

6. Governance Issues

6.1 Issues Raised in Councillors' Workshops

The facilitated workshops undertaken with each of the Councils drew out a broad range of issues and opportunities. Although there were a number of local differences, there was a reasonable degree of commonality across the Council workshops, and the Councillors' observations on the six key themes. These key themes were:

- Regional strategy and planning;
- Economic development;
- Transport;
- Three Waters;
- Other infrastructure; and
- Service delivery.

A number of the observations were also consistent with the studies that have been undertaken nationally as summarised in section 3 of this report.

6.1.1 Issues

Key issues highlighted across seven categories included:

1. Regional Strategy

- The regional vision and the role of their respective Councils is generally not clearly understood;
- An ongoing relatively low level of Wairarapa input into the Wellington Regional Strategy;
- Lack of linkage of economic initiatives into the Wellington Regional Strategy;

- Lack of prioritisation and focus of regional projects;
- Retention of local governance and decision-making;
- The focus of the Wellington Regional Strategy on regional economic growth without recognising the other well-beings;
- Variable mandate and ownership of the Wellington Regional Strategy amongst the Councils;
- Concept of subsidiarity not applying, i.e. cannot change strategic principles or intent from the level above (WRS over individual Council plans);
- Engagement of Councillors in regional decision-making; and
- Lack of integration across individual Council strategic and district plans²².

2. Economic Development

- The need to integrate economic development with the other well-beings;
- Tapping the irrigation potential of the Wairarapa sub-region;
- Lack of linkage of *Grow Wairarapa* with *Grow Wellington*;
- *Grow Wellington* being seen as too focused on Wellington City and not other town centres;
- Insufficient funds to invest in economic development;
- Spend being spread across too many small projects; and
- Lack of linkage into the long term vision.

²² Recognising however, that the Masterton, Carterton and South Wairarapa District Councils have developed a combined district plan

3. Transport

- Governance reflecting the integrated regional nature of the infrastructure;
- Funding and growth demands;
- Regional prioritisation of projects;
- Regional Transport Strategy being overridden by the New Zealand Transport Agency;
- Funding for rural roads;
- Passenger rail from Wairarapa to Wellington;
- Integration transparency and collaboration across modes and corridors; and
- Airport size, scale and capacity²³.

4. Three Waters

- Lack of agreed Three Water regional strategy;
- Irrigation in the Wairarapa;
- Economies of scale and efficiency;
- Affordability of stormwater infrastructure;
- The requirement for a new water source;
- Flood protection strategy and management;
- Regional approaches missing local priorities, e.g. sustainability, conservation;
- Funding; and
- Different service models across the Councils, and lack of consistency.

5. Other Regional Infrastructure

- Equitable funding mechanisms across the region;
- Duplication; and
- The need for an equitable approach to regional funding.

6. Service Delivery

- Customers not respecting political boundaries;
- Small gains to date from regional shared services initiatives;
- Inefficiencies of multiple rating agencies; and
- Community demand for delivering services locally.

7. Local Democracy

- Value placed by constituents on the accessibility of elected members in the rural districts; and
- Lack of community understanding of the role of the Regional Council.

6.2 Issues Raised by Council Executives

Key issues highlighted included:

1. Regional Vision

- Lack of clarity;
- The need for greater integration of regional vision and strategy;
- The need to better integrate the sub-regional areas into the overall vision and plan e.g. role of Hutt Valley;
- Councils not delivering on regional outcomes; and
- Decisions not being able to be driven through the Wellington Regional Strategy.

²³ The Wellington airport is addressing these challenges through its 2030 Plan

2. Governance

- Ownership of the Wellington Regional Strategy;
- Confusion around leadership and accountabilities;
- Inability to develop an overall regional spatial plan and mandate Councils to implement it;
- Legitimate role for a regional entity where regional functions could be funded and delivered;
- Fragmented decision-making; and
- Shared services leading to the potential to strand overheads within Councils, necessitating organisational change.

3. Central/Local Government Collaboration and Coordination

- No single consistent voice for the region;
- Limited collaboration;
- Perception that the weight of Auckland will disadvantage Wellington; and
- Central government relationship complicated by differing agency geographical splits across the region.

4. Economic Development

- Opportunity to achieve greater integration through *Grow Wellington*;
- Leveraging off events around the region; and
- Opportunity to address inefficient planning and regulation.

5. Community Priorities

- Economic and community development;
- City and town centre revitalisation;

- Active and connected communities;
- Provision and funding of infrastructure;
- Absence of a regional infrastructure plan outside of transport; and
- Support for a regional infrastructure body.

6. Shared Services

- Shared services to date reliant on service areas which do not impact significantly on the organisation, e.g. libraries;
- Optimising service delivery regionally with separate and individual configurations;
- Divesting assets to CCOs to facilitate regional delivery where it makes sense to do so;
- Shared services being difficult to implement within existing Council arrangements across all nine entities; and
- Lack of resourcing and funding to make the initiatives happen.

7. Capabilities and Capacity

- Ability of smaller Councils to address increased standards, e.g. water and wastewater;
- Duplication across administrative facilities; and
- Employability of skilled specialist staff in outlying Council areas.

8. Efficiency and Effectiveness

- Limitations under current organisation configurations;
- Leveraging regional opportunities; and
- Maximising the utilisation of Council assets.

9. Local Democracy

- Community understanding of local and Regional Council framework;
- Reliance on LTCCP for community engagement with limited success; and
- Current community board model seen by some as weak.

6.3 Feedback from External Stakeholders

Each of the nine Councils nominated key stakeholders (listed in Appendix D) to be consulted during the course of the Review. The individuals nominated were very knowledgeable about their local cities and districts, in addition to the operation of the region. It was apparent from these discussions that there was a clear belief that the status quo was untenable going forward. There was also a strong view that the small Councils had significant human resource and financial capability issues which would inevitably lead to further council consolidation.

Key issues highlighted included:

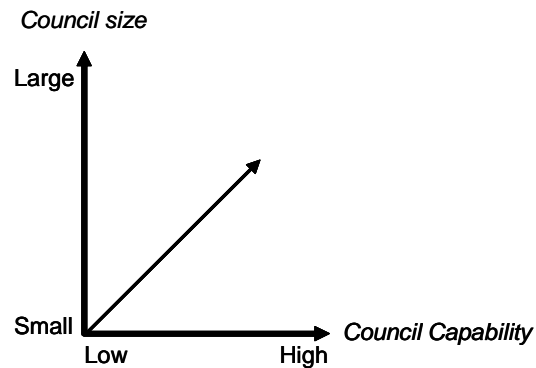
1. Regional Vision

- Greater Wellington is a region but needs to be approached in an integrated manner;
- There was a perception that there was goodwill for collaboration across the region, but it was relatively shallow and would have limited ability to make change where it was needed;
- Examples where collaboration was perceived as faltering included competition for business zones, inter-council opposition to Transmission Gully, progress on shared services, and reluctance to seek advice from other Councils;

- The differing philosophies of each of the Councils was leading to different outcomes within the same economic region, e.g. use of debt and its application to infrastructure; and
- There is a perception that Councils are too focussed on today and not thinking about tomorrow.

2. Governance

- There was a clear preference for a single unitary authority for the entire region, subject to addressing issues of local representation;
- Political boundaries not matching economic boundaries with the example of the outer areas being inextricably linked to the inner areas for employment and education;
- There was a need to understand the new realities of a united Auckland's heightened influence;
- Councils being afraid to change due to concerns around the effect regionally beneficial initiatives would have on their local areas, e.g. job losses in an area due to shared services initiatives;
- Pre-eminence of local decision-making slowing regional initiatives and progress;
- Limitations in people capability to spread across the Councils; and
- The perceived linear relationship between Council size and capability, as depicted overleaf. The larger the Council, the greater the capability at both political and staff levels, and vice versa for small Councils.



3. Economic Development

- Wellington Regional Strategy/Grow Wellington was perceived as too Wellington City orientated e.g. Asian visitor attraction programme not involving other cities and districts;
- Duplication of economic development spend by local councils due to a perception that they were not benefiting from the regional agency or that the regional agency was not able to deliver all required levels and types of activity;
- Clarity around what economic development is undertaken at a regional versus local level;
- Emphasis on the film/high tech industries at the expense of growing wider capability in the region;
- Wellington Regional Strategy perceived as too focused on planning, and not focused enough on practical initiatives and their delivery, e.g. Bright Ideas Challenge being converted into specific actions;
- Major gaps in strategy and coherence around infrastructure;
- Transport gaps relating to north and east-west links;
- Central government as the largest ratepayer and customer of the region not receiving due recognition in the plans;

- Grow Wellington not proactively dealing with immediate issues, e.g. surplus CBD office space and the impact of Transmission Gully on logistics businesses;
- Funding for irrigation, once it has been progressed through to the resource consent stage;
- Funding of tourism which has not been agreed to be funded regionally;
- Regulation being an inhibitor to development with different rules and regimes for businesses across the region;
- Cost and reliability of energy in the Wairarapa; and
- Opportunity to build stronger linkages between Westpac Stadium events and Grow Wellington's programme.

4. Facilities

- An inequitable funding and sharing of the cost of provision;
- Competition between the cities, e.g. Pataka Cultural Museum and Te Papa;
- Optimisation of facilities, e.g. Wellington indoor community sports centre being based in Kilbirnie which was understood to be the best site within Wellington City, but a question arose as to whether it was the best site for the region if it was to be used as a regional facility;
- Inability to match transport timetables to major stadium events; and
- Need to build on the very liveable environment created by Wellington City by investing in the wider region to remain competitive, attractive and vibrant in the eyes of skilled migrants, e.g. improved access and facilities for city residents to enjoy in the broader region.

5. Local Democracy

- Maintenance of local democracy, particularly if there was change, but through more innovative mechanisms than community boards, e.g. Porirua Village concept, properly resourced ward based electoral representation.

6.4 Issue Analysis

We have aggregated and filtered the various issues raised at the Council workshops, the meetings with Council Executives and the stakeholder feedback, and provide our comments in the following section.

Issue	PwC View
<p>1. Regional Strategy</p> <ul style="list-style-type: none"> • Regional vision not well understood; • RPS is a product of the RMA; • Wellington Regional Strategy does not generally link to other plans; • Prioritisation and focus of regional projects; • Gaps in planning framework; • Variable mandate of agreed plans; • Integration across individual Council strategic and district plans; • Regional good being subservient to local demands. 	<p>Serious consideration should be given to establishing a spatial planning approach through vertical and horizontal integration of vision, strategies and plans across all wellbeings and regional/local levels.</p> <p>The current legislative approach to planning processes such as the Regional Policy Statement (RPS) is cumbersome and time consuming. The Region should explore the merits of an overriding spatial planning approach to facilitate agreed and mandated regional priorities. This will require a level of collaboration and agreement beyond that currently evident amongst the Councils.</p> <p>The Regional Strategy Committee could be utilised to address broader issues than economic development but the question of mandate would need to be addressed for it to be effective. Addressing the issue of subsidiarity of local to regionally agreed plans and priorities is critical for regional progress.</p>
<p>2. Governance</p> <ul style="list-style-type: none"> • The region could be better positioned to influence Central Government and other stakeholders. 	<p>Other leadership models should be explored, e.g. greater utilisation of the Regional Strategy Committee process.</p>
<ul style="list-style-type: none"> • Legitimate roles for a regional entity for regional functions, funding and delivery. 	<p>There needs to be greater leadership at a regional level to drive change and establish regional functions where it makes sense to do so e.g. establishment of a vertically and horizontally integrated water utility for the metropolitan areas of the region.</p>
<ul style="list-style-type: none"> • Mismatch of political and economic boundaries. 	<p>Councils in lieu of any governance reform will have to commit to a stronger regional collaboration to address the lack of economic coherence.</p>
<ul style="list-style-type: none"> • Retention of local governance and decision-making. 	<p>There are different models by which appropriate engagement with communities of interest can be retained or enhanced.</p> <p>The key is to ensure the models reflect the local value sets and drivers, e.g. South Wairarapa versus Porirua, while not being inconsistent with or undermining regionally agreed strategy.</p> <p>An example of how this can be initiated is the Porirua Village Strategy which has been successful in engaging local level communities.</p>

Issue	PwC View
<p>3. Economic Development</p> <ul style="list-style-type: none"> • Linkages of EDAs and EDA plans e.g. Grow Wellington and how it links to Wairarapa, Kapiti; • Insufficient funding; • Spend spread across too many small Council projects. 	<p>EDAs are the service delivery arm of the Councils. They require coherence in their overall planning and funding. EDAs should also be required to take account of “statements of expectations” produced by the Councils jointly to ensure they are truly aligned before EDAs respond with their respective SOIs.</p>
<ul style="list-style-type: none"> • Grow Wellington is perceived by some as too focused on Wellington City and the CBD. 	<p>Successful city regions require a vibrant and successful CBD. There needs to be a transparent prioritisation and agreement about how the Wellington City CBD should be treated relative to the region including its interactions with other CBDs in the region. Also how Grow Wellington should interface on wider regional economic development.</p>
<ul style="list-style-type: none"> • Central Government’s role as the largest ratepayer and customer in the region. 	<p>Understanding Central Government’s role should be a strategic bottom line for the region given it can significantly influence the shape of decision making, e.g. the transfer of departmental functions to other districts could positively impact local areas and transport infrastructure whilst negatively impacting the Wellington City CBD.</p>
<ul style="list-style-type: none"> • Inefficient planning and regulation across nine different authorities. 	<p>The Auckland reforms have identified that the current number of regulatory forms total 800 across the eight Councils and that these will be reduced to 150. This highlights the potential cost to citizens of doing business across Council boundaries. Developing an integrated district plan and a single building authority for the region are two measures that the Wellington region should take to address this.</p>
<p>4. Transport</p> <ul style="list-style-type: none"> • Governance is not integrated regionally; • Regional prioritisation of projects; • RTS being overridden by the NZTA; • Lack of funding for local roads; • Integration transparency and collaboration across roads and corridors. 	<p>There is a general view, although not unanimous, that transport operates well with priorities agreed for the next ten years. There is also a general view that integration of transport along the lines of Auckland Transport, would bring limited benefits.</p> <p>Issues included future funding, prioritisation and integrated regional planning. However the key issue appeared to be the relationship between local and Central Government. Adopting a spatial planning approach would initiate the appropriate discussions to ensure better alignment and the possibility of a “binding” agreement between the parties.</p>

Issue	PwC View
<p>5. Water and Wastewater</p> <ul style="list-style-type: none"> • No regional strategy; • Economies of scale and efficiency across LNOs; • No structural integration between “bulk” and retail assets; • Funding small schemes in the Wairarapa; • Addressing the need for a new water source; • Different service models and approaches; • Desire of Kapiti Coast to maintain independent provision and in the process restrict growth; • Addressing water standards. 	<p>There is a need to develop an overall regional strategy to map out the future direction of the Wellington region’s Three Waters. The development of a draft Waters plan by the Regional Council could provide the building blocks for this strategy.</p> <p>In terms of delivery, there appears to be a case for aggregation to address funding, efficiency and effectiveness. The Royal Commission concluded in its recommendations that an integrated water and wastewater entity would lead to better demand management, better environmental management, and cost savings.</p> <p>The desire of Kapiti to remain independent will be problematic, and needs to be addressed if the district is seen as a growth area for the Wellington region.</p> <p>The recent PwC Wellington Region Water Services draft report has clearly identified the opportunity for a step change in this area if the Councils agreed to vertically and horizontally integrate these utility services. This would lead to cost savings, efficiencies and asset optimisation benefits.</p>
<p>6. Stormwater</p> <ul style="list-style-type: none"> • Affordability of stormwater infrastructure. 	<p>There is a need for good policy frameworks to address stormwater affordability due to its integration with city shape and form.</p> <p>Collaboration is also required in conjunction with good catchment planning to achieve jointly agreed flood protection priorities.</p>
<p>7. Irrigation</p> <ul style="list-style-type: none"> • Implementing irrigation schemes in the Wairarapa. 	<p>Irrigation has been identified as a major economic development enabler by the Government. As the project moves towards the critical funding stage, the combined resources of the region could further assist the three District Councils in the Wairarapa.</p>
<p>8. Other Regional Infrastructure</p> <ul style="list-style-type: none"> • Equitable funding of regional facilities; • Inconsistencies in the equity of funding regional facilities, e.g. Westpac Stadium versus Masterton Memorial Rugby Park; • Duplication of services; • Maximising the utilisation of assets. 	<p>Integrated spatial planning and decision-making would enable the transparent prioritisation and debate of those facilities which are regional.</p> <p>Promotion of an agreement or legislation for compulsory funding based around the agreed regional position would lock in the appropriate equitable funding mechanism.</p>

Issue	PwC View
<p>9. Service Delivery</p> <ul style="list-style-type: none"> • Customers not respecting political boundaries; • Inefficiency of multiple rating agencies; • Small gains achieved to date from shared services, e.g. only two Councils with an integrated District Plan; • Divesting services to CCOs to facilitate more efficient delivery where it makes sense to do so; • Duplication of administrative facilities; • Ability to attract specialist staff in outlying areas. 	<p>Service delivery will be significantly enhanced through a transformational and well resourced approach to shared services. Some gains have been made but there are many more opportunities if the Councils are truly committed to improving the current situation. The key to delivering on these opportunities is a decisive leadership approach to break through the road blocks that are placed in the way of significant change.</p> <p>Leadership also needs to address:</p> <ul style="list-style-type: none"> • “Stranded” assets and resources in the organisations following any agreed change; and • Councils holding back on transformational change due to the fear of service impacts.