
REPORT 3
(1215/52/IM)

WELLINGTON REGIONAL STRATEGY SUBMISSION

1. Purpose of Report

This report puts forward a draft Wellington City Council submission on the:

1. Greater Wellington Regional Council (GWRC) proposal to undertake a significant new activity under Section 16 of the Local Government Act, that is the governance of the Wellington Regional Strategy and the economic development activity described in the Strategy; and
2. Proposed Wellington Regional Strategy itself.

2. Executive Summary

Greater Wellington on behalf of the region, released the proposed Wellington Regional Strategy and the Statement of Proposal for the future implementation, governance and funding of the WRS for public consultation on 30 September. Submissions close on 30 October 2006.

Over the last 2 years Wellington City Council has been intensively involved in all aspects of the development of the proposed WRS and its governance and funding arrangements. The draft submission supports both the proposed WRS and Greater Wellington's Statement of Proposal.

This report also notes the outstanding discussions that are required to conclude a Multilateral Agreement between the Councils of the region. The Multilateral Agreement will supersede the Memorandum of Understanding that established the Interim "Keeper of the Strategy" Committee. The Multilateral Agreement is required to record the permanent arrangements that Councils' agree for supporting the WRS and its governance and funding framework.

3. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Endorse the submission in support of the:*
 - *Greater Wellington Regional Council proposal to undertake a new activity under Section 16 of the Local Government Act, that is the governance of the Wellington Regional Strategy and the economic development activity described in the strategy, and*
 - *Proposed Wellington Regional Strategy.*

The submission is attached as Appendix 1, to be forwarded to the Greater Wellington Regional Council.

3. *Delegate to the Mayor and Chief Executive the authority to approve minor drafting changes.*

4. Background

The Wellington Regional Strategy (WRS) is a project of the councils of the Wellington Region. Its goal is to build an internationally competitive Wellington by developing and implementing a vision and integrated framework to achieve sustainable development. The project has a long term outlook through to 2050, with a more detailed focus on 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-region and achieving higher levels of economic growth for the region than current forecasts suggest. It recognises and reflects the uniqueness of the region which seeks to protect and enhance these attributes 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.

Progress on developing the WRS has been regularly reported back to this Committee. The most recent report was presented on 24 August 2006 and sought confirmation from the Committee regarding the Council's:

- 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 (under Section 16 of the Local Government Act 2002 a formal Statement of Proposal to amend the Greater Wellington LTCCP 2006-16 is required to be publicly notified);
- Approval of a Memorandum of Understanding (MoU) that set out key elements of the new governance arrangements, on an interim basis in the first instance; and
- Nominee and alternate for the Interim Wellington Regional Strategy Committee of Greater Wellington, where the Committee in the first instance would 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.

The Committee agreed in principle to Greater Wellington's Section 16 proposal and agreed to sign the MoU seeking two amendments to its final provisions. The first amendment resolved that non-local government members of the Interim Committee should be eminent, and the second amendment sought was that officers endeavour to ensure appropriate review provisions (for a review to take place no later than 3 years after commencement) are included in the final multilateral agreement. The Mayor was nominated as the Council's nominee on the Interim Committee.

5. Discussion

5.1 *Special Consultative Procedure*

Consistent with the MoU. Greater Wellington, on behalf of the region, is conducting a special consultative procedure to consult on:

- the proposed Wellington Regional Strategy which was released for public consultation on 30 September; and
- the Statement of Proposal for the future implementation, governance and funding of the WRS.

a) Proposed Wellington Regional Strategy

The content of the proposed WRS will be familiar to the Committee with officers reporting eight times during its 2 year development. Its primary focus is on sustainable economic development and the management of urban and rural growth.

The WRS has three key focus areas:

- effective leadership and partnerships
- investment in increasing exports
- quality regional form and systems (investment in urban form).

b) Statement of Proposal

Greater Wellington has also publicly notified a Statement of Proposal regarding its intention to undertake a significant new activity, that is, the future implementation, funding and management of the WRS. Its preparation and public notification is required by various sections of the Local Government Act 2002.¹ The Statement proposes that:

- Greater Wellington Regional Council, via a new committee, take responsibility on behalf of the region as “Keeper of the WRS” and in doing so take on a significant new activity on behalf of the region in regard to the future implementation, governance and funding of the WRS;
- A Greater Wellington Regional Council controlled organisation (CCO) be established to be responsible for delivering the economic development initiatives outlined in the WRS through a regional economic development agency; and
- Greater Wellington Regional Council (on behalf of the region) fund the existing and new initiatives outlined in the WRS through a targeted rate for economic development initiatives from 1 July 2007.

Section 16 of the LGA also required Greater Wellington to advise all the Councils in the region of the proposal to take on a significant new activity and the reasons for doing so. No objections were raised by any of the Councils except Upper Hutt City Council.

Upper Hutt’s objections related to:

- Increased costs to their ratepayers through the redistribution of regional economic development costs across the various cities and districts in the region;
- Reduced ability of the Upper Hutt City Council to influence outcomes that are important for the Upper Hutt community; and
- Concerns that private sector involvement in decision-making processes, particularly those relating to rating and funding, could diminish the accountability of the elected regional and territorial authority representatives.

It should be noted that endorsement by all Councils is not necessarily needed for Greater Wellington to proceed with the proposal. However a continued objection may trigger mediation provisions in the Local Government Act, with a final decision if

¹ Section 16 (significant new activities proposed by regional council), section 97 (certain decisions to be taken only if provided for in Long Term Council Community Plan), section 56 (consultation required before council controlled organisation established) and section 102 (amendment to Greater Wellington’s Revenue and Financing Policy) of the Local Government Act 2002.

necessary by the Minister of Local Government. In addition, Greater Wellington have clearly stated that they want a clear mandate from the region to proceed.

The principle of rating regionally for an activity, where all parties don't necessarily agree in principle or agree with the rating allocation formula, is of course common to all such activities.

A combined submission in support of the Proposed WRS and Statement of Proposal is attached in Appendix 1 for the Committee's consideration.

5.2 The Multilateral Agreement

The regional MoU approved by this Committee and Council in August 2006, allowed the establishment of the Interim "Keeper of the Strategy" Committee and has enabled it to run the special consultative procedure.

With the successful completion of the public consultation, subsequent adoption of the Strategy and amendments to Greater Wellington's LTCCP, the MoU will be superseded by a Multilateral Agreement between the Councils of the region. The Multilateral Agreement will record in more detail how Councils will work together to support the WRS and the proposed governance and funding framework.

Discussion has occurred concerning the geographic representativeness of the non-local government appointees. Concern about this issue has been noted but not required further action.

Key issues still to be resolved through the process of negotiating and agreeing the Multilateral Agreement include the:

- size of the super majority required to agree on funding levels for activities within the authority of the Committee (currently debate is focused on 66% versus 75% support);
- rating formula to be used by the Committee when making recommendations to the Greater Wellington Regional Council on the rates strike; and
- detail of review and exit provisions.

Before a recommendation to this Committee and Council to sign on to the final Multilateral Agreement is reported during November, community feedback from the special consultative procedure and other relevant stakeholder feedback will be considered.

6. Conclusion

This report seeks Committee and Council approval for a submission in support of the:

- Greater Wellington Regional Council (GWRC) proposal to undertake a new activity under Section 16 of the Local Government Act, that is the governance of the Wellington Regional Strategy and the economic development activity described in the Strategy, and
- Proposed Wellington Regional Strategy.

The Wellington Regional Strategy is a ground breaking initiative that has significant potential to advance regional planning and collaboration in economic and urban development activities. Its success is essential if the Wellington region is to enhance its global competitiveness.

Contact Officers: *Paul Desborough, Manager, Strategy Unit and Bryan Patchett, Senior Strategic Adviser*

Supporting Information

1) Strategic Fit / Strategic Outcome

The submission reflects and supports Council's LTCCP and its strategic vision.

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

The financial implications of this project relate to the implementation of the Wellington Regional Strategy and will have implications for a Council economic development budget.

3) Treaty of Waitangi considerations

No Treaty of Waitangi implications.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

This is part of a consultative process under the Local Government Act 2002. Council is not required to consult on this matter.

b) Consultation with Maori

This is part of a consultative process under the Local Government Act 2002. Council is not required to consult on this matter.

6) Legal Implications

There are no legal implications.

7) Consistency with existing policy

This report is consistent with Council policy.

APPENDIX 1



SUBMISSION

Greater Wellington Regional Council
Proposed Wellington Regional Strategy
Statement of Proposal for a Significant New Activity

October 2006

Introduction

Wellington City Council (WCC) welcomes the opportunity to make a submission in support of the:

1. Proposed Wellington Regional Strategy (WRS); and
2. Greater Wellington Regional Council's (GWRC) Statement of Proposal to undertake a significant new activity under Section 16 of the Local Government Act, that is the governance of the Wellington Regional Strategy and the economic development activity described in the Strategy.

The Wellington Regional Strategy is a ground breaking initiative that has significant potential to advance regional planning and collaboration in economic and urban development activities. Its success is essential if the Wellington region is to enhance its global competitiveness.

Wellington City Council strongly supports the proposed WRS and Greater Wellington Regional Council's intention, as laid out in the Statement of Proposal, to undertake the significant new activity of governance of the WRS, and economic development activities outlined in the WRS.

The Strategy

The Councils of the region have been working collaboratively on the development of the Wellington Regional Strategy (WRS) for the last two years. Its goal is to build an internationally competitive Wellington by developing and implementing a vision and integrated framework to achieve sustainable development. The project has a long term outlook through to 2050, with a more detailed focus and actions over 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 higher levels of economic growth for the region than current forecasts suggest will occur. It recognises and reflects the uniqueness of the region which seeks to protect and enhance these attributes as the region grows.

Evidence from other OECD countries is that the key competitiveness factors for city-regions are centred on four things: economic structure and support base; quality of infrastructure; governance and leadership; and quality of life and urban environment. Influencing the economic development and urban form of cities are fundamental requirements to developing an innovation-led economy. Strong regional leadership on all these issues is needed and the WRS will play an important part in achieving these outcomes.

An extensive programme of work has gone into the WRS and WCC believes that it is grounded in solid research, that it is innovative and that it will have a significant positive impact on the region.

The Wellington City Council strongly supports the Proposed Wellington Regional Strategy and welcomes the new era of regional delivery of economic and urban development initiatives that it signals.

The Statement of Proposal

Greater Wellington's Statement of Proposal regarding its intention to undertake a significant new activity, that is, the future implementation, funding and management of the WRS, reflects a regional consensus (with the exception of Upper Hutt) on the most effective and achievable structure for delivering on the potential of the WRS. Wellington City Council supports this regional consensus.

WCC supports the Statement of Proposals content, to allow:

- Greater Wellington Regional Council, via a new committee, to take responsibility on behalf of the region, as the "Keeper of the WRS";
- A Greater Wellington Regional Council controlled organisation (CCO) to be established to be responsible for delivering the economic development initiatives outlined in the WRS through a regional economic development agency; and
- Greater Wellington Regional Council (on behalf of the region) to fund the existing and new initiatives outlined in the WRS through a targeted rate for economic development initiatives from 1 July 2007.

Wellington City Council also notes that that there will be an agreement between Greater Wellington Regional Council and the territorial authorities to record how they will work together to support the WRS and its proposed governance and funding framework. There remain a number of outstanding issues that will be dealt with through this negotiation, including the:

- size of the super majority required to agree on funding levels for activities within the authority of the Committee (currently debate is focused on 66% versus 75% support);
- rating formula to be used by the Committee when making recommendations to the Greater Wellington Regional Council on the rates strike; and
- detail of review and exit provisions.

Wellington City Council supports the development of this Multilateral Agreement and is confident that working collaboratively these issues can be resolved.

Developing an agreed set of successful implementation, funding and management mechanism for the WRS has been a major undertaking for the Councils of the region and has demonstrated what can be achieved when Councils work together for regional benefit.

Wellington City Council supports the Greater Wellington Regional Council's Statement of Proposal.

Conclusion

Wellington City Council recognises the importance of working collaboratively to lift the performance of the Wellington region, as it strives to deliver a globally competitive city-region in which to live, work and visit. The proposed WRS is a significant achievement for the region, and WCC is proud to be part of this initiative.

WCC welcomes the opportunity to provide a submission in support of both the:

- Proposed Wellington Regional Strategy; and
- Greater Wellington Regional Council's Statement of Proposal.

This Council believes that adoption of the WRS and its implementation through the mechanisms proposed in the Statement of Proposal will be important steps in helping achieve Wellington's vision of a thriving internationally competitive city.