

Mayor and Councillors
COUNCIL

14 MARCH 2013

Meeting Status: **Public**

Purpose of Report: For Decision

REGIONAL GOVERNANCE WORKING PARTY REPORT BACK

PURPOSE OF REPORT

- 1 This report seeks approval to participate in a regional consultation process on a possible single city option for the Wellington region and to undertake specific consultation within the Kāpiti Coast District, including a survey. These processes will assist in informing Council of community views prior to determining whether to support a formal application to the Local Government Commission later in the year.

Background

- 2 At its meeting of 29 November 2012 (SP12-746 refers), the Council agreed to participate in discussion with other councils interested in exploring a single city option. A working party was formed to investigate this option involving Greater Wellington Regional Council, Porirua City Council, Wellington City Council and Kāpiti Coast District Council. The working party membership is mixed with each council being represented by up to three Elected Members plus its Chief Executive. The elected representatives from Kāpiti Coast District Council are the Mayor and Councillors Booth and Gaylor, with Councillor Lester as the alternate.
3. As the three Wairarapa councils and two Hutt councils had each stated the intent to seek different outcomes, they were not invited to join the Working Party but there were opportunities for dialogue. There have, however, been discussions on the overall timeframe for applications, to allow all groups to be ready to respond to any call for alternatives by the Local Government Commission following receipt of an application.
4. The initial focus of the Working Party was on a single unitary authority with statutory local boards (two tier) as provided for in the December 2012 amendment to the Local Government Act 2002. This option had not previously been available for consideration. Though initially focused on developing a two-tier governance model the Working Party agreed to include two models for potential consultation. The models developed provide for the Wairarapa either to be in the single city structure or not, and for the inclusion of seats for Maori, should this be the preferred approach endorsed by manawhenua iwi.
5. The Working Party was not established to make decisions but rather to develop a report to the constituent councils on its conclusions. Each Council must make its own decision as to whether they will undertake consultation on the Working Party conclusions. The remainder of this report introduces the report to councils from the Working Party and discusses the next steps that the Council may wish to take on this matter.

SIGNIFICANCE OF DECISION

6. The Council's significance policy is not triggered by this report. While the matter is important to the community, the Council is not proposing to take any particular position at this stage. The Local Government Commission will undertake consultation on any formal proposal it might develop after considering any proposals put to it.

CONSIDERATIONS

7. At the time of writing, there are three groups of councils considering reorganisation options in the region:
 - The three Wairarapa councils (South Wairarapa District Council; Carterton District Council and Masterton District Council) formed the Wairarapa Governance Review Working Party. Their preferred option is a Wairarapa unitary authority, amalgamating the three councils and assuming the Wairarapa responsibilities of the Greater Wellington Regional Council
 - The two Hutt councils (Upper Hutt City Council and Hutt City Council) favour no change, but if change was to occur, appear likely to recommend a merging of the two councils and becoming a unitary authority, assuming the Hutt Valley responsibilities of the Greater Wellington Regional Council. In effect this would be a multi-unitary authority option.
 - The Local Government Working Party (the councils of Greater Wellington Region, Porirua City, Kapiti Coast District and Wellington City) exploring a single city option.

Report of the Joint Working Party

8. The report of the Working Party report entitled 'Realising the Potential of the Wellington Region: Conclusions of the joint Working Party on local government reform' is attached at Appendix 1. It sets out the reasons why change from the status quo could be of benefit to the region, the principles that guided the Working Party in reviewing possible models, the models themselves and a financial commentary.
9. It is important to note that the Working Party purpose has been to explore a single city governance arrangement which would amalgamate all of the Councils west of the Rimutaka Ranges (but be capable of including the Wairarapa councils) and disestablish the Regional Council. The amalgamated single city would be a unitary authority.
10. The Working Party report briefly notes and rejects options which would see a multi-unitary authority structure west of the Rimutaka Ranges. This is on the grounds that this would be even less effective than the status quo as there would be no regional overview of such things as transport and less opportunity for the development of a strong voice for Wellington as a whole. Delivery of certain functions would require the establishment of CCOs.
11. The focus of the Working Party has been on how a single city governance system can

help realise the potential for the region to provide well for its residents and businesses and contribute positively along with other metropolitan areas such as Auckland and Christchurch to national wellbeing. That is, the case for change is not driven by a sense of competition with other major centres for resources but by the desire to further develop the ability of the region to contribute effectively alongside other parts of New Zealand.

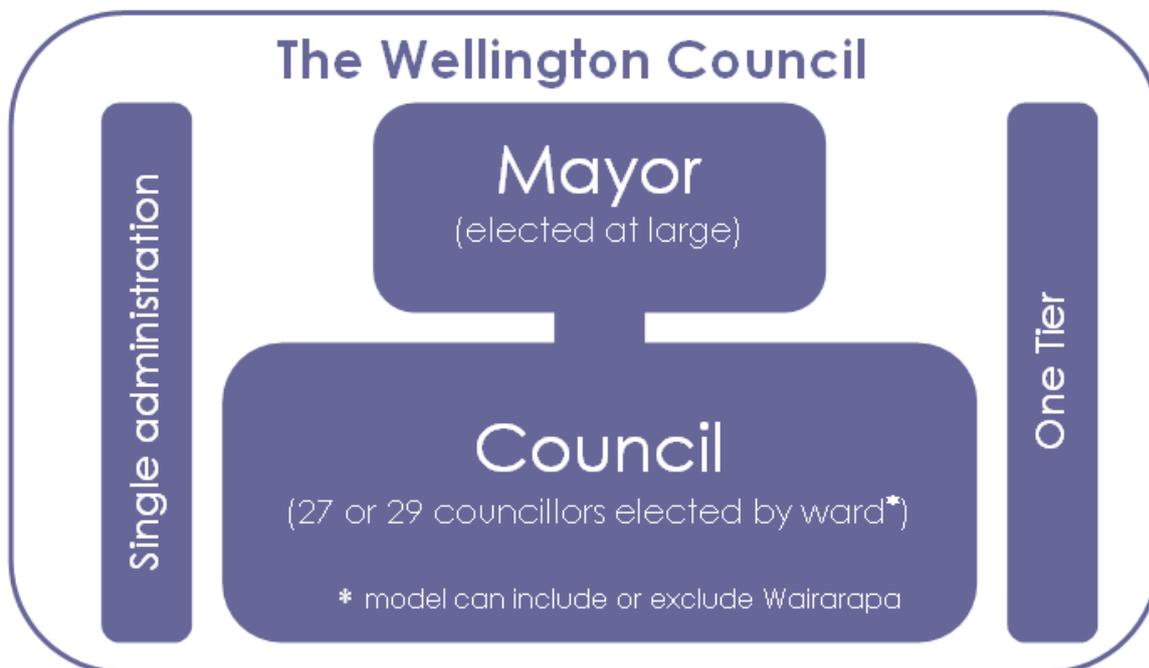
12. In reviewing options the Working Party adopted the following principles:

- **Strategic:** Capable of generating a shared vision for the region, but also having the capacity to be able to deliver on regional and local priorities, strategies and plans. This developing view of the role of councils requires that they are not just financially robust but also have the skills and resources 'to be high capacity organisations with the requisite knowledge, creativity and innovation to enable them to manage complex change.
- **Resilient and adaptive:** Able to accommodate changing circumstances, including unexpected and high-impact events, and are resilient into the future.
- **Democratic and ensures engagement and decision-making occurs at the right level:** Provide for authentic neighbourhood level engagement and decision-making on local issues while allowing the regional community to make decisions on issues that span a larger area and impact on more people
- **Integrated and co-ordinated:** Enable an integrated approach to key regional networks, infrastructure, assets, amenities, and services; making the most of the scarce resources and capabilities available across the region.
- **Representative and responsive:** Can be used by diverse communities to serve their own needs and aspirations; provides individual citizens with opportunities to access decision makers and to influence decisions on the issues that matter to them
- **Transparent and accountable:** Are transparent and provide clear accountabilities for delivering outcomes, using public funds, and stewardship of public assets
- **Financially sustainable:** Cost-efficient, financially viable and have adequate and appropriate funding tools to support activities

13. Summarised below are two models for governance under a single city structure which the working party has developed for consultation. This should not be seen as a final view on how either the single tier or two tier models might be developed by the Local Government Commission if it was to pursue a single city option for the Wellington Region. They are the Working Party's view on how either a single tier or a two tier model would look.

One tier single city model

14. Figure 1 below illustrates a one tier single city governance model that the working party concludes should be consulted on. It is important to note that with this model it is possible to have Community Boards but that their continued existence is dependent on the will of the governing Council.

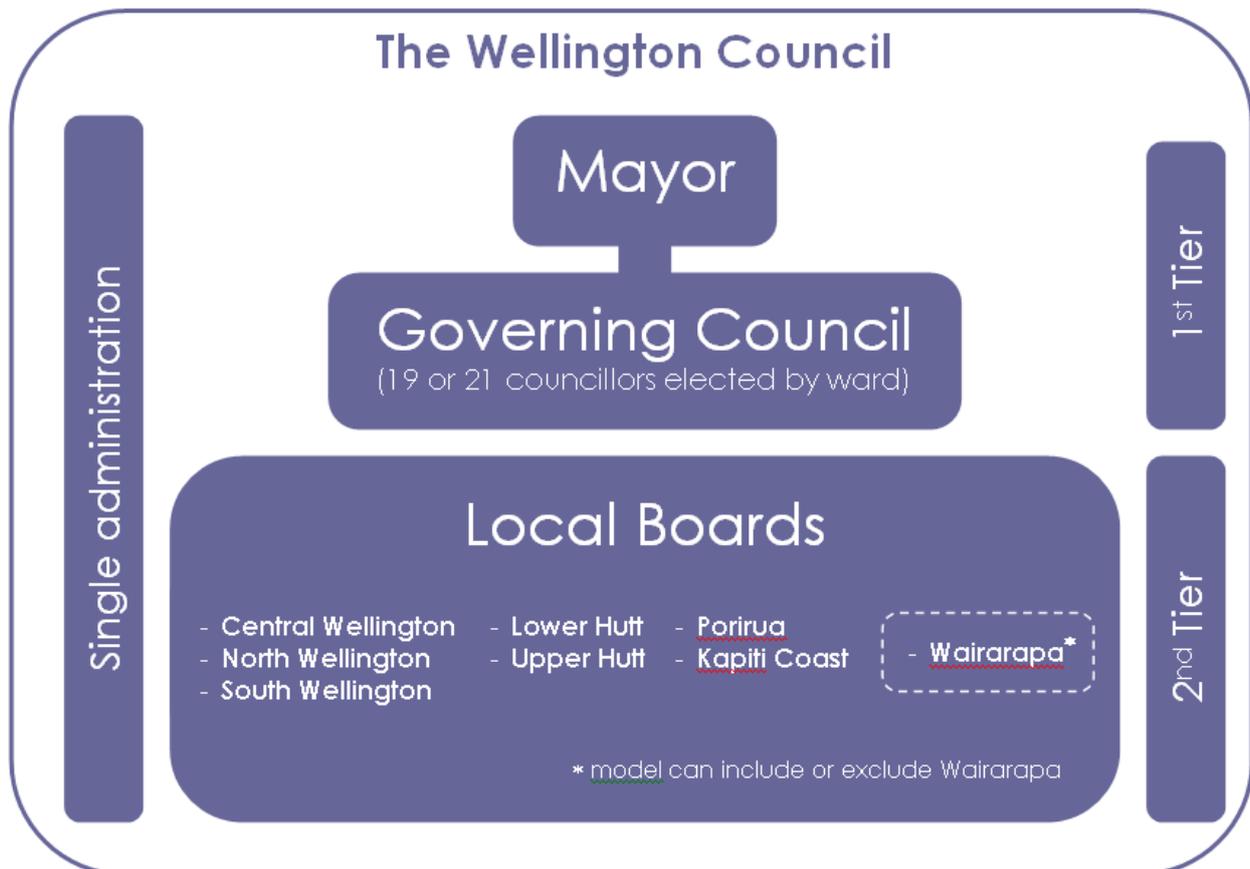


15. A potential ward structure (without Wairarapa) for this model is set out below. If a Wairarapa Ward was included the total number of mayor and councillors would increase to twenty-nine.

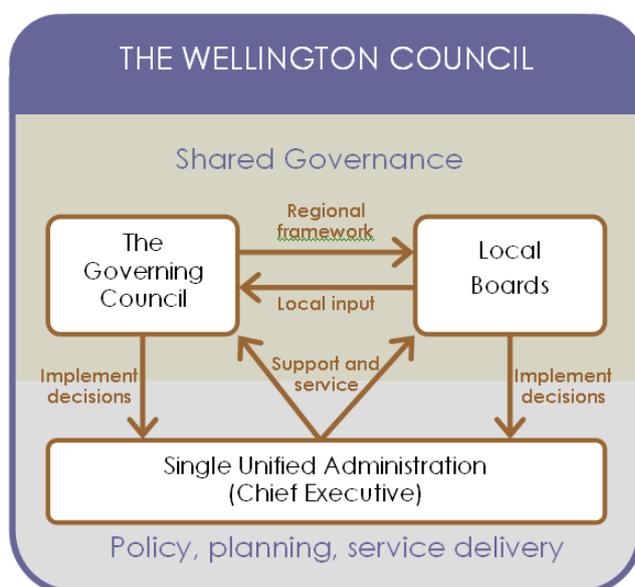
The governing council (Wairarapa excluded)			
	Number of Councillors	Population	Population per councillor
Mayor	1 Mayor elected at large		
Lower Hutt Ward	6	93200	15533
Kapiti Coast Ward	3	49900	16633
Porirua Ward (incl Tawa)	4	68520	17130
Upper Hutt Ward	3	51340	17113
Wellington Ward	11	186540	16958
Totals	28	449500	

Two tier single city model

16. Figure 2 below illustrates a two tier governance model



17. This model provides a guaranteed local voice and a formal mechanism for local communities to interact with and advocate to the larger governing body. It is a more complex model which requires careful consideration of allocation of functions and delegation of powers. Figure 3 below shows at a high level how the interactions would work.



18. A potential ward structure (without Wairarapa) is set out below. If a Wairarapa Ward was included the total number of mayor and councillors would increase to twenty-two.

The governing council (Wairarapa excluded)			
	Number of councillors	Population	Population per councillor
Mayor	1 Mayor elected at large		
Lower Hutt Ward	4	93200	23300
Kapiti Coast Ward	2	49900	24950
Porirua Ward (incl Tawa)	3	68520	22840
Upper Hutt Ward	2	51340	25670
North-Central Wellington Ward	5	118540	23708
South Wellington Ward	3	68000	22667
Totals	20	449500	

Māori Representation

19. The Working Party considered the question of Māori representation under a single city framework and under each of the two governance arrangements. Some discussion has occurred with iwi groups via the Greater Wellington Regional Council partnerships structures and for some councils via their own partnership structures. For example, a number of discussions have taken place with the representatives of Te Ati Awa ki Whakarongotai, Ngati Raukawa and Ngati Toa Rangatira who sit on Te Whakaminenga O Kāpiti.

20. These discussions will need to continue and will be a very important consideration under any Local Government Commission process. There are of course opportunities for a range of initiatives such as direct partnership structures with iwi which sit alongside any formal Council governance arrangements. However, at this stage the Working Party has signalled that it wished to include provision for direct Māori representation on the actual single city governance structure. It has noted the potential for a minimum of two seats for each of the models and identifies the need for further discussion. This would mean an additional two councillors for each of the models discussed above.

Financial Commentary

21. The financial commentary is based on one scenario of how the rating and funding policies might be structured. It then looks at the distribution of effects across existing local authority areas. Any final decision on the rating and funding system would sit with a new Council and decisions will be made, particularly any transition decisions, on the basis of strategic, social and economic effect on different communities of interest. It is therefore impossible to point to impacts on individual households. It is possible to comment on general changes and broad impacts based on this scenario.

22. The Working Party report concludes:

- There are significant opportunities to make cost savings from an amalgamated governance structure;
- Depending on which of the proposed models is preferred, it is possible that between \$12 million and \$29 million of efficiencies/savings could be made per year from amalgamation of the councils in the region;
- In the short to medium term these efficiency/savings are likely to be eroded by costs associated with a transition to the new council structure;
- In the mid to long-term it is reasonable to expect that on an aggregated basis savings will reduce rates increases from those currently forecast;
- There are a number of funding mechanisms that can be used to help limit the impact of rates changes as a result of amalgamation, including use of targeted rates and introducing a rates transition policy to spread the impact of any changes to rates over a period of time.
- Analysis has been undertaken to assess the factors that are likely to have the most significant impact on rates under a single unitary authority for the region. Attachment 3 to the Working Party report includes an explanation of these factors and the extent to which ratepayers in existing council areas are likely to be affected. However, the final decisions on who pays and how much would be made by the new council;
- All councils in the region generally use debt to fund the upgrade of existing assets, and to construct or purchase new assets (e.g. roads, swimming pools etc). This

ensures that future generations who benefit from a new asset contribute towards its cost;

- Debt levels vary between each council in the region. Overall the aggregate level of debt for the region is not high compared to local government benchmarks;
- There are a number of ways debt can be compared between councils. The impact on ratepayers of amalgamating debt across the region is best understood by comparing net debt (borrowing less investments) per dollar of rateable capital of all properties within each council boundary. Comparing this ratio shows the impact amalgamating debt is likely to have on rates. The results of this analysis are included in attachment 3 to the Working Party report);
- Fundamental to the proposal for an amalgamated council is an expectation that the impact of amalgamating the variable service levels, condition of assets, level of investments and debt will be shared across the region. To isolate the impact of these variables for each existing council would be counter to the underlying principles of amalgamation, summarised in section 2 of this report. However, it is anticipated that the rating policy of the new council will seek to address situations where the impacts of amalgamation unfairly impact on the rating impost for a particular council area or sector.

Considerations for Council

23. This report does not seek a decision from Council as to whether it formally supports change to a single city, or which of the one or two-tier models it would prefer if it supported such a change. It merely seeks approval to undertake consultation on the conclusions of the Working Party. The Council has participated in the Working Party on the basis that it was appropriate to explore the single city option further and to provide more opportunity to understand community views before it established its formal position on whether there should be change from the status quo. On that basis it is recommended that the Council approves consultation on the Working Party report.
24. While the Council is not acting as an advocate for change at this stage, it has discussed the issues, received two progress reports and held a public workshop. To date the Council's position has been:
 - It does not support a multi-unitary option for the Wellington region and the status quo is preferred to any suggestion of this kind of model;
 - there are benefits from a single city option which should be explored with the community;
 - of the two single city options, it has a strong preference for the two-tier governance model which provides a finer grain of governance, provides a permanent guaranteed voice for the local community and some ability for the Kāpiti Coast community to have direct control over some decisions and delivery of services;

25. There are potential consequences with a shift to single city model which the community will need to consider and Council come to a conclusion on before it establishes a final position:

- a likely shift from land value rating to a capital value rating system which will redistribute rates across the community in different ways;
- the likelihood of a business differential being applied. The Kāpiti Coast District does not have a business differential while the rest of the region does in various forms. There would be likely to be some redistribution of rates to the business sector although to what degree would remain to be determined by a new council.

There is potential for transition periods to be used and there is a potential for strategic decisions to be made about the extent of any business differential. The wish to strengthen economic and employment opportunities at the edge of the metropolitan area and reduce travel costs for example, would suggest a finer grain approach than one-size fits all. It will be important to work with groups such as the Kāpiti Chamber of Commerce to discuss this aspect;

- The likely reduction of residential rates for the Kāpiti Coast which should assist the relatively number of residents on low fixed incomes;
- The potential for some redistribution of rates if there is a shift away from Kāpiti's relatively high fixed charges component.

Next Steps

26. The Working Party has also developed a communication and consultation plan and a summary of the main elements is attached at Appendix 2.

27. During the week of 13-20 March the four Councils in the Working Party will consider the Working Party report and decide whether or not to proceed to consultation. Assuming there is a decision to proceed, on the 21 March there will be a launch of a joint website which will contain summary and detailed information and provide an opportunity for people to make a submission on the options. The joint website will also have links to council websites where councils can provide further commentary or material if they wish. During the process there will also be parallel material in print media and on radio. A programme for engagement with key stakeholders is also included.

28. The period for submissions would close on the 19 April. They would then be collated and made available to the Working Party and the individual Councils to inform them prior to making any decision about whether or not to support a formal proposal to the Local Government Commission.

29. The Council is also able to undertake its own consultation. It is proposed that in addition to the collective material that the Council undertakes the following:

- a random telephone survey of residents in the second to last week of consultation.

- Community Board formal consultation;
- discussions with stakeholder groups:
 - Youth Council
 - Older Persons Council and Kapiti Greypower
 - Kapiti Chamber of Commerce
 - Iwi via Te Whakaminenga o Kāpiti
- Two public workshops to discuss options (Ōtaki and Paraparaumu)

30. In addition, if community groups wish to discuss matters or have someone attend their meetings this can be arranged.

Financial Considerations

31. There are no direct financial considerations for Council in relation to this report. A financial commentary on the single city option and one or two tier models is discussed in the body of the report.

Legal Considerations

32. There are no legal considerations.

Delegation

33. The Council has the authority to make a decision on the recommendations of this report.

Consultation

34. This is covered in the body of the report.

Policy Implications

35. There are no policy implications.

Tāngata Whenua Considerations

36. This is discussed in the main body of the report.

Publicity Considerations

37. This is covered in the main body of the report. There will be regular updates to the media on the process over the consultation period.

RECOMMENDATIONS

38. That the Council agrees to the Working Party's recommendation to consult jointly with the member councils on the following two options for regional reform: described in the Local Government Reform Working Party proposal (SP-13-835: Appendix 1):
- A unitary authority for the region with a governing council and local boards (two tiers)
 - A unitary authority for the region (one tier)
39. That the Council notes that with some adjustments around representation, both options (one tier and two tier) are viable whether or not Wairarapa is included.
40. That the Council notes the regional and local consultation and engagement programmes (SP-13-835: Appendix 2) and approves the undertaking of an additional random telephone survey of Kāpiti Coast residents.
41. That the Council agrees to continue membership of the Wellington Region Local Government Reform Working Party to monitor consultation, consider the outcome of consultation and report back to Working Party councils.

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ATTACHMENTS:

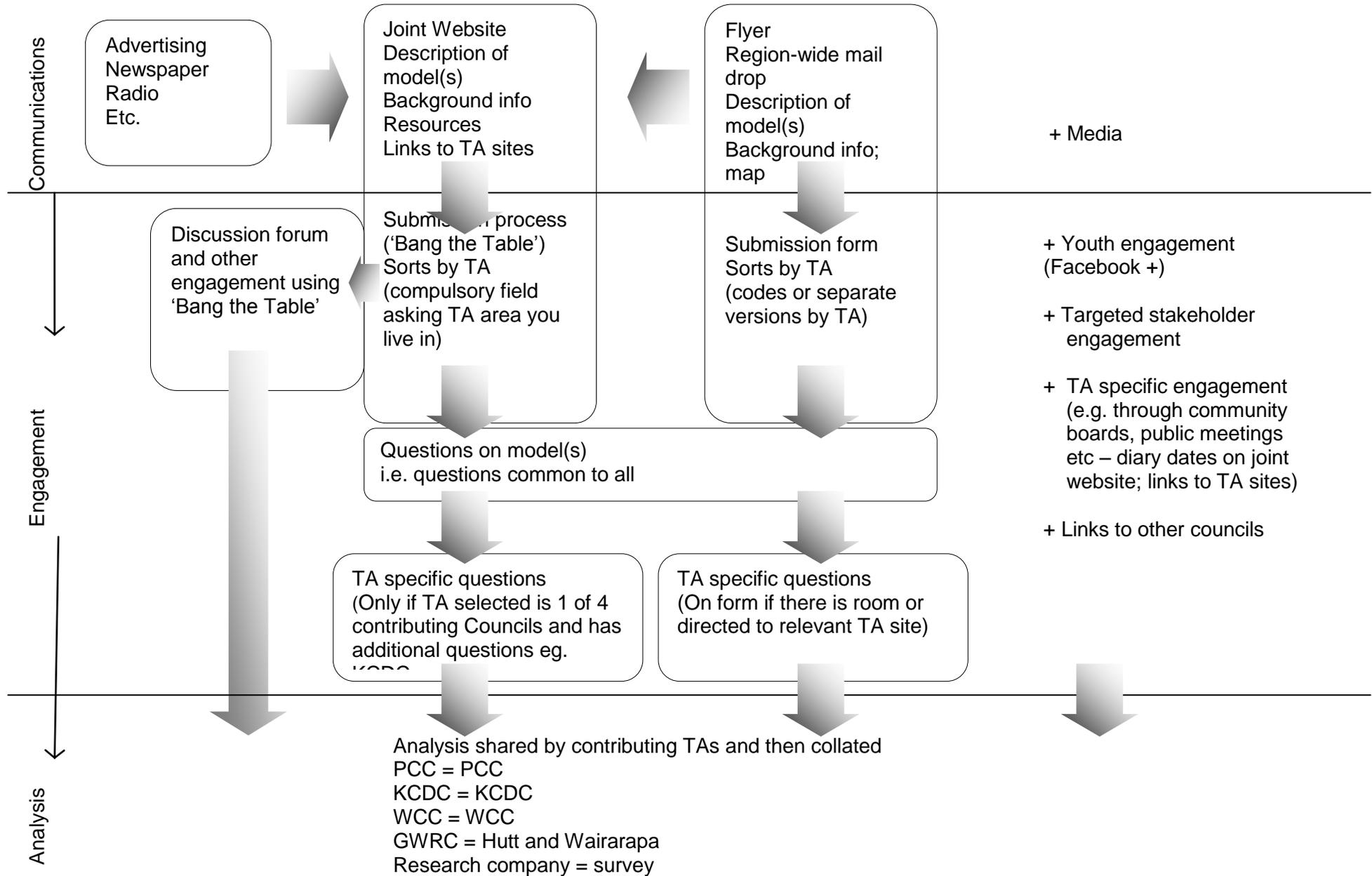
Appendix 1: Report of the Local Government Reform Working Party:
'Realising the Potential of the Wellington Region – Conclusions of the Joint Working Party on
Local Government Reform.

Appendix 2: Main Elements of Working Party Joint Communication and Consultation Plan

Joint Working Party: Communications and engagement: main elements

	Main features	Key dates (approx)
News media		13 – 20 March – councils vote on whether to support the models going to public engagement
	Media Release to announce launch of website and invite public to have their say	21 March
Advertising – print and radio	Advertising in daily and community papers and on radio to raise awareness on the main features of the models and make people aware of the website, which will contain more detailed information and provide opportunities to engage. advertisements in all daily & community papers advertisements on 4-6 local stations plus iwi stations.	21 -22 March approx. – radio and print advertising launches.
Website / engagement with general population	A jointly branded website (www.regionalreform.org.nz) will provide detailed information on the proposals and the main method of engaging on the region-wide issues relating to it/them. It will also make it easy for people to go on to engage on local issues on participating council sites (WCC, PCC, GWRC and KCDC) and inform them in general terms about options being promoted by other councils.. Website content will include: High-level and detailed information on the report Fact sheets on main issues (e.g. process, timetable, rationale for change). Background information (e.g. PricewaterhouseCoopers, Panel and WCC reports; information on the Local Government Amendment Act 2012) Invitation to engage – submission process plus moderated forum.	21 March – joint website launches with information on the models supported by the councils for public engagement Public will be invited to have their say.

<p>Engagement with younger people</p>	<p>Facilitated meetings with invited representatives from senior secondary school councils / senior pupils, youth councils, university and polytech student representatives.</p> <p>Advertising on Facebook and Google targeted at 15-24 y.o. Initial engagement with this group through dedicated Facebook page.</p>	<p>Facilitated meetings from early April.</p> <p>Facebook advertising and Facebook page from 21 March</p>
<p>Engagement with specific stakeholders</p>	<p>In addition to general engagement opportunities offered through the joint and council websites, groups which have a strong interest in the future of the region will be encouraged to comment on the proposed models. These include business groups (e.g. Chambers of Commerce), Maori, Pacifica, youth groups etc. plus groups that contributed to previous processes (Panel, WCC engagement etc.)</p>	<p>From 25 March</p>
<p>Public meetings , roadshows and other engagement</p>		<p>Begins 2 April approx.</p>
<p>Social media</p>	<p>Existing council Facebook and Twitter accounts will be used to alert people to new information and drive traffic to the website. Dedicated Facebook page targeted at younger people (see Engagement with youth above)</p>	<p>From 21 March</p>
<p>Publications / other collateral</p>	<p>Four page A4 publication delivered to every household in the region explaining the proposed models and inviting engagement using the included submission form or via the website. Additional distribution through council offices and council-owned drop boxes in railway stations and other public spaces.</p>	<p>Following councils' decisions to support; prior to public meetings</p>



Draft document