required at the meeting.

5. Communication

A press statement will be prepared, in consultation with the other councils. This may be released after the Forum's meeting on the 16th August.

6. Recommendations

That the Committee:

1. **Receives** the report.
2. **Notes** the content of the report.
3. **Resolves** to establish a committee, to be called the Wellington Regional Strategy Committee as a standing committee of the Council.
4. **Resolves** to amend the Greater Wellington Regional Council Standing Orders 2005 as follows:

Clauses 4.1 and 32.1 (“Decisions to be by Majority Voting”) are amended by adding the following text: except that in the case of the Wellington Regional Strategy Committee decisions on recommended quantum of funding and the funding policy will require a two thirds majority.

Clauses 4.2 and 32.2 (“Chairperson’s Voting”) are amended by adding the following text: except that in the case of the Wellington Regional Strategy Committee where the Chair does not have a casting vote.

5. **Adopts** the terms of reference contained in Attachment 4 for the Wellington Regional Strategy Committee.
6. **Requests** the Chief Executive Officer invite, on the Council’s behalf, the following Councils to nominate a member for the Committee, and one alternate:
 - Wellington City Council
 - Hutt City Council
 - Upper Hutt City Council
 - Porirua City Council
 - Kapiti Coast District Council.

and requests the Chief Executive Officer invites the three Wairarapa Councils to jointly nominate one member for the Committee and one alterative, to represent the three councils.

7. **Resolves** that, in accordance with clause 30(7) of the Local Government act 2002, the Committee is not deemed to be discharged following each triennial election.

Report prepared by:

Report approved by:

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David Benham

Chief Executive Officer

Attachment 1: A sustainable economic growth strategy for our Region

Attachment 2: Reports outlining the governance options

Attachment 3: Minutes of the WRS Forum 29 July meeting

Attachment 4: Terms of Reference and delegations