

Wellington Region Councils

Governance Review

October 2010



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Preface

The Wellington region is well positioned to build on its successes to date, while addressing the current external drivers of change:

- The emerging changes in the external operating environment;
- The inherent planning dysfunctionality of the current legislative framework;
- The Minister's "Smarter Government – Stronger Communities" programme;
- A "powered up" Auckland region; and
- The business case for greater regional collaboration.

The critical issue in addressing these drivers is how the Wellington region can genuinely collaborate and agree on necessary changes to further enhance the region.

History has shown that if there is no legislative imperative, local government units will not give up power and control. If Wellington as a region is to succeed it will require a bold approach underpinned by strong and focused political leadership to drive change.

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Wellington Region Councils
Chief Executives' Forum
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29 October 2010

Dear Max

Wellington Governance Review

We are pleased to present our report which contains the results of the Wellington Governance Review.

There are a number of issues and opportunities that the region should consider in the context of regional governance. These matters if addressed, will provide a platform for strengthening the functioning of local government within local communities, the Wellington region and nationally.

Yours sincerely



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1. Executive Summary

Background and Scope of Review

As a result of nation-wide interest in the reform of local government in the Auckland region, the Wellington Mayoral Forum engaged PricewaterhouseCoopers (PwC) to review its current governance arrangements to establish whether they are optimal for taking the Wellington region and its communities into the future.

This Governance Review incorporates:

- Research and analysis to identify governance issues and potential opportunities;
- Consideration of national and international precedents and guiding practice;
- Facilitated workshops with each of the Councils to identify issues and opportunities;
- Meetings with Council executives to draw out key themes for consideration; and
- Interviews with Council-nominated external stakeholders to understand the issues from an informed citizen perspective.

It is intended that the Review will inform the incoming Councils following the October 2010 local government elections.

A specific exclusion from the Review was the development of structural options. It was agreed only issues and opportunities would be considered in this first stage. However, given that options were regularly raised during the engagement, we have provided a high level overview of them.

This Review has enabled the consolidation of views on:

- Successes to date that can be built upon;
- Long term drivers of change;

- Regional visioning and strategic planning processes;
- Delivery of services and activities;
- The sustainable provision of infrastructure;
- Potential flow-on impacts from the new Auckland structure; and
- Possible future governance options for subsequent analysis.

This consolidation of views has again highlighted the key tension that exists in local government reform relating to the reconciliation of the community connectiveness of small authorities with the strategic and efficiency opportunities available in larger or special purpose authorities.

Importance of the Review

The Councils within the Wellington region consider it important that the many unique and diverse challenges facing the region be addressed. Continuing and building on current collaborative efforts is key to the future wellbeing of the region, in order that it can improve economically, socially, culturally and environmentally.

Given the Government's expressed intentions around efficiency and its actions both within and beyond the public sector, it is evident that enhancements to the current delivery by Councils within the Wellington region will be viewed favourably and supported. There is an opportunity for the results of this Review to inform the Minister of Local Government's initiative relating to the future role of local government and its relationship to Central Government.

The Minister is looking for local government to address a number of specific imperatives, including:

- Rates rises not outstripping inflation;
- Enhancing transparency around costs, rates and activities;
- Engaging communities more meaningfully;

- Effective delivery of services;
- Utilisation of the more permissive legislative framework (e.g. long term water contracts) to improve service delivery; and
- Streamlining regulatory processes.

International Guiding Practice and other Regional Reviews

International¹ and national research considered during this Review highlighted a number of generic issues and opportunities for local government. This research also reinforced the tension that local government has to manage relating to the provision of long term sustainable infrastructure within the context of a near-term focused political environment. These studies and the reform of Auckland governance, highlight a number of opportunities to address this dilemma and broader local government issues.

Key issues include:

- The need for infrastructure networks to be managed in an integrated manner and not separated by local political boundaries;
- Large authorities typically operating more efficiently than small authorities;
- Small authorities typically achieving better citizen engagement than large authorities; and
- Local authorities not keeping pace with changes in the external regional environment e.g. urban growth over existing Council boundaries.

Other reviews that have been undertaken nationally also point towards existing authorities not keeping pace with change, particularly addressing long-term infrastructure demands which are more commonly regional in nature. Generic issues highlighted from

¹ International research was drawn from a cross-section of countries but with particular reference to the UK, Canada and Australia

Auckland, Northland and the Waikato that have relevance to the Wellington region, include:

- Lack of a single regional voice;
- Fragmented governance;
- Misalignments of strategies and priorities;
- Optimisation of available funding;
- Efficiency and effectiveness;
- Community engagements and connectedness; and
- Sustainability into the future.

Finally, 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. This is a critical planning and delivery issue.

The key conclusion arising from this work is that all of the studies point towards the necessity for change. The status quo is not a sustainable option in the longer term.

Metropolitan Contribution to National Economic Success

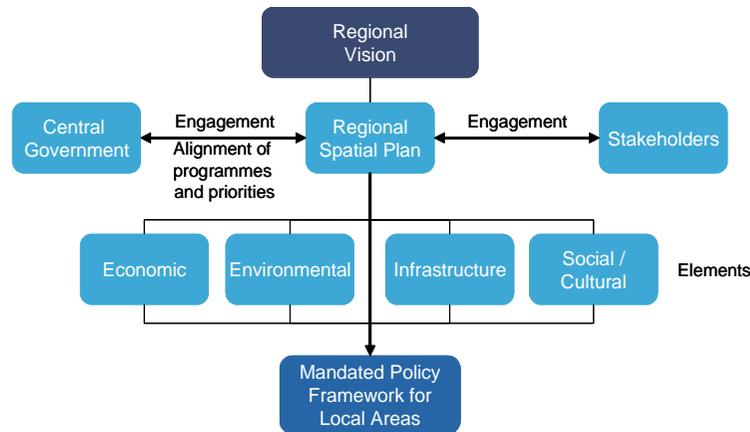
International commentators have highlighted that metropolitan and ultimately national economic success requires:

- Regional co-ordination;
- Effective governance;
- Investments in infrastructure;
- Addressing constraints; and
- Co-ordinating regional planning.

With regard to this latter point, there has been an emerging realisation of the importance of “spatial” planning for city regions. This concept which is now a legislative requirement for the new Auckland Council, requires regional and local RMA and Local Government Act plans to give effect to ‘or be consistent’ with the

spatial plan. This change is designed to permit the simplification of the planning framework by using the spatial plan to incorporate regional policy and Regional Land Transport Strategy.

The plan at its simplest level is an integrated planning framework covering all four well-beings, as depicted in the diagram overleaf.



This contrasts with the current national planning framework for local government which is:

- Fragmented - characterised by Councils within the same region having different visions, strategies and philosophies;
- Not comprehensive on a regional basis;
- Lacking subsidiarity - the local level does not have to take account of the level above; and
- Placing local government in a position where it has insufficient scale to deal effectively with Central Government.

Although the Wellington region has sought to proactively address limitations in regional planning with initiatives such as the Wellington Regional Strategy and the Water Strategy, it still has to operate within the legislative planning framework. Accordingly, there are both gaps and matters of disagreement in some areas

such as the long-term retention and development of industrial land regionally.

For integrated planning to work, there needs to be:

- Engagement and alignment of programmes and priorities between central and local government; and
- Real commitment and agreement amongst the Councils.

This latter point is particularly challenging in the voluntary collaborative environment that Councils work within.

Future Trends

The analysis of future trends highlights the fact that change will continue. Councils will need to be cognisant of and adaptive to these changes. Trends of specific relevance to local government include:

- The role that city regions can play in national economics through the generation of “agglomeration” benefits;
- An ongoing productivity imperative e.g. keeping rates rises within the rate of inflation;
- Utilising technology to both improve efficiency and produce smarter services, but also to evolve new public goods where there is a demand or need;
- Continuing to improve the liveability of urban areas;
- Addressing the changing demographics of society;
- Proactively addressing sustainability where there are clear opportunities to do so e.g. sustainable water management;
- Considering how the region can improve collaboration rather than compete at both a regional and national level e.g. designation of commercial areas and events;
- Streamlining regulation e.g. single District Plan;
- Improving infrastructure management; and

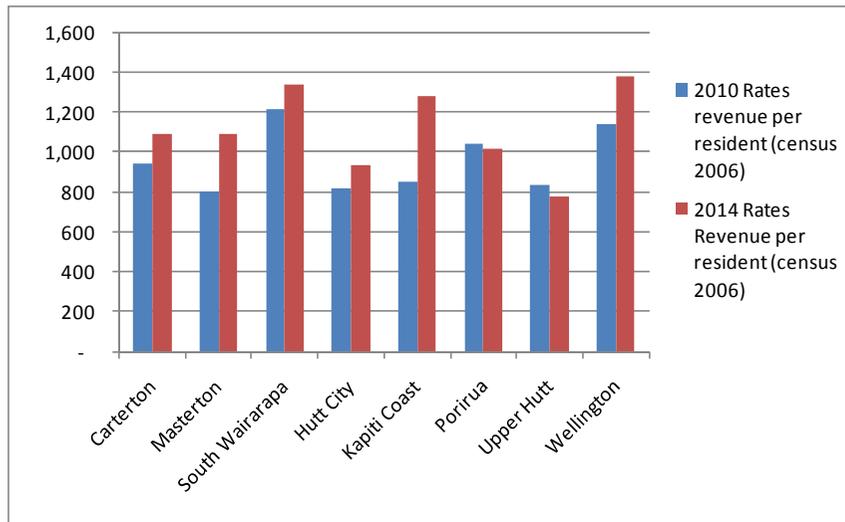
- The ongoing reform by Government that will necessarily impact on local government form and function across a range of areas including regulatory and water.

Current State

The current state of the Wellington region was assessed through a combination of:

- Analysis of current performance documentation;
- Engagement with the Councils and their executives; and
- Interviews with key external stakeholders nominated by the Councils.

The analysis of financial data in particular highlighted that the stresses are uneven, with the smaller Councils under particular pressure. Unchecked this will lead to a position in the longer term where rates in the districts are likely to rise faster than rates in the cities. The following graph indicates that the districts will have the highest rates by 2014 (discounting the impact of Wellington due to its CBD).



Source: Department of Statistics/Wellington Council's LTCCPs

This change from the 2006 position is largely the result of increased service demands, such as the effect in the districts of more stringent wastewater effluent standards. An outcome of meeting these requirements is large projected rates increases. Given these pressures are likely to continue into the future, a question arises as to the palatability to ratepayers of ongoing rates increases.

Structural Issues

A number of structural issues were identified during the Review, including:

- The regional strategic planning frameworks, including the Wellington Regional Strategy;
- Alignment of transport to land use and development;
- Regional management of water services;
- Regional management of irrigation, in particular funding;
- Regional management of waste management;
- The approach to regional facilities; and
- The ability to make further significant gains from shared services.

Governance Issues

Facilitated workshops with the Councils, their executives and external stakeholders echoed a number of similar themes with issues identified across:

- Governance;
- Regional strategy;
- Central and local government collaboration;
- Economic development;
- Transport;
- Three waters;

- Other regional infrastructure;
- Service delivery;
- Capabilities and capacity; and
- Efficiency and effectiveness.

External stakeholders had an expectation that change in current governance arrangements is inevitable, and that it should happen sooner rather than later. Specific concerns raised included:

- Capability and capacity of the smaller Councils, both at a financial and human resource level;
- Differing philosophies at times of the Councils, leading to a lack of regional coherency;
- Political boundaries that did not reflect the workings of the region;
- Inequitable funding of regional facilities; and
- Regional collaboration, while not openly dysfunctional in the Auckland sense, was viewed as being shallow.

The majority of external stakeholders overtly discussed governance structures and expressed a clear preference for a single unitary authority, particularly if local representation could be addressed.

Opportunities

As the Review progressed it became apparent that there are a series of opportunities that the region could pursue. A number of these initiatives could be implemented without moving to a single unitary authority model or other structural change, but would require deeper collaboration and agreement than has been evident to date.

The key opportunities identified were as follows:

1. Regional Strategy

- Seek agreement on how a spatial planning approach could lock in vertically and horizontally integrated strategies and plans, including legislative options.
- Explore the potential of utilising the Wellington Regional Strategy as a base for the spatial plan.

2. Governance

- In lieu of governance reform, Councils commit to a stronger regional collaboration model.
- Utilise the existing Regional Strategy Committee to progress broader regional issues.
- In anticipation of potential changes to status quo governance structures, explore alternate models for local community engagement.

3. Economic Development

- Explore and agree the role and priority of the Wellington CBD in relation to other CBDs in the region and in the context of wider regional economic development.
- Extend the successful development of a shared Wairarapa District Plan to the entire Wellington region, and subsequently develop a centralised approach to service both the planning and building authority functions.

4. Transport

- Continue to explore additional opportunities to take a regional approach to the planning and delivery of transport services.

5. Water and Wastewater

- Develop a coherent regional strategy to map out the future direction of the Three Waters.

- Consider the case for integrating water and wastewater delivery regionally.

6. **Stormwater**

- Seek to better integrate the regional and local stormwater and flood management initiatives.

7. **Irrigation**

- Consider how the operation of irrigation in the Wairarapa and its latent economic potential can be realised and funded following the current pre-resource consent stage.

8. **Other Regional Infrastructure**

- Introduce a coherent package for the future funding and development of regional facilities.

9. **Service Delivery**

- Commit to a “transformational” approach to the implementation of back office shared services.

Options

New structural options were not a specific consideration of the Review brief. However, because this topic was raised and discussed on a number of occasions, we note that there are six options to consider going forward:

1. Status quo;
2. Strengthened Regional Council;
3. Logical clusters;
4. Two tier local government (i.e. regional services delivered by a single regional Council. Local services delivered by local Councils with all services funded through a single regional rating system);

5. Sub regional unitary authorities (Wellington and Wairarapa²); and

6. A single regional unitary authority.

We did not analyse these options in any detail nor do we make a recommendation given this work is intended for a subsequent stage post October 2010.

However, we are firmly of the view that some change of a structural nature provides the opportunity to be more effective than the collaborative model if the region wishes to:

- Achieve a unified vision and plan;
- Enable better governance and decision-making;
- Be cost effective and efficient;
- Deliver equitable impacts across the region; and
- Be resilient and sustainable into the future.

We consider that the opportunity to change is related to improving the Wellington region’s performance rather than fixing dysfunctional governance which was evident in Auckland. However, not prudently addressing the issues highlighted in the Review will be to the economic detriment of the Wellington region and the country.

Next Steps

Once the opportunities for change have been reviewed by both the Chief Executive and Mayoral Forums, they should represent key elements of the next programme of work. The next steps should also consider how these initiatives would relate to potential structural changes.

The key next steps are to:

- Confirm that any change or reform is premised on collaborative leadership at both political and executive levels;

² Noting that other combinations are possible

- Agree the areas that do not require change;
- Confirm the set of issues and opportunities to be pursued;
- Develop a programme to address those areas identified as requiring change;
- Incorporate detailed analysis of the identified structural options into this programme of work; and
- Ensure adequate resourcing to undertake this work.

2. Introduction

2.1 Background to the Review

- The New Zealand Government's decision to establish a unitary authority in the Auckland Region has provided the context and impetus for the Wellington region to review its current governance arrangements to determine whether they are optimal for taking the Wellington region and its communities into the future.
- The Wellington Mayoral Forum agreed on 26 February 2010 to review any current issues in Wellington governance, and identify possible solutions. It was agreed the Review would not start with any presumption of structural change to the current Councils comprising the greater Wellington region.
- It is intended that the Review be received prior to the local government elections in October 2010 to allow the incoming Mayoral Forum to consider issues identified and refer to the incoming Councils for action.

PwC has been engaged by the Wellington Councils to undertake this Review. Our engagement is subject to the Restrictions in Appendix A.

2.2 Review Objectives

The Review objectives are to:

- Undertake research and analysis to identify issues, potential opportunities and governance options, taking into account some of the distinctive features of the Wellington region;
- Facilitate workshops with each of the Councils and their Executives to draw out views on the issues;
- Seek external stakeholder feedback on the current operation of the Councils; and

- Develop a report that encapsulates the issues, key questions arising and potential opportunities and governance options to address them.

2.3 Scope

The Wellington Councils have specified that the work programme should comprise four steps:

- (i) Research into any issues with current governance arrangements and opportunities to enhance outcomes.
- (ii) 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.
- (iii) Identification of opportunities to address issues identified in current governance arrangements.
- (iv) Preparation of a report capturing the outcomes of the work programme, including potential high level governance options.

The Wellington Councils have also identified the following specific exclusions from this Review:

- Consideration of Central Government Agency and institutional arrangements;
- Making recommendations on funding required;
- Consideration of local government functions generally;
- Reviewing the Wellington Regional Strategy; and
- Making conclusions about changes or structural options in governance arrangements.

2.4 Approach

To ensure that strategic regional issues are captured, the information gathering stage incorporated a high level review of key documentation including strategic plans and LTCCPs, and other documents of significance. Analysis of this material identified a range of issues which led to the development of broad questions and themes for the subsequent executive meetings and councillor workshops where they were discussed and debated. This analysis took into account a number of key questions, including:

- The issues which will inhibit the region's ability to deliver on its vision;
- The current governance arrangements being durable over the next 20 to 30 years;
- The levels at which functions and activities are best carried out;
- Issues impacting on effective, efficient and sustainable provision of public infrastructure, services and facilities; and
- Problems with current governance and representation arrangements.

This provided an excellent basis for the workshops that we facilitated with each Council and its Executives.

The workshop and research process also enabled the consolidation of views on:

- Successes to date that can be built upon;
- Long term drivers of change;
- Regional visioning and strategic processes;
- Delivery of functions and activities;
- The sustainable provision of infrastructure; and
- Potential flow-on impacts from the current Auckland reforms.

These views were then supplemented through consultation with external stakeholders nominated by the Councils.

Good Governance and Practice Principles

Throughout the Review, PwC accessed and overlaid its extensive national and international governance experience and knowledge.

Good governance principles were also utilised as a benchmark to consider issues, including:

- Enablement of democratic local decision-making;
- Achievement of the unified vision and plan for the region;
- Decisions being taken at the appropriate level of governance;
- Provision for clear accountability to the public for outcomes;
- Efficiency and effectiveness;
- Equity across the region; and
- Resilience into the future.

3. Setting the Context

3.1 Why this Review is Important

This Review is one of the most important pieces of governance work to be undertaken in the Wellington region. As a consequence all nine Wellington Councils committed to explore current issues in Wellington's governance, together with possible solutions.

In doing so, the Councils within the Wellington region are focused on how present governance arrangements can be improved to achieve better economic, environmental, social and cultural outcomes. This document is a first step. It provides ideas on how local government in the greater Wellington region might respond to the many unique and diverse challenges facing the region both currently and in the future in a more unified and efficient way.

Although the Wellington region comprises several diverse communities across a large geographic area with natural boundaries, it has strong linkages as a city region, particularly from the perspective of economic and transportation infrastructure and policy. Residents within the region routinely cross territorial authority boundaries in their journeys to work and recreate at facilities, events, shopping centres and rural recreation areas across the region.

Identifying how the Wellington Councils can work together collaboratively, and best contribute to developing and improving the region's position economically, socially, culturally and environmentally is key to the future well-being of the region.

Generic Opportunities

Councils across the region have for a number of years worked collaboratively, particularly at the sub-regional level, with numerous

examples of clustered shared services. The shared services initiatives to date have been diverse, ranging from the construction of the successful Westpac Stadium through to the development of the joint District Plan between the Masterton, Carterton and South Wairarapa District Councils.

This collaboration has enabled the region to become renowned in recent years for its culture, events, waterfront, city shape and wider regional facilities.

However, more recent attempts at collaboration at a more granular level such as shared services, have been difficult to progress due to challenges, particularly securing adequate resourcing and working across independent political, institutional and managerial entities.

It is our view that progress in areas where there are obvious service provision 'spill-over' effects, could be accelerated if the responsibilities for planning, funding and delivery of regional infrastructure and services was not separated between the nine Councils.

There is opportunity for:

- Provision of a unified regional vision and voice;
- More efficient service delivery³;
- Integrated decision-making;
- Rethinking engagement mechanisms with communities, to improve local democracy; and
- Providing better value for citizens in the Wellington region.

³ Financial Analysis, Reorganisation of the Councils in the Auckland Region, Taylor Duignan Barry, Royal Commission on Auckland Governance, February 2009

The Changing Landscape

Aside from the importance of resolving issues within the region, there is also a need to ensure the region is planning for changes in the broader national and international environment. These changes include:

- Continuing globalisation;
- Climate change;
- Rapidly evolving technology;
- Ageing of the population;
- Maintaining essential services and resources within strict financial parameters;
- Increasing pressure from communities for enhanced services and service levels; and
- Maintaining and developing the region's competitive advantages.

3.2 Central Government Perspectives

3.2.1 Government Perspective

Central Government in recent years, and across the political spectrum, is beginning to recognise the pivotal role of local government in helping to execute some of its key economic transformation objectives. Increased and significant investment in transportation infrastructure and Rugby World Cup 2011 are a testament to this.

In addition, there are other opportunities yet to be tapped by Central Government including the international linkages facilitated through city Mayoral and sister city relationships.

It is evident though that Central Government has concerns with the inability at times of local government to achieve coordinated buy-in at the local level, and to show a willingness to do so, whether

across local Councils or stakeholders in a region. Although we are not currently aware of any particular issues within the Wellington region, recent national examples include Queen's Wharf in Auckland and Environment Canterbury.

Local authorities that demonstrate an ability to work in a constructive and coordinated way locally to help Government execute its infrastructure and economic development objectives, will benefit from doing so. The Wellington Region is well placed to leverage its position nationally.

3.2.2 Minister's Perspective

In his address to the Local Government Chief Executives Forum in June 2010, the Minister of Local Government reiterated imperatives for local government. A number of these are useful to consider in the context of issues needing to be addressed by the Wellington region:

- Rates increases not outstripping the rate of inflation;
- The need for greater transparency around costs, rates and activities;
- Engaging with communities in a more meaningful way than achieved through current statutory processes, e.g. LTCCPs;
- Focusing on core Council services; and
- Providing greater legislative flexibility for water service delivery modes, including use of public private partnerships (PPP).

The Minister also highlighted a number of changes occurring during the transition to the new Auckland Council which are potential pointers to future expectations for local government generally. These expectations include:

- Regional leadership and vision;
- Local boards ensuring community interests are well represented in regional decision-making;

- Streamlined regulatory processes, including a single district plan; and
- Establishment of major infrastructure CCOs that are able to make use of specialist commercial expertise, but with greater accountability requirements including the requirement to hold annual public meetings.

In making these comments, the Minister reiterated that he did not see problems of the same scale as Auckland anywhere else in New Zealand, but was pleased to see Councils in other regions taking a look at the effectiveness of their own governance arrangements.

Given improving overall effectiveness of the framework of local government was a priority for the Minister, he wanted to consider how Central Government could facilitate local, community led solutions to achieve better governance and better results for ratepayers. This would be achieved through consideration of whether there was a need to clarify the role of local government and the relationship between central and local government.

A point of particular interest to the Minister in the relationship was the fact that local government has to deal with 27 departments. If local government reform is linked to a better portal to central government, the ultimate outcome may be 'joined up' service delivery agencies.

These questions are the subject of work the Minister is proposing to carry out over the next two to three years.

At the Local Government Conference in July 2010, the Minister announced that this work would be termed "Smarter Government – Stronger Communities". This work is intended to directly feed into the Government's response to ongoing pressure for Council amalgamations in an ad hoc manner.

This Review by the Wellington region provides an excellent opportunity to lead and influence some of the thinking in relation to local government reform, while meeting the Prime Minister's

expectation that communities will be proactive in driving local reform. This expectation was also reinforced at the July conference.

3.3 Comparative International Best Practice

The Review of Auckland Governance including, the Royal Commission process, resulted in extensive consideration of current international best practice in local government. While the Wellington region is able to leverage off this work, it must be considered in the context of matters that are relevant to the Wellington region.

Three studies are particularly relevant to the Wellington context because they considered the key elements of:

- Size and relationship to efficiency;
- Size and relationship to citizen engagement; and
- Regionalisation keeping pace with the changing environment.

Research into size and its relationship to efficiency⁴ was prompted by the 2006 Government White Paper inviting Councils in shire county areas to submit proposals for structural reorganisation in a bid to enhance efficiency and effectiveness.

The research specifically assessed the relationship between size and structure (as in unitary single tier or two tier county and District Councils) of the units in local government and expenditure on administrative overheads.

The UK Government (Department for Communities and Local Government 2006) stated the primary reason for encouraging the development of unitary structures and a new two tier model was to make substantial efficiency gains.

⁴ Size, Structure and Administrative Overheads: An Empirical Analysis of English Local Authorities – Rhys Andrews and George Boyne, Cardiff University, 2006

The research concluded that administrative costs do fall as the size of the organisation increases. In addition to lower administrative costs the research found that larger authorities also devoted a higher proportion of resources to the front line. The research was quantitative and so was not conclusive as to whether the lower administration costs were as a result of greater efficiency or greater purchasing power. The research noted:

“... local authorities with a small client population are likely to reap efficiency gains on administrative costs by reorganising into a larger unit or by sharing back office functions.”

The research also acknowledged that the theoretical implications of local government structures can be contradictory. While larger/single tier structures should have lower administrative costs, there are a number of potential downsides to local authorities becoming larger or unitary, including:

- Less competition and a bigger area means that citizens are less likely to migrate out of the area reducing pressure on the local authority to do things more efficiently;
- Problems of coordination and control which may impact on front line service delivery;
- Too large equals more bureaucratic which means more costs⁵;
- Reduced democratic accountability with larger structures; and
- Reduced “sense of place” among citizens.

These latter ‘citizen’ issues were explored in a paper delivered by the Joseph Rowntree Foundation in 2009⁶, which examined citizen involvement in decision-making and the impact of structures.

⁵ Myth Busters, Examining Common Perceptions about Local Government in New Zealand; Local Government New Zealand, September 2010

⁶ Citizen Involvement in Local Government, Jane Foote, Joseph Rowntree Foundation, UK, June 2009

The paper explored the question of why citizens should be involved. It concluded that it was necessary to ensure that local knowledge, needs and perceptions could be factored into decision-making.

In doing so, there were three main objectives of increasing citizen involvement (citizen centred governance):

- Improve design, responsiveness and outcomes of services;
- Build social capital/increase cohesion; and
- Improve legitimacy and accountability of local governance – building trust.

The paper also made a point relevant to the Wellington Region - “complexity and pace of change of local government structures is a major challenge” in terms of engaging citizens. New structures and arrangements are introduced just as people are getting used to the old ones.

This concept of structures not keeping pace with change was highlighted in a paper considering what a US region constituted in a governance sense⁷. A region was defined as:

“... an all-inclusive place, sharing common and collective interests. Place-based decision-making requires that a region be identified and conformed to the interests involved in each issue”.

A region may be based on one or a combination of:

- Political geography;
- Resources – geographical or environmental factors (mountain ranges, watersheds);
- Economic;
- Cultural;
- Service delivery e.g. water; and

⁷ US Regional Governance Models, Hansford Economic Consulting, a paper for Truckee Meadows Regional Planning Agency, November 2007

- Metropolitan – readily identifiable urbanised area.

The paper noted that “Regionalism is constantly being rethought, reshaped and new efforts applied. There is not one regional planning structure that fits all.”

The paper supports the approach being taken by the Wellington Region in so far as before designing a new form of regional governance or modifying an existing one, an assessment should be conducted incorporating stakeholder engagement to define the issues.

A key conclusion arising from this research, was that size does matter in terms of efficiency, but there is potentially a trade off in terms of community connectiveness. Often the approach to address this trade-off is to reinforce local representation models, although there is no particular model that stands out in terms of effectiveness. In the Auckland context, this is planned to be addressed through the establishment of 21 local boards.

This trade off is particularly stark when considering how to deliver the best outcomes for long term infrastructure with near-term focused local representation, both of which comprise the essence of local government.

During the debate on Auckland’s governance prior to the Royal Commission⁸, this point was reiterated in a New Zealand context:

“The Councils and Central Government will need to decide what trade off they are prepared to make, and which of the models is best likely to meet the current and emerging challenges to make Auckland a world class city region”.

⁸ Strengthening Auckland’s Regional Governance Discussion Paper, 3 November 2006

3.4 Learnings from Regional and Other Studies

3.4.1 Strengthening Auckland Governance

In 2006 the eight Councils of the Auckland region undertook a similar process to the current Wellington governance review in terms of identifying issues and opportunities. This work was a forerunner to the Royal Commission process and reinforced the need for change in Auckland due to a number of factors, including:

- The city/region had to compete globally;
- Management of growth was difficult;
- Addressing regional challenges with fragmented governance was fraught;
- Successful regional development required:
 - Joint long-term funding;
 - Cohesive regulatory policy and service delivery;
 - Single accountabilities; and
 - Investment in infrastructure regionally.

These reasons for change arose from a number of common emerging themes, including:

- Adequate strategy not fully integrated into regional priorities;
- Delivery failure due to fragmented powers and accountabilities for funding and delivery;
- Misallocated decisions, e.g. decisions taken at a local or national level when they should have been at a regional level;
- Heavy reliance on voluntary/statutory joint decision-making that could not bind or influence expenditure and decisions of sovereign organisations;
- Lack of certainty;
- Lack of a single regional voice;

- Insufficient revenue at the regional level; and
- Inefficiencies and inconsistent standards and financial impacts due to duplication and transaction costs.

The strengthening Auckland governance project also highlighted a number of good governance principles which are applicable to all regional groupings, including:

- Enabling democratic local decision-making on behalf of communities;
- Enabling achievement of a unified vision and plan;
- Ensuring decisions are taken at the level of governance closest to those affected, best informed and best placed to deal with consequences;
- Provision for clear accountability to the public for outcomes, use of funds, and stewardship of public assets;
- Being cost effective and efficient;
- Delivering equitable impacts across the region; and
- Being resilient into the future.

3.4.2 Royal Commission on Auckland Governance

In March 2009, the Royal Commission on Auckland Governance reported its findings to the Government⁹ noting that the Auckland region had a significant opportunity to fuel growth, improve the health of communities and improve amenities and infrastructure. Issues preventing these opportunities from being taken included:

- Messy and inefficient urban growth;
- Infrastructure constraints;
- Social disparities;

⁹ Auckland Governance Report – Report of Royal Commission on Auckland Governance, March 2009

- Poor urban design;
- Funding;
- Regional governance being weak and fragmented, with the Councils lacking a collective sense of purpose, constitutional ability and momentum; and
- Community engagement being poor through existing formal consultation mechanisms.

The Royal Commission went on to define three essential characteristics of successful governance arrangements:

- Democratic ability;
- Building a sense of place; and
- An ability to bring together communities.

Finally, it noted that success for any city region should result in:

- Strong economic performance;
- Well planned urban form;
- Assured infrastructure supply, particularly transport, Three Waters, broadband and energy;
- Social cohesion;
- Lifestyle and amenities;
- Strong identity; and
- Sustainability.

In doing so, the Royal Commission also highlighted that these factors needed to take account of the special considerations applying to rural areas. These considerations included;

- Providing amenities and open space;
- Preventing urban sprawl;
- Maintaining agricultural production;

- Maintaining the environment;
- Ensuring rural voice; and
- Delivering services to rural areas.

The Royal Commission's recommendations relating to structure correlate to option 4 in Section 8 which sets out six governance options. This option, which included direct Maori representation, was not favoured by the Government which ultimately mandated a single unitary model.

3.4.3 Future Governance of the Waikato

In March 2010, the University of Waikato reported on an independent study¹⁰ it had initiated as a result of growing interest in understanding options for future regional governance. The study identified reasons, from a citizen's perspective, why the existing governance was not optimal, including:

- Multiple overlapping planning regimes;
- Sustainability of small Councils;
- Ability to influence Central Government;
- Reinvigorating local democracy; and
- The importance that citizens placed on Waikato determining its own future, as opposed to waiting for Central Government to define that future for it.

The findings of the study included concerns that the current political boundaries and institutional arrangements would be able to facilitate:

- Environmental management;
- Communities and regional towns;
- Hamilton City's continuing place; and

- Appropriate rural development.

At an operational level, the study also noted the need to:

- Rationalise the plethora of rules and plans to streamline regulation;
- Achieve better management and ownership of regional facilities and infrastructure; and
- Develop responsive and engaged local communities.

The study also highlighted a number of key changes since 1989 that were drivers for reform, including:

- Treaty settlements;
- Technology;
- Central Government desiring a whole of government approach to regions and the ability to interact with a single regional voice; and
- A growing level of importance for the accountability of regions as opposed to local communities for major decisions.

The study noted that amalgamating Councils was not necessarily a panacea for the issues arising, however it concluded there were opportunities to enhance Waikato governance through:

- Establishing an optimal number of Councils;
- Establishing an optimal number of organisation structures within and between Councils, e.g. CCOs, local boards; and
- Enhancing relationships with key external stakeholders, especially Government.

¹⁰ Future Governance of Waikato, University of Waikato, March 2010

3.4.4 Local Government Options for Northland

In February 2010, the three district Councils in Northland issued a report¹¹ they had commissioned on identifying options for the future local government in Northland. The Northland Regional Council was invited to participate, but declined to do so.

The brief was to consider four different options, two of which both relate to the development of a single or dual unitary authority and have subsequently been taken out for public consultation. The results of this consultation are pending.

The study highlighted a number of changes driving the change since the previous sector reforms in 1989, which again reiterated some of the common themes from the other studies, including:

- Technology;
- Globalisation;
- Climate change;
- Importance of local government in influencing the urban look and feel, ultimately leading to the place shaping of communities;
- Partnership with central government and community building;
- Community desire to shift participation in local government from elections to direct involvement and engagement in decision-making.

Critical conclusions highlighted by the report included:

- The need for Northland local government to be strengthened at both a local and regional level; and
- To meet future needs, the region must effectively engage with Central Government on a partnership basis.

¹¹ Local Government Options for Northland, McKinlay Douglas Ltd, February 2010

Key findings were used to form the basis of fit-for-purpose local government in Northland, which included:

- More local input into environmental management;
- Least cost means of infrastructure, including:
 - Partnership opportunities with the transport agency; and
 - Energy line companies.
- Community decision-making to improve connectiveness;
- Economic development to be a wider partnership with business and tangata whenua;
- Minimising incentives for existing Councils not collaborating;
- Central government coordination; and
- Creating critical mass for CCOs to service planning, regulatory and infrastructure delivery.

3.4.5 Metropolitan Contribution to National Economic Success

Leading economic geographer, Greg Clark, addressed the issue of metropolitan contribution at the Local Government Conference in July 2010¹².

This address highlighted that the ingredients of local economic success are not achieved by chance but through:

- Regional coordination;
- Effective governance; and
- Addressing constraints and capitalising on opportunities.

Clark also highlighted that city regions which are not successful exhibit the following characteristics:

- Absence of metropolitan leadership;

¹² Big Cities, Economic Development, Local Government, LGC July 2010

- Lack coordinated regional planning;
- Fail to invest in infrastructure; and
- Are unable to capitalise on the wider investment market for metropolitan development and enhancement.

Many of the New Zealand study findings highlighted within this report are supported by international experience. This emphasises the importance of regional coordination and spatial planning as critical drivers to address these issues.

3.4.6 Spatial Planning

Metropolitan best practice advocates the importance of “spatial” planning for city regions. Essentially, a spatial plan sets out an integrated economic, environmental, infrastructure and social planning framework. At the highest level, this is represented by a spatial map highlighting key aspects such as mandated land use and transport corridors (an example is included in Appendix B). This not only ensures an integrated approach to planning, it enables differences to be reconciled within the plan, as opposed to between independent plans produced by separate sovereign entities.

There are numerous international examples available and in London’s case, the London Plan¹³ brings together the geographic and locational aspects of the Greater London Authority’s strategies for:

- Transport;
- Economic Development;
- Housing;
- Culture;
- Social issues;

- Environmental issues;
- Framework for land development and use;
- London-wide policy context for the boroughs to set their detailed planning policies; and
- Sustainable development.

Legislation requires that the London Plan should take account of three cross-cutting themes:

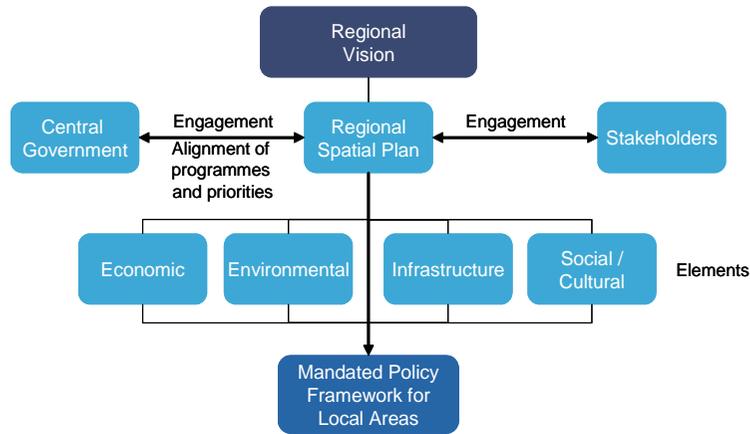
- Economic development and wealth creation;
- Social development; and
- Improvement of the environment.

The planning process also incorporates a further safeguard to ensure integration through the application of a compulsory “Integrated Impact Assessment”.

Given the coherence provided by such a planning regime, it is easier for:

- Local Councils to work within and support the agreed regional or metropolitan vision and strategic planning framework; and
- Central Government to become active and collaborative given their critical role in cities.

¹³ Help Shape London’s Future, Greater London Authority, July 2010



- Not have legal status.

3.4.7 Common Themes

The recent studies across three different New Zealand regions contain a number of common themes and issues that are relevant to the Wellington region. We have considered at a high level, the relevance of these themes to the Wellington region overleaf:

Currently there are few spatial plans in New Zealand. Porirua City Council has developed the “Porirua Development Framework” which in essence constitutes a simplified spatial plan. Rodney District Council’s “Rural Strategy”¹⁴ has been prepared to assist the new Council to prepare its spatial plan. We understand that Manukau City Council has also produced a spatial plan to help guide the new Auckland Council, which is required to produce a plan.

Spatial planning could be introduced as a positive initiative by the Wellington region. The implementation of the plan outside of the RMA / Transport functions would however:

- Require agreement and commitment from the Councils;
- Be completely dependent on the collaborative approach of the Councils;
- Have the potential to contain compromise to limit local impacts at the cost of overall regional benefit;
- Need to seek engagement and alignment of programmes and priorities with central government; and

¹⁴ Rodney District Council Rural Strategy – Consultation Draft May 2010

Common Themes from Studies

	Regions			
	Auckland (Royal Commission Findings)	Waikato	Northland	Wellington
Lack of a single regional voice ¹⁵	No mandated overarching regional leader or institution	No mandated overarching regional leader or institution	No mandated overarching regional leader or institution	No mandated overarching regional leader or institution
Fragmented governance	Single metropolitan region managed by 8 authorities	Region managed by 10 authorities	Region managed by 4 authorities	Region managed by 9 authorities
Misalignment of strategies and priorities	Agreed growth strategy, no agreement on implementation	Tension between Regional Council and TLAs	Absence of District Councils in economic developments	Linkage of Wellington Regional Strategy and other regional plans to individual Council plans and strategies
Misallocated decision-making	Regional level decisions taken at national or local level, e.g. Waterfront Stadium	Citizen frustration with overlapping responsibilities	Issues between the Councils across integrated resource management	Regionally significant land use decisions, e.g. industrial, retail made at local level
Optimisation of available funding	No agreed and prioritised infrastructure plan other than transport	Financial viability challenges	Significant difficulties due to funding, topography and resource base	Combined regional balance sheet would provide greater opportunity for regional prioritisation and funding allocation
Efficiency and effectiveness	Duplication of functions, e.g. seven local rating systems plus a regional one covering all seven areas	Opportunity to establish optimal organisation structures	Prima facie case for considering the establishment of single structures for professional and technical services	Limited prospect of success with latest shared services initiative

¹⁵ We note that each region generally operates a Mayoral Forum which is utilised to provide regional leadership and voice. These forums do not have a legislated mandate but can make decisions if mandated by their individual Councils.

Common Themes from Studies (continued)

	Regions			
	Auckland (Royal Commission Findings)	Waikato	Northland	Wellington
Community engagement and connectiveness	Low engagement levels and voter turnout	Potential reform provides the opportunity to address local issues through better democratic engagement mechanisms	Engagement performance issues noted	Smaller Councils provide ready access for engagement with elected members and staff
Sustainability into the future	Difficulty in managing growth demands	Challenge in sustaining small local authorities with limited resources	Lowest level of compliance for freshwater sites nationally	Small local authorities will struggle to meet growing service standards

Relevance to the Wellington region

	High
	Medium
	Low

4. Future Trends

In this section we consider national and international trends that are likely to influence the future state of the Wellington region.

4.1 Global Trends

McKinsey has identified five crucibles of change that will restructure the world economy for the foreseeable future¹⁶. These include;

1. The great rebalancing as emerging countries begin to contribute more growth than developed ones.
2. The productivity imperative - where developed world economies will need to generate pronounced gains in productivity to power continued economic growth.
3. The global grid – with the global economy growing ever more connected with freer flows of capital, goods, information and people, which are creating an interlink network that spans geographies, social groups and economies, in ways that permit large scale interactions at any moment.
4. Pricing the planet – the next decade will see an increased focus on resource productivity, the emergence of substantial clean-tech industries and regulatory initiatives to address rising demand for resources where supply is constrained.
5. The market state – which questions how distinct national entities can govern in an increasingly globalised world.

Underpinning the crucibles of change is ever advancing technology which continues to reshape organisational strategy. In this regard McKinsey has identified ten key mega technology trends, including:

1. Value creation through the web will continue to move into the mainstream.
2. Web technologies will continue to expand access to experts around the world.
3. Continued demand around how technologies can be used to keep improving efficiency and effectiveness.
4. The growing tool kit of smart technology that can be used for all sorts of applications.
5. Growing technology for capturing and analysing the vast amount of data being created.
6. The importance of wiring for a sustainable world, given the ability of IT to eliminate carbon emissions through the application of technology.
7. Organisations monitoring, measuring, customising and billing at a much more granular level, given the ability to capture data about services supplied.
8. Continued growth in the multisided business model, where services to one group of consumers can be supplemented by revenues from third parties.
9. Innovation emerging from developing countries where technology is combined with extreme market conditions.

¹⁶ Global Forces: An Introduction, June 2010 McKinsey Quarterly

10. Producing public good on the grid where technology is important in the evolution of new public goods and the role of government in shaping economies.

These trends will impact on the way Councils provide services in the future. Taking water supply as an example, embedded senses could be used to ensure that water flowing through the systems is uncontaminated, safe to drink and identifies leaks while effective metering and billing for water ensures that the appropriate incentives are in place for efficient usage.

Local Views on Mega Trends

Recent work on the Wellington Regional Strategy and Wellington City's 2040 project has identified similar trends to those highlighted in the McKinsey reports. The Wellington Regional Strategy published five external trends that it believed would affect the growth strategy for the region:

1. Peak oil;
2. Climate change;
3. Competition internationally for the 25-45 age group;
4. Global disruption and conflict; and
5. Major shifts in national policies, e.g. energy, international markets, transport and governance.

Wellington City Council more recently has commenced drafting its 2040 strategy and has identified four key trends:

1. Place is everything;
2. Technology city;

3. Older and bolder; and
4. It's not easy being green.

This local analysis is consistent with global thinking and highlights key areas where Councils will have to evolve, particularly if they wish to maintain competitive cities in addition to meeting the Government's growth expectations.

4.2 International Cities

Truly international cities are often defined by the activities and ideas that are generated from within the city that have the ability to shape the world. New York and London, as an example, can lay such a claim with a strong international image that encompasses diverse cultural events, dynamic populations and commanding business and financial clout. Given this background, a number of broad observations have been made about the nature of these cities, including:

1. The idea that an international city is tied more closely to function than size.
2. No international city exists in isolation, rather they are hubs for leaders in a network of centres that facilitate investment and social development.
3. There is no single policy which can lead to the emergence as an international city. Rather, becoming one results from numerous smaller policy goals which through effective, integrated planning in management, have achieved a high level of innovation and implementation of best practice.

Accompanying these broad observations, there are a number of specific attributes which combine to underpin an international city. These ordinarily include:

- Economic power through industry and business concentration;
- Intellectual capital, including universities and research centres;
- Adequate infrastructure to service business and social needs;
- Adequate social infrastructure which deals with critical community concerns around health, education, housing and community safety; and
- Envable lifestyle characteristics.

New Zealand's relative isolation, size and the state of its physical and social infrastructure creates a potential barrier to its cities becoming truly international. However, it is evident that there are significant opportunities for New Zealand metropolitan areas to collaborate to a much greater degree both within and across metropolitan areas.

4.3 Central Government Perspective

John Whitehead¹⁷, Secretary to the Treasury, in a recent address to the Local Government Chief Executives' Forum, outlined the way forward for New Zealand to achieve its growth expectation.

In doing so he advised that raising New Zealand's growth performance and reducing our vulnerabilities will require consistent and incremental improvements across many fronts, including:

- Business environment: Tax, regulation;
- Investment: Skills, innovation, infrastructure;
- Public sector: Better, smarter public services;

- Macro-economy: Stable and sustainable.

He went on to state that natural resources are a key source of competitive advantage, but we need to manage our resources more effectively through:

- Deciding when to exploit non-renewable resources;
- Setting limits on resource use that reflect social, cultural, economic and environmental goals;
- Allocating the remaining resource to highest value economic use – now and over time.

In terms of Resource Management Reform the Government has recognised the need to tune up the resource management framework through:

- 2009 Amendments to provide a streamlined and simplified process; and
- "Phase II" reforms to examine better approaches for infrastructure, urban design and freshwater management, among other things.

The Secretary stressed the importance of infrastructure investment given:

- It is a key part of the Government's economic growth programme;
- There is room for improvement at both the national and local levels; and
- The Government wants to keep working with local government to maximise the economic impacts of investments.

¹⁷ Speech to Local Government Chief Executives' Forum, 18 June 2010

4.4 National Economic Geography Perspective

Philip McCann¹⁸, Professor of Economic Geography at Waikato University, in a recent publication, sought to address the reasons why the country that appeared to have best practice growth driver policies, was an average performer in the OECD. McCann’s argument is predicated on the interrelationship between geographic location, economies of scale and the diversity of production and trade.

He highlighted the growing realisation internationally of the role played by cities in generating “agglomeration economies”.

Evidence suggests:

- There are major advantages associated with industrial and commercial clustering of high value added activities;
- The geographical concentration of these types of activities is becoming more important over time; and
- The importance of cities in shaping not only the spatial distribution of activity but also the spatial distribution of productivity is beyond question.

McCann went on to highlight that all of New Zealand’s regions play a critical role in the country’s exports, and therefore anything that limits accessibility and global engagement, damages the economy as a whole.

A key inference to draw from McCann’s work is that it is vital for regions to operate integrated land use and transport planning regimes. Further, operating competitive land use activities within the same metropolitan areas, is likely to run contra to the agglomeration arguments and lead to low productivity. Allowing competing industrial zones or clusters is an example of this.

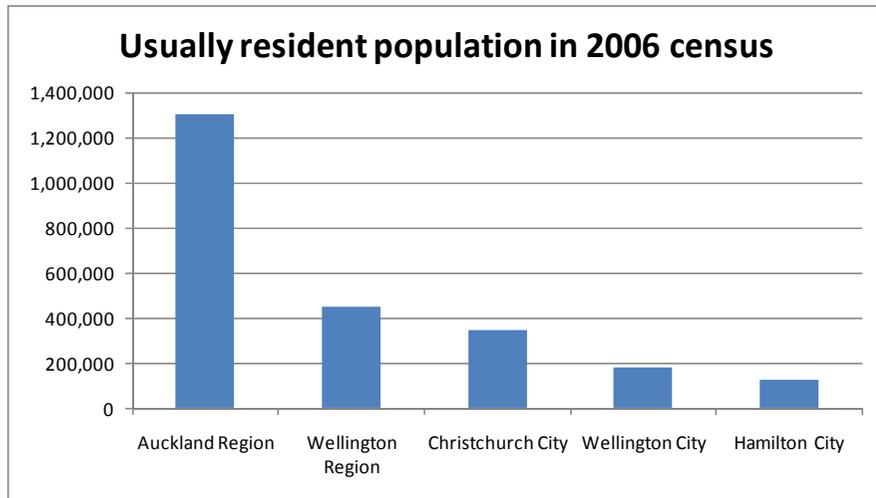
¹⁸ Economic geography, globalisation and New Zealand’s productivity paradox, University of Waikato, December 2009

4.5 The ‘Auckland’ Factor

In the lead-up to the recent local government elections, a number of candidates observed that cities and districts outside of the Auckland region would need to increase their level of engagement with Central Government to ensure that their level of influence is maintained.

Looking at a few of the comparators which will be a factor in the level of influence, there are a number of significant contrasts as the Wellington comparison highlights.

	Auckland	Wellington
Mayor	1	8 plus Chair
CEOs	1	9
Utilities:		
- Water	1	1 bulk, 9 local
- Transport	1	9 local
Total Assets	\$32,440m	\$11,890m
Total Opex	\$ 1,785m	\$ 835m
Total Capex	\$ 807m	\$ 273m
Population Represented	Per graph	Per graph



The opportunity presented by a stronger regional approach also potentially provides benefits beyond the ability to influence central government. For instance, the annual spend of key central government service delivery agencies within cities and districts far exceeds that of local Councils. Having a united pan-region approach is likely to have a more direct impact on how agency expenditure is targeted within communities.

4.6 Challenges for Wellington

This section on future trends highlights that the Wellington region faces similar challenges to many other regional and metropolitan areas. Globalisation and the ease with which both people and investment can move rapidly around the world, are challenges the region will need to address if it wants to both ensure growth and influence the way growth occurs.

Specifically the trends highlighted through this section pose several key questions:

1. Productivity - what steps can the region take to improve productivity?

2. Technology - how this can be utilised to support productivity improvements and growth?
3. Sustainability - how can the growing cost of resources be managed more effectively?
4. Population
 - How can the region accommodate growth equivalent to the addition of two Porirua Cities over the next 20 years;
 - How to address the needs of the ageing population including a likely increase in demand for publicly provided goods and services; and
 - How to attract and retain younger talent.
5. International city attributes
 - How to facilitate industry and business concentration without the benefit of a fully integrated land use plan;
 - How to grow and improve infrastructure to meet the combined needs of population change, technology based industry and efficient transport of people, goods and services; and
 - How the spend of the wider public service agencies can be efficiently and effectively targeted.

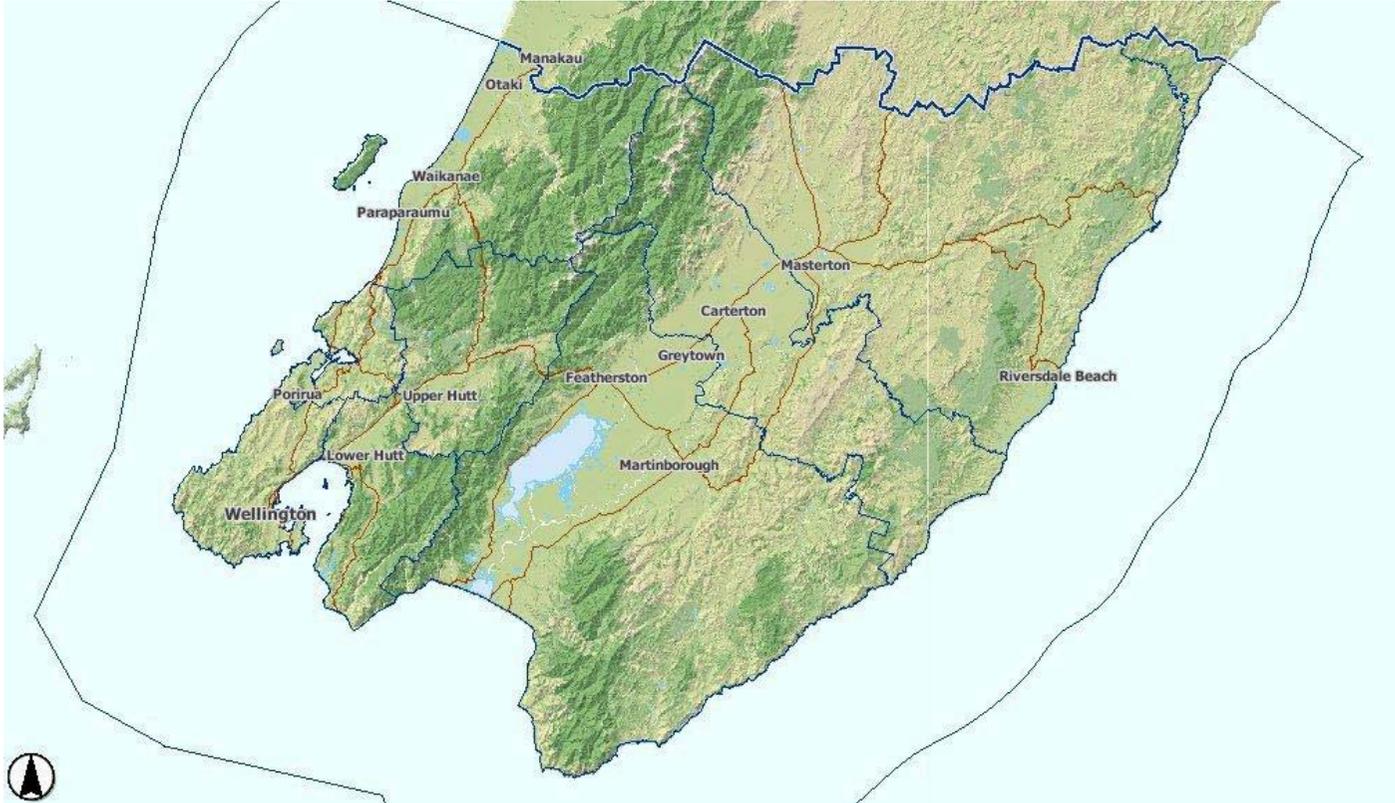
Given these trends are well signalled, the region can plan for them. It is inevitable that change will occur. The question is how the Wellington region can best position itself to address future challenges.

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.

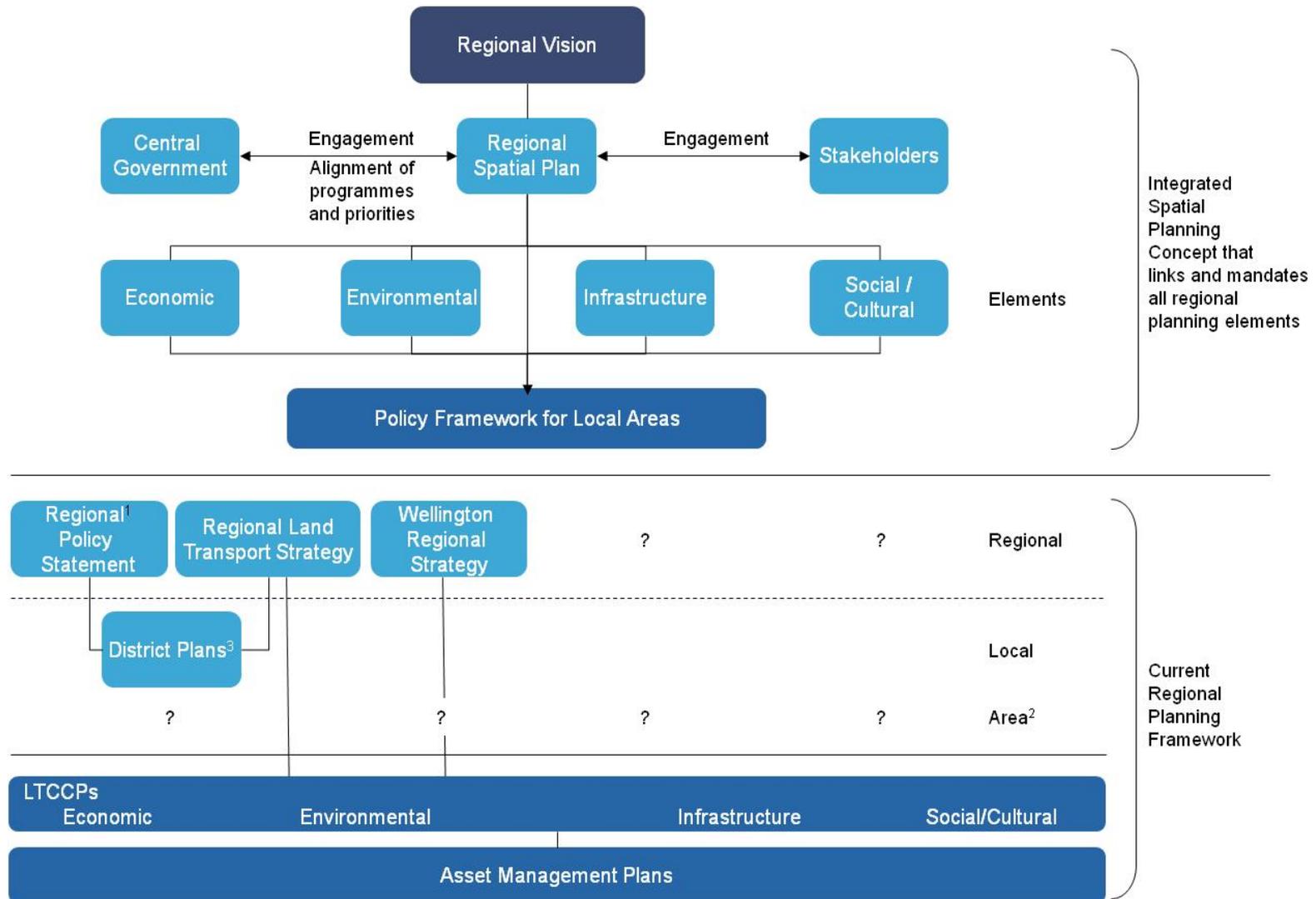
Regional Spatial Plan

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

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:

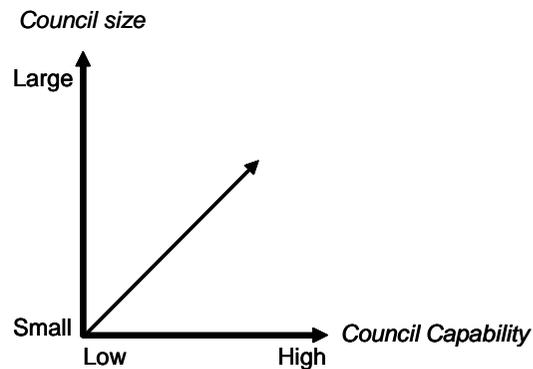
1. Regional Vision

- 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.

7. Opportunities

This review has identified a number of opportunities which, if pursued in combination with a programme to address key issues, would strengthen the Wellington region and the well-being of its citizens now and into the future.

Structural change options although not considered in any detail in this report are highlighted in the next section. The scope of our Review was to focus on the consideration of issues and opportunities.

In the course of the Review, the following generic opportunities were identified:

- Developing a single spatial planning regime for the region;
- In lieu of governance changes, developing an approach to ensure agreed regional priorities are mandated and adopted as policy at the local level and executed;
- Utilising technology to enable economic development at a local and regional level e.g. building on the metropolitan broadband infrastructure already in place along the rail corridors;
- Regionalising key infrastructure, e.g. transport and water management;
- Reforming regional and local service delivery, including economic development, so that delivery is based on who can best achieve the outcomes;
- Operating and leveraging services and assets as a single region while maintaining local connectivity;

- Building on sub-regional initiatives/sharing achieved to date, e.g. landfill, district planning, water and wastewater;
- Improving efficiency and service delivery through the prioritisation and adoption of common IT standards, portals and software;
- Defining and optimising the place of the Wairarapa sub-region within the greater Wellington region;
- Maintaining and reinforcing local identity and influence in decision-making while achieving the benefits of greater regional collaboration and service delivery; and
- Considering the role of central government as a major employer and ratepayer to understand future potential collaboration opportunities.

The initiatives overleaf have been derived taking into account the current status of the elements and overlaying sector guiding practice, current reforms and emerging trends.

Implementation of further regionally based activities, e.g. rating, water management, will impact on the critical mass of the smaller Councils in particular. This will need to be an overriding consideration during any change process.

Regional Strategic Framework	<p>Utilisation of a regional forum comprising regional and local government representatives to:</p> <ul style="list-style-type: none"> – develop a single coherent regional vision and strategic framework; – develop a “spatial” implementation plan with specific actions, timeline and accountabilities; – oversee implementation; – consider how efficiency could be enhanced through the utilisation of CCO operations; – make recommendations to Central Government agencies on their policy and expenditure; – develop a single integrated district plan for the region; and – agree how this will be implemented in a binding manner on all the participants including a possible binding agreement between local and central government on priorities.
Economic Development	<p>Explicitly identify, debate and resolve all issues that result in local competition or resistance to change, e.g. retail strategy, industrial / commercial area zoning, economic clusters, government department hosting.</p> <p>Wellington regional economic development strategy once agreed should be adopted by the Councils to implement.</p> <p>Develop an agreed understanding of the role of the different communities and areas in an integrated regional strategy.</p> <p>Develop an agreed understanding of the role of central government as the major rate paying regional customer.</p> <p>Explore the opportunity for technology based opportunities given the broadband infrastructure already in place along the Hutt rail corridor.</p>
Transport	<p>All Councils give effect to the Regional Land Transport Strategy (RLTS).</p> <p>Councils consider the merits of a national bulk funding arrangement with NZTA consistent with the RLTS.</p> <p>Councils review the merits of a regional transport entity subject to standard CCO provisions.</p> <p>This could incorporate regional arterials and rail infrastructure could be transferred to the transport entity.</p>
Three Waters	<p>Regional water forum established to produce a Three Waters strategy (including irrigation) which parties must give effect to.</p> <p>Establish a jointly owned vertically and horizontally integrated water entity.</p> <p>Consider as a region the approach to how funding the irrigation opportunity can be progressed.</p>

Regional Facilities	All Councils fund designated regional facilities, according to the agreed regional plan.
Regional Services	<p>Define and agree activities which are best delivered locally and regionally to consider options for more effective and efficient delivery. Generic back office functions, e.g. rating to be divested into a dedicated regional shared services CCO, subject to business case.</p> <p>Waste management and landfill management to be considered on an integrated regional/sub-regional basis, through a CCO framework.</p> <p>Consideration of the impact of technology as a major service and efficiency transformation tool, could be harnessed regionally to improve effectiveness and efficiency of services.</p> <p>Consider leveraging off changes currently occurring in the wider legislative environment e.g. RMA, Building Act.</p>

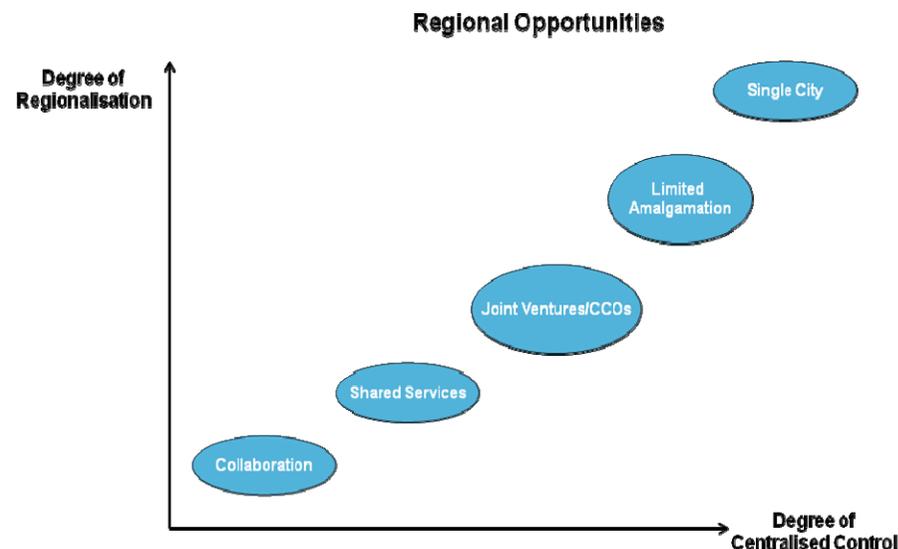
8. Governance Options

Although the identification of governance options was not strictly part of the scope of our Review, they were repeatedly raised during our discussions. We have not analysed the governance options in detail or made a recommendation given they are intended to be reviewed in detail subsequent to the October 2010 elections.

There are six governance options to consider:

1. Status quo;
2. Strengthened Regional Council;
3. Logical clusters;
4. Two tier local government (i.e. regional services delivered by a single regional Council. Local services delivered by local Councils with all services funded through a single regional rating system);
5. Sub regional unitary authorities (Wellington and Wairarapa)²⁴; and
6. A single regional unitary authority.

Each option needs to be considered in the context of the region-wide opportunities identified. A number of these opportunities could be considered adjuncts to options e.g. a stronger regional planning framework and substantive shared services. If pursued, these opportunities would drive changes to all of the options, including the status quo because they fit into a broad spectrum of regional service delivery.

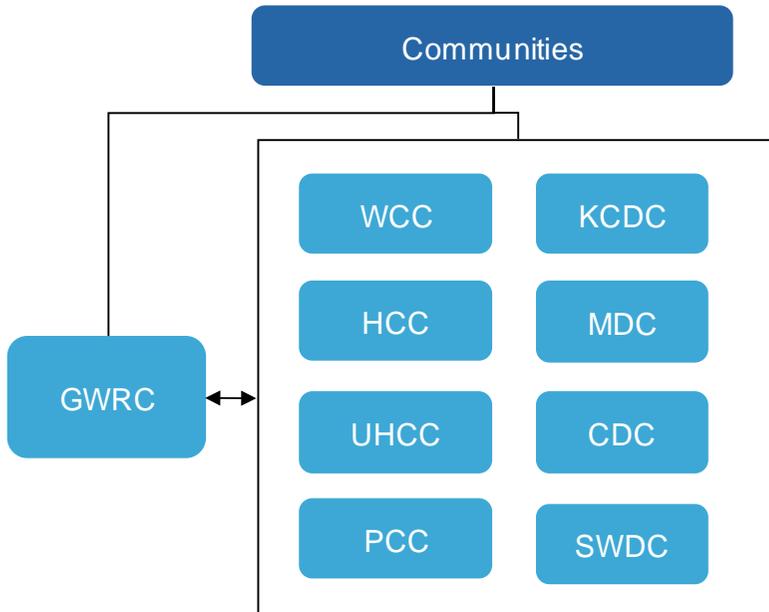


Each option has benefits and limitations. We have undertaken a high level assessment of each option against the following criteria:

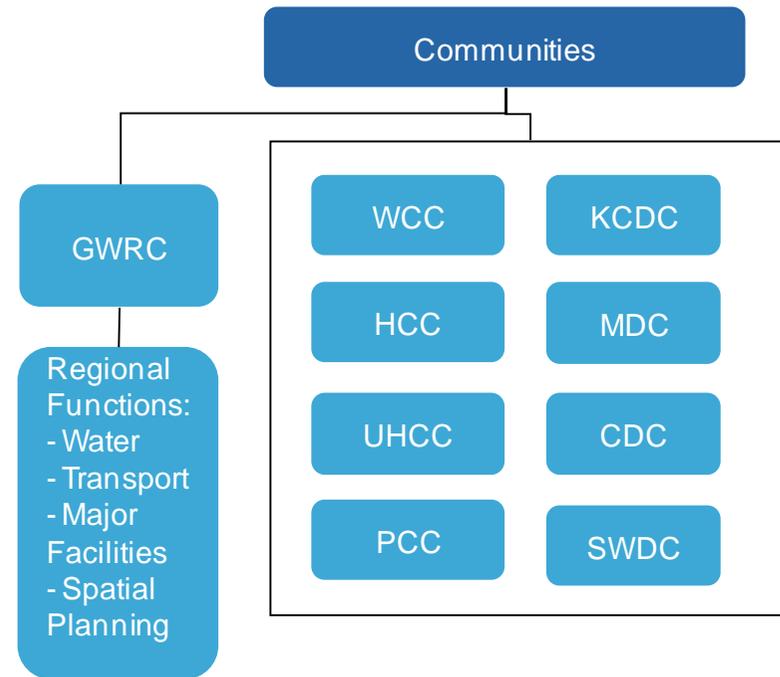
- Regional leadership;
- Duplication;
- National engagement;
- Local engagement;
- Funding allocation and priorities;
- Fragmented decision-making; and
- Lack of a regional framework.

²⁴ Noting that other combinations are possible

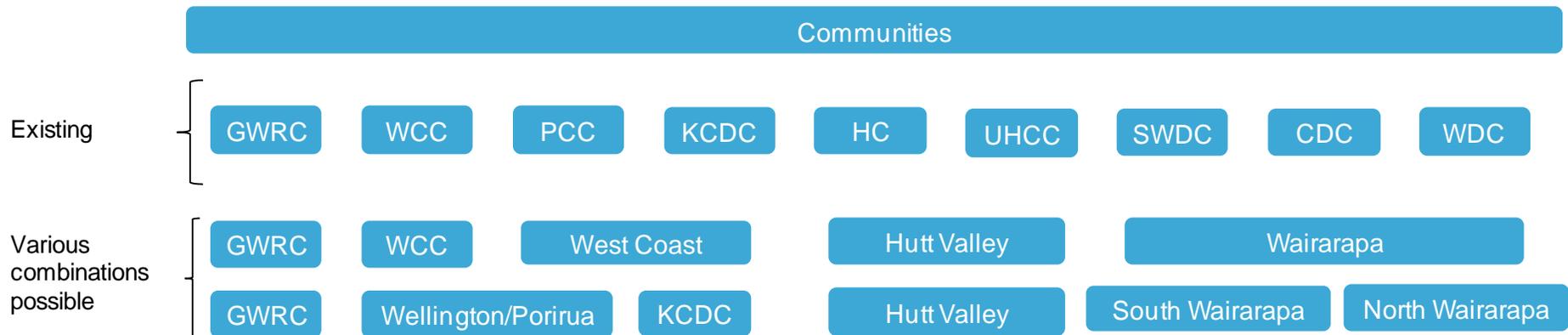
1. Status Quo



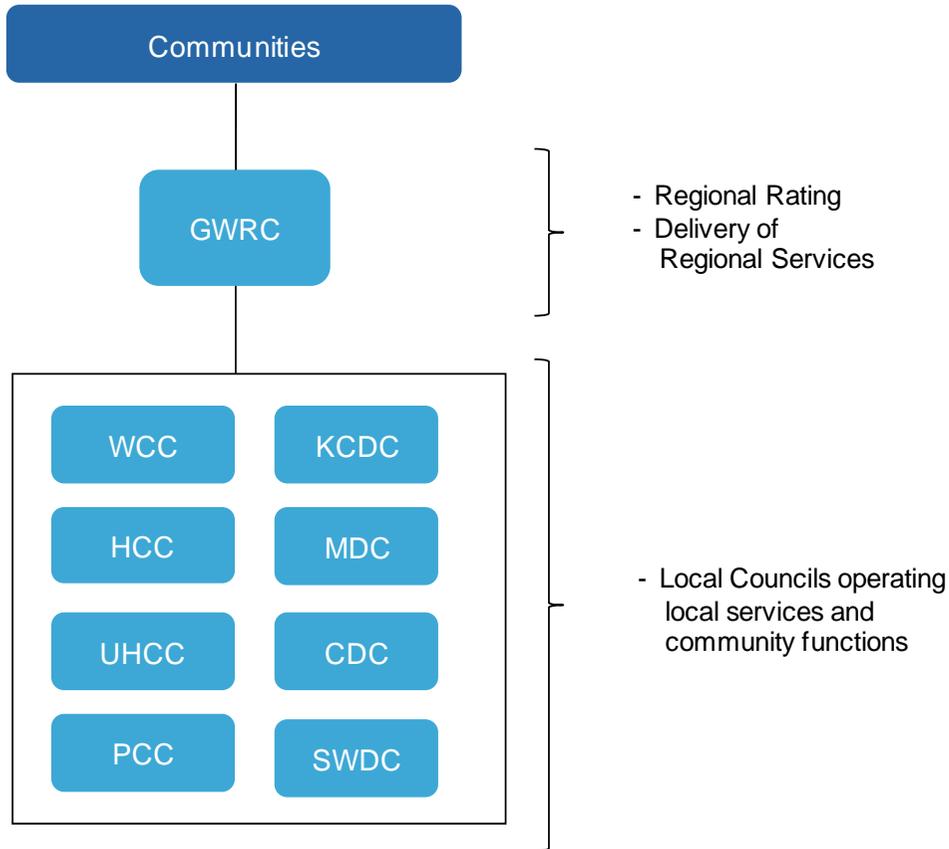
2. Strengthened Regional Council



3. Local Clusters



4. Two Tier Local Government

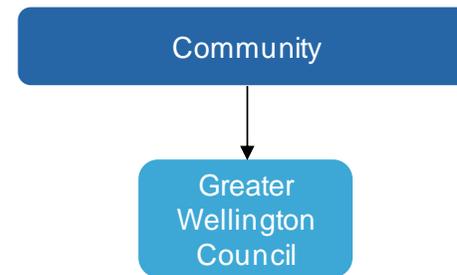


5. Sub Regional Unitary Authorities



(Note: Other combinations are possible)

6. Regional Unitary Authority



High Level Assessment of Options

	Regional Leadership	Duplication	National Engagement	Local Engagement	Funding Allocation and Priorities	Fragmented Decision-making	Lack of Regional Framework
1. Status quo	9 regional leaders - diffuse leadership	Multiple organisations and processes	No change	No change	Ongoing issues of capacity and responsibility for funding	Nine sovereign authorities with no primary/secondary decision making mandated	Some framework in place, non-binding
2. Strengthened Regional Council	Single regional leader on certain issues	Multiple organisations with less duplication of regional functions	Improved	Engagement on local issues only	Better prioritisation of regional projects	Fragmentation improved	Regional framework enhanced; non-binding
3. Logical Clusters	Several regional leaders - diffuse leadership	Multiple organisations with less duplication	Unlikely to materially improve current engagement issues	Unlikely to change public perception or citizen involvement	Unlikely to materially improve current regional issues	Some fragmentation remains	Framework may improve; lack of binding mandate likely to remain
4. Two Tier Local Government	Single regional leader on certain issues	Multiple organisations with less duplication of regional functions	Improved	Engagement on local issues only	Prioritisation of regional projects	Fragmentation improved	Regional framework enhanced with possible binding mandate

High Level Assessment of Options (continued)

	Regional Leadership	Duplication	National Engagement	Local Engagement	Funding Allocation and Priorities	Fragmented Decision - making	Lack of Regional Framework
5. Sub Regional Unitary Authorities	2 regional leaders	Substantial duplication removed	Likely to be more effective with two sub-regions engaging	Likely to change public perception and citizen involvement	Funding of regional activities remains an issue and more costly	Fragmentation substantially reduced	Regional framework will have to be recreated, lack of binding mandate likely to remain
6. Regional Unitary Authority	Single regional leader and leadership structure	Single multi-functional authority without duplication	Single point of engagement	New model of community involvement required	Authority able to accept responsibility for regional and local activities and make trade-offs	Fragmentation eliminated	Single multi-functional authority able to plan and mandate regional framework

We are firmly of the view that some change of a structural nature provides the opportunity to be more effective than the collaborative model if the region wishes to:

- Achieve a unified vision and plan;
- Enable better governance and decision-making;
- Be cost effective and efficient;
- Deliver equitable impacts across the region; and
- Be resilient and sustainable into the future.

9. Conclusions and Next Steps

The Wellington region is well positioned to enhance the well-being of the region, while addressing the current external drivers of change:

- The emerging changes in the external operating environment;
- The inherent planning dysfunctionality of the current legislative framework;
- The Minister's "Smarter Government – Stronger Communities" programme;
- A "powered up" Auckland region; and
- The business case for greater regional collaboration.

The critical issue in addressing these drivers is how the Wellington region can genuinely collaborate and agree on necessary changes. History has shown that if there is no legislative imperative, local government units will not give up power and control. If Wellington as a region is to succeed it will require a bolder approach underpinned by strong and focused political leadership to drive change.

The requirement for regional leadership was evident from the Review feedback and data collection processes, which attempted at the outset to group themes into the following change categories:

- What is working well?
- What could be done better?
- What is broken or not being addressed?

Analysis of the Council workshop and executive meeting data in particular, highlighted that:

- As individual civic entities, the Councils are functioning well and providing good services to citizens in areas such as recreation infrastructure and customer services;
- There was no unanimous endorsement of any theme working well;
- Transport and some aspects of infrastructure did feature as working well, but were linked to the particular locality and situation;
- Functions that featured in the doing better or to be fixed category albeit again not unanimous, included:
 - Economic development;
 - Regional strategy;
 - Three Waters; and
 - Service delivery.
- Major areas of concern looking forward, included:
 - Economic development;
 - Transport; and
 - Three Waters.

Despite significant cross-over between these categories, there are several opportunities for the Wellington region to pursue.

Consultation with external stakeholders amplified concerns about the current approach and governance arrangements, and the need for change.

Following the consideration of this Review and the associated issues and opportunities by the regional Chief Executives' Forum in September, and Mayoral Forum in October, a number of subsequent steps for the incoming Councils in October 2010 are possible. These steps could include:

1. Confirmation that decisive and collaborative leadership is critical to move the Review forward.
2. Agreement over those activities and services which are operating well, and which do not require any further intervention at this stage.
3. Consideration of the approach to address those areas which do require enhancement or where there are opportunities to be pursued in:
 - Regional Governance;
 - The regional strategic framework, including a spatial plan;
 - Economic development;
 - Transportation;
 - Three Waters, including irrigation;
 - Regional facilities; and
 - Regional services.
4. Development of a programme, including prioritisation and timetable by which these matters will be addressed.
5. Consideration of associated structural opportunities which would enhance the implementation of the opportunities highlighted in this Review.

Appendix A: Restrictions

This report has been prepared solely for the purposes stated herein and should not be relied upon for any other purpose.

In preparing this report and forming our opinion, we have relied upon, and assumed the accuracy and completeness of, all information available to us from public sources and furnished to us by the nine Wellington region Councils.

We have evaluated that information through analysis, inquiry and review but have not sought to verify the accuracy or completeness of any such information. It should not be construed that we have conducted an audit of the information we have used.

This report has been prepared solely for use by the nine Wellington region Councils and may not be copied or distributed to third parties without our prior written consent.

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this report and/or any related information or explanation (together, the "Information"). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

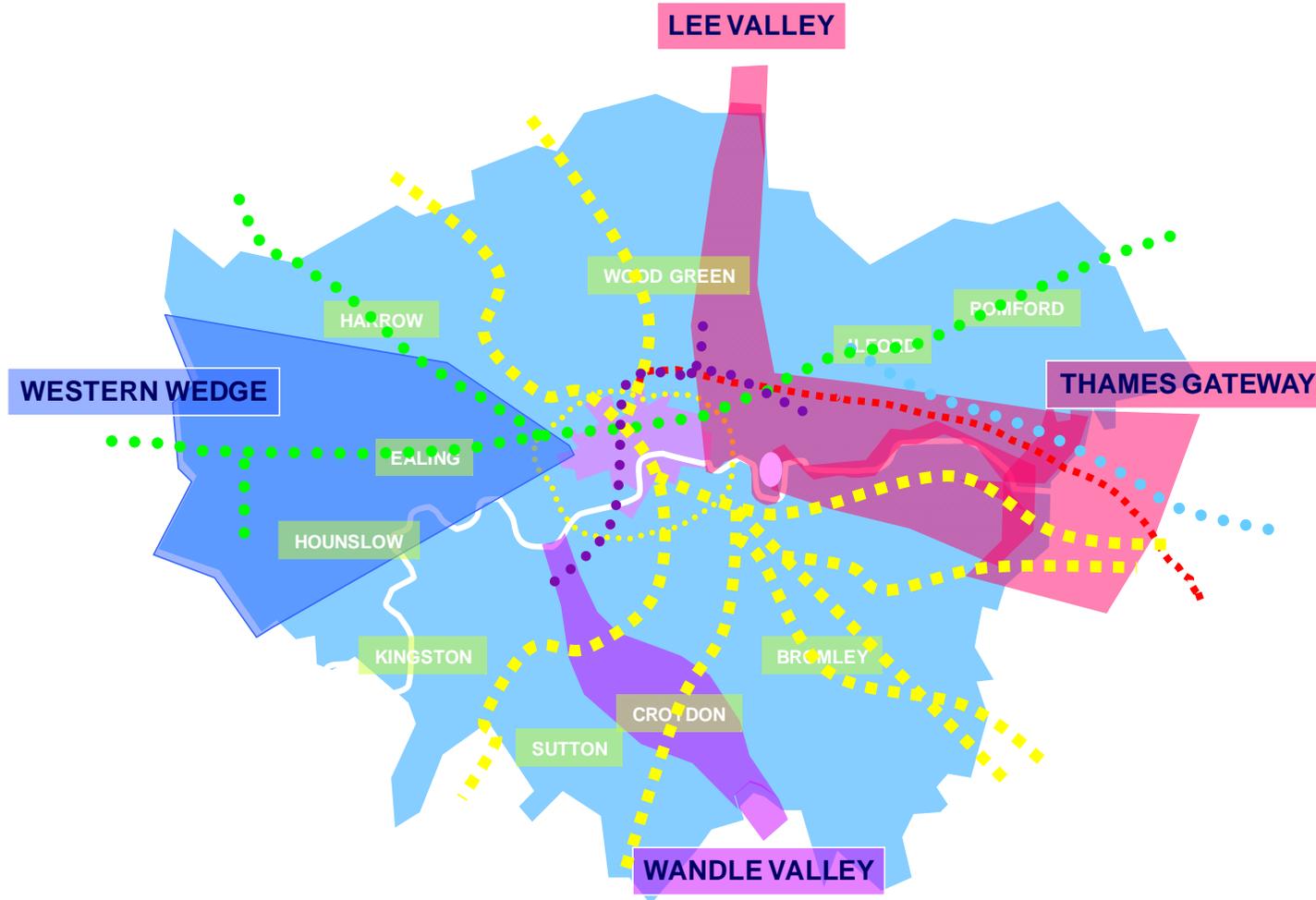
Our report has been prepared with care and diligence and the statements and opinions in the report are given in good faith and in the belief on reasonable grounds that such statements and opinions are not false or misleading. No responsibility arising in any way for errors or omissions (including responsibility to any person for negligence) is assumed by us or any of our partners or employees for the preparation of the report to the extent that such errors or

omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

We reserve the right, but are under no obligation, to revise or amend our report if any additional information (particularly as regards the assumptions we have relied upon) which exists at the date of our report, but was not drawn to our attention during its preparation, subsequently comes to light.

This report is issued pursuant to the terms and conditions set out in our Engagement Letter dated 5 May 2010 and the Terms of Business attached thereto.

Appendix B: London Spatial Plan



The spatial plan sets out an integrated economic, environmental, infrastructure and social planning framework. At the highest level shown here, it highlights key aspects such as mandated land use and transport corridors. There are many layers to this plan, and this diagram depicts only the highest level.

Source: Big Cities, Economic Development, Local Government? What might Auckland contribute to national economic success? Greg Clark

Appendix C: Council Financial and Statistical Information

Key Council Statistics

	Carterton	Masterton	South Wairarapa	Greater Wellington	Hutt City	Kapiti Coast	Porirua	Upper Hutt	Wellington
Number of employees in 2010	37	80	33	410	413	261	307	177	1,282
Usually resident population in 2006 census	7,101	22,623	8,889	448,956	97,701	46,197	48,546	38,415	179,466
Usually resident population in 2001 census	6,852	22,617	8,739	423,765	95,490	42,444	47,367	36,369	163,827
Number increase/decrease	249	6	150	25,191	2,211	3,753	1,179	2,046	15,639
Percentage change	3.6%	0.0%	1.7%	5.9%	2.3%	8.8%	2.5%	5.6%	9.5%
Land area km	1,145	2,299	2,457	8,130	377	731	182	540	290
People per km 2006	6	10	4	55	259	63	267	71	619
Median income 2006 (Population aged > 15 years)	22,200	21,700	24,100	28,000	27,300	23,000	26,300	26,900	32,500
Rates revenue per resident (census 2006)	938	805	1,211	176	820	855	1,042	835	1,141
Population/FTE	192	283	269	1,095	237	177	158	217	140

Financial Summary – 2009/10

\$000	Carterton	Masterton	South Wairarapa	Greater Wellington	Hutt City	Kapiti Coast	Porirua	Upper Hutt	Wellington
Operating Revenue	11,014	30,074	15,439	168,867	124,180	51,701	58,793	38,616	366,189
Operating Expenditure	9,869	30,069	13,920	162,502	120,720	52,475	63,396	40,145	342,061
Capital Expenditure	3,707	17,704	6,489	32,136	27,374	32,156	11,267	9,797	132,191
Current Assets	6,249	4,037	7,306	78,405	29,038	14,328	23,502	10,481	37,040
Non Current Assets	135,781	595,624	382,596	707,996	1,160,095	793,926	1,116,926	513,868	6,273,726
Total Assets	142,030	599,661	389,902	786,401	1,189,133	808,254	1,140,428	524,349	6,310,766
Current Liabilities	1,525	5,217	3,423	71,865	69,460	26,471	39,579	7,122	176,759
Non Current Liabilities	2,093	18,480	8,491	79,693	33,586	85,788	17,710	19,268	240,079
Total Liabilities	3,618	23,697	11,914	151,558	103,046	112,259	57,289	26,390	416,838
Public Equity	138,411	575,965	377,988	634,843	1,086,087	695,995	1,083,139	497,959	5,893,928
Revenue derived from rates	6,661	18,218	10,769	79,093	80,087	39,479	50,587	32,063	204,841
% of revenue	60%	61%	70%	47%	64%	76%	86%	83%	56%

Rates Revenue Three Year Comparison

\$000	Carterton	Masterton	South Wairarapa	Greater Wellington	Hutt City	Kapiti Coast	Porirua	Upper Hutt	Wellington
Rates 2008	5,459	15,828	7,216	94,276	73,607	34,415	36,333	23,685	191,373
Rates 2009	5,970	17,249	8,126	100,671	77,321	36,752	38,531	25,064	206,264
\$ Change 2008-2009	511	1,421	910	6,395	3,714	2,337	2,198	1,379	14,891
% 2009	9%	9%	13%	7%	5%	7%	6%	6%	8%
Rates 2010	6,661	18,218	9,545	102,553	80,587	39,479	39,679	26,175	213,992
\$ Change 2009-2010	691	969	1,419	1,882	2,766	2,727	1,148	1,111	7,728
% 2010	12%	6%	17%	2%	4%	7%	3%	4%	4%

Operating Expenses by Function

\$000	CDC		Masterton		South Wairarapa		Greater Wellington		Hutt City		Kapiti Coast		Porirua		Upper Hutt		Wellington	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Water	2,212	22%	5,934	20%	2,373	17%	26,077	16%	30,770	25%	14,248	27%	19,328	30%	12,693	32%	82,071	24%
Transport	3,058	31%	9,489	32%	4,484	32%	90,150	55%	23,511	19%	9,171	17%	8,845	14%	7,416	18%	48,561	14%
Other	4,599	47%	14,646	49%	7,063	51%	46,275	28%	66,439	55%	29,056	55%	35,223	56%	20,036	50%	211,429	62%
Total Opex	9,869	100%	30,069	100%	13,920	100%	162,502	100%	120,720	100%	52,475	100%	63,396	100%	40,145	100%	342,061	100%

Transport

\$000	Carterton	Masterton	South Wairarapa	Greater Wellington	Hutt City	Kapiti Coast	Porirua	Upper Hutt	Wellington
Operating Revenue	1,699	2,149	2,997	87,819	11,077	2,797	2,120	12,052	41,040
Operating Expenditure	3,058	9,489	4,484	90,150	23,511	9,171	8,845	7,416	48,561
Capital Expenditure	1,622	6,155	2,166	9,424	8,525	39,755	2,204	4,636	33,507

Note - Greater Wellington opex excludes public transport improvements funded by capital grants provided for improvements where GWRC will not own the resulting asset

Water and Wastewater

\$000	Carterton	Masterton	South Wairarapa	Greater Wellington	Hutt City	Kapiti Coast	Porirua	Upper Hutt	Wellington
Operating Revenue	402	3,674	640	25,432	5,588	13,774	5,247	15,027	83,246
Operating Expenditure	2,212	5,934	2,373	26,077	30,770	14,248	19,328	12,693	82,071
Capital Expenditure	1,326	5,445	2,752	8,003	6,746	4,467	4,878	2,334	23,625

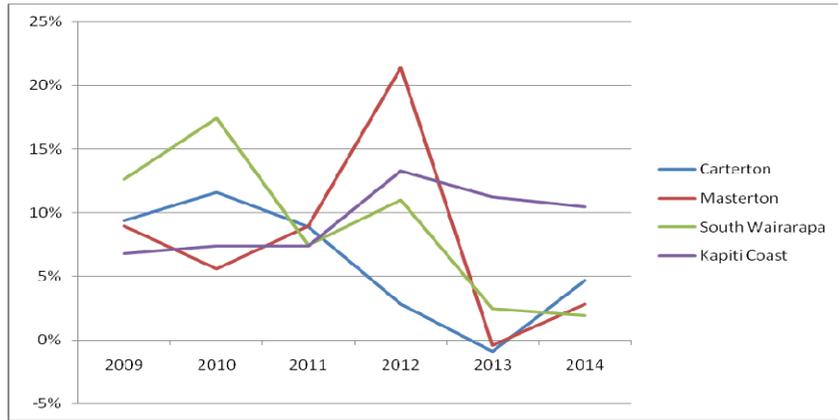
Note - Revenue for water and wastewater is not identified separately within the environment function. It has therefore been apportioned according to the % of opex and capex by water and wastewater

Rates Revenue Comparison 2008 -2014

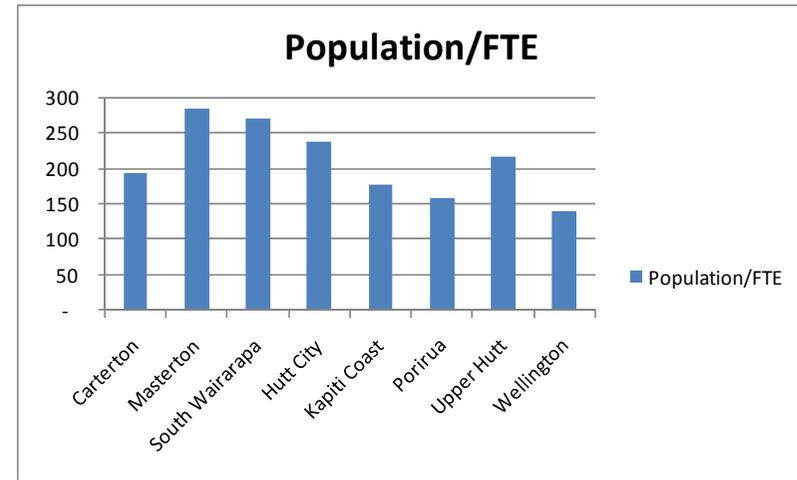
\$000	Carterton	Masterton	South Wairarapa	Kapiti Coast	Greater Wellington	Hutt City	Porirua	Upper Hutt	Wellington
Rates 2008	5,459	15,828	7,216	34,415	69,989	73,607	36,333	23,685	191,373
Rates 2009	5,970	17,249	8,126	36,752	76,200	77,321	38,531	25,064	206,264
\$ Change 2008-2009	511	1,421	910	2,337	6,211	3,714	2,198	1,379	14,891
% 2009	9%	9%	13%	7%	9%	5%	6%	6%	8%
Rates 2010	6,661	18,218	9,545	39,479	79,093	80,587	39,679	26,155	213,992
\$ Change 2009-2010	691	969	1,419	2,727	2,893	3,266	1,148	1,091	7,728
% 2010	12%	6%	17%	7%	4%	4%	3%	4%	4%
Rates 2011	7,253	19,851	10,254	42,391	80,892	82,712	42,471	27,268	221,987
\$ Change 2010-2011	592	1,633	709	2,912	1,799	2,125	2,792	1,113	7,995
% 2011	9%	9%	7%	7%	2%	3%	7%	4%	4%
Rates 2012	7,458	24,098	11,383	48,028	86,589	85,359	45,201	28,752	236,632
\$ Change 2011-2012	205	4,247	1,129	5,637	5,697	2,647	2,730	1,484	14,645
% 2012	3%	21%	11%	13%	7%	3%	6%	5%	7%
Rates 2013	7,391	24,003	11,666	53,425	94,000	88,090	47,356	29,127	241,675
\$ Change 2012-2013	- 67	- 95	283	5,397	7,411	2,731	2,155	375	5,043
% 2013	-1%	0%	2%	11%	9%	3%	5%	1%	2%
Rates 2014	7,739	24,677	11,889	59,013	102,149	90,909	49,153	29,842	246,875
\$ Change 2013-2014	348	674	223	5,588	8,149	2,819	1,797	715	5,200
% 2014	5%	3%	2%	10%	9%	3%	4%	2%	2%

Recent % Rates Movements

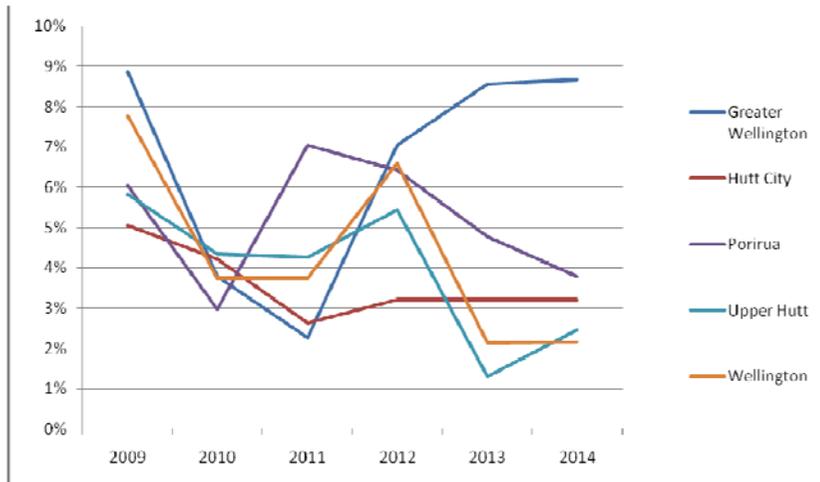
District Councils



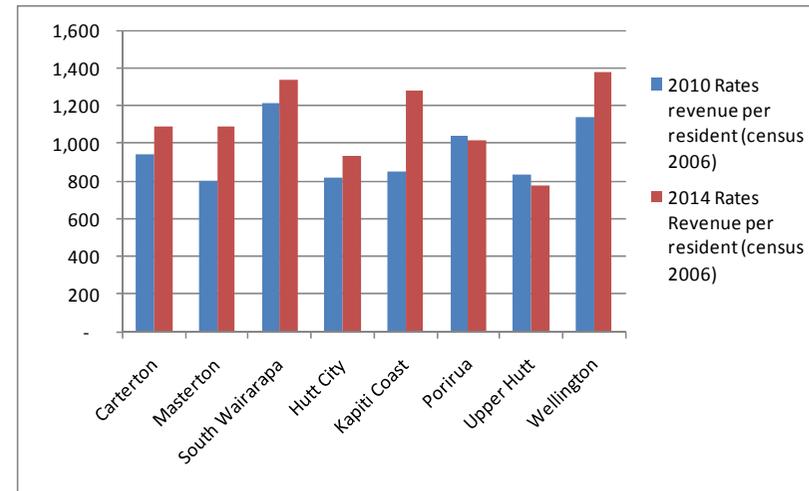
Population/FTE¹



City Councils and Regional Council



2010 and 2014 Rates Revenue per Resident¹



Source: Annual Reports, Annual Plans and LTCCPs

Source: Department of Statistics/Wellington Councils LTCCPs

¹ Excludes Greater Wellington Regional Council for comparative purposes

Appendix D: External Stakeholders Interviewed

Name	Title	Organisation
Jenny Chetwynd	Regional Director	New Zealand Transport Agency
Paul Wilson	Project Delivery Manager	Meridian Energy
David Gray	Chief Executive Officer	Westpac Regional Stadium Trust
Te Waari Carkeek	Chair	Ngati Raukawa
Anders Crofoot	President	Wairarapa Federated Farmers
Simon Calvert	Executive Director	Porirua Chamber of Commerce
Paul Winder	Chief Executive	NZ Chamber of Commerce
Helen Chipper	Operator	Moana Lodge
Bob Francis	Chair Former Mayor	Wairarapa District Health Board Masterton District Council
Robin Dunlop	Member	Wairarapa Development Group
Stephanie Gunderson-Reid	CEO	Wairarapa Chamber of Commerce
Paul Jordan	Director	JNL
Dame Margaret Bazley	Former Commissioner	Royal Commission on Auckland Governance

Name	Title	Organisation
Leo Austin	Chair	Hutt Valley Chamber of Commerce
Michelle Riwai	Manager	Housing New Zealand
Linda Going	Partner	Phillips Fox
Malcolm Gillies	CEO	Gillies Group
Sue Trueman	CEO	UH Chamber of Commerce
Peter Richardson	Chair	Upper Hutt Law Expressions Arts and Centre
Sir Noel Robinson	Owner	Paraparaumu Airport
Chris Barber	Chief Executive	Nature Coast
Gordon Strachan	Board Member	Former KCDC Councillor Kapiti PHO
Wendy Huston	Manager Previous Chair	Seven Oaks Retirement Village Kapiti Chamber of Commerce
Steven Quinn	Partner	Phillips Fox
Sir John Anderson	Chair	Wellington Regional Strategy
Lloyd Morrison	Executive Chair	Infratil
Tim Brown	Financial Advisor	Infratil
Sir Ngatata Love	Chair	Port Nicholson Block Settlement Trust
Murray McCaw	Chair	Grow Wellington
Tom Grealley	General Manager	Weta Workshops

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