

Report 01.359

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Report to Policy and Finance Committee
from Howard Stone, General Manager

Regional Economic Development Update

1. Purpose

To update the Committee on regional economic development issues, including the establishment of a regional economic development agency.

2. Background

Councillors will recall that in March 2000, a Wellington regional economic development forum was held at Parliament Buildings. The outcome of that forum was the establishment of a working group, chaired by Dr Francis Small, to examine the feasibility of a regional economic development agency.

The regional working group (known as the Start Up Group or SUG) presented its findings to a regional briefing session held on 29 August 2000 at the Stadium. SUG recommended the establishment of a regional economic development agency. In its report, SUG also recommended that support be given to a change in local government legislation to allow the Regional Council to participate in regional economic development initiatives. Following the briefing at the Stadium, Dr Small wrote to me asking that the Council consider the SUG report and possible funding support for a regional economic development agency.

On 19 September 2000 I reported to the Policy and Finance Committee (Report 00.702, see **Attachment One**) that there did not appear to be support from the territorial authorities in the region, for the Regional Council to play a role in economic development, but that the provision of information such as the *Regional Outlook* publication would be welcomed. I commented that in my opinion, no real appetite

existed in the region's territorial authorities for supporting the law change recommended by SUG and therefore the Council would not be able to participate as an equal and effective partner in the proposed regional agency. I recommended that the Council should concentrate on what it is permitted to do under current legislation and not become a participant in the proposed agency.

Council resolved to defer formal consideration of the recommendations in my report until the territorial authorities of the region had formally determined their position on recommendation 16 in the Start Up Group report which states: "That support be given to a change in the Local Government Legislation to allow the Regional Council to participate in regional economic development initiatives."

As the establishment of a regional economic development agency is now imminent, it is timely for this Council to revisit the issues.

3. **Proposed Regional Economic Development Agencies**

The SUG report envisaged an economic development agency for the entire Wellington region (as defined by the Regional Council boundaries). However the territorial local authorities in the region have subsequently questioned various aspects of the SUG proposal including the structure and whether it would adequately meet local requirements. As a consequence, several sub-regional economic development arrangements are currently under development.

Wellington, Porirua and Hutt City Councils

Wellington City Council has recently resolved to establish an independent regional economic development agency in partnership with Porirua and Hutt City Councils. The agency will have the ability for other councils to participate in specific programmes and projects and with opportunity for co-operation with central government, the private sector and iwi.

The agency is to be operational from July 2001 and is to be a trust with a governance board of eight – six trustees from Wellington and one each from Porirua and Hutt. The trustee arrangements reflect the higher level of funding that Wellington City is contributing to the agency. A copy of a Wellington City Council paper describing the proposal to establish the regional economic development agency is appended as **Attachment Two**.

Wairarapa

There has been recognition of the need for greater co-operation in economic development activities in the Wairarapa since an Economic Summit in 1997. A combined economic development and tourism entity is to be created for the Wairarapa from July 2001. Initially it will act as a channel for economic development and tourism funding from the District Councils of Masterton, Carterton and South Wairarapa. The intention is to ultimately merge the activities of the Masterton Enterprise Board, the South Wairarapa Enterprise Board and Tourism Wairarapa into one agency.

A Regional Partnerships Working Group has also been formed to advise on strategic economic development issues in the Wairarapa. Colin Wright, Divisional Manager Wairarapa, and Councillor Ian Buchanan are members of this group.

Kapiti /Horowhenua

The Kapiti Coast District Council and the Horowhenua District Council were successful in their joint application to Industry New Zealand for funding to develop an economic strategy for their combined area. The project which is underway, is being managed by Enterprise Horowhenua on behalf of the two councils.

4. **Comment**

It is good to see that progress has been made in addressing regional economic development issues. However despite our best efforts, it is apparent that there is not widespread support for the Regional Council to participate beyond our current mandate. To my knowledge, Porirua was the only council that formally resolved in its considerations of the SUG report, to support legislative change to allow us to become partners in regional economic initiatives.

Furthermore, it appears that there won't be, at least in the short term, a Wellington regional economic development agency whose concept of 'region' corresponds with our own.

Therefore the conclusion of my previous paper (Report 00.702) that the WRC should concentrate on what it is permitted to do under current legislation and not become a participant in the proposed economic development agency, still holds. Of course, we will continue to publish *Regional Outlook* and to indirectly support the economy through our core business activities.

Nevertheless, I believe that within our current legislative framework there may be scope for creative initiatives which could foster sustainable development and result in a positive net economic impact on the region.

The Council has made provision in the long term financial strategy (LTFS) to fund economic development initiatives from year three (2002/2003). Whilst this provision was made in anticipation of the law being changed, it also reflected the philosophy underpinning the LTFS that there are strong linkages between community wellbeing, economic performance and environmental sustainability. These are the principles that led this Council to embrace the concept of Local Agenda 21. Councillors may therefore consider it worthwhile for officers to explore opportunities within our current mandate, to use this funding to contribute to the region's sustainability and economic development.

5. Recommendations

That the Committee recommends that Council:

- (1) *Notes that a regional economic development agency is being established by the City Councils of Wellington, Hutt and Porirua; and that regional economic development initiatives are also being developed by the three Wairarapa Councils and the Kapiti Coast District Council in conjunction with the Horowhenua District Council.*
- (2) *Notes that there is not wholehearted support from the territorial authorities in the region for a legislative change allowing the Regional Council to participate as an equal player in a regional economic development agency.*
- (3) *Confirms its willingness to actively support the economic development of the region to the extent that it is permitted within existing legislative constraints.*
- (4) *Requests officers to develop proposals, in the context of the LTFS and our current mandate, to utilise the allocated funding for economic development initiatives.*

HOWARD STONE
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