



greater WELLINGTON
REGIONAL COUNCIL

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Committee Interim Wellington Regional Strategy Committee –
Hearings Subcommittee
Author Graham Spargo, Project Director, Wellington
Regional Strategy

Wellington Regional Strategy Project Background

1. Purpose

To provide WRS hearings sub-committee members background on the process followed for developing the Wellington Regional Strategy. This includes information on the technical evaluation work.

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

The councils of the region have been working since 2004 to develop a sustainable growth strategy for the region. Private sector, central government and voluntary sector groups have been involved to varying degrees throughout the process.

The strategy has been developed on the basis of an agreed project plan. Governance has been via a group called the WRS Forum, with advice provided by the Chief Executives Group (CEG). Membership of the WRS Forum has been Mayors of the region, with alternates and the Greater Wellington Regional Council (GWRC) Chairman. Ara Tahi and Positively Wellington Business are observers on the Forum.

The CEG and the Forum have received technical support from senior officers of the Councils, through a Project Executive Group.

A Strategic Partners Forum of private sector and other organisations has also been involved with the development of the WRS.

The WRS is an economic growth strategy, focussing on making Wellington an internationally competitive region.

4. WRS Process

The WRS process included adoption of a Project Plan in 2004 that explicitly identified that the exercise was to be 'fact based' (copies will be available at the meeting). A regional stocktake of various data sources was undertaken as a starting point for the process.

Scoping of the relevant issues and opportunities facing the region was also informed by input received from a 'Strategic Partners Group'. This comprises CEOs or senior management of a cross section of more than 50 major businesses and other interests operating in the Wellington region.

As a consequence of the above a significant body of commissioned analysis and synthesis of existing information around the dynamics and characteristics of the region (both economic and 'spatial') has been undertaken.

For the commissioned work aspects a registration of interest process elicited 33 responses from consultancy firms and collaborations. A selection process narrowed these firms down to a shortlist (usually of 3) for each particular WRS workstream topic.

Detailed proposals were then sought from shortlisted firms on a competitive bid basis using criteria addressing methodology, quality and cost. As a consequence the calibre of firms engaged was uniformly high.

For some WRS workstreams (e.g. the regional stocktake and infrastructure evaluations) local government officers were best placed to undertake this work as it involved networks operated or managed by this sector.

The research and evaluative work undertaken for the WRS includes:

4.1 Research Reports and Evaluations

A large body of research and evaluation reports were available to the WRS project via private sector and central government commissioned work and international research. Over 200 documents are held in the WRS electronic library.

At a more localised level a range of economic evaluation work has been either undertaken or commissioned prior to the WRS, or concurrent with it, by the region's economic development agencies and other organisations (e.g. tertiary education providers, business organisations and government ministries). Examples are reports from the Ministry of Economic Development, and the annual sector and cluster growth assessments undertaken for Positively Wellington Business.

4.1.1 Wellington Regional Stocktake

One of the first significant pieces of work undertaken for the WRS was the regional stocktake. This was provided to the WRS Forum members in late 2004. The stocktake is structured into main sections as follows:

Section 1: Context: This provides a basic introduction to the geography of the region, current population structure and distribution and a brief overview of the historical development patterns within the region.

Section 2: Regional Wellbeing: This includes:

- quality of life measures for individuals and households focusing on social and economic wellbeing;
- quality of life measures focusing on fundamental environmental wellbeing but which also have important cultural wellbeing implications;
- an assessment of the state of the area as a system, particularly as an urban system. This covers transport systems, urban form, open space, amenity, recreation facilities and key public infrastructure that contribute to public health;
- projected public investment expenditure to maintain and improve key systems.

Section 3: Economy Structure and Performance: This section provides:

- information on the general nature of the regional economy;
- information on the performance of the regional economy (includes GDP growth comparisons to elsewhere in NZ and international productivity assessment);
- an assessment of implications in relation to potential economic growth drives.

Subsequent to the regional stocktake the following specific reports were delivered.

4.1.2 Economic futures: Infometrics 2004

The primary objective of the economic futures workstream was:

- To identify key issues (both national and global) that are likely to define, drive or influence the economic future of the Region over the

next 20 to 50 years, and in doing so highlight the Region's economic strengths, weaknesses and opportunities with a view to determining possible public sector interventions to accelerate economic growth.

To achieve this objective, the report covers three areas:

1. A trend analysis that identifies a number of economic, social and political trends that influence, and will continue to influence economic development in the Wellington Region.
2. A SWOT analysis (strengths, weaknesses, opportunities and threats) of domestic and global influences on the Region's growth potential over the next 20 to 50 years.
3. The identification of key constraints, taking into account that the Wellington Regional Strategy is a 20-year strategy with a 50-year outlook, followed by analysis of how these constraints can be addressed and the subsequent implications.

4.1.3 Economic projections: BERL 2005, PWB and Go Wairarapa research reports 2000 to 2006, NZIER FTE projections

BERL's work provides economic growth projections for the Wellington region, including distinguishing differences between the economic drivers of the Wairarapa economy as compared to the 'metro' sector economy. Information of relative sector performance and numbers is included.

NZIER's work provides "full time equivalent" (FTE) employment projections to 1 digit ANZSIC (Australia New Zealand Standard Industrial Classification) by sector to 2026. This work was a subcontract to Property Economics evaluation of long term floor space demands by sector.

4.1.4 Global megatrends and critical uncertainties: Delaney & Associates. 2004

Identifies emerging ideas, events and likely trends that may affect the Greater Wellington region, particularly in the next twenty-five years. The ideas reflect research and conversations Delaney & Associates, and others, have conducted for strategy and scenario projects, as well as leading edge global research and sources of information about emerging issues, events and trends.

4.1.5 Human Capital: Infometrics 2005

Provides information, issues and directions on the human capital of the Greater Wellington metropolitan area for three main purposes:

1. provides base data from which an understanding of medium to longer term issues associated with human capital can be understood,
2. identifies key issues associated with human capital that the WRS needs to address; and,

3. develops a range of directions and policy considerations.

This work includes comparisons of occupational groups within N.Z., occupational mix, regional wage premiums, estimates of regional human capital, estimates of demand for skilled labour and consideration of demographic factors.

4.1.6 Demographic projections: Statistics New Zealand 2005, Mera Ltd. 2004

Current and future trend information in relation to the distribution of population growth and the age, ethnicity, income and related factors affecting the region's communities.

4.1.7 Successful cities: Macroplan 2005

Provides a guide to how a successful region can be defined. Explores case studies of successful cities / regions around the world that face similar challenges to Wellington. The report analyses key variables and indicators of success in these cities and uses the quantitative and qualitative findings as a guide to the assessment of the competitiveness of these cities compared to Wellington.

4.1.8 Housing: Property Economics 2005

Analyses housing market segmentation patterns, trends and demand in the Wellington region, and identifies potential policy responses.

4.1.9 Business, commercial and institutional dynamics: Property Economics 2005

Analyses industrial, office and other land and floor space segmentation patterns, trends and demand in the Wellington region, and identifies potential policy responses.

The report includes identification of potential Full Time Equivalent job number changes by 1 digit ANZSIC code to 2026 based on evaluation work of NZIER.

4.1.10 Environmental & natural value constraints: Wellington Region LGOfficers (drawing on material of CRI's and others) 2005

Identifies environmental constraints to future development in the Greater Wellington region, taking into account valued resources that should be preserved or protected for future generations where possible, and hazard resource issues which should if possible be avoided.

The report includes a series of regional scale G.I.S. maps with overlays of relevant information.

The project was broken into two main stages. Stage 1 (Information Gathering) involved the collation and mapping of available constraint data.

Stage 2 (Evaluation) involved the integration of the layers and their interpretation and evaluation in specific areas where there is a *real possibility of future growth*.

The evaluation was based on an understanding of the needs and effects of likely forms of urban development and an assessment of the degree of overall change these uses would impose on the defined areas.

4.1.11 Infrastructure: Wellington Region LGOfficers 2005

Identifies significant infrastructure (water / wastewater and stormwater) constraints and capacity, to inform options and choices for economic growth within the metropolitan part of the Greater Wellington region.

4.1.12 Transportation Wellington Region LGOfficers, Transit N.Z., LTNZ, M.O.T., 2005

Identifies significant transport matters to inform options and choices for economic and urban development within the Greater Wellington region. Provides an overview of existing transport constraints and issues, and explores linkages to other central government initiatives and policies.

The transportation evaluation aspects of the WRS drew heavily on technical work (modelling, costings and cost / benefit assessments) for the Regional Land Transport Strategy and national transport programme.

4.1.13 Labour force: Colin Drew & Associates, DoL, MSD & WLGO 2006 & Martin Jenkins & Associates 2005

Martin Jenkins & Associates works includes a stocktake around four aspects of the labour market - participation, productivity, skills, and regional and sector performance. It reviewed the current situation, considers influences on these areas and existing initiatives or interventions in the labour market.

The work considers the available sector and related projections into the future, information and proposals for new or revised initiatives, and canvasses some stakeholders for views on what work should be done to support the future functioning of the regional labour market.

Subsequently a comprehensive process has been facilitated in conjunction with the WRS by Colin Drew on behalf of Ministry of Social Development and Department of Labour involving over 69 Wellington regional stakeholder groups.

A comprehensive Wellington Regional Labour Market Strategy has been developed along with an accompanying Implementation Framework.

4.1.14 Tourism: Destination Planning 2006, Angus & Associates 2005

This sub-component of the WRS built on a stock take of tourism product from early 2005 and involved interviews with over 80 private sector operators in the region and included a series of interviews and workshops to test ideas.

Evaluation included travel statistics and dynamics to and from the region and tourism offerings available. A considerable body of national tourism data and previous stocktake exercises and evaluations informed this work.

4.1.15 Wairarapa Issues: Wellington Region LGOfficers 2005

Officer evaluation work drawing on the Wairarapa's pre-existing work around the Wairarapa Economic Development Strategy, District Plan review and issue identification exercises carried out for Long Term Community Plans.

5. **Focus Area Development: synthesis of background reports**

The body of work outlined in the previous section (plus a variety of other sources accessible from central government, the private sector and other sources) were evaluated in May 2005 for the purposes of distilling out 'focus areas'. That is, those matters where regional influence or action could be applied to 'make a difference' to prosperity and quality of life in the Wellington region. The evaluative process adopted was that of a 'competitive advice' model.

Seven groups of consultants were furnished with the full set of WRS background reports and invited to independently apply their expertise and judgement to identifying critical initiatives for the Wellington region.

The WRS was not intended to provide an omnibus overview of every facet of the regional economy, and on this basis the seven consultants were asked to concentrate on those elements that would make a significant difference. This is not to say that existing economic development initiatives are not considered important or relevant to continue in many instances. The goal was to identify those matters which merit continued support and possibly greater resourcing, and those new or reconfigured initiatives that will boost growth in regional prosperity.

Drafts of the consultants' reports were received by the WRS project teams and local government chief executives. A full day workshop was held in May 2005 with each consultant group presenting their conclusions to the WRS team and the other consultants. Following the presentations a series of question and answer sessions and general discussions involving all consultants and the WRS team followed.

Subsequent to the workshop day the consultants then independently finalised their reports and furnished these to the WRS project officer teams.

The specific background reports evaluated for WRS 'focus areas' in May 2005 are:

5.1 SGS International Economic & Planning

Covers urban / spatial evaluation and economic assessment, including regional location quotient comparisons; sector trend summaries; deprivation index mapping; economic sector specialisations by location, and population and dwelling market dynamics. Policy responses on these matters are provided.

5.2 Mentz / Kemp

Covers urban / spatial evaluation and economic assessment. Includes 3 digit level ANZSIC location quotient analysis of sector performance and likely future trends; sector growth statistics and comparison to the North Island; spatial development assessment and methodology for intervention decision-making. Policy proposals and potential responses on these matters are provided.

5.3 BERL

Covers economic growth principles, strategy alignment and assessment tools, and includes consideration of urban density, improving business performance, labour market performance, increasing GDP, and addressing growth related infrastructure population.

5.4 McDermott Miller

Covers both economic and urban / spatial evaluations. Identifies evaluation methodologies and includes sector growth comparisons and high level ANZIC evaluation. Recommends 7 items for particular attention being: creative industries focus; developing more leisure product; shifting economic activity north in the region via infrastructure investment; letting the harbour shape urban form; marketing the region internationally; establishing a regional investment agency; and strengthening regional administration.

5.5 Cityscope

Provides SWOT analysis and four categories of response to tackle matters identified being; building on Wellington region's strengths; improving international connectedness; promoting flexibility around creating environments for business to succeed; and achieving true regional leadership.

5.6 Arnold.co.nz

Provides economic evaluation of regional economy drivers through identification of need for better infrastructural investment; mechanisms for achieving social and environmental outcomes; ensuring people don't fall behind; unlocking untapped economic potential; and greater central government and regional support arrangements.

5.7 Urbanista Ltd

Provides a urban / spatial evaluation weighting and proposals around Wellington CBD and sub regional centres roles; transit oriented development; infill housing issues; metropolitan limits concepts; urban land monitoring; and role of urban design and urban icons as marketing tools.

6. Synthesis of Background Reports into WRS Proposals

Recommendations from the above process where subsequently considered by the WRS Forum and woven into the WRS 'Growth Framework' released in August 2005 for public comment.

A statistically valid survey was undertaken of regional resident and businesses to gauge opinions and views on the Growth Framework concepts. Responses from 1244 of the region's residents and 375 business managers were obtained. Analysis was also carried out of submissions from 378 interested people (Decision Research Report of 25 October 2005).

Feedback from the August 2005 public consultation phase then informed development of the WRS document over the last quarter of 2005 and first half of 2006, leading to the development of the current WRS proposals.

Reports referred to above, plus the statistically valid survey work on public attitudes, formed the basis of input to a series of eight WRS Forum workshops through the last quarter of 2005 and first half of 2006.

In addition, as elements of the thinking were agreed this material was circulated to various private sector and central government stakeholders for comment.

This was also formally done through the Strategic Partners Forum in early 2006 and a further workshop with this group was held.

WRS officer project teams then synthesised the ideas from these sessions into a working draft WRS. The matters mandated through this process form the basis of the WRS document before the WRS Hearings Subcommittee.

7. Current Consultation Phase

In August 2006 the WRS Forum endorsed the WRS direction and actions to go forward for public consultation. This included consideration of the appropriate level of detail for the WRS document. The Forum was mindful of the broad range of audiences (residents, businesses, government agencies and specialist interest groups) and their varied requirements for justification and detail. Their considerations also included benchmarking the presentation of the WRS to other similar strategies internationally.

Greater Wellington Regional Council was asked by the WRS Forum to undertake the consultation on behalf of the membership. This reflects the

Forum's acceptance that it is desirable to provide a clear 'rallying point' for ongoing discussion and debate as to what is required in relation to regional prosperity and quality of life. As a consequence Local Government Act 2002 processes have been activated around governance, implementation and funding issues. Information on the number of submissions received and related matters are set out in other items on this agenda.

The 'rallying point' proposed (in the form of GWRC standing committee), while facilitated out of local government, is intended to foster engagement and commitment across all sectors of the regional community (private sector, central government and N.G.O. / voluntary sector).

8. Communication

There are no requirements for communication generated by this report beyond those being undertaken more generally for the WRS process.

9. Recommendations

That the Committee:

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

Report prepared by:

Report approved by:

Graham Spargo
Project Director, Wellington
Regional Strategy

Jane Davis
Divisional Manager
GWRC