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**REPORT 1**  
*(1215/52/IM)*

## **REVIEW OF GOVERNANCE IN THE WELLINGTON REGION: DRAFT TERMS OF REFERENCE**

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### **1. Purpose of Report**

This report seeks the Committee's input and agreement on the review of the Wellington Governance draft terms of reference and associated work programme approved by the Mayoral Forum on 27 November 2009 (attached in **Appendix A** and **B**).

### **2. Executive Summary**

The Mayoral Forum has agreed a draft terms of reference to guide the review of Wellington's governance. Feedback from each council has been requested and will be considered at the next Mayoral Forum meeting in late February.

The Wellington region's future success will be influenced by its governance. The recent Auckland governance outcomes highlight the importance of early thinking, a future focus and fit-for-purpose outcomes. The region's future is one of opportunity. The challenge is to ensure the region's governance delivers on the opportunities.

The draft terms of reference recognise the collaborative work already being undertaken across the region through the Wellington Regional Strategy and the shared services work programme. It also builds on the councillor workshops held last year on the lessons and insights from Auckland's experience, including a presentation from Professor Robin Hambleton and on the proposed changes to the Local Government Act 2002.

The issues around governance for the Wellington region are complex and will take some working through. A phased approach is considered important as it will allow councils, the region and the community time to develop an understanding of the issues and have a well-informed discussion.

The purpose of the governance review is to look at the region's current governance arrangements and critically assess whether they are optimal for taking Wellington into the future. Whilst the scope of the review is broad, there are some important exclusions.

These exclusions are similar to those included in the Auckland Royal Commission terms of reference and also recognise existing regional processes (refer to Appendix A, Section 3). The exclusions relate to central government funding and responsibilities (for example the level of health, education and police spending in the region, and debate over who should provide these services), adequacy of funding levels in the Wellington region (this review is not about whether funding levels are sufficient, it is about governance) and the Wellington Regional Strategy review processes (which has a separate timetable and process for review).

The proposed timing under the draft terms of reference aims to see an agreed position on governance of the Wellington region by August 2012

### **3. Recommendations**

Officers recommend that the Strategy and Policy Committee:

- 1. Receives the information.*
- 2. Agree to a review of Wellington's governance based on the approach (i.e. draft terms of reference and programme) outlined in **Appendix A and B** as agreed by the Mayoral Forum on 27 November 2009.*
- 3. Note that feedback from each council on the draft terms of reference and work programme will be considered at the next Mayoral Forum on 20 February 2010.*
- 4. Agree that, subject to the outcome of consideration of the 27 November 2009 report by councils in the Wellington region, the Wellington Mayoral Forum will be the governance body for the review and the agreed work programme will be managed by the Chief Executives' Forum.*
- 5. Note that the proposed work programme provides 'hold points' to allow for feedback and review by each council with advice to the Mayoral Forum.*

### **4. Background**

#### **4.1 Approach to review**

Legislation enacted on 22 September 2009 establishing a single Auckland unitary authority has been one of the drivers for the Wellington region to look at its governance arrangements and to review its future needs.

A proactive and collaborative discussion across the region is important if the region's competitive advantages are to be sustained. In carrying out this proposed review the region will also be well placed to proactively respond to any future government requests for change.

The Prime Minister and the Minister of Local Government have publically stated that the Government will not impose governance changes on other regions across New Zealand but would respond to any calls for change in current governance arrangements requested by local communities. The Minister of Local Government has however been asked to undertake a review of local government across the country in light of changes in the Auckland region.

The timing of the review proposed in this paper is such that, if any changes to governance arrangements arise out of this review, they could be implemented in time for the Local Government elections in 2013.

#### **4.2 Current work**

The work undertaken to-date by Wellington City and the region has been around understanding Wellington's governance needs and the changes being implemented in Auckland.

At the Mayoral Forum on 28 August 2009, Wellington City made a presentation on Wellington's future governance. This presentation was based on the councillor workshop presentation made on 5 March 2009. The Mayoral Forum requested that the presentation be given to each of the councils. During October/November 2009 the presentation was made to all councils and was well received.

Following the presentation to each council, the Chief Executives Group prepared draft terms of reference for consideration by the Mayoral Forum on 27 November. The draft terms of reference and work programme are based around a regional and collaborative approach to the review to ensure the best outcomes for the Wellington region and its communities in the future.

The Mayoral Forum considered and agreed to take the draft terms of reference and work programme back to their respective councils for feedback. This feedback is due to be discussed at the next Mayoral forum in February 2010.

## **5. Discussion**

### **5.1 Overview of the draft terms of reference**

The draft terms of reference are considered to be an appropriate approach to addressing the question of Wellington's future governance. Key aspects include:

- a. the draft terms of reference and work programme provide a structured, proactive and evidence-based approach that recognises the inter-

- b. acknowledgment that a review of Wellington's governance will take time to build the evidence, engage the community and to understand the key issues relevant to the region's future.
- c. the approach recognises and enables existing commitments to be delivered, for example, regional shared services programme.
- d. clear project 'hold points' are identified in the programme. These will allow each council time to review and provide feedback on each review phase.
- e. the draft terms of reference have been framed around understanding what is needed for Wellington, rather than how to replicate the Auckland governance model.
- f. the draft terms of reference are supported by high level organisational and political governance structures, being the Mayoral Forum and Chief Executives' Group.

## **5.2 Programme Phases**

This paper seeks the Committee's agreement to the proposed scope of work, approach and work programme included in **Appendix A** and **Appendix B**.

The work programme is divided into six key phases, at the end of each is a 'hold point' allowing an opportunity for review and input by each Council. The governance review is a two year programme scheduled to be completed before the 2013 Local Government elections.

The six phases are summarised below:

- *Research* into future drivers for Wellington Region's success, existing governance arrangements, and best practice findings in governance.
- *Analysis* of existing services, infrastructure and local democracy, identification of gaps and opportunities in governance arrangements, and analysis of best practice outcomes and the application in a New Zealand/Wellington context.
- *Options* being a comparison of the governance options against future drivers, and analysis of the impacts on systems, processes and institutions.
- The *preferred option* being identified in regard to systems, processes and institutions. This will include analysis of the preferred option against implementation, benefits and value for money criteria.
- *Public engagement* on the preferred option, including consultation and surveys.

- *Decision* on the agreed governance arrangements for the Wellington region and a plan for implementation, prioritisation and communication of the Wellington region's future to central government

### **5.3 Consultation and Engagement**

There is no requirement for community consultation or engagement in the approval of the draft terms of reference. Consultation and engagement matters will need to be considered further by the Mayoral Forum and councils for any agreed work programme.

The review process will involve working closely with iwi in the Wellington region.

### **5.4 Financial Considerations**

There are no financial considerations in the approval of the draft terms of reference. Impacts on resources will need to be considered further by the Mayoral Forum and councils for any agreed work programme.

### **5.5 Climate Change Impacts and Considerations**

There are no climate change impacts in the approval of the draft terms of reference.

### **5.6 Long-Term Council Community Plan Considerations**

The scope of research and work included in the proposed work programme will be reviewed following consideration by the Mayoral Forum

## **6. Conclusion**

It is timely for the Wellington region to be proactive rather than reactive in considering the future challenges and opportunities associated with the region's governance. The attached draft terms of reference and proposed work programme agreed by the Mayoral Forum will provide a roadmap and timeline that aims to deliver the best governance structure to meet the region's needs.

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## Supporting Information

### **1) Strategic Fit / Strategic Outcome**

The draft terms of reference and proposed work programme supports Wellington's vision to be *an affordable, internationally competitive city*. This work will also contribute to the Council's governance strategy aims *of Wellingtonians becoming more actively involved in the direction of their communities*.

### **2) LTCCP/Annual Plan reference and long term financial impact**

The scope of research and work included in the proposed work programme will be reviewed following consideration by the Mayoral Forum.

### **3) Treaty of Waitangi considerations**

There are no Treaty of Waitangi considerations at this stage of the proposed approach, however further contact should be made with both mana whenua groups to discuss the approach and research in more detail if councils decide to progress with the work programme after the 20 February 2010 Mayoral Forum meeting.

### **4) Decision-Making**

This report asks the Committee for feedback and agreement on the scope of work, approach and timeframe for a proposed review of Wellington's regional governance.

### **5) Consultation**

#### **a) General Consultation**

The draft terms of reference and work programme approved by the Mayoral Forum is currently being considered by each council.

#### **b) Consultation with Maori**

Further contact and conversations with both Wellington Tenth Trust, Port Nicholson Block Settlement Trust and Te Runanga o Toa Rangatira will be undertaken should the councils of the region decide to progress with the work after the 20 February 2010 Mayoral Forum.

### **6) Legal Implications**

There are no legal implications with the proposed work programme presented in the 27 November 2009 report approved by the Mayoral Forum.

### **7) Consistency with existing policy**

The paper is consistent with existing policy.

## ***Appendix A***

### **DRAFT TERMS OF REFERENCE FOR REVIEW OF WELLINGTON GOVERNANCE**

#### **1. PURPOSE**

The recent moves to establish an Auckland unitary authority has provided the context for the Wellington region to look at its governance and to review the future needs to ensure the best outcomes for the Wellington region and its communities into the future. By being proactive and leading the discussion across the region and with our communities we will be well placed to determine future needs and respond to Government initiatives.

It is proposed that the Wellington Mayoral Forum agree a process to review the future of Wellington's governance. The Review would start with the question of "what would be the best governance arrangements for Wellington?", rather than any presumption of amalgamation. The timing of the Review would be such that, if any changes to governance arrangements arise out of this Review, they could be implemented in time for the Local Government elections in 2013.

#### **2. BACKGROUND**

The Royal Commission on Auckland was established to "*report on the Local Government arrangements (including institutions, mechanisms and processes) that are required in the Auckland Region over the foreseeable future in order to maximise, in a cost effective manner:*

- a) *The current and future well-being of the region and its communities;*  
*and*
- b) *The region's contribution to wider national objectives and outcomes.*

In carrying out its task the Royal Commission identified two broad, systemic problems evident in current Auckland Government arrangements:

- *Regional governance is weak and fragmented.*
- *Community engagement is poor.*

Following the report of the Royal Commission, Government decisions and Select Committee hearings, the Local Government (Auckland Council) Act 2009 has established the process for the transition of the eight existing Councils in the Auckland Region into the following:

- An Auckland Council as a unitary authority with the powers of both a territorial authority and regional council.
- Two tier Governance structure for the new Council – a governing body and 20-30 local boards.

- The governing body of the Auckland Council to be made up of the Mayor and 20 members. The Mayor will be elected at large and all Council members will be elected from wards.

Wellington is currently governed through one regional council, eight local authorities and a number of committees and boards. The Wellington region also has the Wellington Regional Strategy and associated committee to look at economic growth and good regional form for the region. The region has also engaged in a process to consider shared services, and through the bodies such as the Mayoral Forum and the Chief Executives Group seek to engage with all entities within the region.

The Prime Minister and the Minister of Local Government have made it clear that the Government will not impose governance changes of this nature on other Regions. Rather, the Government is open to initiatives from Regions who may wish to consider a review of their governance arrangements. Any changes of governance arrangements could be prepared in time for the 2013 Local Government elections. Therefore there is a period of approximately two years available for thinking about the future governance of Wellington before any changes would need to be committed.

### **3. GUIDING PRINCIPLES FOR THE REVIEW**

In approaching its task, the Review should be guided by these principles in its assessment of alternative governance models and to assist it to develop a preferred outcome which aligns with these principles.

#### **Regional identity and purpose**

Regardless of which governance options are selected, they should encompass the interests of the entire Wellington region; they should engender regional identity and help to provide clarity of purpose. The Wellington region needs inspirational leadership, which is inclusive in approach, decisive in taking action, and able to articulate and deliver on a vision for the whole region. The outcomes will need to deliver coordination of key services and infrastructure, and foster integrated planning and decision making for the benefit of all communities within the Region. Although the urban core should be recognised as critical to the economic vitality of the region, it should also be noted that it doesn't stand alone, and today, more than ever, cities are becoming more dependant upon their supporting regions for their competitive advantage.

#### **Effectiveness**

The proposed solutions should deliver maximum value within available resources, in terms of cost, quality of service delivery, local democracy, and community engagement. They should allow services to be delivered locally, where appropriate. They should also be efficient, balance short and long-term priorities and provide value for money.



## **Transparency and accountability**

Roles must be clear, including where decision making should be made- regional and / or local scale. Appropriate accountability must be achieved for delivering outcomes, use of public funds, and stewardship of public assets. Institutions should work in an open manner with their communities and should communicate clearly about their activities, how much they spend, and the results of investment.

## **Responsiveness**

The proposed governance outcomes should respect and accommodate diversity and be responsive to the needs and preferences of different groups and local communities. They should be inclusive and promote public participation and engagement. They must be agile and responsive to change. Decisions need to be made at the appropriate level in respect of local democracy, infrastructure and services.

The context within which this review will be undertaken is shown below. It shows the relationship between government priorities, the LGA review (Transparency, Accountability and Fiscal Management) and community engagement with the scope of work required to understand the future governance issues:

# The Wellington Region's Future

## Government priorities

- Growing economy
- Reduce Government bureaucracy
- Reduce regulatory & compliance demands

## LGA 2002 Review

- Core Service focus
- Long-term Plan
- Pre-election report
- Inter council comparisons

Engagement

## Enabling the Wellington region to reach its potential

- Key drivers and outcomes for success
- Challenges facing Region
- Stocktake current governance

## Governance outcomes needed

- Governance options
- Institutions, systems and processes
- Current and future well-being
- Increased contribution to NZ

**Governance Outcomes**

#### **4. EXCLUSIONS FROM REVIEW**

The purpose of this review is to look at the region's current governance structures and critically assess whether they are optimal for taking Wellington into the future. Although this is a broad scope some boundaries and limitations need to be recognised. It is suggested that the following matters be excluded:

1. Looking into central government agency and institutional arrangements and the accountability of Ministers of the Crown to Parliament for the expenditure of appropriated funds, the provision of services, and the stewardship of assets within their ministerial portfolios
2. Making recommendations on the quantum of central or local government funding needed to support the Wellington region
3. Looking at the functions of local government as this will be covered under the Local Government Act (LGA) review
4. A review of the Wellington Regional Strategy (WRS) as there is already a formal process in place to do this. It will only look at the WRS in terms of the governance context.

#### **5. FUNCTIONS**

In considering the functions of Local Government for the Wellington region it is appropriate to refer to the purpose of Local Government in s10 of the Local Government Act 2002:

*The purpose of Local Government is:*

- a) To enable democratic local decision-making and action by, and on behalf of, communities; and*
- b) To promote the social, economic, environmental, and cultural wellbeing of communities, in the present and in the future.*

It should be noted that the current LGA review (Transparency, Accountability and Fiscal Management) is currently in progress and this review will consider the purpose of local government.

#### **6. PROPOSED PROGRAMME OF WORK**

It is proposed that the Mayoral forum provide the review governance, and the regional Chief Executive's Group delivery of an agreed scope and programme of work.

## Focus

The focus of the proposed work programme will include:

- The long-term drivers of change and their impact on the Wellington region, and an assessment of the future opportunities and challenges
- The contribution of the Wellington region to national objectives and being home to New Zealand's capital
- The relationship with the new Auckland unitary authority
- The competitive pressures upon the Wellington region for the future, and the opportunities available to it to establish a clear competitive advantage.
- The desired future for the Wellington region
- The current constraints on the region's performance with reference to the need for visible and capable regional leadership
- Regional communities and the social and economic pressures they face
- Boundaries (is the WRC catchment the optimal regional area?)
- Functions of local government bodies, including - the allocation of regional and local responsibilities - responsibilities for service delivery, and holding and managing infrastructure assets
- Processes (including planning and consultation requirements)
- Governance and representation arrangements.

The proposed work programme consists of six distinct phases, with a feedback loop to individual councils between each phase. The individual phases are:

1. **Research** into future drivers for Wellington Region's success, existing governance arrangements, and best practice findings in governance
2. **Analysis** of existing services, infrastructure and local democracy, identification of gaps and opportunities in governance arrangements, and analysis of best practice outcomes and the application in a New Zealand / Wellington context
3. **Compare options** for governance against future drivers, and analyse the impacts on systems, processes and institutions
4. **Identification of preferred option** for governance outcomes – systems, processes and institutions. This will include analysis of the preferred option against implementation, benefits and value for money criteria
5. **Public engagement** on the preferred option

6. **Decision** on the agreed Regional position for Wellington region governance, plan for implementation and priorities, and communicate Wellington region's future to Government.

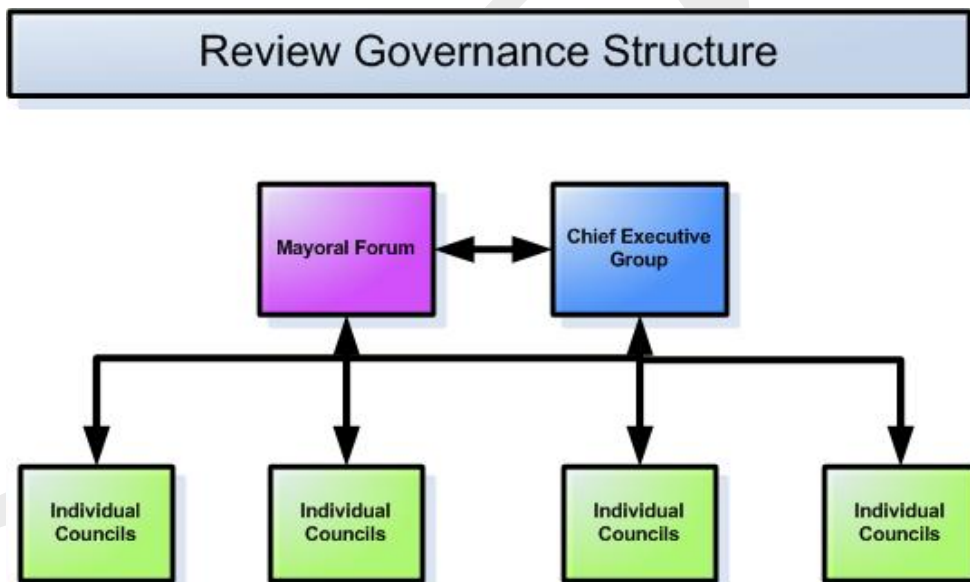
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## Resourcing

It is acknowledged that not all regional entities are resourced equally to undertake the review, therefore it is suggested that the CEG allocate resources to different work streams ensuring that the burden is shared equally in proportion to size and capabilities. It is suggested that a full-time project manager maybe required the benefits that arise from coordination alone could easily justify the cost, which could be split on a per capita basis across the region.

## Review Structure – Governance, Administration and Engagement

The proposed review governance structure to deliver the work programme is shown graphically below. It shows the Mayoral Forum as the chief decision making body, with direct channels of communication to the separate councils and the Chief Executives Group.



Engagement will be a fundamental part of the review programme. It is suggested that the programme conduct an early engagement poll in the research phase to gauge what the public think about governance of the region and what the future challenges will be. An example is the Auckland engagement poll which is provided along with this paper. It is also proposed that a media release be prepared explaining to the region what is being done and why.

At the end of each phase there will be a hold point to allow review by each council and for feedback to be considered by the Mayoral Forum. Phase five of the review is for public engagement and is scheduled to run from March 2012 to June 2012.

## Appendix B: Proposed Work Programme

Review Phase	Key Work Streams	Timeline
<b>1. RESEARCH</b>	<ul style="list-style-type: none"> <li>• Future drivers for Wellington Region's success</li> <li>• Existing governance arrangements</li> <li>• Best practice findings in governance</li> </ul>	DEC 2009 - MAR 2010
<b>HOLD POINT: REVIEW BY EACH COUNCIL – FEEDBACK CONSIDERED BY MAYORAL FORUM</b>		APR 2010 – MAY 2010
<b>2. ANALYSIS</b>	<ul style="list-style-type: none"> <li>• Analysis of existing services, infrastructure and local democracy</li> <li>• Identification of gaps and opportunities in governance arrangements</li> <li>• Best practice outcomes and application in New Zealand / Wellington context</li> </ul>	JUN 2010 – NOV 2010
<b>HOLD POINT: REVIEW BY EACH COUNCIL – FEEDBACK CONSIDERED BY MAYORAL FORUM</b>		DEC 2011 – FEB 2011
<b>3. OPTIONS</b>	<ul style="list-style-type: none"> <li>• Analysis of governance options against future drivers</li> <li>• Analysis of impacts on systems, process and institutions</li> </ul>	MAR 2011 – JUN 2011
<b>HOLD POINT: REVIEW BY EACH COUNCIL – FEEDBACK CONSIDERED BY MAYORAL FORUM</b>		JUL 2011 – AUG 2011
<b>4. PREFERRED OPTION</b>	<ul style="list-style-type: none"> <li>• Identification of preferred governance outcomes- systems, process and institutions</li> <li>• Analysis of preferred option- implementation, benefits and value for money</li> </ul>	SEP 2011 – DEC 2011
<b>HOLD POINT: REVIEW BY EACH COUNCIL – FEEDBACK CONSIDERED BY MAYORAL FORUM</b>		JAN 2012 – FEB 2012
<b>5. PUBLIC ENGAGEMENT</b>	<ul style="list-style-type: none"> <li>• Engage on preferred option</li> </ul>	MAR 2012 – JUN 2012
<b>HOLD POINT: REVIEW BY EACH COUNCIL – FEEDBACK CONSIDERED BY MAYORAL FORUM</b>		JUN 2012 – JUL 2012
<b>6. DECISION</b>	<ul style="list-style-type: none"> <li>• Agreed regional position – Wellington Region governance</li> <li>• Plan for implementation and priorities</li> <li>• Communicate Wellington region's future to Government</li> </ul>	AUG 2012 –