
LOCAL GOVERNMENT REFORM IN WELLINGTON – WHAT DO YOU THINK?

Introduction

1. This discussion document has been released by the Wellington City Council to help find out how Wellingtonians want their city to be governed in the future. This document seeks to stimulate discussion and identify whether you want changes to how local government operates in Wellington and what you broadly want that change to look like.
2. There are many ways that local government could be structured in the Wellington area. However in order to have a reasonably focussed debate we have identified four options that represent different degrees of change. There is the opportunity for you to discuss other options if you choose.
3. Our four options range from keeping the current councils in place but making formal arrangements to share services across councils in the region, through to amalgamating all councils in the region into one unitary authority¹ – an Auckland-style ‘super city’.
4. Unless you are directly involved in some way, local government - what it does and how it works - can be a mystery to many people. Because we want to hear from as many Wellingtonians as possible, and because everyone is affected in one way or another by the services provided by local government, we have described the four options at a fairly high level, without too much detail. We have also consciously decided not to express either a preferred option or any views on the advantages and disadvantages of each option – we are asking the public to do that for us at this stage.
5. It is not our role to tell other parts of the region how they should be governed. However, while the people of Wellington City are the focus of this discussion paper, we have described how the rest of the region might look under each of our four options. This is because any changes to Wellington City – such as merging with Porirua City and Kapiti Coast into a Unitary authority – will inevitably have an effect on local government in the rest of the region.

¹ A Unitary Authority is a type of council that has a single tier and is responsible for all local government functions within its area – i.e. both regional council and local council roles are combined into one authority.

6. The four options are:

1. **Option one** – shared services or collaborative model. No change to existing boundaries for councils, but we would agree to formally share or bring together more of the management of certain services. This might be ‘back office’ services such as Information Technology and Human Resources, it might be some core services such as managing water and waste, or the operations of our parks and recreation facilities. The focus would be on cost sharing and providing better services through economies of scale.

- **Option two** – merge all existing councils into three unitary councils:

Wellington Capital and Coast Council – combining Wellington City, Porirua City and Kapiti Coast District into one unitary authority

Hutt Valley Council – combining Hutt and Upper Hutt cities into another unitary authority

Wairarapa Council – combining the three councils in the Wairarapa (South Wairarapa, Carterton and Masterton District Councils) into a third unitary authority

Greater Wellington Regional Council would be abolished, and its services would be absorbed and in some cases jointly managed by the three new unitary councils.

- **Option three** – merge all existing councils into two unitary councils:

Wellington Council – combining Wellington City, Porirua, Hutt and Upper Hutt cities, and Kapiti Coast District, into one unitary authority

Wairarapa Council – combining the three councils in the Wairarapa (South Wairarapa, Carterton and Masterton District Councils) into another unitary authority

Again, the regional council would be removed, and its services would need to be absorbed and in some cases jointly managed by the two new councils which would become unitary authorities.

- **Option four** – merge all existing councils into one council for the whole region, with 10 local boards elected to look after ‘local’ services. As with the new Auckland Council, this new single council would be the only entity that could set and collect rates, and would make the major decisions for the entire region.

7. Wellington City Council will consult on these options and on whether there is an appetite for reform as the first step in this reform discussion. Consultation starts on 16 May and runs until 30 June 2012. At the same time we will also be

conducting an independent public survey on the options, and invite other councils in the region to participate in that survey - as any changes to one part of the system will inevitably affect others.

8. Depending on your feedback and more detailed analysis of the options, by August we will have three broad choices about what to do next:
 - Do nothing – if the feedback is clear that there is little appetite for structural change, Wellington’s Mayor and Councillors could decide no further action is required for now and instead focus efforts on Council’s day to day business; OR
 - Identify a preferred option/s, develop that into a detailed proposal/s for changes to local government in Wellington, and consult once more with the public on that specific proposal/s; OR
 - Identify a preferred option and submit that to the Local Government Commission (a government-appointed organisation responsible for advising on changes to local government) directly. That would not be the end of public consultation – the Local Government Commission is required to consult with the public itself on any proposed changes before deciding that new arrangements should be put in place.

Why is this discussion happening now?

9. The last time any major changes were made to the structure of local government across New Zealand was 1989. More recently, we have seen major changes implemented to how Auckland is governed, following the government’s decision to establish a Royal Commission on Auckland Governance. A number of councils, including the Auckland Regional Council, were merged to form a single Auckland Council – a unitary authority representing around 1.5 million people.
10. Twenty-one local boards were established to address ‘local’ issues in Auckland, although they have no power to charge rates nor do they have staff.
11. The Wellington area’s Mayors and the Chairperson of Greater Wellington Regional Council, who meet regularly as the Wellington Mayoral Forum, have been considering the issue of governance for the past two years. As part of this work the Forum commissioned a study in 2011 on options for reforming local government in Wellington. With little public interest being shown in the matter at the time, the Forum decided to focus on investigating shared services across the region on matters such as water, waste, civil defence, economic development and the funding of key regional amenities.
12. Another reason for having this discussion now is that the Government has just announced a proposed series of reforms in the local government sector as part of its broader agenda for public sector reform in New Zealand. At the heart of these reforms is a response to the tough global economic environment and its

impact on New Zealand, and consequently a drive for the public sector to provide better services with fewer resources in an effort to keep costs and public debt down.

13. The government says these aims may be achieved through what it calls 'streamlined council reorganisation procedures' – put simply, speeding up and making more likely the amalgamation of local government entities in a given area. The Government considers that the amalgamation of councils is one way to reduce costs and provide better services.
14. The Government's proposals would remove the automatic right of the public to hold a poll on whether or not amalgamation should proceed. Instead, 10% or more of voters in the affected area would have to sign a petition requesting a poll to be held. Even if a poll was held, the threshold for proceeding with reform would be lowered, with only 50% of the *total* area affected needed to approve the reform proposal, rather than the current 50% in *each* affected area (e.g. 50% in each of Wellington City, Porirua, Lower Hutt etc). In the past, amalgamation proposals have tended to fail because at least one of the affected areas has had a majority opposed to amalgamation – the latest example was the proposed merger of Tasman and Nelson councils in April 2012.
15. The Government has also signalled that the Local Government Commission should have a preference for proposals that lead to efficiencies - which may favour proposals for bigger entities - and that streamline planning processes, which is likely to favour the abolition of regional councils and allocating their responsibilities to local councils, which would become unitary authorities. The current criteria, which require reform proposals to deliver overall better local government, look like they will remain in place.
16. The Government has stated that it aims to legislate for these changes by September 2012 - in time for the October 2013 local body elections.

How do things currently work in Wellington?

17. At the moment there are nine councils in the Wellington region – eight territorial local authorities (including Wellington City Council) and Greater Wellington Regional Council:



18. The eight local councils range in size from Carterton District Council – with one of the largest geographical areas and the smallest population (7,600 people) - through to Wellington City Council with just over 200,000 residents. Wellington City is the third largest local authority in New Zealand after Auckland, with nearly 1.5 million residents, and Christchurch, with around 367,000 residents. Hutt City Council is the seventh-largest local authority in the country with 103,000 residents.

Jurisdiction	Population ²	Revenue	Operating Expense	Equity	Liabilities
Carterton	7,650	14,695,325	13,190,651	145,675,893	4,419,494
South Wairarapa	9,430	15,368,558	14,818,986	362,639,524	11,707,936
Masterton	23,500	36,377,147	32,918,936	669,497,810	37,240,684
Upper Hutt City	41,500	40,337,000	41,817,000	576,191,000	28,079,000
Kapiti Coast	49,800	55,118,000	54,791,000	737,766,000	91,841,000
Porirua	52,700	63,645,000	66,960,000	1,083,993,000	63,209,000
Hutt City	103,000	127,189,000	126,138,000	1,151,909,000	122,757,000
Wellington	200,100	416,086,000	400,039,000	6,196,356,000	487,401,000
Regional Council	487,680	443,125,000	207,057,000	939,446,000	462,489,000

19. As well as looking to the future and positioning their areas to meet the challenges of the future, local councils are responsible for the delivery of local services required by their communities. In most cases this includes waste

² Population Estimates to 2012, Statistics New Zealand

collection, water (waste water, fresh water and storm water), maintaining the local roading network, parking enforcement, recreational facilities such as parks, sportsfields, swimming pools and stadiums, libraries, planning and consenting (e.g. District Plan rules outlining the rules for what can be built and where, and issuing resource and building consents), public space development, open space management such as the Botanical Gardens, and visitor attractions such as the Zoo and museums and galleries. Most councils also regulate and control dogs and other animals, liquor licences and food premises. In some cases councils also fund or provide services such as events, tourism promotion and economic development initiatives.

20. Regional councils provide services that extend across local boundaries – they manage the region’s bulk water supply, with local councils responsible for getting the water to your household, they fund and manage public transport in the region, manage regional parks and reserves and support biodiversity, and issue consents such as discharges into air and water.
21. These lists are not exhaustive - they are intended to give you a sense of what a local council does compared with the responsibilities of a regional authority.
22. Within that broad separation of responsibilities, there are several examples of services being shared – either between local councils or in partnership with the regional council. In Wellington for example, economic development is currently funded by Greater Wellington Regional Council and managed in partnership with all the local councils in the region. Hutt and Wellington city councils jointly own a company called Capacity to manage the water network. Porirua and Upper Hutt are currently considering a proposal to join that system. The councils’ emergency management responsibilities are also being brought together.

Implications of removing regional councils

23. Options two, three and four in this paper involve abolishing the regional council and having the newly merged councils absorb, and in some cases possibly share, the functions it currently carries out. This is particularly relevant to options two and three in this paper, which would see either three or two unitary authorities running all of local government in the region.
24. Many of these functions may be able to be absorbed and operated by the two or three new unitary authorities proposed in options two and three. For some functions, such as public transport and water, it may make sense to share the funding provision of services across the boundaries of the new unitary authorities. There are three basic ways that these functions could be shared:
 - Council Controlled Organisations (CCO) – A CCO can be established by councils to jointly manage services across council areas. Capacity, which manages the water network for Hutt and Wellington city councils is an existing example of this structure. The councils involved become owners and

shareholders in the CCO, jointly have full appointment rights to its board, and set annual financial and performance expectations for the CCO. Each council can decide its own desired levels of funding and service according to its needs, priorities and financial circumstances.

- Joint committee – a committee can be established to jointly manage services across council areas, rather than through a separate organisation like a CCO. The Committee is usually made up of Councillors appointed from the participating councils, and operating under delegated powers agreed by each council. The key difference from a CCO is that your elected representatives retain more direct day-to-day oversight of services, and staff remain employed by the local councils rather than devolving this role to a separate board and organisation
- Contract for services – there are two ways a contract for services approach could work. In one instance, one council can employ staff and contract to the other councils to deliver a service on their behalf. For example, council A may contract to councils B, C and D to manage waste. Under this system, staff remain employed by a local council rather than a separate arms-length organisation. Alternately, councils could jointly contract a private provider to undertake services on their behalf.

25. In practice, there may be a mix of these approaches taken depending on the nature of the service and the identified needs and priorities of the region. For example the new unitary councils under options two and three in this paper could take on more responsibility for public transport in their areas, but have a joint committee to ensure that trans-boundary public transport issues are managed in liaison with central government agencies. They could decide that water, including bulk water supply (the management of the region's water reservoirs) would be managed by a CCO, and have one Council to manage back office administrative services under contract to the other councils.

Things to think about when considering the options

26. Below is a list of factors that you may wish to consider when deciding if you want changes to local government in the region and which option you broadly support the most. Not all of these factors will necessarily lead you to the same preferred option – it is up to you to decide which of these (or other) factors are most important to you in coming to your conclusions:

- How much change is required – does the existing system work pretty well, or do you think it needs to change? If it does need to change, should it have a complete overhaul or some work at the margins?
- Cost, efficiency and rates – which option would keep your rates down the most, or alternately provide the best value for money? Bear in mind that each council charges different rates according to its needs, residents' and

commercial property values and the ability of its community to pay. Your rates are likely to change under any proposed amalgamation

- Effectiveness – which option would be the most effective? This can mean different things to different people – for example looking after your sports fields or libraries, positioning your area for a successful future, or working with and lobbying the Government and other key organisations
- Local identity – which option best reflects your sense of identity? Do you see yourself governed in terms of your neighbourhood, your immediate city, or part of a bigger community?
- Democracy and representation – do you prefer localised representation for your area on all matters to do with local government, or are you comfortable having less direct representation and being part of a bigger community?
- Layers of local government – the Local Government Commission is likely to be given a steer by the Government to prefer changes that remove layers of governance, particularly in respect of planning.
- Viability - for options two and three, how would the newly merged councils manage absorbing the functions currently performed by the Regional Council?

What are the four options?

27. We have developed four options for you to consider. These options range from keeping the current boundaries and representative arrangements in place but making formal arrangements to share services across councils in the region, through to amalgamating all councils in the Wellington region into one unitary authority – a ‘super city’. There are many more options, but these are the options we think best represent a range of potential changes that could be made to how local government in the wider Wellington region is structured.
28. The options are described at a fairly broad level at this stage, so the public can engage on the discussion without getting bogged down in too much detail. If a preferred option (or options) emerges, we would develop that into a more detailed proposal for consideration.
29. We have also decided not to lay out what we consider to be the advantages or disadvantages of each option, nor have we signalled a preferred option as Wellington City Council has not yet debated what its preferred option might be. We have taken this approach because we want to understand where the public sits on this issue as part of informing a preferred position.
30. At the end of the section outlining the options, we have included information on how you can make your submission.

OPTION 1 – Shared Services or Collaborative Model

This option would see most or all of the nine councils remaining in place, including the Regional Council. You would still have your local council as you know it.



Overview of councils under Option 1³

Jurisdiction	Population ⁴	Revenue	Operating Expense	Equity	Liabilities
Carterton	7,650	14,695,325	13,190,651	145,675,893	4,419,494
South Wairarapa	9,430	15,368,558	14,818,986	362,639,524	11,707,936
Masterton	23,500	36,377,147	32,918,936	669,497,810	37,240,684
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Wellington	200,100	416,086,000	400,039,000	6,196,356,000	487,401,000
Regional Council	487,680	443,125,000	207,057,000	939,446,000	462,489,000

The key difference between this option and the existing local government arrangements for the region is that councils would enter into more shared-service arrangements with each other in an effort to provide more effective and efficient services. At the moment, there are examples of shared services across the region – water, waste, economic development, civil defence and possibly funding of regional amenities - but the bulk of services are provided individually by each Council.

³ Income, OPEX and Equity figures based on 2010/11 Annual Reports

⁴ Population Estimates to 2012, Statistics New Zealand

Shared services could involve 'back office' functions such as finance, information technology and human resources, or front line services such as roading maintenance, water, waste, parks, recreational facilities, libraries etc. Councils would retain responsibility and representation for their existing local areas, the right to tailor the level of service to its community, and the general powers of competence allowed under local government legislation.

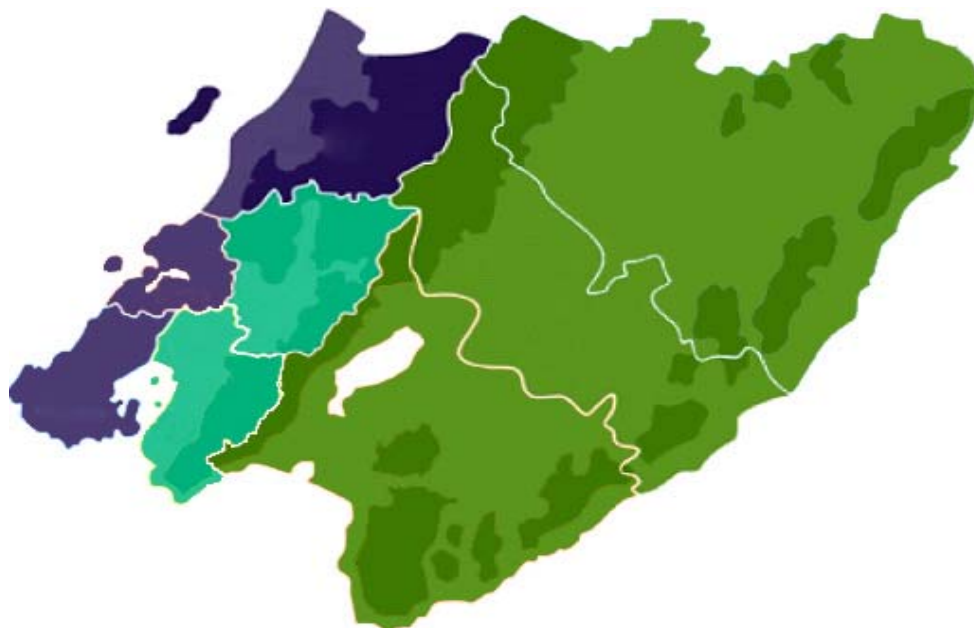
This option would not require a change proposal to be presented to the Local Government Commission. If the public's preference was for this model over other models, including the status quo, councils would have to agree to move to formalising this shared services or collaborative model, based on a mandate from the public that this is the direction you want your council to move towards.

OPTION 2 – nine councils are reduced to three

This option would see the nine existing councils in the region replaced by three unitary councils:

- **Wellington Capital and Coast Council** – combining Wellington City, Porirua City, Kapiti Coast District into one unitary authority
- **Hutt Valley Council** – combining Hutt and Upper Hutt cities into another unitary authority
- **Wairarapa Council** – combining South Wairarapa, Carterton and Masterton Districts into a third unitary authority.

The Regional Council would be abolished, and its services absorbed, and in some cases jointly managed, by the three new councils which would become unitary authorities – which means they are responsible for both local and regional council services in their area.



Overview of councils under Option 2⁵

Jurisdiction	Population ⁶	Equity	Liabilities	RPC ⁷	EPC ⁸
Wairarapa	40,580	1,177,813,227	53,368,114	1637	1501
Hutt	144,500	1,728,100,000	150,836,000	719	1162
Wellington	302,600	8,018,115,000	642,451,000	1767	1724

⁵ Income, OPEX and Equity figures based on 2010/11 Annual Reports

⁶ Population Estimates to 2012, Statistics New Zealand

⁷ Estimated Revenue Per Capita

⁸ Estimated Expense Per Capita

The new Wellington Capital and Coast and Hutt Valley councils would be respectively the third and fourth equal (with Hamilton City) largest local or unitary authorities in New Zealand.

As well as the reduction in the number of councils in the region, and the fact that wherever you live in the region you would be part of a new and larger local government area, a key difference from option one and the current local government arrangements is that the Regional Council would not exist under this model.

Its functions would be taken over by each of the three new councils, and in some cases the three new councils may have to make arrangements to jointly operate some services, such as public transport and water supply.

In the case of funding and overseeing public transport arrangements, many aspects of these services may be able to be overseen by each council, however given the trans-boundary nature of our public transport system there would still have to be some form of shared arrangements, such as a CCO, a joint committee of Councillors across the three entities, or a lead Council - as outlined earlier in this document.

More analysis is needed to understand how much representation each area should have under these three new councils. As a guide, on a per-capita basis and assuming 15 Councillors (including the Mayor) for each council, the following number of councillors would be elected by voters in each area for the three new unitary authorities:

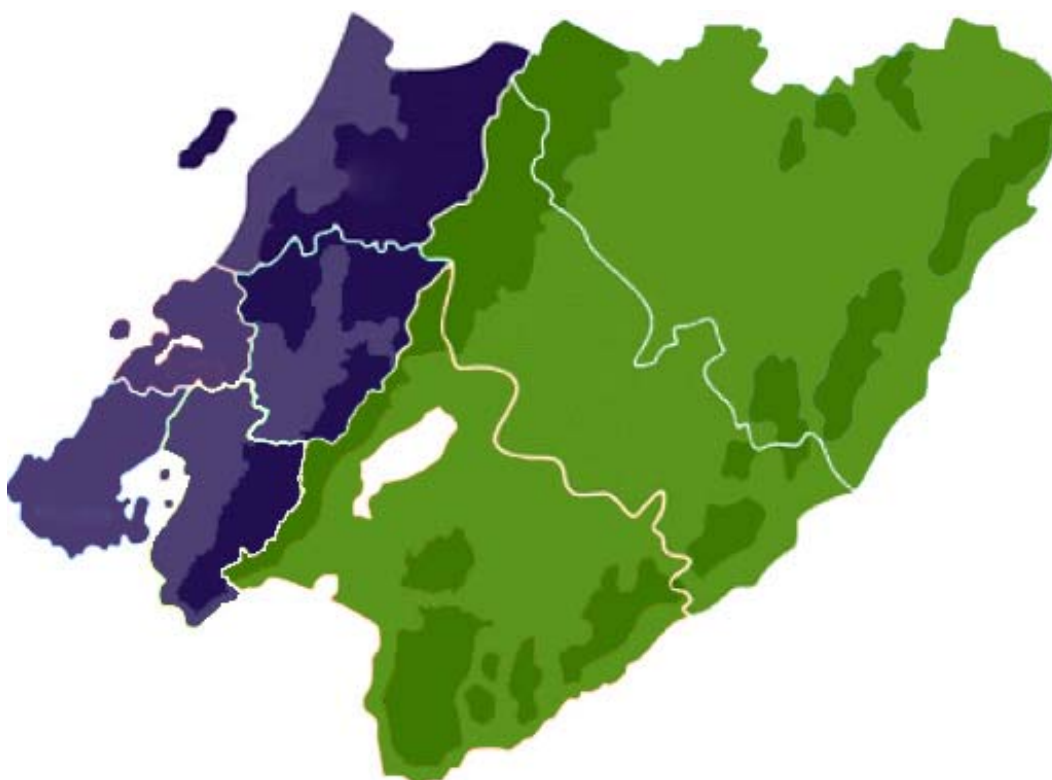
- **Wellington Capital and Coast Council** – Wellington City (9), Porirua City (2-3), Kapiti Coast (2-3) councils, plus a Mayor
- **Hutt Valley Council** – Hutt City (10) and Upper Hutt City (4), plus a Mayor
- **Wairarapa Council** – Masterton (8), South Wairarapa (3) and Carterton (3), plus a Mayor

Consideration would also have to be given as to whether community board structures would be needed, if the public wanted councils to merge as per this option but also wanted another layer of local community representation. In Wellington City, we currently have two community boards - Tawa and Makara-Ohariu – to represent local area interests. These bodies have no powers to charge rates, nor do they have any regulatory or policy authority.

OPTION 3 – nine councils are reduced to two

This option would see the nine existing councils in the region replaced by two unitary councils:

- **Wellington Council** – combining all of the urban/metropolitan areas of Wellington, Porirua, Hutt City and Upper Hutt cities, and Kapiti Coast District - into one unitary council
- **Wairarapa Council** – combining all of the councils in the Wairarapa - South Wairarapa, Carterton and Masterton districts - into another unitary council.



Overview of councils under Option 3⁹

Jurisdiction	Population ¹⁰	Equity	Liabilities	RPC ¹¹	EPC ¹²
Wairarapa	40,580	1,177,813,227	53,368,114	1637	1501
Wellington	447,100	9,746,215,000	793,287,000	1570	1542

The new Wellington Council would be the second largest local authority in New Zealand, behind Auckland Council, and ahead of Christchurch City Council (367,000).

⁹ Income, OPEX and Equity figures based on 2010/11 Annual Reports

¹⁰ Population Estimates to 2012, Statistics New Zealand

¹¹ Estimated Revenue Per Capita

¹² Estimated Expense Per Capita

As with option 2, the Regional Council would be abolished and its services absorbed, and in some cases jointly managed, by the two new councils which would become unitary authorities. Option 2 provides more information on how this might be managed in practice.

The key difference between this option and option 2 is that all of the councils on the western side of the Rimutaka Hills (broadly speaking the 'urban' councils) would be merged into one council, rather than two councils.

As with option 2, more analysis is needed to understand how much representation each area should have under these two new unitary councils, and whether some form of more local representation, such as a community board, would be wanted.

As a guide, on a per-capita basis and assuming 15 Councillors (including the Mayor), the following number of councillors would be elected by voters in each area for the two new unitary authorities:

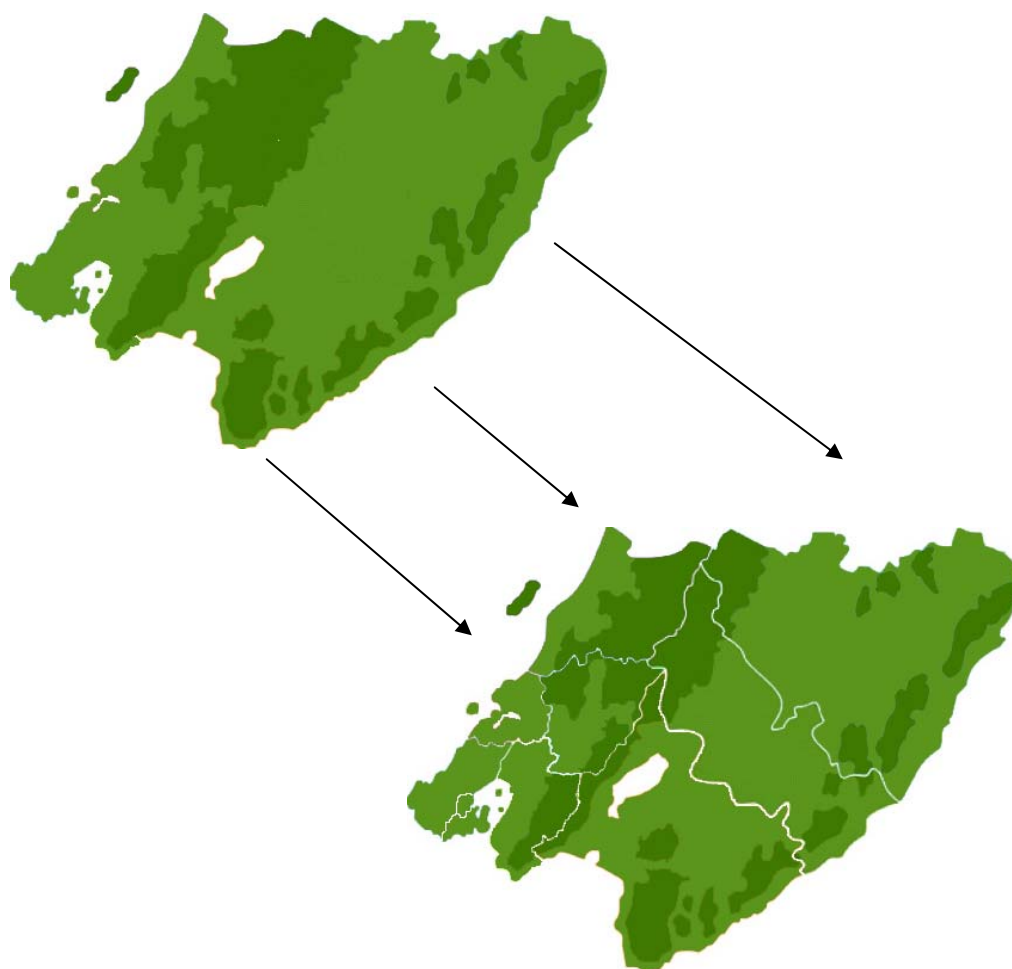
- **Wellington Council** – Wellington City (6), Porirua City (2), Kapiti Coast (2), Hutt City (3) and Upper Hutt City (1), plus a Mayor
- **Wairarapa** – Masterton (8), South Wairarapa (3) and Carterton (3%), plus a Mayor

OPTION FOUR – nine councils become one plus ten (a ‘super city’)

This option is that as broadly proposed by a group of councillors from the Greater Wellington Regional Council. The full description of this option can be obtained by contacting Greater Wellington Regional Council.

It involves a new two-tier system of local government for the region. A new council (the ‘Wellington Council’) would be established as a unitary authority to govern the whole of the Wellington region, with 10 Local Boards established. The 10 Local Boards would reflect the existing local authorities in the region. However the group of regional councillors proposed splitting the Wellington City area (with 200,000 people) into three Local Boards. Lower Hutt, with just over 100,000 people, would remain intact.

One Wellington Council...



...and 10 Local Boards

Overview of the new Wellington Council for the whole region¹³

Jurisdiction	Population	Equity	Liabilities	RPC ¹⁴	EPC ¹⁵
Wellington Council	487,680	10,924,028,227	846,655,114	1576	1539
Local Boards	Details to be determined				

Councillors would be elected on to those Local Boards to oversee 'local' services, but would not have the authority to set or collect rates. What constitutes a local service, rather a regional service, would need to be worked through.

Only the new Wellington Council, as a unitary authority, would have the power to decide rates. It would oversee strategic matters, much in the same way to how arrangements now work in Auckland. As with the Wellington Council outlined in option 3, the new Wellington Council under this option, with 487,000 residents, would be the second largest authority in the country behind Auckland (1.5 million).

The proposal as outlined by the group of Greater Wellington Regional Council group indicates that the following representation would occur with a new Wellington Council of 11 elected members:

- Wairarapa, Porirua and Kapiti – 1 representative each
- Hutt City and Upper Hutt – 3 representatives combined
- Wellington City - 4 representatives

The Mayor of the proposed new Wellington Council would be elected at large, giving a total of 11 members.

Local boards would also have elected representatives, which is likely to mean approximately 150 elected members serving on the 10 boards (based on the number of elected representatives in place on local councils, which are proposed to be reformed into the Local Boards).

Rates would be a matter of policy for the new Wellington Council to determine – including on what basis rates would be charged. The legislation creating the new Auckland super city stated that residential rates would be decided on capital value. Whichever system is put in place, as with options two and three, clearly there will be 'winners' and 'losers'.

¹³ Income, OPEX and Equity figures based on 2010/11 Annual Reports and excludes GWRC figures

¹⁴ Estimated Revenue Per Capita

¹⁵ Estimated Expense Per Capita

Have your Say

31. We encourage you to have your say and make a submission on whether you think changes are needed to the local government scene in Wellington. If you do want change, tell us which of the four options you prefer and why. You may decide there is a better option than the four we have outlined here.
32. How to make your submission:
 1. Filling out the form at the back of this document
 2. Go online to <http://www.wellington.govt.nz/> and fill in the submission form there
 3. Email your views to (email address to be set up)
 4. Writing to us at Wellington City Council, PO Box 2199, 101 Wakefield Street, Wellington City.

What happens next?

33. Submissions close on 30 June 2012. When we have received all the, we will analyse them and make the results public. Officers will produce a report to Wellington City Councillors in early August recommending the next steps.
34. Depending on your feedback, the results of the independent survey, and more detailed analysis of the options, by August 2012 we will have three broad choices about where to from here:
 - Do nothing – if the feedback is clear that there is little appetite for structural change, Councillors could decide that no further action is required for now and instead focus efforts on Council's day to day business; OR
 - Identify a preferred option/s, develop that into a detailed proposal/s for changes to local government in Wellington, and consult once more with the public on that specific proposal/s; OR
 - Identify a preferred option and submit that to the Local Government Commission (a government-appointed organisation responsible for advising on changes to local government) directly. That would not be the end of public consultation – the Local Government Commission is required to consult with the public itself on any proposed changes before determining that new arrangements should be put in place.