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Committee Wellington Regional Strategy
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Update On Regional Economic Development Support Arrangements

1. Purpose

To update the committee on central government's recently announced changes to regional economic development funding.

2. Significance of the decision

The matters 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

On 4 April 2007 the Minister of Economic Development, the Honourable Trevor Mallard, announced the government's new approach to regional economic development and funding.

An important aspect of the Wellington Regional Strategy (WRS) is the working relationship with central government and the support available through this channel.

4. Comment

In the development of the WRS consideration was given to the general direction of the review work being undertaken at central government level.

Our understanding was that the approach adopted through the WRS was consistent with the thrust of central government thinking. The announcement confirms this to be the case.

Key elements of the new approach are:

- Replacing the Major Regional Initiatives Fund with a contestable Enterprising Partnerships Fund focusing on substantial regional projects that are commercially driven, generate substantial economic benefits for

the region and align with national economic transformation goals. Funding under this programme will be approximately \$9 million in 2007-08, \$10.5 million in each of the following two years and \$11.5 million a year after that.

- Consolidation of the 26 regions currently funded to about 14, to make the regions bigger and therefore more capable of collaborating and tackling large economic development projects and issues.
- A new Regional Strategy Fund that will give each of the 14 regions access to a maximum of \$750,000 over three years to develop and implement regional economic development strategies. The aim is to encourage a medium-long term view so that regions focus on key projects for growth rather than less important, short term activities.
- \$1 million a year will be ring fenced for Auckland for the next three years in addition to the two new funds. This will contribute to initiatives in Auckland that reinforce linkages between the economic transformation agenda and the region's regional economic development strategy.
- In 2007/08 only, each of the existing Regional Partnerships Programme regions that will need to join together are eligible for up to \$50,000 to meet one off costs associated with this consolidation process.

The press release associated with the announcements on these matters is provided at **Attachment 1**.

The Cabinet Paper accompanying the release is provided at **Attachment 2**.

The timing of the announcement has meant that officers have not had the opportunity to fully assess the implications of the policy for the WRS. Further analysis will be undertaken and reported to the Committee at the meeting.

A representative from the Ministry of Economic Development is to be present at the WRS committee meeting to outline the nature of the changes announced, and answer questions.

5. Communication

No specific communications are required in relation to WRS requirements. Consideration could be given to a statement of endorsement to the new arrangements should the committee be of a view to do so.

6. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

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Attachment 1: Media Release On Regional Economic Development Arrangements

Attachment 2: Cabinet Paper on Regional Economic Development