

SOUTH WAIRARAPA DISTRICT COUNCIL

15 OCTOBER 2014

AGENDA ITEM C3

ALIGNING FOR GROWTH – WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY (WREDA)

Purpose of Report

The purpose of this report is to seek agreement to the establishment of the Wellington Regional Economic Development Agency (WREDA).

Recommendations

Officers recommend that the Council:

1. *Receive the information.*
2. *Note that the public is generally supportive of the WREDA proposal.*
3. *Agree to the formation of WREDA as set out in this report.*
4. *Agree to delegate responsibility for agreeing any further changes to the Multilateral Agreement and its Terms of Reference, to the Chief Executive, and the Mayor.*
5. *Agree to delegate responsibility for signing the Multilateral Agreement on behalf of the Council to the Chief Executive and the Mayor.*
6. *Agree to consult with the other Wairarapa councils regarding the Wairarapa appointee to the WRS Committee, and to promote the regular sharing of information.*
7. *Note that Wellington City Council, Upper Hutt City Council and Greater Wellington Regional Council (on behalf of the region) will work together as the WREDA Appointments Group, to provide feedback and assist in the selection of a shortlist of directors for consideration by Wellington City Council and Greater Wellington Regional Council.*

Executive Summary

1. In June 2014 the Council considered and approved (in principle) a proposal to establish a single regional economic development agency by combining the economic, venues, tourism and major events functions and activities of Wellington City Council and Greater Wellington Regional Council into an existing Council Controlled Organisation. Approval was also given to undertake public consultation on that proposal.
2. Consultation was undertaken jointly, on behalf of the region, some 50 submissions were received, of which 38 were generally supportive.

3. A recruitment agency, ICHOR has been appointed to search for potential independent directors of WREDA Political oversight will be via the reconstituted and streamlined Wellington Regional Strategy Committee (WRSC).
4. The Multilateral Agreement setting out the framework for the WRSC has been updated to accommodate the new structure.
5. Background material on the WREDA proposal is attached as Appendixes 1 and 2.

Recommendations

6. It is recommended that the Council:
 - a) *Receive the information.*
 - b) *Note that the public is generally supportive of the WREDA proposal*
 - c) *Agree to the formation of WREDA as set out in this report*
 - e) *Agree to delegate responsibility for agreeing any further changes to the Multilateral Agreement and its Terms of Reference, to the Chief Executive, and the Mayor.*
 - f) *Agree to delegate responsibility for signing the Multilateral Agreement on behalf of the Council to the Chief Executive and the Mayor.*
 - g) *Agree to consult with the other Wairarapa councils regarding the Wairarapa appointee to the WRS Committee, and to promote the regular sharing of information.*
 - h) *Note that Wellington City Council, Upper Hutt City Council and Greater Wellington Regional Council (on behalf of the region) will work together as the WREDA Appointments Group, to provide feedback and assist in the selection of a shortlist of directors for consideration by Wellington City Council and Greater Wellington Regional Council*

Introduction

8. At its meeting of 4 June 2014 the Council gave in principle approval to combine the economic development, tourism, venues and major events functions and activities of Wellington City Council and Greater Wellington Regional Council (on behalf of the region) together, in a single council controlled organisation, the Wellington Regional Economic Development Agency (WREDA). The Council also agreed for the proposal to go out to public consultation.
9. Public consultation has now been completed and the Council may now consider whether to give final approval to the proposal. Appendixes 1 and 2 outlines the proposal considered by Council at its earlier meeting, there are no changes of note.

Public Consultation

10. Wellington City Council and Greater Wellington Regional Council undertook joint community consultation in July and August 2014. 50 submissions were received, of these, 33 were from organisations and 17 from individuals. A total of 38 were generally supportive, 9 were neutral with some issues while 2 agreed in principle but opposed the proposal, and 1 submitter was opposed
11. There were several major themes raised by submitters;

- **Critiques of current structure** – involve thinly spread resources, a lack of coordination amongst economic development agencies, duplication of effort, and some confusion over the roles of different agencies.
- **Benefits** – those who supported the proposal noted several perceived benefits including better connections with Central Government, having a single voice and point of contact for economic development, enhanced coordination amongst agencies, reduced duplication of activities, cost savings, and economies of scale.
- **Auckland** – an ATEED-style economic development organisation for the Wellington Region was mentioned.
- **Expertise of Board of Directors** – several organisations stated that the Board of Directors should have knowledge and experience of the areas in which those organisations operate. Suggested additions to the key sectors for expertise include retail, high value manufacturing, infrastructure, utilities, transport, and town planning. Other submitters noted that the Board of Directors should have a broad range of community as well as business expertise. Future Board appointments should take account of emerging new trends in the Wellington economy.
- **Council involvement and funding balance** – many submitters commented that there should be more regional buy in from the other councils, and that costs should be born more proportionately across the entire region. Some commented that all the economic development activities (including planning) should be brought within the WREDA remit. There were also questions on how WREDA will relate to other economic development proposals in the region, like Wellington City Council's 8 big ideas.
- **Rates** – some submitters believed that the proposal should result in a reduction of rates. Others desired that funding derived from a given area (like the Downtown Levy from Wellington CBD) or for a particular purpose (like contributions to Positively Wellington Tourism) should be spent on behalf of that area or for that purpose.
- **Accountability** – ranges from support for independent Directors, calls for greater transparency, and inclusion of elected officials on the Board. One individual submission believed that a single agency will be less democratic, consultative and transparent.
- **Governance structure** – questions were raised as to how the different organisations will work together once they are merged, given the wide array of responsibilities under WREDA's remit. While there was support for a compact, nimble organisation with a streamlined back-office, several submitters also suggested a middle tier beneath the Board consisting of advisory panels or steering groups which could provide expert advice to the Board on specific activities or industries. There was also a desire for dedicated account managers and destination management positions. One submission noted that there appeared to be some governance overlap between the WRSC and the Board of Directors.
- **Cultural events and venues** – concern was expressed over the inclusion of Positively Wellington Venues in the WREDA proposal, mainly around the conflict in objectives between economic development and venues management. There was concern that big ticket events will take precedence over smaller shows, a reduction in investment in the

cultural sector and consequent loss of performing arts opportunities, and that venue fees will increase due to a more commercial mandate beyond what community groups and non-profits could readily afford. It was also noted that the WREDA proposal omits Wellington City Council's Arts and Cultural Strategy.

- **Issues with proposal** – centred on a lack of detail in the supporting documentation with regard to the rationale for the new agency, links between activities and outcomes sought individual issues of its constituent organisations, and staffing resources. There was also concern about the timing of the proposal in relation to local government amalgamation in the region and whether the August/September deadline is achievable
12. A list of the organisations that submitted is included as Appendix 3.
13. Overall, the public were generally supportive of the proposal. Most concerns were around a perceived conflict between economic development and the venues operations, rationale for the proposal, reduction in the investment in the cultural sector, local government amalgamation and ensuring the component parts new organisation works well together. In response to those concerns;
- The venues operations have been included in WREDA as it is considered an important part of attracting visitors to the region.
 - There will be no increased commercial mandate imposed on the venues operations as a result of WREDA.
 - Wellington City Council through WREDA or directly will be undertaking the same level funding in the cultural sector as it does now.
 - The reasons for forming WREDA will still be met regardless of whether there is any local government amalgamation.
 - Political oversight of WREDA will be via the WRSC.

Multilateral Agreement

14. The Multilateral Agreement (MA) sets the framework under which the WRSC and the councils work together. The addition of the Wellington City Council activities requires that the MA has to be updated.
15. The major amendments to the existing MA are;
- Change the makeup of the WRSC to only include 10 elected members, with no external representatives
 - Include tourism, venues and major event activities and functions into the brief of the WRSC
 - Note that the funding from Wellington City Council and Greater Wellington Regional Council to WREDA will be documented by way of a separate Funding Agreements.
 - Wellington City Council will advise the WRSC of the level of funding it will provide to WREDA prior to finalisation of its Annual Plan.
 - Wellington City Council will refer any recommendations of the WRSC on the Statement of Intent and the appointment of directors that it does not agree with back to the WRSC
 - WSRC will consider the formation of any new CCO or the new issue of shares in respect of WREDA prior to any decision by the shareholders.

Other Agreements

16. There will be Funding Agreements between WREDA and Wellington City Council and WREDA with the Greater Wellington Regional Council They will specify the amounts, purpose and outcomes required of the funding provided.
17. A Shareholders Agreement between Greater Wellington Regional Council and Wellington City Council outlining the relationship between the two parties.
18. A Management Agreement between WREDA and Wellington City Council documenting the management of the venues managed by WREDA on Wellington City Council's behalf.

Directors

19. A recruitment agency, ICHOR has been appointed to undertake the search for the independent directors, including the Chair. The search process will include advertising
20. As the WRSC will not have been restructured the first director appointments, will be recommended to the shareholders by the WREDA Appointments Group comprising:
 - the Mayor, Deputy Mayor and Chief Executive of Wellington City Council
 - the Chair and Chief Executive of Greater Wellington Regional Council
 - the Mayor and Chief Executive of Upper Hutt City Council
21. The skills sets required by the directors were modified following the first round of council meetings. The updated skills matrix with strong connections to and expertise from across the following areas:
 - tourism and hospitality
 - major events
 - science and education especially in tertiary and research
 - primary sector and manufacturing
 - IT/Tech services
 - creative, film production, digital and performing arts
 - professional services
 - start-up businesses, attraction, innovation and venture capital
22. There will be no elected members on the board of WREDA, political oversight will be via the WRSC.
23. The new board of WREDA will be responsible for recruiting WREDA's Chief Executive.

Process and timeframes

24. As the WRSC will need time to agree the strategic outcomes they want WREDA to achieve, there will be a series of transitional arrangements.
25. Each of the entities has prepared a Statement of Intent and/or business plan for 2014/15. They have been approved in the usual manner and form the basis of the funding and first year's plan for WREDA. For 2015/16 and beyond, the outcomes will be agreed by the WRSC. WREDA will then develop the strategies to achieve those outcomes. These will be incorporated into the Statement of Intent for 2015/16.
26. Each of the organisations will continue to operate as they do now but reporting through to the Board of Directors until the appointment and commencement of the Chief Executive

During this time the Chair of WREDA will need to spend additional time in their role. It is proposed that the Major Events and the Destination Wellington staff will remain within the Wellington City Council, probably until the new Chief Executive of WREDA commences.

27. Subject to the approval of the various councils in the region and the timing of the appointment of the new Board of Directors it is expected that WREDA will be established in November. The proposed steps are as follows;
 - Councils approve the WREDA proposal.
 - Board of Directors appointed
 - Various agreements signed
 - Positively Wellington Venues to be renamed WREDA
 - Staff and undertakings of Positively Wellington Tourism will be transferred to WREDA
 - Greater Wellington Regional Council will sell Grow Wellington to WREDA and in return will receive 20% of the shares in WREDA
 - Prior to 30 June 2015 Grow Wellington and WREDA will be amalgamated
 - Major Events and Destination Wellington staff along with their funding are transferred to WREDA prior to 30 June, the timing depending partly on the commencement of the Chief Executive of WREDA

Conclusions

28. The amalgamation of the economic, venues, tourism and major event activities and functions of Wellington City Council and Greater Wellington Regional Council will create a single entity, with more scale and allow a coherent approach to economic development in the region.
29. It will allow the Council to have input into the outcomes of WREDA, monitoring its performance and reviewing the strategies for achieving the desired outcomes.

Appendix 1: The WREDA proposal

1. Grow Wellington – the region’s economic development agency was set up in 2007 in response to concerns that the region had a fragmented approach to regional economic development. It is a council controlled organisation owned by Greater Wellington Regional Council on behalf of the region. Wellington City Council funds separate entities such as Positively Wellington Tourism, Positively Wellington Venues and some other independent economic development activities such as the Destination Wellington program, major festivals and events.
2. The Wellington region’s economic performance has been the subject of much discussion in recent years by a range of commentators and the broad consensus is that despite recent improvements in key indicators we can still do better.
3. The Wellington region has many economic advantages, including high quality infrastructure and amenities, world class events and attractions, an educated population, respected universities and research organisations, with strength in sectors such as high tech manufacturing, software/IT and creative content. The region has opportunities to exploit those advantages and achieve a step change in economic performance. Stronger economic growth also helps grow the rating base which provides the means to reduce pressure on existing ratepayers as well as the opportunity to invest more in community facilities and infrastructure.

4. The region's recent economic performance has resulted in officers from across various councils coming together to evaluate whether a more coordinated approach to economic development could deliver the necessary impetus to deliver on the potential that exists in the region. The current arrangements have given rise to concerns that resources are too thinly spread, there is duplication of effort, high agency costs and there is insufficient scale.
5. Having an economy that performs below its potential has consequences – it means:
 - fewer jobs and opportunities for the region's residents
 - fewer resources to invest in new or improved amenities – as the business rating base fails to grow and more pressure goes on residential ratepayers
 - weaker communities – as people seek opportunities elsewhere, and have less economic security
 - a less vibrant region.

The proposal

6. To combine the economic development and tourism activities of Wellington City Council and Greater Wellington Regional Council into a single council controlled organisation. The Wellington Regional Economic Development Agency (WREDA) would be the provider of choice for economic and tourism services – but it would not preclude local councils in the region from undertaking their own activities at a local scale.
7. The new economic development agency would have the activities (including the funding) of the following:

Wellington City Council

- Positively Wellington Tourism
- Positively Wellington Venues
- Major Events (excluding Community Events)
- Destination Wellington
- The business relationship with Westpac Stadium.

Greater Wellington Regional Council

- Grow Wellington (and its subsidiary, Creative HQ)
- The business relationship with Westpac Stadium

8. All of the operations proposed for the new economic development agency above will be combined / amalgamated into WREDA and all relevant existing contracts will be assigned or administered by the new agency.
9. WREDA will have a board of suitably qualified and experienced directors who will be overseen by the reconstituted WRSC. It will have reporting requirements to the WRSC. Shareholding councils will consider and approve WREDA's Statement of Intent and annual report on the recommendation of the WRSC.

Anticipated benefits from moving to a single agency

The current economic development arrangements are characterised by duplication, blurred and overlapping responsibility, gaps in service provision, and a lack of clear region-wide leadership and direction. A single agency could help the region to unlock its economic potential in the following ways.

- a) *Stronger economic leadership* – A single agency that prioritises business success will be able to provide leadership, greater strategic capabilities and a clear sense of direction for the region’s economy.
- b) *One voice* – Having a single expert agency will allow the region to speak with one voice when dealing with government, businesses, investors and research providers.
- c) *Clearer strategic focus* – A single expert agency will be able to set clear priorities and investment decisions, ensuring that available funding is used in ways that delivers the best results for the region as a whole.
- d) *Improve capacity and scale* – A single agency will have more resources, access to new funding sources and size available to use for projects with potential to unlock the region’s economic potential.
- e) *More effective regional promotion* – A single agency will be able to promote the region more effectively to businesses, investors, skilled workers, and visitors.
- f) *Broaden pool of talent* – A single agency will have a wider pool of talent to draw on in areas such as governance, strategic management and business expertise.
- g) *Better use of resources* – Establishing a single agency will reduce duplication in back office functions such as procurement and technology, creating savings which can be directed to improving the region’s economic performance.
- h) *Improve perceptions* – Having a single economic development agency will improve perceptions of the Wellington region among businesses and investors in terms of doing business.
- i) *Simplify governance*—Currently, there are 3 boards of directors/trustees, an unwieldy WRSC, other council committees and business units within both Wellington City Council and Greater Wellington Regional Council, this would be simplified and streamlined under the proposal.

Ownership of WREDA

11. WREDA will be owned by Wellington City Council (80%) and Greater Wellington Regional Council (20%). This shareholding split recognises the level of funding contribution into the agency. The shareholders will commit to a minimum level of funding for WREDA. If funding falls below this agreed minimum level there will be an adjustment to the individual shareholdings percentages in WREDA¹. There will be a 3 year moratorium on any shareholding changes unless a shareholder reduces its funding of WREDA to zero.
12. The new agency will use an existing council controlled organisation – Positively Wellington Venues, its name will be changed and existing constitution modified. Positively Wellington Venues will continue to manage the venues facilities on behalf of Wellington City Council, the assets will remain in the ownership of Wellington City Council. Any profits generated by Positively Wellington Venues will be solely for the benefit of Wellington City Council

Political oversight of WREDA

¹ This could also impact on the appointment of directors. For example, if one shareholder reduced their funding to zero then they would have to “sell” their shareholding in WREDA to the other shareholder for a nominal sum.

13. Political oversight of WREDA will be provided by a streamlined WRSC. It will determine WREDA's overall strategic outcomes and service levels. It will consider and recommend to the shareholding councils for approval, a single Statement of Intent developed by WREDA in response to the overall goals and levels of service set by the WRSC. The shareholders of WREDA will retain the right to approve WREDA's Statement of Intent.
14. The WRSC will continue to be a committee of Greater Wellington Regional Council but be restructured to reduce the number of members from 14 to 10, with no external (non-councillor) members Representation will be as follows:
 - four from Wellington City Council
 - one from the Lower Hutt City Council
 - one from Upper Hutt City Council
 - one from Greater Wellington Regional Council
 - one from the Wairarapa Councils
 - one from Porirua City Council
 - one from Kapiti District Council

Directors

15. WREDA's operations will be overseen by a board of independent directors, appointed for their specific expertise and other relevant experience. It will be important that the board reflects a range of business sectors relevant to the Wellington region.
16. There will be eight directors, appointed on merit and with the agreed skill sets. The shareholders will jointly appoint directors to WREDA on the recommendations of the WRSC. If the shareholders cannot agree then Wellington City Council will appoint 6 directors and Greater Wellington Regional Council will appoint 2 directors in respect of the initial appointments. For subsequent appointments, if the shareholders cannot agree then this ratio shall be maintained.
17. There will be no elected representatives appointed to the board of directors – political input and oversight will come through the WRSC which comprises only elected members from the region.

The skills sets required by the directors should have strong connections to and expertise from across the following areas:

- tourism and hospitality
- major events
- science and education especially in tertiary and research
- primary sector and manufacturing
- IT/Tech services
- creative, film production, digital and performing arts
- professional services
- start-up businesses, attraction, innovation and venture capital

Directors will also need significant business and commercial acumen and experience along with a strong understanding of corporate governance.

Funding

18. To provide funding certainty for WREDA, funding will be provided by Wellington City Council and Greater Wellington Regional Council on behalf of the region and will be set at current funding levels. It will be documented in Funding Agreements between the parties and

WREDA If other councils provide funding then this would be reflected through a separate funding agreement.

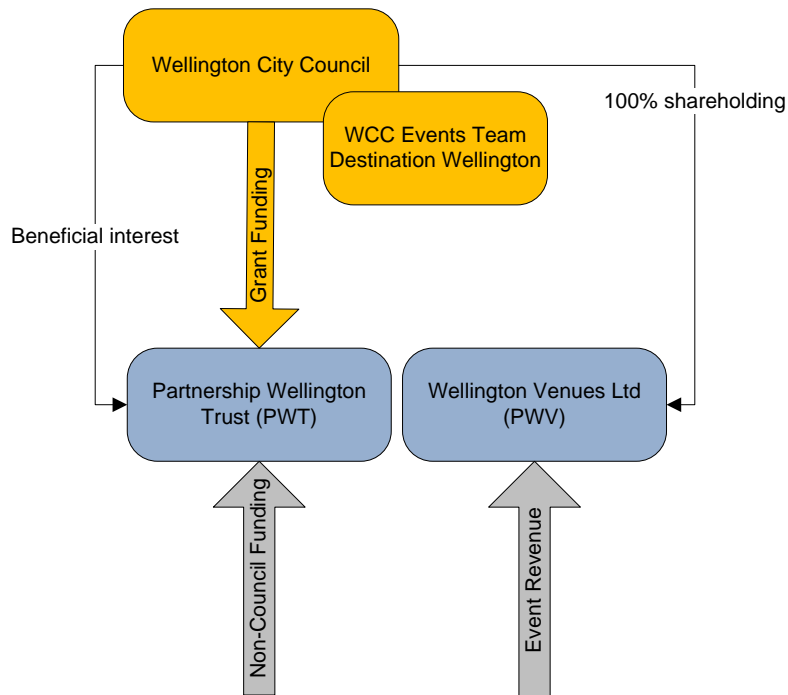
The approximate funding for WREDA for 2014/15 is detailed below.

Agency / programme \$ millions	Council funding	Other	Total
Positively Wellington Tourism	5.8	4.4	10.2
Positively Wellington Venues	4.0 *	16.2	20.2
Destination Wellington	2.0	-	2.0
Major Events	4.3	-	4.3
Total Wellington City Council	16.1	20.6	36.7
Percentage of WCC funding	80%		
Grow Wellington and Creative HQ <i>-from the regional rate</i>	4.0	2.1	6.1
Total Greater Wellington Regional Council	4.0	2.1	6.1
Percentage of GWRC funding	20%		
Total	20.1	22.7	42.8

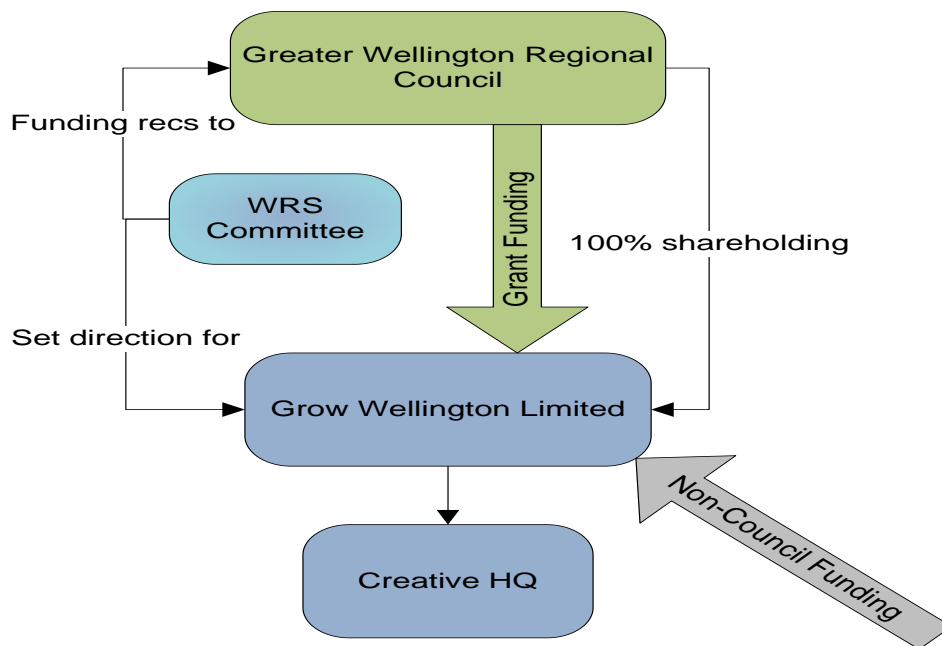
**The \$4m in respect of PWV is WCC's cost of maintenance of the venues*

Appendix 2: current and new structure

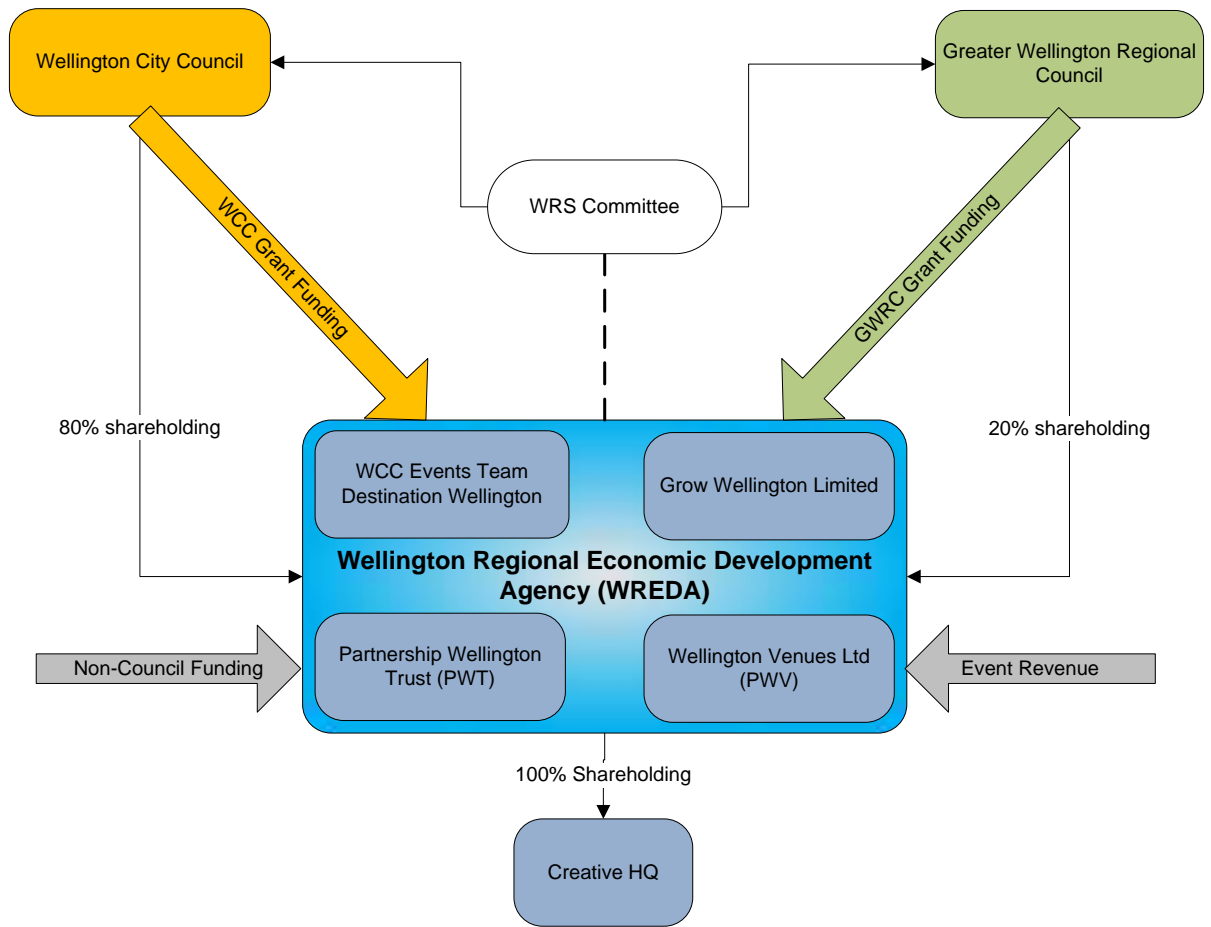
Wellington City Council – current structure



Greater Wellington Regional Council – current structure



WREDA structure



Appendix 3: Organisations who submitted

- Aspeq Limited
- Royal New Zealand Ballet
- Mount Marua Residents' Association
- Inner City Association
- Port Nicholson Block Trust
- The Treasury
- Hutt City Council
- New Zealand Portrait Gallery
- Upper Hutt City Council (
- MOVAC
- Massey University College of Creative Arts
- Sport New Zealand
- Creative New Zealand
- NZ Public Service Association
- New Zealand Retailers Association
- Wellington International Airport
- Victoria University
- New Zealand Council for Infrastructure Development
- Hutt Valley Chamber of Commerce & Industry Incorporated
- CentrePort
- Wellington Museums Trust
- Wellington Rugby Football Union
- Angel HQ
- NZTE
- The Architectural Centre
- Arts Wellington
- Property Council NZ – Wellington Branch
- New Zealand Festival
- Business Central and Wellington Employers' Chamber of Commerce
- Tourism Industry Association NZ
- Dance Aotearoa New Zealand
- Manaaki Kapiti Incorporated
- New Zealand Opera

29 August 2014

**Wellington Regional Strategy - Multilateral
Agreement in regard to Wellington Regional
Economic Development Agency**

Wellington Regional Council
Wellington City Council
Hutt City Council
Upper Hutt City Council
Porirua City Council
Carterton District Council
South Wairarapa District Council
Masterton District Council
Kapiti Coast District Council

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Parties

Wellington Regional Council (GWRC)

Wellington City Council (WCC)

Hutt City Council (HCC)

Upper Hutt City Council (UHCC)

Porirua City Council (PCC)

Carterton District Council (CDC)

South Wairarapa District Council (SWDC)

Masterton District Council (MDC)

Kapiti Coast District Council (KCDC)

1 Background

Wellington Regional Strategy

- A The Wellington Regional Strategy (**WRS**) was initially approved and adopted by the Councils in 2007 to:
- provide a framework for the sustainable economic development of the Region with a focus on prosperity and quality of life;
 - foster economic development for the Regional good, and
 - minimise barriers to achieving Regional outcomes.
- B Since 2007 the Councils have worked together to establish, review and manage the governance arrangements required to guide the implementation of the WRS. The governance arrangements since 2007 have included the following elements:
- The establishment in 2007 of a GWRC standing committee to act as the 'host' of the WRS known as the "WRS Committee" on which each Council in the region has been represented and which has also included 5 non-local government members, with one of the non local government members in the role of chair.
 - The establishment in 2007 of a regional economic development agency (**Grow Wellington**), in the form of a not-for-profit CCO company with 100% of the shares held by GWRC.

- The appointment of a merit-based board of directors (endorsed by the WRS Committee) to Grow Wellington.
- The collection by GWRC of a targeted regional economic development agency rate to fund Grow Wellington and the management of the WRS Committee;
- A review of the effectiveness of the entire WRS in 30 June 2011 (**2011 Review**). The review was undertaken and the concluded that there continued to be good reasons for continuing to pursue economic development at a region-wide scale, and to fund and deliver economic development activities on a region-wide basis.
- Following the 2011 review the Councils agreed to continue the WRS governance via the WRS Committee, with funding via the targeted economic development agency rate collected by GWRC. It was also agreed the regional economic development activity continue to be implemented by Grow Wellington.
- The WRS was refreshed in 2011/12 and the WRS Committee membership changed.

Shared Services Programme

C The Wellington Mayoral Forum began a programme of shared services in 2013. One of the shared services initiatives was economic development and this involved investigating integrating the activities of Grow Wellington with various WCC CCOs and business units to promote economic development at a regional scale. The outcome of the shared services project has been an agreement to combine the following CCOs and business units to establish a single agency to be known as the Wellington Regional Economic Development Agency (**WREDA**):

- Grow Wellington (a CCO of GWRC owned on behalf of the region)
- Positively Wellington Tourism (a CCO of WCC)
- Positively Wellington Venues (a CCO of WCC)
- Major Events (a business unit of WCC)
- Destination Wellington (a business attraction programme of WCC)

D This agreement has been prepared to record the Councils' agreed position, guiding principles and protocols in regard to :

- the process to establish WREDA;
- the role of the WRS Committee;

- the continued collection by GWRC (on behalf of the region) of a targeted economic development rate to fund the implementation of the WRS via regional economic development activities carried out by WREDA;
- the future governance and oversight of WREDA and its implementation of agreed WRS economic development activities; and
- the oversight and the future development of the WRS.

2 Guiding principles

- 2.1 The Councils agree that sustainable economic growth in the Wellington Region and the possibility of additional Central Government investment in and support of the region, can only be achieved if the Councils work together at a local governance level. To achieve this, the Councils have agreed the following guiding principles to direct the future development of the WRS and the subsequent actions by the respective Councils in regard to governance, implementation and funding.
- 2.2 The Councils agree to work together to:
- a. Foster economic development for the regional good.
 - b. Minimise barriers to achieving regional economic outcomes.
 - c. Deliver on actions that will result in economic benefits for the region.
 - d. Ensure that appropriate mechanisms and processes relating to shared benefits are established and maintained to ensure:
 - (a) appropriate agreement on funding;
 - (b) that participants in collective decisions are those parties (or their representatives) who bear costs and risks of such decisions.
 - e. Ensure that the processes by which this agreement evolves are transparent, unbiased towards any person or party and in particular:
 - (a) limits the potential for any party to amend the agreement in a manner that introduces unjustifiable bias; and
 - (b) appropriately balances the interests of all parties.
 - f. Ensure that any future multilateral agreement reached between the Councils in regard to the WRS and collaborative economic development activities is robust and enforceable and complies with law and in particular the requirements of the LGA 2002.

3 Term and review

Term of this document

- 3.1 The guiding principles, understandings, agreements and protocols recorded in this document shall commence on the Operative Date and each of the Councils shall perform their respective obligations in accordance with this document from that date and until this document is reviewed or replaced or terminated in accordance with clause 13.

4 Triennial Agreement

- 4.1 The Councils agree to record in the triennial agreement, as required by section 15 LGA 2002, the agreements and protocols recorded in this document.

5 Role and operation of WRS Committee

Retention of WRS Committee

- 5.1 The Councils agree that GWRC will retain the 'Wellington Regional Strategy Committee' (**WRS Committee**) and that it will continue to take the role, on behalf of the Region, as the governance body for the region's economic development activities.

Role and functions of WRS Committee

- 5.2 The Councils agree that the WRS Committee's ongoing role and functions will be:
- a. To represent the region in economic development
 - b. To provide governance oversight of WREDA, by:
 - i. Setting WREDA's overall strategic objectives, service levels and outputs to advance the WRS (including expanding the WRS to incorporate events, venues and tourism attraction)
 - ii. Agreeing WREDA's KPIs
 - iii. Considering and reviewing the draft statement of intent developed by WREDA in response to the overall goals and levels of service set by the WRS Committee, and recommending to the Shareholders a final Statement of Intent.
 - iv. Monitoring the performance of WREDA and its board
 - v. Reviewing and agreeing WREDA's strategies for achieving the desired outcomes

- vi. Reacting to changes and considering modifications of the desired outcomes
- vii. Recommending the appointment of WREDA directors to the Shareholders.
- viii. Considering the following actions:
 - a.
 - b. establishing a subsidiary company or entity
 - c. issuing new shares to approve the transfer of shares to a new shareholder prior to any decision by the Shareholders of WREDA.
- c. Take responsibility for overall guidance and ongoing development of the WRS.
- d. Provide regional leadership, engage and establish partnerships with key government agencies and non-government agencies involved in economic development, acknowledging that constituent local authorities also have leadership roles on behalf of their cities and districts.
- e. Coordinate the various Council local economic development activities.
- f. Monitor the outcomes expected in the WRS focus areas and event and tourism attraction, and assess what further actions may be required as a result of monitoring.
- g. Ensure the WRS continues to be relevant by reviewing economic trends, investigating opportunities for promoting economic growth and developing and overseeing a process of periodic review as circumstances change.
- h. Determining the amount of the regional funding (collected via the GWRC EDA rate) to be applied by GWRC (via the funding agreement) to WREDA

Membership of WRS Committee

- 5.3 Full membership of the WRS Committee shall comprise 10 persons.
- 5.4 GWRC is responsible for the appointment of the WRS Committee and will ensure that the membership is made up as follows:
 - a. One Regional Councillor appointed by GWRC.
 - b. Four people nominated by WCC.
 - c. One person nominated by HCC.
 - d. One person nominated by UHCC.

- e. One person nominated by PCC.
- f. One person nominated by KCDC.
- g. One person nominated jointly by MDC, CDC and SWDC, to represent the interests of Wairarapa.

5.5 For the avoidance of doubt the membership of the WRS Committee shall comprise the above members or their alternates nominated by their Council. The members and their alternates may be replaced from time to time by the respective Councils by providing written notice to GWRC, confirming the amended nomination.

Term of appointment

5.6 The members shall be appointed in accordance with clause 6.5 as soon as possible after each local government triennial election, and for a term that expires on the date of the next local government triennial election.

Remuneration

5.7 Each Council shall be responsible for any remuneration of its representative(s) on the WRS Committee, and for the cost of that person's participation in the WRS Committee.

Chairperson

5.8 The WRS Committee shall appoint and may remove the Chairperson and the deputy Chairperson.

5.9 For the purposes of the proceedings of the WRS Committee and the relevant GWRC standing orders, in the case of an equality of votes, the Chairperson shall not have a casting vote.

Operation of WRS Committee

5.10 The WRS Committee shall meet at such times as determined by the Chairperson from time to time and/or as determined by the WRS Committee, such meetings to be conducted in accordance with the Terms of Reference or as otherwise agreed by the WRS Committee from time to time.

Voting

5.11 Each member of the WRS Committee will have one equal vote, and decisions will be made by a simple majority.

Terms of Reference

5.12 The WRS Committee shall be established with the Terms of Reference attached at Schedule 1 of this document.

5.13 GWRC undertakes not to make any significant change to the Terms of Reference without a recommendation from the WRS Committee.

Role of Chief Executives Group

- 5.14 The Chief Executives of GWRC, WCC and the Chair of the Chief Executives' Forum shall support and provide advice to the WRS Committee, after discussion with the wider Chief Executives' Forum.

6 GWRC's role

- 6.1 GWRC agrees to support the objectives of the Councils and the guiding principles recorded in this document by ensuring that:
- a. It appoints and maintains the WRS Committee and confirms the WRS Committee's Terms of Reference in accordance with this document.
 - b. In regard to the WRS, it will not act independently of the WRS Committee.
 - c. Any recommendations of the WRS Committee that GWRC is unable (for whatever reason) to support will be referred back to the WRS Committee for further consideration.
 - d. The WRS Committee will have full delegations to achieve its role and the functions outlined at clause 6.2 of this document, except those delegations that cannot be made under LGA 2002.
 - e. By resolution passed in accordance with clause 30(7) Schedule 7 LGA 2002, the WRS Committee will not be deemed to be discharged following each triennial general election..

7 WCC's role

- a. In regard to the WRS, it will not act independently of the WRS Committee.
- b. Any recommendations of the WRS Committee in respect of the Statement of Intent and the appointment of directors that WCC is unable (for whatever reason) to support will be referred back to the WRS Committee for further consideration.

8 Funding protocols

- 8.1 The Councils agree to abide by the following protocols in regard to funding the WRS and its initiatives:

GWRC

- a. GWRC will, set a targeted regional economic development rate. The quantum of that rate will be recommended by the WRS Committee and will be subject to GWRC's Long Term Plan and Annual Plan processes.
- b. The targeted regional economic development rate will be allocated on the basis of:
 - (a) A uniform annual charge to residential ratepayers;
 - (b) A uniform annual charge to rural ratepayers of twice the rate charged to residential ratepayers;
 - (c) The remainder of the GWRC allocation of cost of WREDA being charged to businesses on the basis of their capital values.
- c. GWRC agrees to allocate the funds received from the GWRC targeted regional economic development rate to WREDA to deliver the economic development initiatives outlined in the WRS. GWRC will not allocate any part of the targeted economic development rate for initiatives that are inconsistent with the WRS.
- d. GWRC will deal with any subsequent desire (by either GWRC or any of the other Councils), to increase or decrease the annual GWRC targeted regional economic development rate or to adjust the agreed rating allocation formula from that set out above in the following manner:
 - (a) by referring the matter to the WRS Committee for consideration and recommendation;
 - (b) by only acting on a recommendation by the WRS Committee that has received the support of a three quarters vote of the WRS Committee.

WCC

WCC will inform the WRS Committee on its intended funding allocation to WREDA as part of its Long Term Plan and Annual Plan development processes.

9 Announcements

- 9.1 Each of the Councils agree that:
 - a. They will not make any public announcements or media releases on behalf of the other Councils or the WRS Committee, in regard to the

WRS and WREDA. Nothing in this provision shall prohibit or restrict a Council from making public announcements or media releases in connection with a Council's own implementation of or involvement with regional economic development.

- b. Only the Chairperson of the WRS Committee or his or her nominee shall be authorised to make public announcements or media releases on behalf of the WRS Committee in relation the WRS generally.

10 Reporting and information

- 10.1 GWRC and WCC (as appropriate) will ensure that each of the other Councils receive copies of the following in a timely manner:
 - a. all WRS Committee papers;
 - b. a copy of the completed annual statement of intent for WREDA; and
 - c. copies of the half yearly and annual reports of WREDA.
- 10.2 The WRS Committee will request WREDA meets with each Council at least once per year during the period Councils are preparing their Annual Plans, unless Councils do not wish to meet with the company.

11 Dispute resolution

- 11.1 Without limiting the application of the following clauses relating to dispute resolution, in the event of a dispute arising under this document, the Councils shall actively and openly endeavour to amicably settle such dispute themselves, with the view to achieving prompt resolution.
- 11.2 If a dispute is unable to be promptly resolved between the Councils, any Council may invoke the dispute resolution procedure provided by this clause by giving written notice to the other Councils.
- 11.3 The Councils to whom such notice is given shall promptly designate a person with authority to settle the dispute. The person designated by the Councils shall, within 10 Working Days of the designation, follow whatever investigations are considered appropriate to resolve the dispute.
- 11.4 If the dispute is not resolved within 30 business days from the commencement of the investigations, or such longer time as all Councils may agree, the Councils shall, for a further 60 Working Days, seek to resolve the dispute through mediation.

12 Exit provisions

- 12.1 The following provisions shall apply if any Council no longer wishes to be a party to this document:
- a. The Council that wishes to exit shall give the other Councils 60 Working Days written notice of their intention.
 - b. Receipt of such notice shall require the Councils to meet to review this document and agree any appropriate changes that may be required as a result of such Council's desire to exit.

13 Termination

- 13.1 This document will continue until the earlier of the following:
- a. The date a new agreement between the relevant Councils has been developed to replace this document, or
 - b. The date the WRS Committee is discharged by GWRC.

14 Execution

- 14.1 This document is properly executed if each party executes either this document or an identical document. This document takes effect when each of the Councils that sign the document returns their signed copy to the chairman of the Chief Executives Group.

15 Definitions and interpretation

Definitions

- 15.1 In this document the following definitions apply:

Chairperson means the chairperson of the WRS Committee appointed from time to time by the WRS Committee.

Chief Executives Group means the chief executives of the Wellington Councils.

Councils mean the Councils that are parties to this document.

CCO means a council-controlled organisation as defined in the LGA 2002.

LGA 2002 means Local Government Act 2002.

Operative Date means the date of this document.

Region, Regional and **Wellington Region** means the region defined in clause 6 of the Local Government (Wellington Region) Reorganisation Order 1989 referred to at Schedule 2 LGA 2002.

Statement of Intent means the WREDA statement of intent prepared in accordance with the requirements of the LGA 2002.

Shareholders mean the shareholders of WREDA, which at the date of this document shall be GWRC as 20% shareholder and WCC as to 80% shareholder.

Terms of Reference means the WRS Committee terms of reference attached as Schedule 1 as amended from time to time in accordance the provisions of this document.

Working Day means a working day as defined by section 5 of the LGA 2002.

WREDA means the company established as a CCO to implement regional economic development activities on behalf of the Wellington region.

WRS means the Wellington Regional Strategy.

WRS Committee means the Committee referred to in clause 5.

Execution and date

Executed as a deed.

Date: 2014

The common seal of)
Wellington City Council)
was affixed in the presence of:)

Authorised signatory

Authorised signatory

The common seal of)
Wellington Regional Council)
was affixed in the presence of:)

Authorised signatory

Authorised signatory

The common seal of)
Hutt City Council)
was affixed pursuant to a resolution of)
Council in the presence of:)

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The common seal of)
Upper Hutt City Council)
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Final Draft 29 Aug 14

Schedule 1

Terms of Reference

See attached.

Final Draft 29 Aug 14

Wellington Regional Strategy (WRS) Committee DRAFT Terms of Reference

Objective

The Wellington Regional Strategy (WRS) Committee is established to implement and develop the WRS, including overseeing the Wellington Regional Economic Development Agency (WREDA) to deliver tourism, events and business growth initiatives in the Wellington region.

Specific responsibilities

The committee's responsibilities include:

- a) On behalf of the Council, and acting on behalf of all councils in the region:
 - i. To take responsibility for overall guidance and further development of the WRS. To provide regional leadership, engage and establish partnerships with key Government agencies and non-government agencies involved in economic development, acknowledging that constituent local authorities also have leadership roles within their cities and districts;
 - ii. To oversee and monitor the work of WREDA;
 - iii. To ensure the WRS continues to be relevant by reviewing economic trends, investigating opportunities for promoting economic growth through growing tourism, promoting major events, attracting and supporting businesses to grow and ensuring the region continues to prosper;
 - iv. To approve submissions to external organisations for matters pertaining directly to the committee's responsibilities;
 - v. To recommend a required funding proposal to Greater Wellington to be consulted on annually, in the course of the Greater Wellington Annual Plan or Long Term Plan process which will include the proposed amount and allocation of a recommended targeted rate, to be collected by Greater Wellington, to fund the existing and new economic development initiatives and the other initiatives outlined in the WRS.

Operating principles

The Council has agreed that it will not act independently of the Committee, so that any committee recommendations that the Council is not prepared to accept will be referred back to the Committee for further consideration.

The Council and the territorial authorities of the region intend to complete a Multiparty Agreement to record their agreement in regard to the future implementation, governance, and funding of the WRS by the Council.

- 1.1 The regional Chief Executives of GWRC, WCC and the Chair of the Chief Executives' Forum will be the principal advisors to the Committee, after discussion with the wider Chief Executives' Forum.

Membership

The membership of the WRS Committee will be 10 persons in total, appointed by the Council (from time to time) as follows:

1. One regional councillor.
2. Four members nominated by Wellington City Council.
3. One member nominated by each of Porirua City, Hutt City, Kapiti Coast District, Upper Hutt City Councils
4. One member nominated by the three Wairarapa district councils.

The members may be replaced from time to time by the respective councils by providing written notice to the Greater Wellington Regional Council, confirming the amended nomination. The members must be elected members of the nominating council.

Chairperson

The appointment of the Chairperson and deputy is to be determined by the full Committee.

Quorum

The quorum shall be five members of the Committee, of which one must be the regional council member of the Committee, and one must be the Chairperson or Deputy Chairperson (once appointed).

Alternates

The regional councillor appointed to the Committee must have an alternate who may attend and vote at meetings of the Committee, in the event of the appointed regional councillor's absence or unavailability.

In the case of the Wellington City Council members appointed to the Committee, that Council may nominate a pool of up to four alternative members for appointment. In the event that a Wellington City Council member of the Committee is unavailable to attend a Committee meeting any one person from the pool of the Council's alternative members may attend and vote in their place.

Each of the other members are entitled to an alternate member who may attend and vote at meetings of the Committee, but only in the event that the nominated and appointed member is unable to do so.

Remuneration

Each council shall be responsible for remunerating its representative on the Committee for the cost of that person's participation in the Committee.

Term of appointment

Each member shall be appointed by the Council as soon as possible after each local government triennial election, and for a term that expires on the date of the next local government triennial election.

Standing Orders

The Council's Standing Orders are adopted, subject to the inclusion of the following provisions relating to the WRS Committee:

i. Voting

The acts of the Committee must be done and questions before the Committee must be decided at a meeting by vote. Each member of the Committee will have one equal vote and decisions will be made by simple majority.

ii. (b) Chairperson voting

The Chairperson or other person presiding at a meeting:

- a. has a deliberative vote; and
- b. in the case of an equality of votes, does not have a casting vote (and therefore the act or question is defeated and the status quo is preserved).

Delegations

The Council delegates to the Committee all duties and powers to achieve its specific responsibilities, except those matters reserved under clause 32 of Schedule 7 of the Local Government Act 2002 and the following:

- appointment of Committee members;
- WREDA director appointments and removal;
- WREDA director remuneration.

(The Committee will make recommendations to the shareholder Councils on WREDA director appointments/removal and director remuneration).

Duration of the Committee

In accordance with clause 30(7) of Schedule 7 of the Local Government Act 2002, the Wellington Regional Strategy Committee is not deemed to be discharged following each triennial election.