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Committee Council
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Wellington Local Government Reform

1. Purpose

To report back on regional governance matters and to seek agreement to work with other like-minded councils to develop an application for local government reorganisation that could be submitted to the Local Government Commission.

2. The decision-making process and significance

Officers recognise that the matters referenced in this report have a high degree of importance to affected or interested parties.

This report sets out a way forward, which may culminate in the Council lodging an application with the Local Government Commission for the reorganisation of local government in the Wellington region. Under the Local Government Act 2002 the Local Government Commission is the decision-maker on reorganisation applications.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act) and taking account of Council's significance policy.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance, and in terms of the Act the matter be considered to have low significance.

3. Background

The Wellington region, through the Wellington Mayoral Forum, began discussing local government efficiency and effectiveness issues in 2009. This included looking at structural options as well as opportunities for shared services. This section outlines the process to date.

3.1 PricewaterhouseCoopers report

In February 2010 the Mayoral Forum commissioned PricewaterhouseCoopers to produce a report that analysed the present governance arrangements. It suggested six possible scenarios for the future governance of the Wellington region.

The PricewaterhouseCoopers report was made available for public comment between April and June 2011 – the aim being to help inform the Wellington Mayoral Forum on the next steps for reviewing the way the region is governed. 165 submissions from individuals and organisations were received. A summary of submissions was prepared independently by MartinJenkins Ltd and reported back to the Mayoral Forum on 9 September 2011.

The findings in both reports commissioned by the Mayoral Forum identified significant opportunities to improve the efficiency and effectiveness of local government in the Wellington region. Notwithstanding this, no further commitment was made at the time by the Mayoral Forum to progress the review of governance arrangements in the region. Instead it agreed to continue to progress its shared services programme.

3.2 Independent Review Panel

In March 2012 the Council agreed to the establishment of an Independent Review Panel to consider future local government arrangements for the Wellington region. The Council also resolved to invite participation from other councils in the region as well as other regionally representative organisations, and that the participating organisations would agree the membership of the Panel and the final terms of reference.

Following the Council meeting on 27 March 2012 the Chair wrote to all councils in the region to invite their participation in the process to set up the Panel. Consideration was also given to which regionally representative organisations would be invited to participate, however, no organisations could be identified that met the criteria for regional representation and so no invitations were extended.

Porirua City Council accepted the invitation from the Council to participate in the establishment of the Panel. Other councils in the region declined the invitation and instead surveyed their districts on a range of possible governance options to ascertain the public mood for reform.

The Wellington Region Local Government Review Panel was established in July 2012 and was made up of Sir Geoffrey Palmer (Chair), Sue Driver, Sir Wira Gardiner and Bryan Jackson. The Panel consulted widely, meeting all councils within the region and neighbouring councils, and held approximately 130 meetings with stakeholder groups, agencies and individuals.

The Panel report and recommendations

On 29 October 2012, the Council received the final report of the Panel. The Panel's report confirmed that changes are required to improve the effectiveness and efficiency of local government in the Wellington region - particularly around leadership, infrastructure, resilience, integrated planning and economic development. In response, the Panel report recommended a model of significantly enhanced regional leadership and decision making. Key recommendations made in the report are:

- All the existing entities would be legally abolished. A new entity would be established and would have two tiers of decision making. The first tier would be the elected Greater Wellington Council that would carry out the regional functions. The second tier would be composed of six Local Area Councils that would carry out local functions (established by statute). The Local Area Councils would be organised on the same boundaries as exist now, except for Wairarapa, where the three councils would be joined.
- All local body officers in the region would be employed by the Chief Executive of the Greater Wellington Council.
- The new Greater Wellington Council would comprise a 'Lord Mayor' elected at large and 10 councillors who would represent constituencies based on the current territorial boundaries (except for the Wairarapa which would be joined up). The distribution of seats proposed was as follows:
 - Lord Mayor elected at large 1
 - Central Wellington 4
 - Lower Hutt 2
 - Upper Hutt 1
 - Porirua 1
 - Kapiti 1
 - Wairarapa 1

The overall concept of the Panel's two tier model has been generally well received by the Council and Porirua City Council. Notwithstanding this, there are some areas that both Councils informally agree need further consideration, including:

- Removing the title of Lord Mayor.
- Revisiting the proposed levels of representation for both tiers to better reflect the differing scope and nature of functions under a two tier model. The preference is that the 1st tier governing body should have at least two members from each of the current five "western" Territorial Authority Areas, and at least two members from Wairarapa.
- Providing greater clarity over the allocation of functions, particularly those allocated or delegated to the 2nd tier. These should be clearly articulated in any reorganisation proposal.

3.3 Other councils' activities

In June 2012 all territorial authorities in the region commissioned a Colmar Brunton survey as a means of getting feedback on a range of options:

- Option 1: no boundary or governance changes but enhanced shared services and collaboration with other councils.
- Option 2: all existing councils merge into three unitary authorities – Wellington/Porirua/Kapiti, a single Hutt Valley authority and a single Wairarapa authority.
- Option 3: all existing councils merge into two unitary authorities – a single Wairarapa authority and a second unitary authority west of the Rimutaka divide.
- Option 4: all existing councils merge into a single unitary authority with 10 local councils.

A meeting of all Councillors in the region was held on 21 November 2012 to hear and consider the results of work being undertaken across the region on local government reform. At the meeting, Councillors heard presentations on:

- The recommendations of the Panel for a two-tier Wellington region Unitary Authority.
- Wellington City Council officers' advice on a Metropolitan Unitary Authority with single tier decision making.
- The recommendations of the Wairarapa Working Party for a single Wairarapa Unitary Authority.
- A potential approach from the Hutt and Upper Hutt City Councils for a separate Hutt Valley Unitary Authority.

At the meeting, there was a general commitment to share information and explore ways to work together towards a future governance structure that would be in the best interests of the region. There was also a general desire to have a clear path on local government reform prior to the next local government elections.

Information on a working party to progress governance matters is discussed in more detail later in this report.

4. The Local Government Act 2002 Amendment Act 2012

The recent enactment of the Local Government Act 2002 Amendment Act 2012 (the new Act) is of critical importance to the debate on local government reform in the Wellington region. The new Act is important because it significantly changes the ground rules for the Local Government Commission in terms of considering reorganisation proposals.

The introduction of Supplementary Order Paper No 153 late in the legislative process was particularly relevant as it opened the way for consideration of an integrated unitary two tier model that has many similar elements to the concept proposed by the Independent Review Panel. Under the new Act, three options are now available to the Local Government Commission to consider:

1. Territorial authorities with a regional council (status quo).
2. A single unitary authority or a series of unitary authorities responsible for all local government functions.
3. A two tier unitary authority comprising a governing body and local boards, with shared decision making responsibilities.

The new provisions relating to a two tier unitary authority are detailed and draw heavily from the Auckland legislation. Interestingly, the provisions seem well suited to the Wellington context as they are based on the proviso that a two tier model with local boards can only be considered for urban or predominantly urban in nature areas where the population exceeds 400,000, or will exceed that number in the next five years.

The prescriptive nature of the legislation is helpful as it provides considerable clarity as to how a two tier model might work, including by:

- Providing clarity around the terms – the governing body and local boards, both complementary parts of a single new council.
- Providing for a single unified administration under the CEO of the governing body.
- Placing primary responsibility for regulatory functions with the governing body, but with the ability to delegate selected functions to local boards.
- Making it clear that local boards are responsible for community engagement, preparing local board plans, negotiating, agreeing and monitoring local board agreements, and proposing by-laws. Local boards are also responsible for identifying the views of local people on regional strategies, policies and plans and communication these views to the governing body.
- Providing for the allocation of certain non-regulatory functions to local boards. The new Act requires this to be done by the Local Government Commission as part of the transition process. The Commission is guided by criteria based on the concept of subsidiarity¹, which starts from the premise that all local government functions should be delivered locally, and then challenge this premise through a series of questions aimed at drawing out activities and functions better dealt with at the regional level.
- Setting out the process for planning and funding of local boards and their activities through Local Area Plans, negotiated agreements for funding, and the development of funding policy for both tiers.

¹ The concept of subsidiarity suggests that decisions should be made as close as possible to the communities they affect.

The new Act also contains important new provisions related to the general process of applying to the Local Government Commission for a new reorganisation scheme, including:

- Upon receiving an application, and after having undertaken an initial assessment, the Local Government Commission is required to seek alternative applications from those affected by the application. This is important as any application within the region triggers involvement by other councils.
- New criteria to guide the Local Government Commission in determining a preferred option, including:
 - the degree of demonstrated community support
 - resource capability
 - efficiency and cost savings
 - simplified planning process
 - in the case of a unitary or regional council, the ability for catchment-based flooding and water management issues to be dealt with.
- The time period to petition for a poll has been extended to 60 days, and can be triggered by 10% of electors in any affected territorial authority area.
- If the process progresses past the poll stage, a transition body would be set up to work with the Local Government Commission to prepare the final scheme. It is likely for any major reorganisation that a transition board comprising elected members and non-elected members will be required. Elected members must be the majority and have voting rights. Non-elected members may have voting rights.

5. Comment

5.1 Joint working party with like-minded councils

In introducing changes to the Local Government Act 2002 (particularly the changes made via the Supplementary Order Paper), the Government has sent a message that it expects the country's biggest population centres to be looking at some changes.

The Wairarapa councils have indicated that they are proposing to put in an application to the Local Government Commission early next year in support of a Unitary Authority for Wairarapa. The triggering provisions in the Act mean that if the Council wishes to be an active participant in deciding the future of local government in the Wellington region, relevant information in support of a preferred model will have to be completed by this time.

Council now has a brief window of opportunity to work with other like-minded councils on a model that is tailored to the region's needs.

A request has been put to Kapiti Coast District Council and Wellington City Council, to join with Greater Wellington Regional Council and Porirua City Council to work together to develop an option for consideration by the Local Government Commission.

Porirua City Council and Kapiti Coast District Council have formally agreed to this approach. At the time of writing, Wellington City Council was considering a report expressing an interest in joining the working party, given there are similarities between the one tier model being proposed by their officers and the two tier model set out in the Panel's report and as proposed in the new Act.

5.2 Principles to guide Council involvement

Taking account of the work of the Panel and subsequent workshops, the following principles could be useful to guide our involvement in the next steps towards preparing an application to the Local Government Commission:

- Subsidiarity of functions
- There must be at least two elected representatives from an area on the first tier entity
- That the second tier be either local boards or community boards
- The decisions regarding council controlled organisations be left to the new council to determine.

Following the agreement of a draft model and prior to putting an application in, the working party would commission a survey to determine the level of community support. This would be reported back to Council in late January or early February 2013.

In addition to this, the Local Government Commission is obliged to undertake public consultation on a draft proposal. There is also likely to be a referendum, so there will be significant opportunity for the public to have a say.

5.3 Timelines

Determining accurate timelines for the entire process is a complex task, and is largely dependent on how an application is guided by the Local Government Commission through the requirements of the Act. A summary of the Local Government Commission process is in **Attachment 1**.

5.4 Financial considerations

The majority of work is expected be carried out by officers and overseen by the joint working group.

Some additional resource is likely to be required to commission a survey on an agreed model prior to an application being submitted to the Local Government

Commission. A further report will be provided once the likely costs of the survey are better understood.

6. Communication

The proposals set out in this paper will be of considerable interest to territorial authorities and the wider regional community.

A concerted communications approach will be required prior to and during the survey period and then as part of the decision to submit an application to the Local Government Commission.

A communications plan is being developed and will be implemented to support the Council's decisions on these matters. The plan will contain a degree of flexibility to allow for the need to co-ordinate with other councils in the joint working group developing an application to the Local Government Commission.

7. Recommendations

That the Council:

1. *Receives the report;*
2. *Notes the content of the report;*
3. *Agrees with the findings of the Panel's report that local government reform is required to improve the effectiveness and efficiency of local government in the Wellington region - particularly around leadership, infrastructure, resilience, integrated planning and economic development;*
4. *Agrees in principle that an integrated unitary authority model with either local boards or community boards would provide the best governance arrangements for the Wellington region;*
5. *Agrees any final proposal must provide for at least the following:*
 - a. *Subsidiarity of functions*
 - b. *The governing body must have at least two members from each of the current five western territorial authority areas, and at least two members from Wairarapa*
 - c. *Provision for either local boards or community boards, depending on the results of the discussions in the joint working group*
 - d. *The decisions regarding council controlled organisations be left to the new council to determine;*
6. *Agrees to work with other councils to develop an integrated unitary authority model for Wellington;*

7. *Notes Porirua City Council and Kapiti Coast District Council have already resolved to work with other Councils to develop a proposal, and that other Councils may resolve to do the same over the next few weeks;*
8. *Agrees to a joint working group with elected representatives and senior staff for the detailed development of an integrated unitary authority model;*
9. *Agrees the Chair and Deputy Chair represent the Council on the joint working group;*
10. *Agrees Māori representation in the proposal be determined in consultation with mana whenua iwi;*
11. *Agrees a draft proposed model will be agreed by Council for community engagement before being released;*
12. *Notes the Councils in the region have informally agreed that it would be optimal for all applications for local government reform in the Wellington region to be submitted to the Local Government Commission at about the same time;*
13. *Notes the Wairarapa Councils have indicated they will lodge an application in February 2013;*
14. *Agrees any application from Greater Wellington Regional Council will need to be finalised during February 2013.*

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Attachment 1: Summary of Local Government Commission process