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## **REGIONAL GOVERNANCE UPDATE**

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### **1. Purpose of report**

This report provides an update on the review of regional governance. It seeks the Strategy and Policy Committee's agreement for council representatives to join a regional working party to develop a reorganisation application that is in the best interests of the region to potentially submit to the Local Government Commission (the Commission).

### **2. Executive summary**

At a hui held on 21 November 2012, members of the nine councils in the Wellington region heard presentations on the streams of work currently underway in the region on regional governance. The purpose of the hui was to identify whether a common view on regional governance could be formed around potential future boundaries and structures within those boundaries.

Following the presentations, the hui recommitted to a future governance structure that would be in the best interests of the region.

Porirua Mayor Nick Leggett and Greater Wellington Regional Council (GWRC) Chairperson Fran Wilde have subsequently invited Wellington City Council to join a working party to develop, if possible, a joint application to the Commission early in 2013 recommending an agreed model for change. In their invitation they note that there are many similarities between the model they support and the analysis provided by Wellington City Council officers for a single-tier structure. Officers continue to believe that a Metropolitan Unitary Authority with single-tier decision making delivers the best outcome for the people of the Wellington region, however, we agree that there are many areas where our thinking is similar.

Accordingly officers recommend that, subject to a number of conditions including extending the invitation to the Hutt, Upper Hutt and Wairarapa councils, the Strategy and Policy Committee agrees to join the working party to explore how these similarities might be drawn together to form the basis of a region-wide proposal. Joining the working party allows all options and ideas to be tested and good information brought back to the council to ensure that any reorganisation proposal developed will be in the best interests of the region. Officers also recommend that a number of governance principles should underpin any model developed by the working party.

The Local Government Act 2002 Amendment Bill has passed its third reading and will shortly become law following Royal Assent.

The amended Act contains a number of changes to the rules for reorganisation applications, potentially making it easier for applications to succeed. The amendments reflect the government's desire to see greater efficiencies and streamlined planning and reporting for local government.

Importantly, the amended Act provides for local boards but not Local Area Councils, which is a key design feature of the two-tier model recommended by the Wellington Region Local Government Review Panel (the Panel). The Act as amended means, however, that it will not be possible to have local area councils. Under the Act, the delegation of any powers can only be made by any new governing body.

Officers are currently analysing the full implications of the amended Act and will provide Council with a report setting out the key features.

Notwithstanding a desire by some representatives at the hui to develop a proposal on behalf of the whole region, the Wairarapa Councils and GWRC stated their intention to submit their own reorganisation applications to the Commission in the new year if consensus was not possible. The likelihood of change for the Wellington region is therefore significantly high.

A decision not to join the working group removes the opportunity to test other options and ideas and to work with the region in developing the best possible option. The other risk with opting out is that Wellington City Council becomes politically isolated on a regional issue and this may not be viewed favourably by the Commission, the public or the media.

### **3. Recommendations**

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*
2. *Agree to join the regional governance working party, dependent on an invitation being extended to the Hutt and Upper Hutt City Councils and the Masterton, Carterton and South Wairarapa District Councils.*
3. *Agree to appoint the Mayor, the Deputy Mayor and the Chief Executive Officer as Wellington City Council's representatives on the working party.*
4. *Agree that the following governance priorities should underpin any model developed by the working party:*
  - *High quality democratic representation*
  - *Direct access to decision makers*
  - *Efficiency and effectiveness of decision-making and service delivery*
  - *Strengthened relationship between citizens and council*
  - *One decision-making body*
  - *One voice.*

## **4. Background**

Consultation and engagement on the question of governance has been undertaken across the region with Wellington City Council receiving 1,209 submissions, and a further 3,300 residents from across the region taking part in a Colmar Brunton survey.

Wellington recorded a 58% preference for no boundary changes, had just under a third supporting amalgamation of some sort, and a reasonably even spread across the change options. Option 3 was the preferred change option in Wellington City Council submissions by a reasonably distance, and also (although narrowly) in the Colmar Brunton survey.

The third of three workshops for Wellington City Council was held on 13 November 2012 to consider analysis of the Panel's report and introduce further and more developed one-tier design concepts. Mayor Leggett and Chair Wilde attended the workshop to discuss their response to the Panel's recommendations.

Councillors agreed to attend a regional hui on 21 November 2012 to hear the results of work being undertaken across the region before deciding on next steps.

At the hui, members of the nine councils in the Wellington region heard presentations on the streams of work currently underway in the region on regional governance including 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 west of the Rimutakas 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.

The Hutt proposal and the potential for three Unitary Authorities covering the Hutt; the Wairarapa; and Kapiti/Porirua/Wellington City opens the door to other possibilities, including a separate Wellington City Unitary Authority. Officers have given some preliminary consideration to this scenario. On balance, officers consider that while there are likely to be financial benefits to Wellington City going it alone, for the strategic, long-term, benefit of the region the greater gain for the Wellington region lies with a Metropolitan Unitary Authority. We also note that the Commission may not support a separate Wellington City Unitary Authority because it may not be in the best interests of the region or meet the government's criteria for better local government.

The deputy Mayor of Auckland City, Penny Hulse, who spoke at the hui, noted that the 'One Plan and One Voice' governance model for Auckland has been a

positive change for the region, but the co-governance, two-tier decision-making arrangement has been challenging.

Ms Hulse’s comments reflect officers’ concerns with the recommendations in the Panel’s report for a Wellington two-tier Unitary Authority. The Panel’s model has been likened to the new Auckland Council, although the Panel rejected this point because in contrast to Auckland it proposed Local Area Councils with codified powers. The newly passed Act does not, however, include provision for Local Area Councils.

Following wide ranging discussions, the hui committed to work together towards a future governance structure that would be in the best interests of the region.

## 5. Discussion

The Bill changing the rules for reorganisation has now passed.

We are now at an important juncture with the emergence of several options in the public domain, and notice of the Wairarapa Councils’ and GWRC’s intention to submit an application to the Commission in the new year. In addition, Mayor Leggett and Chair Wilde have moved quickly to establish a working party with the intention of submitting a joint application with the Commission early in 2013.

### 5.1 Legislation Update and Implications

The new law will have a significant impact on what options are available for consideration as part of any process to consider local government reorganisations. Importantly, new legislative provisions will have an impact on the proposals currently before decision-makers in the Wellington Region.

In preparing a draft proposal in relation to any affected area, the Commission is bound to consider the following options:

1. Territorial Authorities with a Regional Council reflecting the current status quo
2. Unitary Authorities with no second decision-making tier
3. Unitary Authorities with Local Boards

The impact of these provisions on current proposals is set out below as follows:

<b>Proposal</b>	<b>Impact of Legislation</b>
<b>Two-tier, Metropolitan Wellington Unitary</b>	<b>Tier One</b> <ul style="list-style-type: none"> <li>• There is no impact in relation to a proposal for a Metropolitan Wellington first-tier decision-making body comprised of up to 20 councillors and a Mayor.</li> </ul>

Proposal	Impact of Legislation
<p><b>Authority proposal:</b>  <i>Supported by GWRC, Porirua City Council and Kapiti Coast District Council</i></p>	<p><b>Tier Two - Population</b></p> <ul style="list-style-type: none"> <li>• Schedule 3, Part 2, Subpart 1 of the new Act will, under this approach, require the implementation of Local Boards on the basis that the affected area is predominantly metropolitan and has, or is predicted to have within a period of 5 years after the notice of the draft proposal, a population no fewer than 400,000.</li> <li>• This means that for a two-tier proposal to be considered, it must capture Wellington City, Porirua, Kapiti, Upper Hutt and Lower Hutt with a projected current population of 447,000.<sup>1</sup></li> </ul>
	<p><b>Tier Two – Functions and Delegations</b></p> <ul style="list-style-type: none"> <li>• Where Local Boards can be implemented, they must be implemented consistent with s7 of the Local Government (Auckland Council) Act 2009. This section then invokes ss14-21 of the Auckland Act setting out at s15(1)(e) that the governing body is responsible and accountable for the <i>agreement reached with each local board (as set out in each local board agreement) in respect of local activities for the local board areas.</i></li> <li>• Any local boards must receive consent to undertake activities and be delegated responsibility for delivering them.</li> <li>• It is therefore not possible to propose formal codification of functions to bind a governing body; any delegations must be the decision of any new governing body.</li> <li>• Decisions about delegated authority for non-statutory activities must be made by any new governing body consistent with s17 of the Auckland Act that <i>the impact of the decision will extend beyond a single local board area; or effective decision making will require alignment or integration with other decisions that are the responsibility of the governing body; or the benefits of a consistent or co-ordinated approach across Auckland will outweigh the benefits of reflecting the diverse needs and preferences of the communities within each local board area.</i></li> </ul>
	<p><b>Tier Two – “CBD Board”</b></p> <ul style="list-style-type: none"> <li>• There is no provision in the new Act for a “CBD Board” as set out in the report of the Wellington Region Local Government Review Panel.</li> </ul>
<p><b>Wairarapa Unitary</b>  <i>Supported by South Wairarapa,</i></p>	<ul style="list-style-type: none"> <li>• There is no impact in relation to a proposal from the Wairarapa Governance Review Working Party to form a Wairarapa Unitary Authority. The current proposal sets out a single tier decision-making body that covers the</li> </ul>

<sup>1</sup> Current population for Wellington region excluding the Wairarapa. Statistics New Zealand forecasts identify a population of 501,600 in the 5 year period to 2016 (this includes Upper Hutt and Lower Hutt 146,100) – any two-tier proposal must therefore include the Hutt Valley.

<b>Proposal</b>	<b>Impact of Legislation</b>
<i>Carterton and Masterton District Councils</i>	three existing territorial authority districts.
<b>Hutt Valley Unitary</b> <i>Supported by the Hutt and Upper Hutt City Councils</i>	<ul style="list-style-type: none"> <li>• There is no impact in relation to a proposal supported by the Hutt and Upper Hutt City Councils to form a Hutt Valley Unitary Authority. The current proposal sets out a single tier decision-making body with affect on two existing territorial authority districts.</li> <li>• Should the Commission agree to a unitary authority for the Hutt Valley, creating the potential for three unitary authorities in the Wellington region – such a structure would extinguish for the foreseeable future any proposal for a two-tier structure as supported by the GWRC, Porirua City Council and Kapiti District Council.</li> </ul>
<b>Single Tier, Metropolitan Wellington unitary authority proposal</b> <i>Supported by Wellington City Council officers</i>	<ul style="list-style-type: none"> <li>• There is no impact in relation to a proposal from Wellington City Council officers for a single-tier decision-making body comprised of 29 councillors and a Mayor.</li> </ul>

It is clear that work will need to be undertaken to make changes to current proposals supported by the GWRC, Porirua City Council and the Kapiti Coast District Council in order to make it consistent with the new Act.

Fundamentally, a two-tier proposal must be consistent with the Auckland Act to be considered by the Local Government Commission as outlined above.

## **5.2 Regional Working Party**

The invitation from Mayor Leggett and Chair Wilde to join a working party with Kapiti Coast District Council to develop an agreed position on governance arrangements for the Wellington region is timely. It is an opportunity to take a considered look at the information that has been gathered and to make deeper inquiries, as well as consider other options.

We see merit in joining a regional working party but are mindful that the timing for a reorganisation of the Wellington region could be determined outside of this process, should the Wairarapa Councils, or GWRC, decide to submit an application before the working party finalises its work.

With the passing of the Bill, officers believe the status quo is no longer an option and that the time to act is now. With the likelihood of the Commission receiving an application as early as February 2013, Council has only a short time to agree

a position on governance reform, prior to engaging with the community on a potential reorganisation application.

There are a number of areas of commonality and alignment between the various models which has been highlighted by Mayor Leggett and Chair Wilde. With the changes to the Bill, in particular the inability to create Local Area Councils, there is now an even stronger opportunity to explore how these similarities might be drawn together to form the basis of a region-wide proposal.

Set out below are two options for councillors to consider. Officers recommend that the Strategy and Policy Committee agree to join the working party and note that any agreement should come with a number of caveats.

## Option 1 - Join

**Agree** to join a working party with GWRC, PCC and KCDC to develop a reorganisation application that will be in the best interests of the region to potentially submit to the Commission, on the following conditions:

- That an invitation is extended to the Hutt and Upper Hutt City Councils and the Masterton, Carterton and South Wairarapa District Councils
- Working Party to join the working party
- No proposals to be released by any of the parties involved until each Council has received and considered a report outlining the results of the joint process
- All parties involved agree on a joint communications approach and common messaging throughout the joint process

**Agree** to WCC representatives working to ensure that the following features are included in a joint proposal:

- A Metropolitan Wellington boundary that includes Wellington City, Upper Hutt, Lower Hutt, Porirua, and Kapiti
- Ongoing provision for Community Boards
- Councillors elected from either single or multi-member wards.
- Metropolitan Unitary Authority with single-tier decision making

### Timeline 2013

#### ***If consensus can be reached***

##### *February*

- Each council to consider a report from the working party outlining an agreed position
- Subject to council's approval, agree on a joint regional consultation plan on the proposed option (6-8 weeks)

##### *April*

- Each Council to consider results of consultation
- Subject to results of consultation, and Council's agreement to proceed, submit a joint proposal to the Commission

#### ***If consensus cannot be reached***

##### *February*

- Each council to consider a report outlining the outcome of any joint process
- Undertake activities as outlined in Option 2

### Summary

- Allows all options to be tested
- Enables us to negotiate but not commit
- Meets the public's expectation that the region will work together for the benefit of the region on a matter of significance
- Allows regional consultation in conjunction with the other councils on any proposed reorganisation proposal
- Any final decision on the working party's recommendations to be made in February

## Option 2 - Decline

**Decline** to join a working party with GWRC, PCC and KCDC to develop a reorganisation application that will be in the best interests of the region to potentially submit to the Commission.

**Direct** officers to develop a reorganisation application on the basis of:

- A Metropolitan Wellington boundary that includes Wellington City, Upper Hutt, Lower Hutt, Porirua, and Kapiti
- Ongoing provision for Community Boards
- Councillors elected from either single or multi-member wards.
- Metropolitan Unitary Authority with single-tier decision making

### Timeline 2013

##### *February*

- Officers to report back to SPC with a recommendation on a preferred model
- Council to approve:
  - an agreed model
  - a consultation plan (6-8 weeks)

##### *Mid April*

- Report back to SPC with an analysis of consultation
- Subject to Council agreement and results of consultation, submit a reorganisation application to the Commission

### Summary

- Officers can begin work on a reorganisation application immediately
- Includes provision for WCC to engage with the Wellington community
- A decision on whether or not to make an application to the Commission will be made in February



## **6. Conclusion**

The Local Government Act 2002 Amendment Bill and paves the way for local government reform and council reorganisations.

There are a number of design features that officers believe must form part of any reorganisation application in order to meet the principles of good governance:

- Democratic representation
- Direct access to decision makers
- Strengthened and redefined relationship between residents and Council
- Efficiency and effectiveness of
  - Decision making
  - Service delivery
- One decision making body
- One voice

Officers believe a Metropolitan Unitary Authority with single-tier decision making best delivers on these principles, and will deliver the optimum outcome for the people of the Wellington region.

The new Act provides for local boards but does not allow for local area councils as proposed in the Panel's two-tier model. There are, however, a number of similarities between a two-tier Unitary Authority and a Metropolitan Unitary Authority with single-tier decision making, thus the focus of our discussions in relation to these two models becomes the role of local boards and community boards, and what, if any, functions can be delegated to them which is in addition to their advocacy role. The opportunity therefore exists to work with the other councils in the region to develop a reorganisation application that draws on these areas of commonality to potentially submit to the Commission.

At the same time, the Wairarapa Councils, and GWRC, have indicated that they are close to filing an application with the Commission. In light of this, and with the passing of the Bill, officers believe the status quo is no longer an option and that the time to act is now.

Officers recommend that the Strategy and Policy Committee agree to join the regional working party because it allows all options to be tested without locking councillors into a particular model until February 2013. The ultimate aim is to deliver the best possible solution for the people of the Wellington region.

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