

5. Current State

5.1 Current Governance Arrangements

5.1.1 The Region

The geography of the Greater Wellington region has been well established since the 1989 formation of the Greater Wellington Regional Council. This Review encompasses the local authority areas within the Greater Wellington Region shown below:



Source: Greater Wellington Regional Council website

5.1.2 Greater Wellington Regional Council

The Greater Wellington Regional Council has a leadership role within the region and is responsible for the following statutory functions:

- Resource management (water quality and allocation, soil, coastal planning, etc.);
- Land management;
- Biosecurity control of regional plant and animal pests;
- River management, flood control and mitigation of erosion;
- Harbour management;
- Regional land transport planning and contracting of passenger services;
- Civil defence (natural disasters, marine oil spill);
- Water supply to reservoirs;
- Regional parks and forests; and
- Economic development.

The Regional Council has significant interrelationships across all of these functions with the territorial local authorities of the region.

5.1.3 Wellington Region Territorial Local Authorities

The Territorial Local Authorities (TLAs) in the Wellington region are:

- Carterton District Council;
- Hutt City Council;
- Kapiti Coast District Council;
- Masterton District Council;

- Porirua City Council;
- South Wairarapa District Council;
- Upper Hutt City Council; and
- Wellington City Council.

Each Council provides local leadership, and importantly contributes to both the regional and national environment.

The statutory functions of territorial Councils are:

- Community well-being and development;
- Environmental health and safety (including building control, civil defence, and environmental health matters);
- Infrastructure (roading and transport, sewerage, water/stormwater);
- Recreation and culture; and
- Resource management, including land use planning and development control.

All of the TLAs function under the Local Government Act 2002, and collaborate regionally through a combination of statutory mechanisms such as the Regional Transport Committee and forums such as the Mayoral and Chief Executives.

There are also a variety of other engagement and collaboration mechanisms, including those with Maori.

Appendix C contains statistical and financial details for each of the Councils. The financial data relates to the 2009/10 financial year, being the most recent financial year.

From this data several general observations can be made:

- Councils vary in size, and size can be measured in a number of different ways. This means that financial ratios should be interpreted cautiously before assumptions are made;
- Councils vary in their dependence on rates as a source of income;
- Changes to the governance and servicing of key infrastructure, e.g. transferring transport function to a regional entity, would severely impact on the critical mass of the small Councils; and
- The political nature of Councils means that the outputs and outcomes of each council vary considerably.

The data also enables a number of specific observations to be made:

- Rates increases are variable, ranging from moderate to high;
- District Councils are experiencing more rating stress than City Councils;
- The Regional Council, aside from adjustments relating to major rail upgrade projects and oil price peaks for bus contracts, has a similar profile to the Cities;
- 2010 rates revenue per resident ignoring Wellington City due to the impact of the CBD, do not indicate any significant difference between the cities and districts. When this comparison is moved forward to 2014, the districts begin showing a trend with the highest rates per resident;
- The population served by each Council full time equivalent (FTE) staff member varies considerably between 140 and 283 (excluding the Regional Council). Also this ratio is higher for the smaller Councils, potentially an indicator of less capacity albeit strongly related to the proportion of work contracted out which differs across the Councils; and

- Water and Transport expenditure makes up a high percentage of each council's expenditure. With the exception of the Greater Wellington Regional Council, these costs represent between 47% and 62% of total expenditure.

5.2 Structural Issues

Regional Strategic Framework

The regional strategic framework currently comprises two key elements:

1. The Regional Council legislation planning framework for environmental and land transport strategies.
2. The Wellington Regional Strategy which is a sustainable economic growth strategy developed by the region. The Wellington Regional Strategy also contains some of the elements that would be expected in a comprehensive regional strategic plan including transport, housing, urban design and open space.

Current regional governance and implementation of strategic documents on a national level are compromised by a lack of binding commitment to action on agreed plans across constituent Councils. An example of this is that local land use planning does not reflect regional growth strategies. This is a critical planning and delivery issue, which is accentuated by the lack of 'binding' agreements with central government. The recent work between central and local government relating to 'leaking buildings' may however be a catalyst for better linkages.

This position across the regions including Wellington is amplified by the absence of an overarching regional vision, strategic plan and completely mandated planning framework. As noted in section 4 of this report, this could be addressed through a regional "spatial

plan". This avoids the need to reconcile strategies and plans horizontally and vertically across the wider council activities.

Wellington Regional Strategy

In 2007 the Wellington Regional Strategy was signed off and the Wellington Regional Strategy Committee established consisting of six Mayors of the region, the Chair of the Wellington Regional Council and selected members of the community. This sustainable economic growth strategy aims to make the Wellington region internationally competitive. It is not however a detailed work plan. It provides an overview of opportunities and requires achievement through collaboration of the public and private sectors. The strategy includes action plans for:

1. Leadership and partnerships;
2. Growing the region's economies, especially export; and
3. Good regional form.

Implementation of the strategy is constrained by the Committee's limited powers given they can only:

- Recommend investment to support actions;
- Set out focus for the activity of delivery agencies such as the economic development agency (Grow Wellington);
- Maintain contact with infrastructure providers to ensure they meet the economic, urban form and social requirements within their developments;
- Monitor progress; and
- Undertake a review of the strategy.

Full implementation of the strategy would require greater investment than the parties are currently contributing. In reviewing the strategy, a number of observations can be made:

- It contains a lot of planning, collaboration and research;

- Initiatives are identified but there is a lack of clarity about the level of commitment and funding;
- The document is quite high level and initiatives are typically economically focused;
- There appear to be limited initiatives, and an emphasis on plans to do more plans;
- The role of Government as the largest ratepayer and potentially customer in the region is unclear; and
- The individual Councils continue to fund separate economic agencies and programmes¹⁹.

A question arises as to how the strategy can shift the emphasis from preparing plans to achieving genuine collaborative decision-making and progressing initiatives. For instance, there is a vision for town centres development within each sub region or centre, but there is no guidance as to how they can be strategically integrated. Stakeholder feedback has indicated there is a general level of disagreement over such matters such as the status of retail in each area, and how they interact.

Broader feedback reinforces the view that the Wellington Regional Strategy provides lists of ideas which lack substantive underpinning. This feedback is consistent with regional collaborative initiatives often facing the risk of contributing parties being able to opt out. A manifestation of this problem in the Wellington region is the retention and development of industrial land. This can be identified regionally, but lacks a mechanism to allocate and enforce it locally, resulting in a breakdown in planning and ultimately development integrity.

Transport

Transport nationally has undergone a number of changes and reviews.

¹⁹ There was an expectation that some individual local funding would continue.

Current problems occur at the strategy and funding levels. The critical issue for funding is the fact that transport is an integrated network and funding decisions by the region's Councils and Central Government need to be mandated, aligned and prioritised according to the regionally agreed strategy.

The problems currently manifest themselves in a variety of ways, including execution of services and projects that do not always align, such as the balance between roading and public transport and planning for the impact of new infrastructure on development, e.g. rail enhancements in the Kapiti Coast.

Three Waters

While water services are primarily provided through interrelated central infrastructure, ownership/structure and decisions are fragmented across different dimensions, including:

- Geographically (8 Local network operators (LNOs);
- Vertically (GWRC bulk water);
- Functionally (water, wastewater, stormwater, environmental regulation etc.); and
- Management (5 LNOs, 3 CCOs).

Water is a major area of spend for most local authorities and major long-term investment decisions will need to be made about new bulk water facilities and enhancements to existing networks in the near future.

We have been advised that the Regional Council has been developing a Water Strategy which is still in the drafting stage, but is not currently intended to be a comprehensive and overarching Three Water strategy.

Regional Water Services

PwC²⁰ has recently undertaken a review of the provision of the Wellington area's water, wastewater and stormwater activities and networks. Currently each of the city and district Councils in the region own their own networks for these assets, while the Regional Council provides bulk water supplies for the metropolitan areas. In addition to this the Wellington and Hutt City Councils utilise Capacity Infrastructure Services Limited, which is a joint venture company owned by the Wellington and Hutt City Councils, to manage services for the Three Water assets in Wellington, Hutt and Upper Hutt cities.

The review found a number of issues with the way these metropolitan councils operate the services. If substantial gains are to be achieved, the Councils would need to rethink the approach to the delivery of water services. The review highlighted that the integration of the Wellington region's water services is a goal that the Councils should seek to achieve. In doing so, the region would achieve both horizontal and vertical gains through regionalisation.

For instance, incorporating Porirua City Council is likely to provide management cost savings, and possible scale benefits in contracting for the purchase of goods and services. This would be supplemented by vertical integration, whereby the bulk supplies provided by the Regional Council would provide the opportunity for gains through system optimisation and management by linking the source of supply to the end customer. This latter point is particularly significant when looking to the future, given the impending need for a new water source.

²⁰ Capacity Infrastructure Limited and Wellington Region Water Services, June 2010

In pursuing a strategy for the regionalisation of water services, the report also highlighted that an amalgamated entity, although requiring management and control over the function, would not necessarily have to own the assets, which could remain in the integrating Council's books.

Irrigation

Irrigation is becoming a significant issue for the Wairarapa sub-region with potential significant economic benefits available if the broader governance, ownership and funding issues can be addressed.

Preliminary studies commissioned by the Wairarapa Irrigation Trust have indicated significant potential for irrigating land that does not currently have access to water in the Wairarapa sub region. Addressing this need however, is complex given the number of stakeholders, and the fact that it is difficult to fund this type of infrastructure without a certain income stream.

To progress matters, a leadership group has been formed called Wairarapa Irrigation, with representatives from the regional EDA, the Wairarapa Councils, iwi, the Regional Irrigation Trust and the Regional Council. The leadership group is currently seeking information, issues and views around viability, options, ownership and funding. We understand that the first hurdle is to complete the necessary background work through to the resource consenting stage, which the Regional Council is facilitating.

The major hurdle however, to the implementation of appropriate infrastructure will be funding. Given the size of the requirement which has been estimated at around \$200 million, it clearly would have to be supported as a regional project with the backing of the wider Wellington Council grouping.

Waste Management

Responsibility for waste management is shared between the city and district Councils. The Regional Council is responsible for the

overarching environmental policy and regulatory framework whereas the city and districts are responsible for management policy. All Councils are involved in waste reduction initiatives. Seven of the Councils individually or jointly manage four separate landfills. This compares with one landfill in the Canterbury region which enables it to achieve integration benefits similar to those described for water.

Regional Facilities

Currently, local and regional government in Greater Wellington provide and maintain facilities that result in local, regional and national benefits. These include:

- Regional stadia (Westpac);
- Sub-regional stadia (Memorial Park, Masterton);
- Performing arts organisations (such as the Symphony Orchestra);
- Events (such as the NZ International Arts Festival, Rugby Sevens and Wearable Arts);
- Museums and attractions (such as Te Papa and Wellington Zoo); and
- Performing and concert venues (such as the Wellington Convention Centre).

Some facilities, such as Westpac Stadium, are considered to be of regional benefit and are subject to some regional arrangements such as the Regional Council rating for the Westpac Stadium loan. Difficulties emerge when facilities are funded by a single Council, where the benefits are regional or potentially national in nature. We have been advised that this is a current issue and point of contention amongst the Councils, who are working collectively to resolve the matter.

These issues and the need for future regional facilities has resulted in debate about what should be funded locally or regionally, and the

appropriate mechanisms to fund current and future regional facilities.

In this regard, a critical success factor that needs to be agreed is how to deliver agreed facilities and services at the right level (local, regional and national) and with sufficient and secure funding.

We note in the Auckland context, the issue of equitable funding was a particular point of irritation which activated influential recreational and cultural groups to lobby Central Government. The inability of the Councils to collaborate led to Government taking this issue out of their hands with the introduction of a regional amenities bill.

We understand that the Wellington Mayoral Forum has agreed to look at the regional amenities bill approach adopted in Auckland.

Regional Shared Service Delivery

Current progress reported to the Regional Chief Executives in July 2010²¹ highlighted that:

- Progress is being made but success tends to be in fringe areas not impacting core organisation form. These areas include insurance, elections, procurement and emergency management;
- Other initiatives appear to be making limited progress or have become contentious, including:
 - Rates and billing, where willingness to change only extends to external service aspects, e.g. rates printing, mail outs;
 - Waste management which is going through an assessment process;
 - IT which is an advisory function only and limited to initiatives driven by shared services;

- Joint procurement of archives; and
- Building control which had been put on hold pending the Building Act changes which have been recently published.

- Libraries have been making integration progress but independently of the shared services initiative.

While a range of initiatives are being considered as opportunities for regionalised shared services, it is evident that there is a lack of incentive for collaboration, leading to low prioritisation of effort and inadequate resourcing and funding.

The real issue is not the governance or structure, but the task of developing supporting business cases, addressing change management issues, and then implementing the change. This requires leadership at a political and executive level to drive the change management programme required.

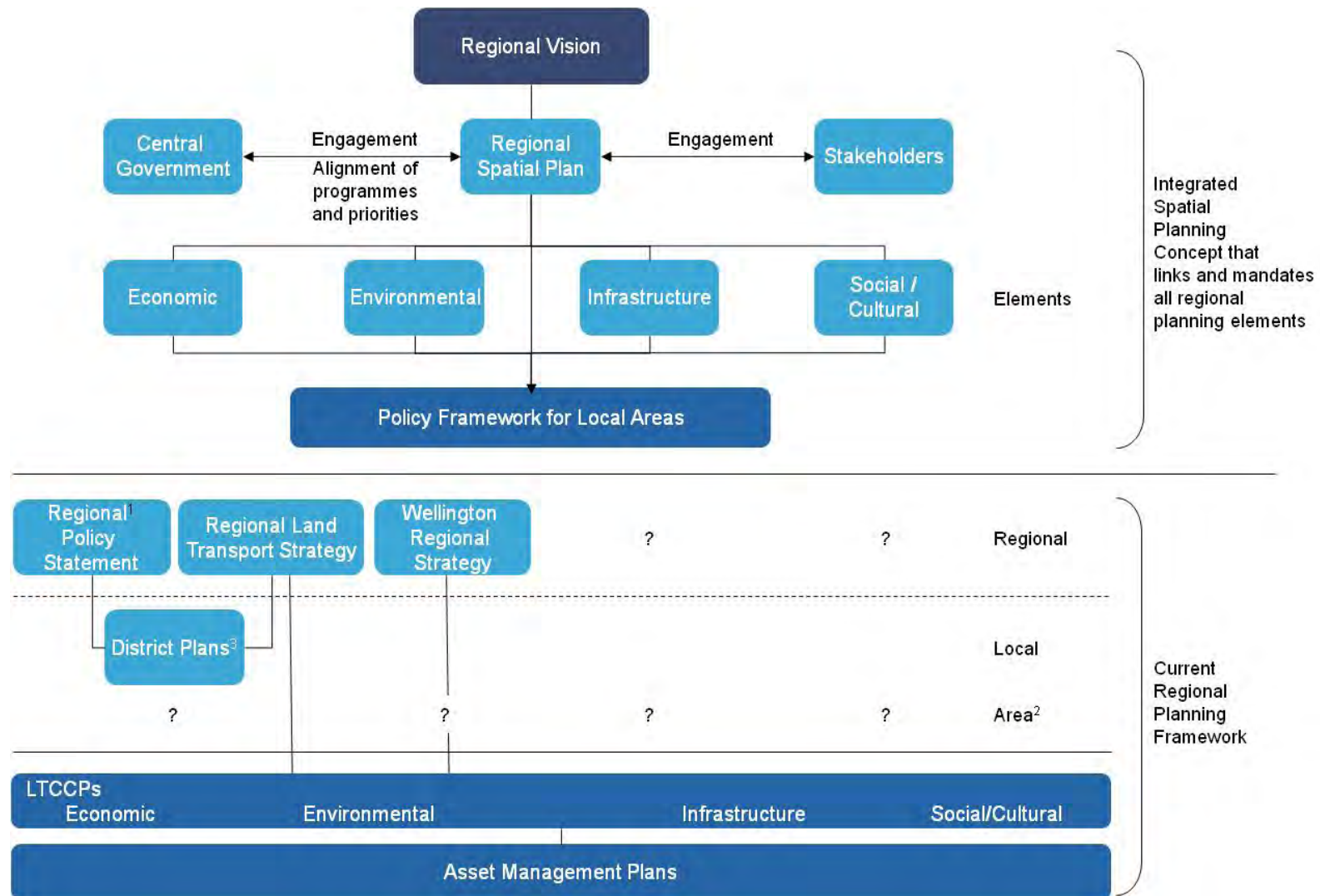
Regional Spatial Plan

Section 3.4.6 of this report considered the importance of city regions adopting a spatial planning regime as a critical factor in ensuring regional integration and coherence across the four wellbeings.

The diagram overleaf portrays the current planning framework within the context of a regional plan. There are a number of gaps shown as question marks despite the intent of LTCCPs to create a balance across the four wellbeings. In addition, these gaps are exacerbated by the non binding nature or “subsidiarity” of plans that sit below or alongside strategy. It is also noted that there must be a regional vision from which spatial plan strategies can be coherently developed.

²¹ Wellington Region Shared Services Programme, report to Regional Chief Executives’ Group, 23 July 2010

Regional Planning: Spatial Versus Current Approach



¹ Other key regional subsidiary plans incorporate fresh water, coastal, soil and pest management

² Porirua City Council's Village Plans are an example of local level plans that could fit within a spatial planning hierarchy

³ Hutt City Council's District Plan considers the RPS, RLTS and Wellington Regional Strategy