

Mayor and Councillors
COUNCIL

29 NOVEMBER 2012

Meeting Status: **Public**

Purpose of Report: For Decision

REPORT BACK ON REGIONAL GOVERNANCE MATTERS

PURPOSE OF REPORT

1. This report provides a report back on regional governance matters and seeks confirmation of the next steps the Council wishes to take.

SIGNIFICANCE OF DECISION

2. The Council's significance policy is not triggered by the report. The decision sought is in relation to a process for further investigation and discussion only.

BACKGROUND

3. The government has introduced a Bill to Parliament which proposes changes to the local government sector which recently had its second reading. It is assumed at this stage that it will be passed prior to Christmas 2012. The Bill includes proposed changes to the process of reviewing and deciding on local and regional governance structures for particular communities.
4. While the proposed legislation does not require communities to review local governance structures at any particular point in time, the proposed changes make it very likely that proposals for change will occur as a result of its adoption. A proposal can be initiated by anyone or any group within the community. The general conclusion is that a level of change is likely.
5. Elected members across the region have been involved in discussions about a preferred path or paths over the last year. In June 2012 all councils participated in seeking feedback on a range of options:

Option 1 no boundary changes but enhanced shared services and collaboration with other councils. GWRC continues in existence;

Option 2 all existing councils merge into three unitary authorities – Wellington/Porirua/Kāpiti, a single Hutt Valley authority, and a single Wairarapa authority;

Option 3 all existing councils merge into two unitary authorities – a single Wairarapa authority and a second unitary authority west of the Rimutaka divide;

Option 4 all existing councils merge into a single unitary authority with 10 local councils.

6. This Council also canvassed views on a sub-option of the first option: no boundary changes but Kāpiti Coast becomes a stand alone unitary authority, absorbing the functions of the Regional Council. The results of both the postal and phone surveys were reported to the Council on 23 August 2012 (report SP 12-667).
7. The Wellington Regional Council and Porirua City Council commissioned a report which concluded by recommending a single council (with unitary authority powers) and eight local councils, the latter with very limited powers. Wellington City staff have developed a report which advocates a single but larger (elected members numbers) council with potential for the creation of community boards. This is based on the Brisbane and Gold Coast models. The Wairarapa councils have been exploring amalgamation and are likely to proceed on that basis.
8. Recent discussions have been held which included councillors from all local authorities in the region. It is likely that there will be a proposal put to the Local Government Commission (LGC) by February 2013 by the Wairarapa councils. This will trigger a review by the Commission for the entire region, irrespective of whether there are other proposals put forward, or whether the Kāpiti Coast community or any other community wants change. It is likely that proposals for some form of single Wellington Council will also be put forward. It is also likely that there will not be consensus within the region on the way forward. It is important that the Kāpiti Coast District Council is clear about its position in regard to a single city and its preferred position if a single city is not the final outcome of any LGC deliberations.
9. The Council needs to identify the steps it wishes to follow in these regional discussions and in terms of communication and consultation with the community. The remainder of this paper addresses these matters.

CONSIDERATIONS

10. The surveys of residents' early views on boundary change in June/July 2012 indicated stronger support for change in Kāpiti than in any other Territorial Authority in the region. In answer to requests to choose between no boundary change and some form of amalgamation, 44% of Kāpiti phone survey respondents and 66% of postal survey respondents indicated they would like to see some form of amalgamation. This gives the Council a strong mandate to explore amalgamation options.

A Guiding Framework

11. A frequent argument or driver for changes to local government structure, particularly the question of amalgamation, is that it will increase efficiency and by implication, save money. This may be the case but often is not. Wellington City Council research has shown that often savings achieved through economies of scale are reinvested in projects or service improvements that would not otherwise have been possible. The net result for ratepayers is not a reduction in rates, in that case.

12. In the Wellington discussions it has also been argued that that a simplified governance structure will allow the region to compete with Auckland. This does raise the question of whether a competitive model in relation to Auckland, or indeed with any other region in a small country like New Zealand, is sensible or indeed necessary, as opposed to a partnership model.
13. While these and other arguments are important drivers or motives for change amongst some involved in discussion, regionally there is an absence of an agreed framework for analysing the best outcomes. The Independent Review Panel (Palmer Panel) adopted the criteria developed by the Royal Commission on Auckland governance. It is important that the Council takes into the final stages of discussion a series of principles which guide final analysis of options, provide a platform for arguing for bottom-line provisions in any structure and a base for any final submission into the LGC.
14. Over the last few months Councillors have informally identified a range of principles or objectives which they see as the basis for any decision about support or otherwise for an option. Some additional concepts are included for discussion. These are:

Principles

- meaningful local democracy and access to decision-making. This is an important issue, particularly in the context of any arguments for a single city (see further discussion at para 15-19 below);
- debt and infrastructure financing should result in fair management of legacy debt and asset condition. Ratepayers in one area should not be unfairly burdened with debt or with the costs of historical lack of investment in asset management by another council;
- the change, whatever model is finally proposed, must be better than that which we currently have;
- there should be early and meaningful provision for involvement of Māori in decision-making, as per the Local Government Act;
- any structural governance solution should:
 - maximise the ability of the community to directly manage the city as an interlinked social, economic and environmental system;
 - maximise direct community control of decision-making in relation to services and assets and avoid arms-length management and delivery systems
- If amalgamation occurs any integration and consolidation of policies, especially urban planning and associated regulatory policies, standards and systems should be undertaken to the identified best practice level in evidence across the region, within the sustainable development approach set out in the Local Government Act 2002.

Objectives

- Kāpiti must have the ability to retain its village identities, possibly through a ward structure, and Ōtaki must be retained in the region;
 - planning must use best practice and have a focus on sustainable management. At a minimum Kāpiti should be able to retain its proposed District Plan provisions;
 - service delivery and other functional capabilities should be retained where they are throughout the area covered by a combined council – there should not be unnecessary centralisation. Local staff should be retained where they are as much as possible;
 - Kāpiti’s potential for sustainable growth must be appropriately provided for;
15. The issues relating to ensuring meaningful local democracy are complex under any amalgamation scenario. There are three key issues:
- the number of elected members representing the Kāpiti community on any new Council;
 - any layers below Council level. There are models for ensuring that there are more local structures below a Council such as ‘local councils’ or community boards. The number in complexity of layers should not increase;
 - the function of any level below the Council and ensuring that they have a meaningful and productive role that avoids frustration and confusion.
16. In discussion Councillors have concluded that there should be at least two representatives from Kāpiti on any combined council and that iwi representation must be appropriate and meaningful. The Council has been clear that meaningful local democracy must involve a strong advocacy role for some form of local board or council. The links between the local and central “tiers” must be transparent, and easily used and understood by the local community. To this end, Councillors have discussed supporting the automatic appointment back to local councils/boards of the local representatives elected to the central council.
17. It is also important to find solutions that enable the management of the Wellington metropolitan area and its surrounding rural areas, where relevant, as a system. The CBD and the surrounding areas, transport systems, including airports and the port etc all have cross-boundary implications. The regional economy and social systems are not confined to local authority areas.
18. In a situation where there is more than one local authority, albeit fewer than at present, there may be a need to set up CCOs to manage certain services, such as water and transport. However, it is worth noting that the Auckland one-city model separated off very significant local authority functions into CCOs which has reduced the direct control of the community over these entities and services.

19. It is proposed that the Council consults on these objectives and principles as part of a wider process in late January 2013. It is also proposed that these principles form the basis for direct negotiations and discussions with other councils around any model proposed to the LGC.

The Emerging Options

20. To date four possible models have been put forward which could form the basis of a proposal or proposals to LGC.
21. **Wairarapa unitary authority.** This proposal has been mentioned in para 8. Whether this proposal goes forward on its own or as part of a wider proposal for the whole region, there is no apparent reason for Council not to support it.

Single city – two models proposed

22. The Palmer Panel proposed an overtly two-tier model for a single authority for the region which has since been adopted in slightly modified form by the sponsoring councils: Greater Wellington Regional Council (GWRC) and Porirua City Council (PCC). Wellington City Council officers have circulated an alternative model for discussion which they have called a single tier model, based on the current arrangements in Brisbane and the Gold Coast in Australia. This proposal is officers' advice only at this point and has not been approved by Wellington City Councillors. However, it has formed part of discussions by elected members across the region.
23. **GWRC/PCC model.** This model proposes two tiers of councils with the second tier called local area councils. Only the central council would have rating powers and could comprise up to 20 members elected on the basis of population in the various wards (or other local area boundaries). The local area councils would be of varying size depending on population (10 for Kāpiti) and have very limited powers and functions. Budgets as well as rates would be set by the central council. A local council would have management of such things as dog control, local parks and some regulatory matters, such as brothels policy. Their role would be significantly less than that which was envisaged for the Auckland local councils. The model leaves the Wairarapa question open.
24. In discussion with GWRC and PCC, they have suggested that this model does not preclude a third tier of community boards if local communities want them (effectively three layers of governance). Details of the Panel's recommendations and the response of the two sponsoring councils to them are at Appendix 1.

25. **WCC model.** This model is similar to the GWRC/PCC model in that it explicitly leaves the question of the inclusion of the Wairarapa open. It could therefore encompass the whole region or only the five council areas west of the Rimutaka range. It proposes one large council with rating powers and addresses the issue of local representation through multiple members from each current territorial authority's area (3 for Kāpiti). Total council membership if the Wairarapa were included would be 29 plus a mayor elected at large. In discussion, officers have stated that they do not see the model precluding the establishment of community boards as a means of ensuring local advocacy for local issues. A powerpoint presentation summarising the Wellington City officers' advice is included at Appendix 2.

Three city model

26. Hutt City and Upper Hutt City Councils have indicated that they will be developing a proposal for a unitary authority for the entire Hutt Valley. In effect, this is a three council proposal: the Wairarapa, the Hutt Valley and a western city comprising Wellington, Porirua and Kāpiti.
27. Should this model be put forward to the LGC, the Council may wish to include its views on this in its own submission to the Commission. There appear to be few advantages to the Kāpiti community of the three city option. The potential benefits to the whole region of a single city model would be lost while key issues would still remain outstanding. These are:
- the continuing need for a transport CCO;
 - no benefit for infrastructure management, e.g. water and wastewater are separate from the southern cities and may require a CCO;
 - loss of local community control and focus, with limited regional benefit arising.

The question of long term rates impacts is unclear at this stage and more work needs to be done to clarify them. If it becomes apparent that a three city model is likely to prevail over the two city or single city options, then it would be better for the Kāpiti Coast to pursue unitary authority status, ie.. a four city model. This would retain local control and management but would require a transport CCO. More detailed work on this is required (see below).

Discussion of Single City Options

28. Discussions to date suggest that there is merit in supporting the single city option, either with or without the Wairarapa councils. However, to date there has been limited recognition and understanding by the councils promoting the single city models of the Kāpiti Coast District Council's concerns about what might sit under such a structure to promote meaningful local involvement in the democratic process.
29. The GWRC/PCC option provides some recognition of the idea of more 'local democracy' by providing for a local council structure with very limited powers. The model proposed is very close to the Auckland City one but with lower level

powers allocated to the local councils than in Auckland. There appear to be problems emerging with the Auckland Council's local boards/councils as a result of considerable frustration and tension as local councils seek a more meaningful role. There is a lack of clarity about whether they are there as decision-making bodies or as advocates. Confusion is likely as residents and ratepayers try to find out and understand where roles and responsibilities exist. There is a risk that the local council's primary role becomes deflection of attention from the Council and to be the focus for community frustration for matters over which they have no direct control.

30. A clearer distinction needs to be made between the role of advocacy bodies in the democratic process and decision and delivery structures (the Council). The Kāpiti Coast has had a model for at least twelve years of working closely with democratically elected community boards who act as advocates for their communities. Provided that these structures are taken seriously and have a clear link into the Council, particularly through the relationship with senior managers, then they can be a major contributor to the democratic process.
31. The Wellington City model provides for the possibility of community boards but does not require it.
32. A model based on the kind of community board structure currently in place in Kāpiti provides for a more straightforward relationship between the local community and the central council in an amalgamated arrangement. If the practice of ensuring councillors are automatically appointed back to community boards, albeit without voting powers, is replicated a strong and explicit advocacy role for the boards can be ensured. Close and direct communication channels between the two tiers can be maintained with follow-on benefits for relationships between the two levels. Councillors' duties to the central council level and the wider regional view would remain uncompromised while the community board would be at liberty to adopt and strongly advocate for a position which is in conflict with the central council if it reflects the wishes of the local community.
33. The practice of ensuring that support for the community board is provided through a senior manager also strengthens the links back to the organisation at a level where real influence can be exercised.
34. A dispassionate consideration of both the GWRC/PCC and WCC models indicate that either could be adapted to accommodate such a community board proposal. GWRC/PCC have indicated that all aspects of their proposal are open to negotiation. Wellington City Councillors have not yet come to an agreed view on their officers' advice. There appears to be a good opportunity for Council to influence decisions regarding an effective way of ensuring meaningful local democracy under any amalgamation model.
35. Despite strong argument in favour of the two models by their respective developing councils and, explicitly or implicitly, against the other proposal, there are no logical reasons why the two could not be brought closer together through good faith discussion based on first principles. Both attempt to resolve the issue of balance between the need for a wider regional view and maintenance of local democratic input.

36. Active engagement with both GWRC/PCC and WCC by this Council may enable a strong single proposal which will meet most or all of Council's principles and objectives.
37. In relation to support for a single-city as opposed to a two- or three-city model, Kāpiti residents' early views in the June July surveys indicated a reasonable level of support for the single-city model (30% in the phone survey and 22% in the postal survey). Residents surveyed by phone showed similar levels of support for the three-city model (29%) and markedly less for the two-city arrangement (18%). Different results came from the postal survey with the largest single group supporting the two-city model (34%) and only a small number (11%) opting for the three-city model.
38. It is assumed that consultation on some more developed proposals will give a clearer set of results to guide Councillors in their final decision-making.
39. At this stage, it is recommended that the Kāpiti Coast District Council formally approve continued discussion with the three other Councils interested in the single city option. However, it is also recommended that this be contingent on serious commitment by those Councils to a meaningful discussion of the layer of community involvement in the democratic process below the Council level. This must include an openness to exploring the Kāpiti Coast experience around an empowered advocacy structure.

The Unitary Council Option

40. Given that it is likely that a three city model will be placed before the Local Government Commission, the Kāpiti Coast District also needs to continue to explore the unitary council concept, i.e the four city model. It is proposed that further work is undertaken on this over the next two months.
41. Residents surveyed in June/July showed little enthusiasm for establishment of a stand alone unitary authority for Kāpiti. Among those who supported any change, 9% of the phone survey and 12% of the postal survey respondents favoured this option.

Financial Considerations

42. A budget of \$40,000 was approved last year and \$80,000 was allocated to this activity for the 2012/13 financial year. Given the scale of work required this may not be sufficient. A further report will be provided once the likely costs of the work required are better understood.

Legal Considerations

43. At this point there are no legal implications from this work.

Delegation

44. Council has the powers to make the decisions proposed in para 48.

Consultation

45. It is proposed to canvass community views on any proposals which may be developed before any approach to the LGC.

Policy Implications

46. There are no policy implications resulting from this work at this stage.

Tāngata Whenua Considerations

47. Te Whakaminenga o Kāpiti has been briefed on the legislation and its implications and will be included in development of any final position the Council adopts.

Publicity Considerations

48. A media release will be prepared following Council's discussion of this paper.

RECOMMENDATIONS

49. That the Council approves continued discussion with other councils interested in the single city option subject to
- (a) serious commitment by those councils to a meaningful discussion of the layer of community involvement in the democratic process below the central council level; and
 - (b) an openness to exploring the Kāpiti Coast experience around an empowered advocacy structure.
50. That the Council approves the expenditure of funds from the budget allocated to regional governance on the investigation of the costs and implications of a stand alone unitary authority for Kāpiti.

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ATTACHMENTS: APPENDIX 1: GWRC/PCC PRESENTATION

APPENDIX 2 WCC OFFICER PRESENTATION