

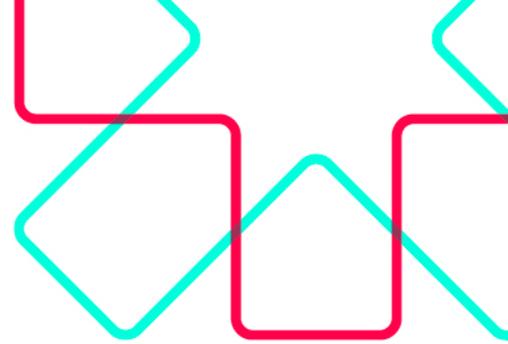
# LOCAL GOVERNMENT ECONOMIC DEVELOPMENT ARRANGEMENTS IN THE WELLINGTON REGION

Final Report

July 2016







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# PREFACE

This report has been prepared for Local Government Commission by EeMun Chen and Nick Davis from MartinJenkins (Martin, Jenkins & Associates Limited).

MartinJenkins advises clients in the public, private and not-for-profit sectors, providing services in these areas:

- Public policy
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# EXECUTIVE SUMMARY

The Local Government Commission wishes to determine whether there are opportunities to improve the region's local government economic development arrangements. As the Wellington Regional Economic Development Agency (WREDA) was established in October 2014 with a Chief Executive on board from September 2015, the Commission acknowledges that it may be preferable to allow this new organisation to establish and develop before determining whether further change is required.

MartinJenkins has been engaged to provide an overview of local government economic development governance and service delivery arrangements in the Wellington region and determine whether there is value in considering opportunities for improving arrangements at this time.

Based on a review of existing documentation and semi-structured interviews with a selection of key stakeholders, the following observations are made:

- **There is significant variation in expenditure on economic development activities across the councils**
  - Wellington City Council allocates the most to economic development across all the councils – by absolute value and by number of businesses and per head of population.
- **There are areas of potential duplication, or areas that could be better coordinated, across the region**
  - Most councils are funding and/or undertaking destination marketing as part of their economic development activities. There is potential for Destination Wairarapa, local destination market and local events provision to have overlapping outcomes and activities with the promotion and events functions of WREDA.
  - Business attraction and retention undertaken across the region has the potential for a competitive element which may not be of benefit to the region as a whole.
  - Interviewees noted that the Wellington Regional Strategy (WRS) Office is undertaking economic development and project work which overlaps with WREDA's functions. We understand the WRS Committee has a process underway seeking to address the future of the WRS Office under the current institutional arrangements.
- **The momentum of WREDA establishment**
  - WREDA's formation and operation is perceived by some to be drawn out, with the lack of progress beginning to result in a loss of confidence by some stakeholders. On the other hand, other stakeholders consider that more time is required to amalgamate and integrate and to deliver results. It is recognised that other regional economic development agencies had similar establishment timeframes, e.g., Auckland Tourism, Events and Economic Development.
- **A perceived lack of strategy or vision for WREDA and associated measurable KPIs**
  - There is a question about the role of the WRS in setting the priorities of WREDA, compared with other shareholder priorities, such as the "8 big ideas" of Wellington City Council's economic growth agenda for example. We consider it would be desirable, in time, to review



and refresh the priorities of the WRS to ensure there is coherence between the Strategy and the priorities of the Wellington region, WREDA and its funders.

- **Concerns about the sustainability of the current arrangements given unequal shareholdings**
  - The unequal funding arrangements for WREDA, with Wellington City Council as the majority funder and shareholder (80 percent, compared with 20 percent for Greater Wellington Regional Council on behalf of the region), are a potential source of tension in the model. Good working relationships between the parties – and the effective functioning of the WRS Committee – is an ongoing requirement if the model is to succeed.
- **Concerns about the effectiveness of current monitoring arrangements and support for the committee**
  - There is a lack of clarity in the current arrangements about where the WRS Committee receives secretariat services, and advice from, to support the performance of its functions. Wellington City Council has its own mechanisms for monitoring WREDA and provides support to the Committee. The WRS Office played this role under the previous arrangements but its role in the current arrangements and with respect to the committee is unclear.

Overall, we conclude that more time is required for the current economic development arrangements in the Wellington region to bed in and for the governance relationships to mature before recommending an external in-depth review by the Local Government Commission. It is likely that a review at this time would risk distracting the focus of WREDA from its core purpose. However, given the potential for tensions in the current model, we consider a review in 12-18 months time would be warranted. The WRS Committee may wish to initiate a review themselves within this timeframe. This report contains suggestions regarding the scope of such a review.



# INTRODUCTION

## Scope of this report

The Local Government Commission is working with councils in the Wellington region to explore opportunities to improve local government services. As part of this work, the Commission wishes to determine whether there are opportunities to improve the region's local government economic development arrangements.

The Wellington Regional Economic Development Agency (WREDA) was established in October 2014, with its Chief Executive commencing in September 2015. The Commission acknowledges that it may be preferable to allow this new organisation to establish and develop before determining whether further change is required.

In this context, the Commission wishes to understand the following:

- What is the full picture of local government economic development governance and service delivery arrangements in the Wellington region?
- How do the region's economic development arrangements compare to other relevant models in New Zealand and overseas?
- Given that WREDA has been set up only very recently, is there value in considering opportunities for improving economic development arrangements within the Wellington region at this time?

In examining economic development and service delivery arrangements, the focus is on the institutional arrangements, that is, how economic development functions are governed, funded and delivered. This review has not considered whether the right mix of activities is being undertaken, or whether the activities currently undertaken are being delivered efficiently and effectively.

The Commission requested a largely desk top methodology, with limited interviews, given the scoping nature and modest scale of the review.

The territorial authorities within scope are: Carterton District Council, Hutt City Council, Kāpiti Coast District Council, Masterton District Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council, Wellington City Council and the Greater Wellington Regional Council.<sup>1</sup>

The recommendations in this report are based on information and evidence collected through:

- review of existing documentation and research, including:
  - the nine council long term plans, annual reports and economic development strategies (where they exist)
  - council committee and task group minutes

<sup>1</sup> Tararua District Council has not been included in this review. The majority of Tararua District Council's catchment is in the Manawatū-Wanganui region. Although we do note that some residents regard themselves as living in either Hawke's Bay (in the north) or Wairarapa (in the south). For economic development, Tararua District Council runs an in-house unit, and has linkages with Central Economic Development Agency (CEDA, the amalgamation of Vision Manawatū and Destination Manawatū). Tararua District Council is not party to the Multilateral Agreement with WREDA



- submissions on the WREDA proposal
  - key accountability documents between WREDA and shareholders
  - material and literature on economic development arrangements in other regions and overseas, including international research such as OECD reports *Organising local economic development: The role of development agencies and companies* (2010) and *A review of local economic and employment development policy approaches in OECD countries* (2008).
- semi-structured interviews with a selection of key stakeholders (Table 1).

**Table 1: Interviews with key stakeholders**

Organisation	Interviewee
Wellington Regional Economic Development Agency	Chris Whelan, Chief executive Peter Biggs, Chair
Wellington Regional Strategy Committee	Mayor Wayne Guppy, Chair
Greater Wellington Regional Council	Greg Campbell, Chief executive Nicola Shorten, Manager, Strategic and Corporate Planning Colin Drew, Project leader, Regional strategy (Wellington Regional Strategy Office)
Wellington City Council	Kevin Lavery, Chief executive Jo Coughlan, Chair, Economic Growth and Arts Committee, WCC Councillor

## Structure of this report

The remainder of this report has three sections:

- Current economic development activity in Wellington
- Views of WREDA and the economic development arrangements in Wellington
- Conclusions and recommendations.



# CURRENT ECONOMIC DEVELOPMENT ACTIVITY IN WELLINGTON

The Wellington region spent approximately \$55 million on economic development in 2015/16. A large proportion of this is funding for the new regional economic development agency, Wellington Regional Economic Development agency (WREDA) (\$35.6 million, approximately 65 percent of total regional economic development expenditure) (Table 2).

**Table 2: Planned funding of economic development in the Wellington region, 2015/16**

	In-house activities	WREDA	WRS Office	Total
Wellington City Council	\$5.6 million	\$31.6 million		\$37.2 million
Greater Wellington Regional Council		\$4.1 million	\$0.6 million	\$4.7 million
All other Wellington councils	\$13.1 million			\$13.1 million
<b>Total</b>	<b>\$18.7 million</b>	<b>\$35.7 million</b>	<b>\$0.6 million</b>	<b>\$55.0 million</b>

Notes:

Based on Long Term Plan economic development operating expenditure forecasts for 2015/16.

The total regional rate for 2015/16 is \$4.7 million. The Greater Wellington Regional Council collects this regional rate. \$4.1 million is provided to WREDA with the rest for the activities of the WRS Office.

In compiling and analysing the data on economic development activities and funding, it was clear that not all councils define 'economic development' the same way. Therefore, the composition of funding for economic development differs by council. Activities that are defined by some councils as 'economic development' are not by others, for example, operation of venues, industry specific infrastructure projects, events and mainstreet development programmes.

This leads to a general lack of transparency and consistency for ratepayers as to what comprises economic development expenditure, which is an issue across all councils, not just those in the Wellington region. We use Long Term Plan forecasts of economic development activity funding for all councils. While the funding may not be strictly comparative between councils, we believe they are sufficiently indicative of the quantum of spending for the purposes of this review.

WREDA was established in October 2014 with the appointment of a Chair and Board, with a Chief Executive in place since September 2015. WREDA subsumed the functions of the following predecessor organisations: Grow Wellington, Positively Wellington Tourism, Destination Wellington, Positively Wellington Venues and Major Events. At this juncture, it is timely to take stock of Wellington's economic development arrangements and determine whether and when it should be subject to an in-depth review.



We document the historical context that preceded the development of the current economic development arrangements, and from which they evolved, in Appendix 1. The key points to bear in mind from this historical context are:

- *Regional economic development strategy development and delivery in Wellington has a fraught history.*

The Wellington Regional Strategy (WRS) was developed between 2004 and 2007 as the region's sustainable economic growth strategy. It was developed by the region's nine local authorities in consultation with the region's business, education, research and community interests. The strategy came from a shared recognition that previous arrangements for economic development were fragmented, inefficient and did not take full advantage of opportunities for regional economic advancement.

When the strategy was reviewed in 2011, it was concluded that governance arrangements for the strategy did not enable progress (the WRS Committee and WRS Office) and there were few mechanisms for reporting on progress and performance. Additionally, stakeholders did not feel they had significant influence on Grow Wellington's<sup>2</sup> strategic direction and performance.

- *In 2014, all councils agreed on the formation of WREDA.*

It was recognised that there was the potential to do better in economic performance, and for there to be a more coordinated approach to economic development. Arrangements to date were seen as thinly spread, resulting in duplication, high agency costs and lacking in scale.

The Wellington region is currently administered by the:

- Wellington City Council
- Porirua City Council
- Kāpiti Coast District Council
- Hutt City Council
- Upper Hutt City Council
- South Wairarapa District Council
- Carterton District Council
- Masterton District Council
- Tararua District Council (a small part in the north-east of the region)<sup>3</sup>
- Greater Wellington Regional Council

Local government delivery of economic development activities in the Wellington region is primarily undertaken through the new Wellington Regional Economic Development Agency (WREDA) but each

<sup>2</sup> Grow Wellington, formally a CCO of Greater Wellington Regional Council, was established as the region's economic development agency. Wellington City Council's tourism (Positively Wellington Tourism) and events functions continued to be delivered separately.

<sup>3</sup> As discussed previously, Tararua District Council has been excluded from the remaining analysis.



council also undertakes its own economic development activities (Table 3). The table shows that, in addition to WREDA, the councils within the Wellington region are undertaking a wide range of local economic development activities including economic development strategy development, business development support, events, mainstreet development, international relations, skills and talent initiatives, innovation support services, investment attraction, visitor marketing and promotion, and local economic intelligence gathering and analysis.

**Table 3: Economic development activities in the Wellington region, by entity**

Entity	Operational expenditure (2015/16 LTP forecast)	Activities	Economic strategy or plan
Wellington Regional Economic Development Agency (WREDA)	\$35,600,000	<ul style="list-style-type: none"> <li>Building business capability and growing sector scale along with attracting business, investment, talent and students to the region</li> <li>Destination marketing, including business events, digital marketing, product development and campaigns</li> <li>Management of a portfolio of conference and performance venues (Michael Fowler Centre, Wellington Town Hall, TSB Bank Arena, Shed 6, St James Theatre, Opera House and Academy of Fine Arts)</li> <li>Major events</li> </ul>	Wellington Regional Strategy Statement of Intent
Greater Wellington Regional Council	\$600,000 \$4,100,000 of the regional rate to WREDA	<ul style="list-style-type: none"> <li>Regional economic forecasts, reports, indicator tools and analysis</li> <li>Formal arrangements with government (migrant activities, investment programme)</li> <li>Project coordination (infrastructure and open for business)</li> <li>Research and investigation of new economic development opportunities</li> <li>Wellington Regional Strategy Office</li> </ul> <p>Note that the Greater Wellington Regional Council is funding an infrastructure project on water storage and irrigation in the Wairarapa which is not included in their long term plan as economic development expenditure.</p>	Wellington Regional Strategy
Wellington City Council	\$5,641,000 \$31,560,000 to WREDA	<ul style="list-style-type: none"> <li>Wellington International Airport runway extension</li> <li>Tech Hub</li> <li>Film and screen sector support</li> <li>Destination Wellington</li> <li>Tourism projects</li> <li>Events Development Fund (implemented through WREDA)</li> <li>New Zealand Festival grant</li> <li>Indoor arena feasibility</li> <li>Convention centre feasibility</li> <li>Economic development grants (WIED fund)</li> </ul>	Economic Development Strategy (2011)



Entity	Operational expenditure (2015/16 LTP forecast)	Activities	Economic strategy or plan
Carterton District Council	Unknown	<ul style="list-style-type: none"> <li>Provision and maintenance of Carterton Holiday Park</li> <li>Economic development fund (\$25,000)</li> <li>Tourism</li> <li>Events Centre</li> <li>Funding to Destination Wairarapa (\$53,000)</li> <li>Wairarapa Economic Development Taskforce</li> </ul>	Economic development strategy and action plan: <i>Where the heart is humming</i>
Hutt City Council	\$5,131,000  Note that this expenditure excludes expenditure on city promotions, events and Events Centre development	<ul style="list-style-type: none"> <li>Business development support</li> <li>Business-friendly council</li> <li>Development charges and rates remissions</li> <li>Economic development fund (\$44,000)</li> <li>Sister cities</li> <li>Science and technology projects</li> <li>City promotions</li> <li>Events</li> <li>Events Centre development</li> </ul>	Economic development plan 2015-2020
Kāpiti Coast District Council	\$2,306,000	<ul style="list-style-type: none"> <li>Business-friendly council</li> <li>Leadership</li> <li>Events</li> <li>Business attraction</li> <li>Capability building (Māori economic development fund, youth skills workforce, support for ICT, Innovation Hub)</li> <li>Support iwi-led economic development</li> </ul>	Kāpiti economic development strategy 2015-2018 with Kāpiti Coast Chamber of Commerce
Masterton District Council	\$770,993	<ul style="list-style-type: none"> <li>Investing in economic development initiatives</li> <li>Cooperating with regional initiatives</li> <li>Research to investigate new economic potential</li> <li>Sister cities</li> <li>Tourism</li> <li>Mawley Park and Hood Aerodrome</li> <li>Events</li> <li>Business promotion</li> </ul>	In development
Porirua City Council	\$2,842,000	<ul style="list-style-type: none"> <li>City promotion</li> <li>City centre revitalisation</li> <li>Sister cities</li> <li>Visitor information services (80-85% from the general rate; 5-10% targeted rate; 0-5% from fees and charges)</li> <li>Attracting new business investment</li> <li>Tourism</li> </ul>	Porirua City Council ED strategy and action plan (2010)
South Wairarapa District Council	\$308,000	<ul style="list-style-type: none"> <li>WAIconnect Broadband advocacy</li> <li>Support the activities of the Wellington Regional Strategy, WREDA, Destination Wairarapa and other agencies and local groups</li> </ul>	Developing a strategy is a project for 2015/16



Entity	Operational expenditure (2015/16 LTP forecast)	Activities	Economic strategy or plan
Upper Hutt City Council	\$1,701,000	<ul style="list-style-type: none"> <li>Economic development stimulus package – waives development charges, rates and building and resource consent charges, and provides grants for business relocations and retrofits. Grants are also offered to encourage earthquake strengthening (\$750,000 over years 1 and 2)</li> <li>Targeting and attracting new businesses and employers</li> <li>Marketing and city promotion</li> <li>City centre management</li> </ul>	Upper Hutt Marketing Strategy includes as one of the three priority areas – encouraging people to invest and establish businesses here

Source: Long term plans, annual plans and economic development strategies

Appendix 2 provides a visual representation of economic development activities by geography. The size of the circles indicate the scale of the economic development budgets of each council.

Based on available information about the nature and scale of economic development activities undertaken across the region, we observe that:

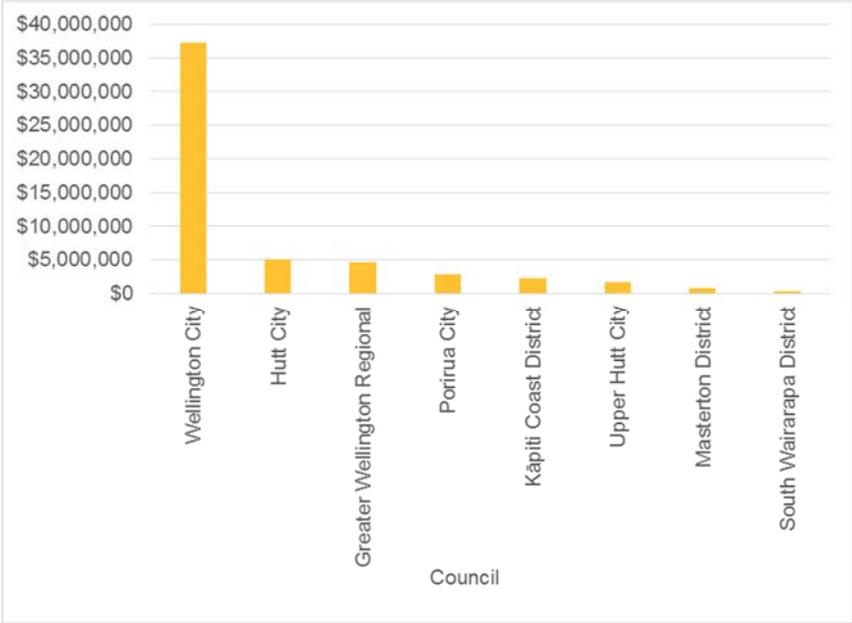
**1 There is significant variation in expenditure on economic development activities across the councils.**

Wellington City Council allocates the most to economic development across all the councils – by absolute value (Figure 1) and by number of businesses and per head of population (Figure 2 and Figure 3). For 2015/16, Wellington City Council has allocated \$37,201,000 operating expenditure to economic development, with \$31,560,000 being its contribution to WREDA. For every business in the Wellington City boundaries, the council spends \$1,421 on economic development. For every person, Wellington City Council spends \$189 on economic development. Other councils spend considerably less per business/person.

It should be noted that most of Wellington City Council’s economic development expenditure is for delivery through WREDA (85 percent of total expenditure).



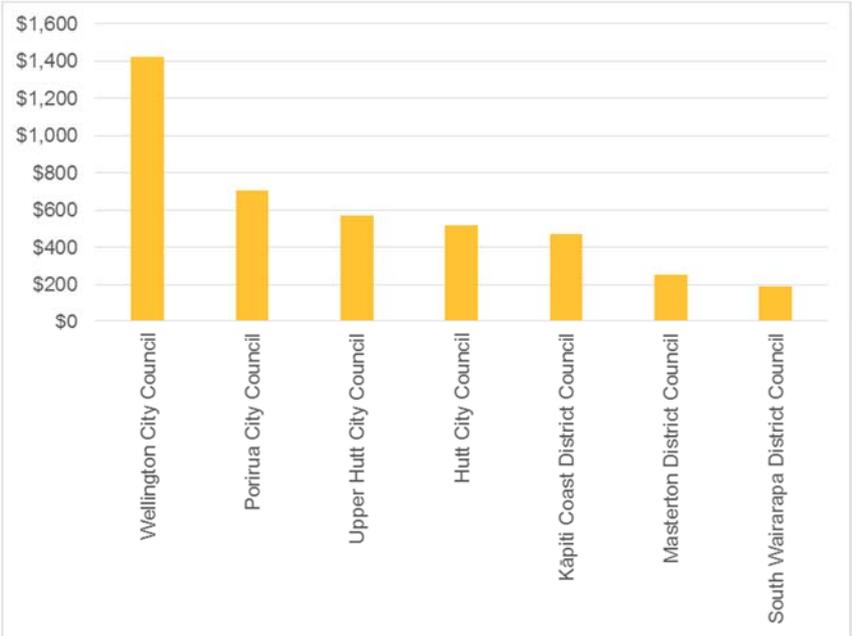
**Figure 1. Economic development council operating expenditure, 2015/16**



Source: Long term plans

Notes: Carterton is not reported due to lack of data

**Figure 2. Economic development expenditure, per capita**

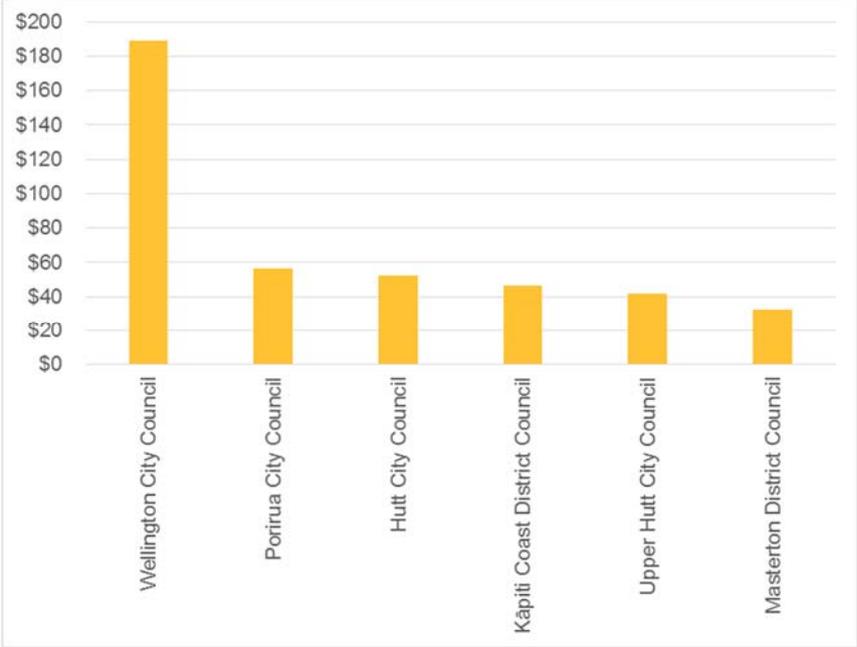


Source: Long term plans, Statistics New Zealand.

Notes: Carterton is not reported due to lack of data



**Figure 3. Economic development expenditure, as a proportion of number of businesses**



Source: Long term plans, Statistics New Zealand.  
 Notes: Carterton is not reported due to lack of data

**2 Councils are using a variety of tools to stimulate economic development**

In addition to funding, a number of alternative tools are also used to stimulate economic development in the Wellington region:

- **Rates relief:** Hutt City Council offers Central Business District development remissions, citywide development remissions and rates remission for economic development. Upper Hutt City Council’s economic development stimulus package offers grants for reduction and remission of rates, and building and resource consent fee waivers where developments would provide additional new fulltime equivalent jobs.
- **Grants:** A few councils offer economic development funds. Upper Hutt City provides Business Development grants for business relocations and retrofits and earthquake strengthening.
- **Asset ownership:** Some councils own and manage significant assets, for example, Masterton District Council owns Mawley Park and Hood Aerodrome, and Carterton District Council provides and maintains Carterton Holiday Park. WREDA operates Wellington City Council’s venues business on its behalf.

**3 There are two pan-territorial authority entities operating in the Wellington region, with their own governance arrangements**

In June 2014, Wellington City Council and Greater Wellington Regional Council (on behalf of the region) agreed to combine the economic development, tourism, venues and major events of their



organisations together, in a single council controlled organisation, WREDA. This decision was ratified by all of the other councils in the region.

The Wairarapa Economic Development Task Group was established in March 2015. Its purpose is to develop and implement an economic development strategy for Wairarapa. It provides a forum for alignment and identification of economic development activities and initiatives across the Wairarapa. It has representation from Masterton, Carterton and South Wairarapa District Councils, Wairarapa Chamber of Commerce, Rangitāne o Wairarapa and Ngāti Kahungunu Ki Wairarapa.

#### **4 There are areas of potential duplication, or areas that could be better coordinated, across the region**

Most councils include tourism or marketing and city promotion as part of their economic development budget. As destination marketing can have a role in attracting visitors, skills and businesses, and in contributing to the visitor economy, it is often included as part of a council's economic development budget. Some councils deliver this through regional tourism organisations, e.g., Destination Wairarapa, or in tandem with local business associations. Others have in-house delivery. There is the potential for Destination Wairarapa, local destination marketing and local events provision to have overlapping outcomes and activities with the promotion and events functions of WREDA.

Some councils have focused efforts on business attraction and retention (e.g., Upper Hutt, Hutt City, Kāpiti and Porirua). As each council undertakes its own business attraction or retention activity, there is the potential for a competitive element which may not be of benefit to the region as a whole.

It is unclear how well local business/investment attraction and retention is aligned with WREDA's efforts in this area. By way of example, both Hutt City Council and WREDA submitted proposals to attract Minacs' (a global outsourcing company headquartered near Toronto, Canada) customer service centre to the region. The company is set to lease office space in Lambton Quay.

WREDA is still establishing its operational relationships with the councils, and it is up to all parties to determine how they relate to, and work with, each other. Depending on how WREDA and each council wishes to proceed, this could be relatively informal or formalised through a memorandum of understanding or partnership agreement. For example, Immigration New Zealand, Western Bay of Plenty District Council, Tauranga City Council and Priority One have developed the Western Bay of Plenty Regional Partnership Agreement – a three-year plan to work collaboratively on shared priorities.



# VIEWS ON WREDA AND THE ECONOMIC DEVELOPMENT ARRANGEMENTS IN WELLINGTON

## The WREDA model

WREDA is the primary economic development for the Wellington region and is funded by Wellington City Council and Greater Wellington Regional Council. Wellington City Council is the majority shareholder, with 80 percent shareholding, and Greater Wellington Regional Council has the remaining 20 percent.

WREDA is overseen by the Wellington Regional Strategy (WRS) Committee. The WRS Committee:

- oversees and monitors the work of WREDA
- receives and considers the half-yearly and annual reports of WREDA
- agrees the annual Letter of Expectation to WREDA
- receives and considers WREDA's draft statement of intent (SOI) and provides feedback
- receives, considers and agrees WREDA's final SOI, and if necessary, requires modifications to the statement of intent
- provides recommendations to the shareholding councils regarding WREDA director appointments and/or removals and WREDA director remuneration.

The Committee has 10 persons in total. It has:

- One regional councillor
- Four members nominated by Wellington City Council
- One member nominated by each of Porirua City Council, Hutt City Council, Kapiti Coast District Council, and Upper Hutt City Council
- One member nominated by the three Wairarapa district councils.

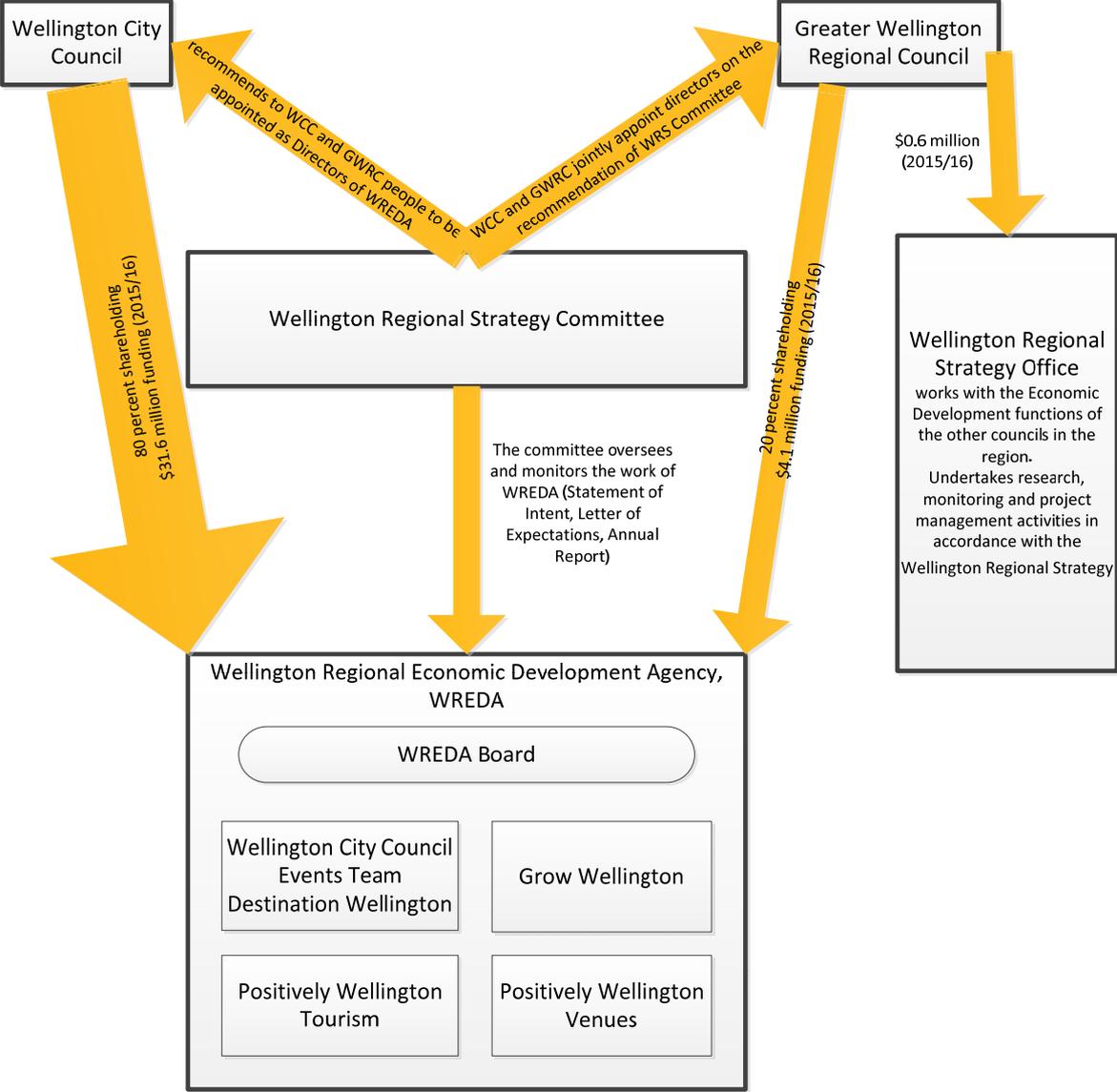
The appointment of the Chairperson and deputy is to be determined by the full Committee (Greater Wellington Regional Council, 2014). The Committee is currently chaired by the Mayor of Upper Hutt, Wayne Guppy.

WREDA itself has a board of 10 independent members and is currently chaired by Peter Biggs.

Figure 4 provides a summary of the current institutional arrangements for WREDA.



**Figure 4. Roles and responsibilities in relation to WREDA**



Key instruments governing WREDA include:

- Two separate funding agreements set out funding between each shareholder and WREDA. They set out the committed minimum amounts and the time period funding will be provided for. The first Funding Agreements include a minimum period of five years for which the funding will be maintained to provide certainty for WREDA.
  - Wellington City Council currently has two funding agreements with WREDA – one that covers the previous Positively Wellington Tourism activities, Destination Wellington and



Venues ownership costs and the other agreement is for Major Events. The Greater Wellington Regional Council funding agreement with WREDA is for regional economic development activities.

- Other funding, such as central government funding under the Regional Business Partner programme is subject to separate funding arrangements.
- A Multilateral Agreement sets the framework under which the WRS Committee and the councils will work together. It provides for the role and operation of the WRS Committee, that the Greater Wellington Regional Council agrees to support the objectives of the councils, and Wellington City Council will not act independently of the WRS Committee, in relation to the WRS.
- Terms of reference for the WRS Committee: to implement and develop the WRS, including overseeing the WREDA to deliver tourism, events and business growth initiatives in the Wellington region. It clarifies roles and responsibilities with respect to WREDA Board appointments, the Statement of Intent and annual reporting.
- Shareholders Agreement between Greater Wellington Regional Council and Wellington City Council outlining the relationship between the two parties. It is intended to govern conduct between the shareholders and requires that they take a cooperative and collaborative approach, and endeavour to act together when communicating shareholder intentions or requirements to WREDA.
- Management Agreement between WREDA and Wellington City Council documenting the management of the venues managed by WREDA on Wellington City Council's behalf.
- Letter of Expectation via the WRS Committee. Outlines the strategic context, priorities of the Committee and performance expectations. Key messages in the 2015 Letter of Expectation included movement towards specific actions and measurable outcomes, expectation that business as usual activities will continue at a high standard and for WREDA to play a primary facilitation role in driving collection action.
- Statement of Intent (SOI). Section 64 of the Local Government Act 2002 (the Act) requires WREDA to have a SOI which sets out the nature and scope of the activities WREDA intends to undertake over the next three years.

## Analysis

While the institutional arrangements for economic development in Wellington have some novel features, they are not particularly unusual when compared to other New Zealand regions or internationally. Indeed, all economic development arrangements around New Zealand and internationally are unique in some respects (see Appendix 3 for a short commentary on national and international models of economic development arrangement). The specific arrangements in any given locality reflect local government arrangements, legacy institutions and established working relationships. The imbalance of funding is also not a unique feature (for example, New Plymouth District Council contributes 92.5 percent of Venture Taranaki's local government funding, while Stratford District Council and South Taranaki District Council contribute 1.5 percent and 6 percent, respectively).



Key economic development stakeholders in the region were asked to comment on:

- impressions of WREDA and economic development activities/services in Wellington generally,
- challenges and opportunities for improvement, and
- whether the current arrangements should be subject to an in-depth review (including the scope and timing of any review).

The main themes drawn from the interviews included:

## **1 The momentum of WREDA establishment**

It is generally recognised that change takes time. The perceived slow momentum of WREDA formation and operation, and perceived lack of achievement and results, is beginning to result in a lack of patience and confidence by some stakeholders. On the other hand, several stakeholders considered that, while progress has been slower than desirable, more time is required to amalgamate and integrate the predecessor organisations and activities, and to deliver results.

Experience from other jurisdictions indicates that amalgamations of predecessor organisations do take considerable time to bed in. We note that in the Auckland Region, the Auckland Transition Agency was set up to advise on the processes required to establish Auckland Council, including Auckland Tourism, Events and Economic Development (ATEED) (Auckland Transition Agency, 2011). ATEED integrated and replaced:

- development and investment attraction activities of Auckland City Council's Economic Development Group
- Auckland Plus (an Auckland Regional Council stand-alone business unit)
- Tourism Auckland
- Enterprising Manukau (Manukau Enterprise and Employment Trust)
- Enterprise North Shore Trust
- the major events activities of the Auckland City Council City Events group
- Waitakere Enterprise Trust Board
- the visitor centres at Takapuna and Devonport from North Shore City Council
- the visitor information centre at Orewa from Rodney District Council
- Enterprise Franklin Development Trust
- Rodney Economic Development Trust.

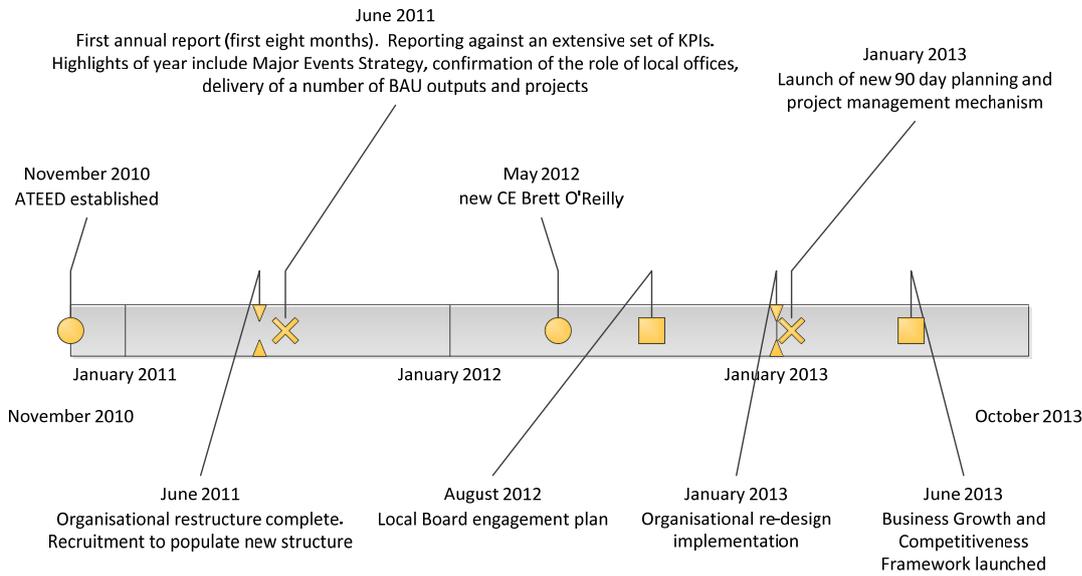
The Auckland Transition Agency highlighted that one of the greatest challenges facing Auckland Council is “around the need for a different way or mind-set for how council staff across the whole organisation (governing body, local boards, and CCOs) work together and for how Aucklanders view their council” (Auckland Transition Agency, 2011, p. xvi). In applying this to the present case, we note the challenges involved in creating a single regional economic development agency, and for Wellington businesses, stakeholders and residents to familiarise themselves with and engage with that agency.



The timeline for ATEED’s establishment shows how long it can take for an agency to operationalise (Figure 5).

Some interviewees thought that WREDA’s focus at this stage of the change process should be on completing projects and demonstrating immediate value, with refinements to its strategy and associated KPIs to follow once the organisation is “up and running”. Others acknowledged that while establishment has been slow, it is now almost complete, so it would not be timely to institute a review of progress at this stage.

**Figure 5. Timeline of ATEED’s organisational progress**



Source: From ATEED annual reports, quarterly reports and board reports

**2 Duplication of economic development activities around the region**

Interviewees noted that councils around the region are undertaking their own economic development work that overlaps with the activities of WREDA. As confidence in WREDA grows, there is an opportunity to reconsider the delivery arrangements of some activities, in particular business attraction and retention, and destination marketing.

The current governance structure allows territorial authorities to operate independently from each other on economic development matters, which could result in a lack of regional focus and introduces intra-regional rivalry. With one majority shareholder, councils who make a smaller contribution (via the regional rate) can be motivated to operate their own economic development activities. Some economic development activities are appropriately conducted at the local level (e.g., mainstreet development), but there are questions as to whether all councils are as engaged in regional economic development processes as they could be, and whether local economic development activities duplicate the activities of WREDA.



Additionally, some interviewees noted that the WRS Office is undertaking economic development and project work which overlaps with WREDA's functions. Some interviewees believed that the WRS Office should have a single function as secretariat for the WRS Committee, leaving delivery of activities to WREDA. Others felt that the activities of the WRS Office should be transferred to WREDA, and the office effectively disestablished. We understand that the WRS Committee has a process underway that is seeking to resolve the question of the future of the WRS Office under the current institutional arrangements for economic development in the region.

The scope of the funding agreements between Wellington City Council and WREDA, and Greater Wellington Regional Council and WREDA, do not differ fundamentally from arrangements pre-establishment of WREDA. In time, there is an opportunity to develop a single integrated funding agreement to ensure there are not overlaps or gaps.

### **3 A perceived lack of strategy or vision for WREDA and associated measurable KPIs**

The WRS was most recently refreshed in 2012. However, it is perceived by several stakeholders as more of a vision statement than a strategy and lacks concrete actions and associated KPIs (there are, however, a set of high level outcomes). We understand that the WRS Committee agreed for the strategy to be set at a high level to ensure WREDA had some flexibility to capitalise on opportunities as they arose, but still had sufficient guidance as to what the areas of focus were to be.

With the development of WREDA, and associated funding arrangements, there is also a question about the role of the WRS in setting the priorities of WREDA compared with other shareholder priorities, such as the "8 big ideas" of Wellington City Council's economic growth agenda. The WRS should be WREDA's guiding document. We consider it would be desirable, in time, to review and refresh the priorities of the WRS to ensure there is coherence between the Strategy and the priorities of the region, WREDA and its funders.

We note that ATEED developed a Major Events Strategy in its first eight months of establishment, and subsequently a Business Growth and Competitiveness Framework (two and half years after establishment) which guides how ATEED will contribute to the regional economic growth goals as set out in the Auckland Plan and the Economic Development Strategy (Figure 5). Additionally, at the outset, ATEED reported on a significant number of KPIs. It would be desirable to see the further development of KPIs for WREDA in alignment with any revised strategy.

### **4 Concerns about the sustainability of the current arrangements given unequal shareholdings**

All stakeholders acknowledge that the unequal funding arrangements for WREDA, with Wellington City Council as the majority funder and shareholder, are a potential source of tension in the model. To a large extent, however, this simply reflects the economic geography of the region. There is general acceptance amongst those we spoke to that the current arrangements require mature relationships between all parties if WREDA is to function effectively. The potential for shareholders to disagree on key priorities, for examples, has the potential to undermine the effectiveness of WREDA. Dual shareholders and funding agreements, if not carefully managed, can potentially lead to mixed signals about priorities and application of funding.



While the establishment of WREDA involved support from all councils of the region, good relationships between the parties – and the effective functioning of the WRS Committee – is considered an ongoing requirement if the model is to succeed.

## **5 Concerns about the effectiveness of current monitoring arrangements and support for the committee**

There is a lack of clarity in the current arrangements about where the WRS Committee receives services and support for the performance of its functions. Wellington City Council has its own mechanisms for monitoring WREDA and provides support to the Committee, but Greater Wellington Regional Council and the other regional councils do not have clear support, advisory and monitoring services. The WRS Office played this role under the previous arrangements but, as noted earlier, its role in the current arrangements and with respect to the committee is unclear. This is a 'loose end' with the current arrangements that needs to be resolved and we understand the WRS Committee is seeking to address this.



# CONCLUSIONS AND RECOMMENDATIONS

Economic development arrangements will be idiosyncratic to the needs and circumstances of any given region. There is no one model which can easily be transplanted from one region to another. Additionally, arrangements and structures are only as good as the actors who function within them.

The unevenness in funding, reporting to two shareholders and the historical context in which WREDA was established, does make the economic development arrangements in the Wellington region prone to tensions.

Overall, we are sympathetic to the view that more time is required for the current arrangements to bed in and for governance relationships to mature before we would recommend an external in-depth review by the Local Government Commission. Given the challenges of combining and integrating the processor organisations and activities, while at the same time maintaining service delivery to a high standard, an in-depth review in the short-term would risk distracting the focus of WREDA from its core purpose. However, given some of the concerns expressed to us throughout this review, and the potential for tensions to arise, we consider a review in 12 – 18 months time would be warranted. The WRS Committee may wish to initiate a review themselves within this timeframe.

A refresh of the Wellington Regional Strategy would also be appropriate, over the next few years.

In considering the scope of an in-depth review, we recommend examining the following questions:

## 1 Strategic direction

- a Do the strategy's priorities remain aligned with the region's growth opportunities and challenges?
- b Who is responsible for strategy setting?
  - i Is this appropriate given current arrangements? Why/why not?
- c Who should deliver the strategy?
  - i Who provides leadership?
  - ii Who delivers, and what are the mechanisms for delivery?
  - iii How are partnerships for delivery formed?

## 2 Rationale and focus - are the right economic development services being delivered?

- a Assessing this would involve consideration of economic and industry trends in the region; key issues and opportunities identified by existing strategies and plans; and councils' and WREDA's desired objectives and priorities for economic development. It would include an assessment of:
  - i What services should be delivered?



- ii Are existing services/activities based on addressing clear and well-evidenced problems and opportunities for the region? Are existing services consistent with councils' and WREDA's goals and priorities?
- iii Are the problems/opportunities that WREDA was designed to address still as relevant or require the same emphasis? Are there emerging trends that demand a change in orientation?
- iv Is there a clear rationale and role for local government in supporting the existing economic development services?

**3 Are there any gaps in services or areas for improvement?**

- i What services are currently being delivered? How do these match against the services that should be delivered as determined above? If any services are not being delivered, why not?
- ii How do economic development services in the region compare to other regions? Are there any major differences? If so, why?
- iii How do councils influence the prioritisation and delivery of economic development services? How well are the existing mechanisms working? How do these compare to mechanisms used in other regions?

**4 Effectiveness and efficiency – are existing services being implemented appropriately, having the desired impact and providing value for money? This includes an assessment of:**

- a Are sufficient outputs being delivered across the services? Could delivery be improved?
  - i How many activities are being provided or supported? How many participants are being reached overall? How has this evolved over time?
  - ii How is WREDA targeting and engaging with clients that have the potential to improve desired outcomes? Are there any barriers to different groups participating?
  - iii How satisfied are participants with the quality, timeliness and relevance of activities to their needs and the processes to secure support? Are their expectations being met?
  - iv Is there any overlap of economic development services across WREDA and councils?
  - v What relationships exist with partner organisations? How well are services being developed and delivered in coordination with other organisations delivering similar services?
- b Are services being delivered efficiently?
  - i How much funding, time and associated costs are being invested in different activities? By councils? By partner agencies? By participants?
  - ii How have costs of different services changed over time? Have there been any major unplanned or unexplained variations in costs?
  - iii How do participants rate the compliance costs associated with services?



- iv Are the costs involved in delivering the services appropriate relative to the levels of support and expected benefits? (e.g., lower costs for those activities that provide relatively little support)? If not, how can these costs be reduced?
- v How does the reach of activities, given the level of investment, compare to other regions?
- vi Could services have been delivered more efficiently by other means? Is there potential to obtain a higher level of contribution from clients, or existing or potential partners?

**5 What are the outcomes and benefits from economic development services?**

- i What is known about the impact and effectiveness of existing services?
- ii Is WREDA meeting partners' (e.g., NZTE, Callaghan Innovation) performance expectations?
- iii Are services resulting in benefits to clients, i.e., are they improving business or industry access to information, expertise and networks? Are they encouraging new and different behaviours in target business, industries or markets? Is there any information about improved business or industry performance resulting from services?
- iv What are the broader economic benefits resulting from the services (e.g., improved linkages with other markets, improved profile of the region etc.)?
- v Are there any barriers that are preventing outcomes being achieved? How could these be addressed?
- vi Have there been any unintended outcomes from services?
- vii Are services catalysing private sector and non-government activity where appropriate and avoiding crowding out?

**6 Opportunities for improving delivery:** How should the services (including any areas of improvement) be delivered and supported in future? In order to determine the appropriate delivery arrangements, the following questions could be considered:

- a Does the existing model need to change? Given the desired services and identified areas of improvement:
  - i Which services are best delivered together?
  - ii Are different services best delivered in-house (in councils) or independently (or somewhere along the spectrum)?
    - Do decisions on these services need to be made close to the council or arms-length?
  - iii Should the level and sources of funding for economic development services change?
    - Is the proportion of funding obtained from different councils or partners appropriate given the reach and impacts of services?
    - Is the balance of public versus private investment appropriate?



- b What is the appropriate model for future delivery?
  - i What governance, delivery and reporting arrangements are effective and efficient options for delivering the services?
  - ii What are the pros and cons of different options?
  - iii What is the recommended option for delivering economic development services and why?
  - iv What efficiencies would be possible from this model?
- 7 **Implementation:** How could the recommended model be implemented (if changes are required)?  
The prior analysis will have identified the appropriate mix of services and the most effective and efficient model for delivery. To determine how this approach should be implemented, the following should be considered:
  - a Are there any constraints to making improvements?
  - b How could improvements be implemented?



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# APPENDIX 1: EVOLUTION OF WELLINGTON'S REGIONAL STRATEGY AND ECONOMIC DEVELOPMENT ARRANGEMENTS

## Wellington Regional Strategy

Regional economic development strategy development and delivery in Wellington has a fraught history. The Wellington Regional Strategy (WRS) was developed between 2004 and 2007 as the region's sustainable economic growth strategy. It was developed by the region's nine local authorities in consultation with the region's business, education, research and community interests. The strategy came from a shared recognition that previous arrangements for economic development were fragmented, inefficient and did not take full advantage of opportunities for regional economic advancement.

Contentious at the time was the delivery of economic development initiatives and activities through a single, regionally funded economic development agency and through an economic development rate across the region by Greater Wellington Regional Council. Grow Wellington, formally a CCO of Greater Wellington Regional Council, was established as the region's economic development agency. Wellington City Council's tourism (Positively Wellington Tourism) and events functions continued to be delivered separately.

The Wellington Regional Strategy Committee was established to oversee and drive implementation of the Strategy. The Committee was formally a committee of the regional council.

That Committee comprised an independent chair, six of the region's eight mayors, the chair of the Greater Wellington Regional Council, and several independent members drawn from the community. This Committee was supported by a Chief Executives Group and the small WRS Office, established to coordinate the delivery of the programme of activities and initiatives under the Strategy. Strategy activities and initiatives spanned those undertaken by Grow Wellington and included those related to core council portfolios (e.g., spatial planning).

Strategy activities were funded from a combination of a regional economic development agency rate, external funding and contributions (both funding and officer time) from individual councils.

Our review of the Strategy and its achievements in 2011 reached the following conclusions (MartinJenkins, 2011):

### **1 A region-wide approach was appropriate**

During the review, a small number of stakeholders advanced arguments in favour of moving away from the region-wide approach. In our view, the potential costs associated with a regional approach are, in principle, significantly outweighed by the benefits. We also concluded that business



development functions are better co-ordinated and planned on a regional basis though there remains a role for local solutions as part of a regional approach.

## **2 Few mechanisms for reporting on progress and performance**

We found there to be no consolidated reporting on progress against key areas of focus of the Strategy. The WRS Annual Report and WRS Office updates concentrate largely on the good regional form and other non-Grow Wellington initiatives. The Grow Wellington annual reports focus on their activities, which primarily support the Growing our Economy area of focus.

There was no separate programme-wide monitoring or evaluation framework or systematic collection of outcomes information for the main initiatives and activities under the Strategy. A number of mayors also expressed their desire to be presented with a clearer picture of performance on an ongoing basis, so they were able to see where progress was and was not being made across the range of Strategy initiatives.

## **3 Governance arrangements have not enabled progress**

Our review of the actual implementation of the governance arrangements found that:

- difficult decisions were not being made by the WRS Committee. Trade-offs between initiatives and actions across different Councils were not being actively raised, or brought to the Committee for resolution
- a number of stakeholders raised concerns about the value for money of the current arrangements, and questioned whether the resource spent on regional governance was worth it for the results achieved
- some stakeholders considered the role of the Committee was not clear, for example as to whether the role is to disseminate information, make decisions, or provide strategic advice to influence decisions such as planning, transport or local body decisions
- in practice, reflecting the above factors, the Committee's decision-making role and influence had been limited. Key decisions with region-wide impacts are typically made in other statutory Committees, such as the Regional Transport Committee, or outside of formal structures (e.g., through the Mayoral Forum). Some mayors observe duplication between these fora and the Committee, and questioned whether there were other options that were more time efficient and cost effective
- the existing governance arrangements have also contributed to the Strategy being delivered in a compartmentalised way. Regional form and Grow Wellington activities are largely considered separately, without explicit consideration of gaps, or links between them. The separate board in place for Grow Wellington significantly limits the Committee's scope of responsibilities
- the existing governance arrangements have also contributed to the Strategy being delivered in a compartmentalised way. Regional form and Grow Wellington activities were largely considered separately, without explicit consideration of gaps, or links between them. The separate board in place for Grow Wellington significantly limits the Committee's scope of responsibilities.



#### **4 Stakeholders did not feel they had significant influence on Grow Wellington’s strategic direction nor transparent information about its performance**

While some believed that Grow Wellington was not close enough to the WRS governance processes. Others commented that the WRS Committee had not been clear enough about what they wanted from Grow Wellington, either through the statement of intent process or other processes. Some stakeholders suggested that a lack of understanding between the Grow Wellington Board and the WRS Committee made meaningful engagement difficult.

Concerns were also expressed about performance information from Grow Wellington being not as thorough or timely as it should be and that it was too ‘promotional’ in nature, making it difficult to assess what has actually been achieved.

During the review period, a number of structures were put in place to address these issues:

- A Letter of Expectations from the WRS Committee to Grow Wellington, to set the strategic direction of Grow Wellington
- The WRS Committee set out additional formal and informal reporting requirements including:
  - detailed financial information as part of the six-monthly reports
  - regular Chairs’ meetings between the chairs and Chief Executives of: WRS Committee, Greater Wellington, Mayoral Forum, Chief Executives Group, and Grow Wellington.

### **Refreshed Wellington Regional Strategy**

Subsequent to the review, the WRS was refreshed in 2012. The refreshed strategy includes mechanisms for action progress reporting on an annual basis, Grow Wellington to provide a business plan and six-monthly and annual reports of progress. The measurement of outcomes and targets reporting to the WRS Committee; and a “measuring progress” report to be published each year, completed by a Genuine Progress Index.

The refreshed WRS has six focus areas:

- Commercialisation of innovation
- Investment mechanisms for growth
- Building world-class infrastructure
- Attracting business, investment and talent to the region
- Education and workforce development to service regional economy needs
- Open for business.

## **The WREDA proposal**

In 2014, Wellington City Council and Greater Wellington Regional Council published a consultation document proposing the formation of a Wellington Regional Economic Development Agency



(Wellington City Council & Greater Wellington Regional Council, 2014). The consultation document stated that councils in the region had already agreed the proposal in principle.

The formation of WREDA leveraged a number of opportunities including:

- The potential to do better in economic performance, and grow rating base
- A more coordinated approach to economic development. Current arrangements were seen as thinly spread, led to duplication, resulted in high agency costs and had insufficient scale.

The expected benefits of WREDA were outlined as:

- Stronger economic leadership
- One voice
- Clearer strategic focus
- Improved capacity
- More effective regional promotion
- Broader pool of talent
- Better use of resources
- Improve perceptions (single agency for businesses, investors)
- Simplify governance.

The new organisation would subsume the functions, and funding, of the following organisations and programmes:

*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 CreativeHQ)
- The operational relationship with Westpac Stadium

Wellington City Council would hold 80 percent shareholding in WREDA, with the Greater Wellington Regional Council the remaining 20 percent, on behalf of the region.

## Submissions

Fifty submissions received. Overall they were generally supportive of the proposal. Concerns were raised in relation to perceived conflict between economic development and the venues operations, rationale for the proposal, reduction in the investment in the cultural sector, local government

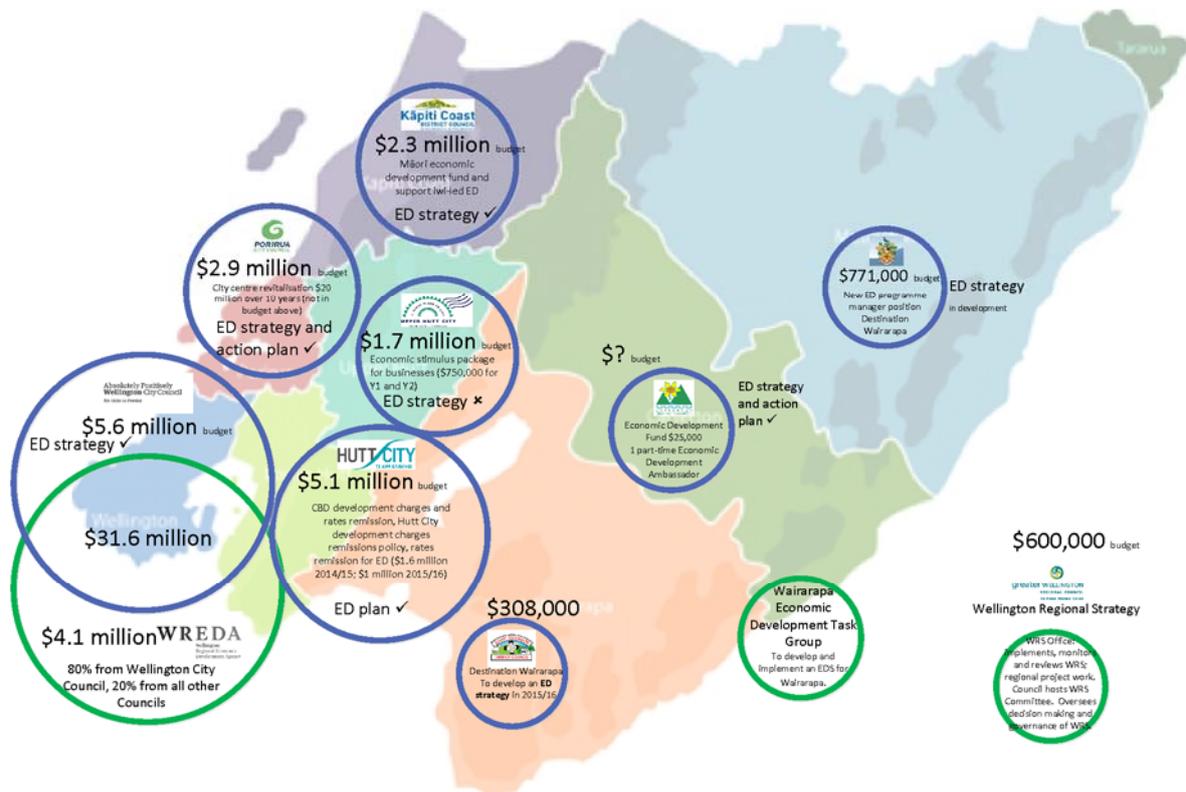


amalgamation and ensuring the component parts of the new organisation works well together. In response to the concerns:

- The venues operations were included in WREDA as it was considered an important part of attracting visitors to the region
- There was 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 has
- The reasons for forming WREDA would still be met regardless of any local government amalgamation; and
- Political oversight of WREDA would be via the WRS Committee.



# APPENDIX 2. LOCAL ECONOMIC DEVELOPMENT ACTIVITIES IN THE WELLINGTON REGION





# APPENDIX 3. ECONOMIC DEVELOPMENT DELIVERY MODELS

The WREDA governance arrangements are unique, compared to other economic development agencies in New Zealand and internationally.

## England

The equivalent economic development agencies in England are Local Enterprise Partnerships (which superseded Regional Economic Agencies<sup>4</sup>).

LEPs are partnerships between local authorities and businesses (Department of Business, Innovation and Skills, 2010). They decide what priorities should be for investment in roads, buildings and facilities in the area. Local enterprise partnerships were given the chance to apply to have an enterprise zone. These zones can take advantage of tax incentives and simplified local planning regulations.

LEPs initially struggled to make progress as they were set up on a volunteer basis without any public funding. On the back of a report by Lord Heseltine (2012), the government set a direction for the devolution of government spending to local areas and responded to other parts of his recommendations. These included:

- Empowering LEPs and devolution of some central funding streams into a single pot from 2015 onwards (GBP 1,400 million Local Growth Fund). LEPs draw up plans for local growth as the basis for negotiation for funding (Growth Deals). Growth Deal allocations range across transport, site development, skills, innovation, business support and investment in digital infrastructure.
- The provision of a further GBP 350 million for the Regional Growth Fund, of which GBP 100 million is being contributed from existing budgets
- Combined Local Authorities – government to support local authorities who wish to create a combined authority or collaboration, including ensuring the legislation is fit for purpose
- A package of regulatory changes to improve how regulations that affect businesses are enforced; in addition, government will operation a one-in two-out rule on regulation from January 2013.

LEPs are not statutory bodies and have been established as voluntary partnerships between local businesses and local authorities. They rely on their Accountable Body to bear the financial responsibility for their actions. In practice this tends to the relevant local authority or authorities. The

<sup>4</sup> There was an RDA for each of the nine regions. They had statutory objectives (Regional Development Agencies Act 1998): to further the economic development and the regeneration of their area; to promote business efficiency, investment and competitiveness in their area; to promote employment in their area; to enhance the development and application of skills relevant to employment in their area; and to contribute to the achievement of sustainable development in the UK where it is relevant to do so. They were funded by six central government departments, pooled into a single pot of around GBP 2 billion.



Local Growth White Paper set some broad parameters for their governance (Department of Business, Innovation and Skills, 2010):

- Partnerships should understand their local economy and be directly accountable to local people and local businesses;
- Business representatives should typically form half the board, with a prominent business leader in the chair; and
- Governance structures will need to be sufficiently robust and clear to ensure proper accountability for delivery.

The LEPs today have followed these broad attributes, but have varied in their size and membership (Tyler, 2015). LEPs with a relatively broad geographic base have a number of local authorities and other public agencies on their board. These boards also tend to have a representative from a leading knowledge-based institution.

As LEPs and Enterprise Zones have been in place for a relatively short period of time, there are few evaluative studies on their efficiency and effectiveness (Tyler, 2015).

## Development agencies in the OECD

The OECD study on development agencies (Clark, Huxley, & Mountford, 2010) finds five basic approaches to financial arrangements, with a range of hybrids between them:

- Wholly public-sector funded/owned, and its balance sheet is tightly publicly controlled through either detailed control of budget lines and project finances, or annualised budgeting and resources accounting processes
- Wholly public-sector funded and owned but has freedom to vary the use of capital receipts, trading income, fees and levies to generate further income which is subject to public sector accounting rules, but provides for a complementary commercial strategy to help achieve public policy goals
- Funded from a range of public and private sector sources and there are clear rules and processes for setting financial strategy and for reapportioning of income and expenditure to different sponsors
- Largely, or wholly, private-sector funded and operates principally as a not-for-profit business with extensive control over its internal financial strategy
- The development has its own 'subsidiary' or 'intermediary' for engaging in more complex financial transactions/arrangements and this is separately governed and accounted for.

In relation to accountabilities, the 16 development agencies reviewed have a range of stakeholders to which they are accountable (Clark et al., 2010). They vary greatly from the local community and other key clients to government regulatory bodies and members. The most important body to which development agencies are accountable is the local authority, often in the form of the Mayor's Office, the City Manager's Office, the Deputy Manager for Economic Development's Office or Planning



Clusters. In most cases, local authorities set the priorities of the development agency. The review found that most were accountable to more than one body.

Specific comment was made that AucklandPlus (the predecessor to ATEED) had a non-enabling governance structure (Clark et al., 2010). The Royal Commission on Auckland Governance reports were referenced which identified a range of issues that impacted on the agency's ability to maximise opportunities in relation to Auckland's economy (Salmon, Bazley, & Shand, 2009). One of the issues highlighted was that the current governance structure allowed territorial authorities to operate independently from each other on economic development matters, which encourage a lack of regional focus and introduce intra-regional rivalry. This also has the effect of increasing regulatory impediments through multiple consenting parties and processes, and impairing regional co-ordination of infrastructure priorities.

## New Zealand

**Table 4: Governance and accountability structures of a selection of EDAs in New Zealand**

Organisation	Governance and structure	Priority setting and monitoring	Funding
Canterbury Development Corporation	Canterbury Development Corporation Holdings Limited (CDCH) is the sole shareholder of CDC on behalf of the council. CDCH is a CCO	The commercial arm of Council, Christchurch City Holdings Ltd (CCHL), monitors CDCH on behalf of Council.  A MoU between Council, CDCH and CCHL sets out the monitoring and reporting lines between the three entities. CCHL manages the board appointment process on the Council's behalf. CDCH reports monthly to Council management against its levels of service agreement and meets at least twice a year with both Council and CCHL. In addition, CDCH is accountable through the approval of its annual Statement of Intent, provision of six-monthly and annual financial reports and quarterly reporting to CCHL.	Christchurch City Holdings (Christchurch City Council)
Venture Southland	Joint Committee of three councils	Plans and approach are developed and approved by the Joint Committee – made up of elected and community representatives from the three councils.  Monitoring and overview of activities is provided by the Advisory Sub Committee, membership include the three Southland mayors and one iwi representative.	Invercargill City Council Southland District Council Gore District Council Community Trust of Southland



Organisation	Governance and structure	Priority setting and monitoring	Funding
Venture Taranaki	Council controlled organisation of New Plymouth District Council Board of six appointed by New Plymouth District Council	Largely set by Venture Taranaki. Little monitoring. NPDC Monitoring Committee This will change in the future	New Plymouth District Council (92.5 percent) Stratford District Council (1.5 percent) South Taranaki District Council (6 percent) Taranaki Regional Council co-funds specific projects
Aoraki Development Business and Tourism	Council controlled organisation Limited liability company: Aoraki Development & Promotions Ltd Three entities: <ul style="list-style-type: none"> <li>• Aoraki Development and Promotions Limited.</li> <li>• South Canterbury Aoraki Development Trust.</li> <li>• Timaru District Promotions Trust.</li> </ul>	Overall objectives and direction set by the Timaru District Council	Timaru District Council (major funder) Mackenzie District Council Waimate District Council
Northland Inc	Council controlled organisation Registered company and subsidiary of Northland Regional Council	The Statement of Intent is the guiding governance tool and terms of reference of Northland Inc and defines the key performance indicators as agreed by the owner/shareholder (Northland Regional Council). The statement outlines the Directors' accountabilities to the shareholders for corporate performance.	Northland Regional Council Whangarei District Council Far North District council Kaipara District Council
Priority One	Independent incorporated society Joint committee partners – Tauranga City Council and Western Bay of Plenty District Council	Through the Joint Committee of Councils, Priority One is contracted to deliver specific economic development outcomes on behalf of the sub-region's local authorities.	Tauranga City Council, Western Bay of Plenty District Council and Bay of Plenty Regional Council (about 55 percent of funding) As a membership based organisation, Priority One has a range of funders. Significant funders include: BOP Polytechnic, Port of Tauranga, Craigs Investment Partners, The University of Waikato, Trustpower Ltd, Zespri International, Cooney Lees International



Organisation	Governance and structure	Priority setting and monitoring	Funding
Central Economic Development Agency (Manawatu)	Council controlled organisation Limited Liability Company	CEDA takes over from Vision Manawatū and Destination Manawatū. <sup>5</sup> The relationship between Palmerston North City Council, Manawatū District Council, Vision Manawatū and Destination Manawatū was articulated through a 5 year relational contract.	Palmerston North District Council Manawatu District Council (50:50)

<sup>5</sup> On 24 June 2015 and 30 June 2015 respectively the Palmerston North City Council (PNCC) and Manawatu District Council (MDC) resolved that a single Council controlled organisation (CCO) be established for the delivery of economic and tourism services.

