

Mayor and Councillors
COUNCIL

31 JANUARY 2013

Meeting Status: **Public**

Purpose of Report: For Decision

**PROGRESS REPORT ON REGIONAL GOVERNANCE
WORKING PARTY**

PURPOSE OF REPORT

- 1 This report updates Council on the regional governance review and requests the allocation of additional budget to this activity.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger the Council's Significance Policy.

BACKGROUND

- 3 At its meeting of 29 November 2012 (SP12-746 refers), the Council agreed to continued discussion with other councils interested in exploring a single city option. A working party has been formed to investigate this option. Other members of the working party are Greater Wellington Regional Council, Porirua City Council and Wellington City Council.
- 4 The working party membership is mixed with each council being represented by up to three Elected Members plus its Chief Executive. The representatives from Kāpiti Coast District Council are the Mayor and Councillors Booth and Gaylor, with Councillor Lester as the alternate.
- 5 Prior to Christmas, the working party met on 2, 11 and 20 December 2012. It met on 23 January 2013.
- 6 The two Hutt cities had declined to join the working party but they have been formally invited to maintain contact with the working party, with a view to sharing information, discussing issues in common and working together where possible to ensure processes and timelines are aligned. The Wairarapa councils are exploring options with their communities and have also been invited to maintain contact. They have met with representatives of the working party to explore options for sharing information, talk about common interests and working together.

CONSIDERATIONS

- 7 Participation in the working party does not imply automatic support by all councils for any proposal developed, with any such support being determined by each Council. While the working party has the task of developing a proposed preferred option for consultation, each Council would formally resolve whether or not they wished to support consultation on that option. Consultation on a possible preferred option would then be undertaken before each Council would finally consider its support for a formal application to the Local Government Commission, having received community feedback.

- 8 That is, the approval to consult and the final decision to support a formal application to the Local Government Commission will be made by all members of each council, not by the working party. It is possible that the proposal may be modified as a result of community input prior to a proposal being submitted as a final proposal to the Local Government Commission (LGC).

Matters discussed by the working party to date

- 9 To date the working party has discussed:
- timelines for preparation of a proposal for submission to the Local Government Commission (LGC);
 - the model to be used, i.e. single-tier or two-tier;
 - shared governance or second tier focus on advocacy;
 - the nature of any second tier, i.e. local boards or community boards;
 - representation;
 - community consultation on any final proposal;
 - working processes of the working party.
- 10 No conclusions have yet been reached but a series of principles shaping discussions have been identified. The goal of the working party is have reached a conclusion on a preferred option for consultation by late February.

Timelines

- 11 The following table sets out the likely quickest possible timeline to progress a reorganisation application through the LGC under the amended provisions of the Local Government Act 2002 Amendment Act. This assumes the application lodged with the LGC is robust and includes all relevant information.

Activity	Possible timeline		Notes
	Actual	Cumulative	
Receive application(s) and decision whether to assess (cl 5)	1 week	1 week	If many applications received for different areas of NZ the Minister may direct the LGC as to the priority of applications (section 31A)
Assess application <ul style="list-style-type: none"> • Demonstrable community support (cl 7) 	4 weeks	5 weeks	Time to assess will depend on how much information is provided in the application, including evidence submitted that demonstrates support in each territorial authority area affected by the application. If application incomplete LGC could request further information from applicant.
Seek alternative applications (cl 7A)	4 weeks	9 weeks	Alternative applications are not required to provide evidence of demonstrable community support.
Develop proposal (cl 12) <ul style="list-style-type: none"> • Assess applications and develop preferred option • Prepare proposal document 	8 weeks	17 weeks	LGC must assess application under section 7C. The status quo must be assessed as an option.

Activity	Possible Actual	timeline Cumulative	Notes
(cl 12(2)) <ul style="list-style-type: none"> Seek information from affected councils if required (cl 12(3)) Consultation if required (cl 12(4)) 			
Consult on the proposal (cl 17) <ul style="list-style-type: none"> Inform all interested parties Invite submissions, and specify closing date Seek views of various parties Hold hearings if deemed necessary 	12 weeks	29 weeks	No timeframes specified for submissions. Standard LGC practice is to allow two months for submissions. Usually hearings of submissions will be scheduled.
Develop final proposal (cl 18)	4 weeks	33 weeks	
Notice of final proposal (cl 19)	1 week	34 weeks	Once the final proposal is notified there is a period of 60 working days for a petition of electors (at least 10% of enrolled electors in any territorial authority area affected by the final proposal) to demand a poll
No poll requested – confirmation of proposal	12 weeks (minimum)	46 weeks	

If poll of electors

Electoral Officer to check validity of each elector	2 weeks	48 weeks	There may be up to 8 electoral officers involved with this task
Consultation with Electoral Officer on date for poll and date set for poll (cl 23)	1 week	49 weeks	
Preparation for poll	12 weeks	61 weeks	Poll must be run maximum of 82 days after receipt of the notification of the poll. Past experience suggests the full time may be required
Formal declaration of results	1 week	62 weeks	

- If any party submits a proposal to the LGC, the Commission must call for alternative proposals from the region. Such proposals will have to be submitted within 20 working days. This means other councils in the region must be ready with their proposal(s) sooner rather than later.
- The working party's current goal is to have a proposal ready for submission in late April 2013. This would allow a good amount of time for consultation prior to forwarding a proposal to the LGC. It would also still allow the LGC time to call for alternative proposals and then circulate its proposal for reorganisation before the local body election period in September/October 2013. Working party members see it as essential that candidates and communities are clear as to the potential future scenarios during the campaign period.

- 14 Clearly, given the time frames required for the LGC to work through its processes, a reorganisation cannot be achieved prior to the October 2013 local body elections.
- 15 The working party envisages two scenarios with implications for the next triennium. In both scenarios the LGC releases a final proposal in early 2014 and a poll of voters is triggered. Should the proposed reorganisation gain majority support in the poll, the LGC would establish a transition body with instructions to either:
- work towards establishment of the new council(s) at the date of the 2016 local body elections; or
 - work towards elections to the new council(s) at the end of 2015 with the new councillors appointed for a four year term. This option may require enabling legislation.

The preferred model

- 16 The working party has agreed that it will develop a proposal for a single unitary¹ authority for the Wellington region, at least west of the Rimutaka Range. The Wairarapa councils are currently consulting their communities on their preferred option - a single stand-alone unitary authority to replace the three current territorial authorities and will be considering matters further.

The nature of any second tier

- 17 The new legislation provides for establishment of two-tier councils with the second tier consisting of *either* local boards *or* community boards. This rules out a three-tier model with local boards *and* underpinning community boards. A local board would have the power to create sub-committees if it wished which has the potential to replicate to a degree the intent of community boards.
- 18 The establishment of local boards is open only to councils with a population of 400,000 (or those that are projected to have that level of population within five years) and which are predominantly urban in character. A two-tier council with local boards must follow the Auckland model and the local boards must be included in the proposal the LGC consults on. Under this model, community boards are not allowed. Should a council wish to disestablish the local boards, it must return to the LGC to get approval to do so. The powers and functions to be allocated to the local boards must be included in the LGC's proposal.
- 19 The establishment of community boards is open to all councils that do not have community boards. They can be disestablished by the council during its six-yearly representation review. If the community boards are established by the LGC's final reorganisation scheme, it is unclear whether the councils can extinguish them without returning to the LGC for a final decision.
- 20 Councils can delegate the same powers and functions to both types of boards, although it should be noted that if local boards are included in the LGC's reorganisation scheme the powers and functions allocated to those boards will be decided by the LGC (the difference between allocation and delegation). The only powers councils may **not** delegate to either type of board are the power to
- make a rate;

¹ A Unitary Authority is a type of council which is responsible for all local government functions in its area – i.e. both regional and local council roles are combined into one authority.

- make a by-law;
 - appoint a chief executive;
 - borrow money or dispose of assets except in accordance with the council's Long Term Plan (LTP);
 - adopt policies required under the Act in association with the LTP or the local governance statement.
- 21 The recent Auditor-General's report on the transition and emerging issues at Auckland Council summarises (Part 4) problems identified by interviewees with the current functioning of the 21 local boards, including:
- confusion about governance roles;
 - some local board members feel failure to take account of communities of interest in setting boundaries has resulted in a loss of accessible locally based representation. To some extent this may also be a result of the Auckland local board constituencies;
 - concern that governing body members did not take as many opportunities as they could to hear and understand local aspirations and issues – ward councillors do not always attend local board meetings;
 - the two-tier structure complicates planning and budgeting processes, including confusing and duplicative consultation with the public on key documents such as the LTP and Annual Plan. Further, the public do not understand who to submit to or why matters they have submitted on to the local board are being reconsidered by the governing body;
 - governance work loads are heavy - local boards are consulted about all policies, strategies and plans resulting in a huge volume and range of papers to be read by members, many of whom have other full time jobs;
 - staff support has to be senior and appropriately experienced but with 21 boards to be serviced, getting appropriate advisory staff to attend meetings cannot always be achieved in a calendar month.
- 22 The Office of the Auditor-General's report concludes that:
- ways need to be found to strengthen governing body and local board working relationships;
 - they are concerned about the “wall” of reading material that all elected members are expected to master and recommend improvements to local board agendas;
 - it does not seem possible for the Council to conduct public consultation and “hear” submissions in the way many local authorities have done under the LGA 2002. They suggest a review of the consultation provisions of the LGA might be needed.
- 23 The Kāpiti Coast District Council community board model is strong. The fact that the boards have primarily advocacy role only is well understood resulting in less confusing processes; the automatic appointment of ward councillors back to the community boards ensures good communication flows between the boards and Council; the manageable number of community boards (4) makes it feasible to make a Group Manager responsible for advising and working with the board

thus ensuring matters raised are well understood and taken seriously by Council staff.

- 24 Given their experience with this community board model, Kāpiti Coast District working party members have advocated very strongly firstly for a shared governance model. Second they have advocated for a two-tier model as being the best option available for maintaining local democracy as far as is possible under a single council. They have also been concerned that this second tier is not dependent on the decision of the governing body for its existence. Finally the members have signalled that they are looking for a solution which has sufficient flexibility to respond to local conditions within these parameters.

Boundaries

Inclusion of Wairarapa

- 25 Wairarapa have been considering options for reform in their area for the last two to three years. A full strategic review has been conducted by a joint working party which came to the conclusion that amalgamation of the three councils was the best option. They are now consulting on that proposal and will continue discussions with the working party.
- 26 Some working party members argue that the Wairarapa is fundamentally different from the rest of the region which is “metro” in character, and there are few interests or issues in common – as well as being physically clearly separated by the Rimutaka range.
- 27 There is a consensus view that a single city could, nevertheless, be made to work well without the Wairarapa, regardless of individual councils’ preferences either way on its inclusion. Their presence is seen as desirable, reflecting the important social and economic linkages but the decision on this matter is seen as being driven by the Wairarapa councils.

Three city option

- 28 There is also a view that a three city model, i.e. the Wairarapa, the Hutt and the “rest” (the Western City), is not a good option – it would achieve few of the advantages of a single city proposal and retain many of the disadvantages.
- 29 Should a three city model be successful, joint CCOs or committees would be necessary to manage the large cross-boundary core functions of water, stormwater, wastewater, transport and possibly solid waste. It is highly unlikely that Kāpiti’s water supply would be left outside of such an arrangement, effectively placing it at arm’s length from community control. The water meter debate of this time last year identified the strong wish of the community to retain control of this vital service. The Council has clearly indicated CCO control of water is unacceptable both to it and to the community and entrenched Council’s direct control through Standing Orders. As a result of the possibility of such a reorganisation proposal (for a three city model), the Council has requested the development of some information about a stand alone unitary authority option for Kāpiti as a contingency option (see para 34 below).
- 30 Further, the government’s clearly expressed focus on reorganisation to support economic growth would seem to drive an amalgamation of the Hutt with Wellington given the interdependence of their economies. With the LGC being responsible for framing the final proposal for consultation and acting on government direction, it seems unlikely that a three city model would be deemed the optimum for the region.

Community consultation

- 31 Assuming information can be assembled in time, a preferred proposal would be disseminated to in late February with public consultation during March and most of April. Each council would conduct its own consultation and, as noted in para 8, may present other options to its community, including a different preferred option.
- 32 In connection with this, the Council has commissioned work to develop information on the financial implications for Kāpiti of standing alone as a unitary authority as approved at the Council meeting of 29 November 2012 (SP12-746).
- 33 The consultation would likely take the shape of a professionally conducted phone survey (probably part of a regional survey) with a known (small) margin of error and a write-in survey conducted via the local newspapers and the Council's website. Council's iwi partners and stakeholders would be included in this consultation.
- 34 Work is also being done regionally with Wellington City Council expertise to determine the approximate impacts of changes to rating methods for the various territorial authorities (TAs). Three aspects of this stand out where Kāpiti is concerned:
- It seems possible that in any amalgamation situation the basis for rating in Kāpiti would change from the present land value to capital value, since this is the funding model used in all TAs in the region except Kāpiti and South Wairarapa;
 - Kāpiti is the only TA in the region which does not charge higher rates to businesses ("the differential"). The differential varies across the region from 1:2 (the Wairarapa councils) to 1:3.56 (Hutt City). It is safe to assume that an amalgamated council would apply a rating differential of some sort to Kāpiti businesses;
 - The rates charged in Kāpiti include a higher proportion of fixed charges than in other regional TAs. The component based on property value is proportionately lower. Changes to align all rates charged across an amalgamated city would be likely to result in a wider range of rates for Kāpiti residents.
- 35 It is felt that this information, at least, will be required by Kāpiti residents in making up their minds about whether to support a reorganisation proposal.

Financial Considerations

- 36 A budget of \$40,000 was approved last year and \$80,000 was allocated to this activity for the 2012/13 financial year. To date, \$75,000 of the total \$120,000 has been expended leaving an available budget of \$45,000.
- 37 Further costs in this financial year of approximately \$80,000 are projected in project management, communications assistance, consultation costs (printing, postage, phone survey, and analysis), and consultancy (costs and rates impacts analysis). This is a shortfall of \$35,000.
- 38 It is proposed that this additional funding need be allocated from the projected rates surplus. A formal update on Council's financial position for the first half of the financial year will be reported to the next Corporate Business Committee in February 2013.

Legal Considerations

- 39 Legal advice has been obtained by the Greater Wellington Regional Council (Kensington Swan) and Wellington City Council (Simpson Grierson) that the Wellington region can be deemed “predominantly urban” in character and a proposal including local boards can be included for any proposed structure covering the full region.

Delegation

- 40 The Council has the authority to make the decision on allocation of budget.

Consultation

- 41 No consultation has yet been undertaken on these matters, however, paras 32 – 36 discuss future consultation which will include the full range of community boards, iwi partners and other stakeholders as well as the community at large.

Policy Implications

- 42 There are no policy implications at this point.

Tāngata Whenua Considerations

- 43 Regional governance is currently a standing item on the agenda of Te Whakaminenga o Kāpiti but involvement of iwi in this issue is primarily through the Greater Wellington Regional Council processes.

Publicity Considerations

- 44 Very wide publicity will be required once a proposal has been developed by the working party. Budget to cover extra communications assistance with this has been included in the estimate of forward costs.

RECOMMENDATIONS

- 45 That the Council approve the allocation of a further \$35,000 from the contingency fund to cover the forward work on regional governance for the 2012/13 year.

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