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Committee Council
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Regional Strategy Committee

Establishment of a Regional Economic Development Agency to Implement the Wellington Regional Strategy

1. Purpose

To establish a Council Controlled Organisation to act as a regional economic development agency, in the form of a not-for-profit company, to implement the economic development components of the Wellington Regional Strategy (WRS), and to agree on the process to appoint board members.

2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

The Interim WRS Committee (Interim Committee), on behalf of Greater Wellington, has taken the WRS and its governance and funding proposals through a special consultative process. The Interim Committee was established in August 2006 specifically for this purpose.

The Interim Committee completed its work in January 2007 and recommended that the WRS be confirmed (with amendments) and that Greater Wellington establishes a regional economic development agency (EDA). This is to be in the form of a Council Controlled Organisation (CCO) tasked to deliver the economic growth initiatives in the WRS. These recommendations were adopted by the Council at its meeting on the 22nd February.

4. Form of the Regional Economic Development Agency

The Wellington Regional Strategy Committee (WRS Committee) at its meeting on the 6th March 2007 considered options for the form of the CCO, with the principal options being:

- A not-for-profit company
- An incorporated charitable trust.

The report considered by the WRS Committee is in **Attachment 1**. The Committee is recommending a not-for-profit company. The company option will provide greater flexibility than a charitable trust option because there is no need for the agency to restrict its activities to advancing a charitable purpose.

4.1 Constitution

The company will need a constitution. The constitution being recommended by the WRS Committee is included as **Attachment 2**. The constitution is relatively standard although the following transactions require shareholder (Greater Wellington) approval;

- The incurring of debt or the giving of guarantees
- The giving of security or giving of any guarantees
- The establishment of any council controlled organisation
- Changing the company name
- Approval of dividends
- Any transaction where the Company acquires/sells more than 20 % of its assets.

4.2 Company Name

For the purpose of establishing the regional EDA it is recommended by the WRS Committee that the simple descriptive name be Regional EDA Limited. This complements the names of other Greater Wellington CCOs. It is envisaged, however, the Board of Directors of the company will select a different trading name in due course.

5. Appointment of Board Members

5.1 Appointment Process

The WRS Committee has considered an appointment process for board members. This is described in the WRS Committee Report in **Attachment 1**. A process led by the Chairman of the WRS Committee and supported by the Chief Executives Group is proposed. The WRS Committee will make the final recommendations to Greater Wellington for the appointments.

It is expected that the appointment process will be completed in time for the full board to be in place prior to 1 July 2007, with an agreed Statement of Intent.

Directors are proposed for appointment in the interim period to facilitate the establishment of the agency while the permanent board directors are sought. This is the subject of a separate report to the Council. While this departs from usual practice, in this instance it will be necessary in order that the EDA is in a position to begin implementing the WRS on 1 July 2007.

5.2 Criteria for Appointment

Following the Interim WRS Committee's recommendations Greater Wellington resolved at its meeting on the 22nd February to appoint a merit-based board to the EDA, comprising 7 people. These people are to have the capability and experience necessary to govern a successful EDA.

The feedback on the governance proposal received through submissions suggested the need for the board to have a strong commercial sector representation. The WRS Committee has confirmed that appointees should have the skills, knowledge and passion to ensure the regional EDA is effective for the total Wellington Region.

These considerations will guide the identification of appropriate board members.

The establishment of Regional EDA Ltd requires an amendment to Greater Wellington's *Policy on the Appointment and Remuneration of Directors*. An amended policy is in **Attachment 3**. The policy applying specifically to Regional EDA Ltd is set out in Section 6 of the policy. The policy is consistent with the recommendations of the WRS Committee.

6. Impact of the Decision on a Section 16 Objection Process

Greater Wellington's proposal to undertake the "keeper" role for the WRS is subject to an objection process under Section 16 of the Local Government Act 2002. This is in the form of a reference of the decision to mediation by Upper Hutt City Council.

The establishment of the regional EDA will not prejudice any decisions that may arise through either a mediation process, or ultimately a decision of the Minister, should the matter be decided by the Minister. If the final decision is for Greater Wellington not to take on the new activity, the company can be discharged.

7. Communication

A press statement will be prepared following the conclusion of the meeting outlining the matters arising from the decision.

8. Recommendations

That the Council:

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Resolves to establish a Council Controlled Organisation as a not-for-profit company to implement the economic development elements of the Wellington Regional Strategy.***
4. ***Resolves that the name of the organisation be Regional EDA Limited.***
5. ***Resolves to adopt the constitution of the Regional EDA as set out in Attachment 2.***
6. ***Resolves to amend the “Policy on the Appointment and Remuneration of Directors” as set out in Attachment 3.***
7. ***Agrees to the process outlined in Attachment 1 for the appointment of directors to Regional EDA Limited.***

Report prepared by:

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Attachment 1: Report to Wellington Regional Strategy Committee 6th March 2007
Attachment 2: Regional EDA Ltd Constitution
Attachment 3: Amended *Policy on the Appointment and Remuneration of Directors*