



Realising the potential of the Wellington region

Conclusions of the joint Working Party
on Local Government Reform

8 March 2013

Future Wellington

– Proud, Prosperous and Resilient

Future Wellington – Proud, Prosperous and Resilient was the vision statement in the report of the Wellington Region Local Government Review Panel, chaired by Sir Geoffrey Palmer. The Panel's report was the catalyst for the current joint Working Party¹:

The Panel's vision is for a prosperous and resilient Wellington region that stands out among its peers; a region that builds on its strengths and is acknowledged around the world as a place that has something to offer.

We think this is about:

- Having an outstanding quality of life, full of opportunities for people to work, live and play
- Being proud about the quality of place
- A place where talent wants to live and people want to learn and innovate
- Being proud to host Government and be the capital of New Zealand
- Being highly connected socially as well as physically in all areas for all people

... there is a lot that local government in Wellington can do to achieve this vision and 'realise the potential of Wellington'. The activities and structures of local government play a major role in providing for the long-term prosperity and wellbeing of the Wellington regional community. For communities to flourish, they need to have the basic building blocks in place, including:

- A resilient economy that retains and creates jobs
- Social and cultural cohesiveness
- Living environments that are safe, attractive and hold interest
- Identity and a sense of place
- A sustainable and healthy natural environment
- Stable and effective government that is engaged with the community

The Wellington region has many of these building blocks and has long been characterised by the diversity of its communities and the strength of its culture, economy and people. There are challenges ahead that need to be addressed.

Economic growth has slowed, jobs are harder to find, technology is changing rapidly, we have an ageing population, and managing the environment – particularly water – is becoming more complex. We face an uncertain future in relation to climate change and natural hazards. From a political economy perspective, we are caught between two major centres of heavy economic activity – Auckland and Christchurch. The eye of central government is being drawn away from Wellington. We think Wellington's relatively small size and New Zealand's geographic isolation from global markets make the challenges substantial.

The Wellington region needs to keep up and adapt if it is to succeed. This applies to the region as a whole, but equally to the business of local government, which has been the focus of this review.

... The Panel has the view that local government can, and needs to, do a lot more to ensure that optimal conditions again exist to enable the Wellington community to flourish.

“
The vision is for a prosperous and resilient Wellington region that stands out among its peers; a region that builds on its strengths and is acknowledged around the world as a place that has something to offer.
”

¹Excerpts from the vision statement in *Future Wellington – Proud, Prosperous and Resilient*, Report of the Wellington Region Local Government Review Panel, October 2012, pages 4 and 5



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1. INTRODUCTION

1.1 THE WORKING PARTY'S CONCLUSIONS

This paper sets out the Joint Working Party's¹ conclusions regarding local government reform in the Wellington region.

The Working Party's conclusions are based on the establishment of a unitary authority council (a body combining regional council and local council roles), with two different ways in which this structure could be realised.

They are:

- One council with a **single tier** of decision-making
- One council with **two tiers** of decision-making - a governing council and local boards

Both of the models assume the disestablishment of the regional council and all current territorial authorities in the region. The Working Party has been aware of criticisms of the Auckland super city model and has gathered feedback from Auckland. A review of the Office of the Controller and Auditor General's report on the Auckland Council has been carried out. The lessons from the Auckland amalgamation have been taken into account in the development of the two models described in the paper.

The models are proposed to form the basis of consultation with the public, subject to endorsement by the participating councils.

1.2 WHY CHANGE?

The title of this report, *Realising the Potential of the Wellington region*, provides an indication of why the councils in the joint Working Party are investigating local government reform in the region.

Local government is leading this discussion because the region's local government structures, while not broken, are certainly not as well placed as they could be to respond to the challenges facing local communities and the wider region. The Working Party is of the view that local government in our region should be doing a lot more to ensure that optimal conditions exist to enable the Wellington community to flourish here and on the world stage. Businesses know this, individuals know this, the Government knows this - and councils acknowledge this.

The recent Report of the Wellington Region Local Government Review Panel² provided a compelling case for change - in particular for stronger regional leadership and shared regional responsibilities for planning and infrastructure.

¹ The Joint Working Party comprises representatives from Kapiti Coast District Council, Porirua City Council, Wellington City Council and Greater Wellington Regional Council.

Based on the Panel's findings, and on experiences elsewhere (Auckland, Christchurch and overseas), the following benefits can be expected from a realignment of Wellington's local governance structures.

- **Stronger and more effective regional leadership** - There is no single person or organisation empowered to speak on Wellington's behalf; instead, nine leaders with differing visions and priorities compete for attention and resources. This puts Wellington at a disadvantage when negotiating with central government agencies, and when promoting the region's economic development. Stronger regional and strategic leadership is important to support growth, provide jobs, and generate the conditions for ongoing success.
- **The demand for world-class infrastructure** - The development of world-class infrastructure requires a regional approach. This includes airports, ports, roads and cycleways; it also includes the infrastructure associated with water supply and drainage. Currently, there are many councils with differing priorities and approaches. This can make decision-making slow and complex. A regional approach would result in more effective, efficient infrastructure planning and delivery.
- **Reduced duplication with greater efficiency and effectiveness** - A regional approach would eliminate the duplication that currently exists between the region's nine councils. It would also enable more efficient service delivery that provides better value for money. It is estimated that annual efficiency savings of between \$12 million and \$29 million per annum could be achieved from the proposals contained in this report - money that could be spent on improving services.
- **Greater resilience** - A regional approach would ensure that Wellington's communities are better able to respond to hazards and risks such as earthquakes and tsunamis, floods, coastal erosion, and the effects of climate change such as sea level rise. As the Wellington Region Local Government Review Panel noted: "Resilient communities require resilient infrastructure."
- **Simpler, faster, clearer planning** - One of the key benefits of a regional approach is simplified planning for the region's future development. Instead of a multitude of overlapping and sometimes conflicting plans and priorities, there is an opportunity to develop a single, coherent approach to future growth and development, and to planning and decision-making about specific projects. Similarly, instead of nine annual plans there would be one, creating more certainty about the region's overall direction and faster, clearer decision-making.

Auckland Mayor Len Brown recently wrote that local government changes in that city had created "a much stronger sense of cohesion", and much less infighting. There had also been major benefits for planning and the pace of change.

"Agglomeration meant we could deliver change at a much faster pace. With a number of our projects there has been extraordinary momentum. There's no way they'd have been delivered at that pace under the former councils."

² *Future Wellington – Proud, Prosperous and Resilient*, Report of the Wellington Region Local Government Review Panel, October 2012, pages 8 and 9

Finally, the Working Party is keen to emphasise that realising the potential of the Wellington region is also about enhancing local democracy and improving the way local authorities engage with and involve communities on matters that are important to them. Both models recommended in this report provide for direct representative democracy and allow for new and innovative approaches to participation and engagement with communities and partners.

1.3 PROCESS FROM HERE

A process of public engagement is planned to raise awareness and seek feedback on the proposed models.

Submissions will be invited from the public and a dedicated website outlining all information relevant to the proposal will be launched. The website will include 'bang the table' - an on-line forum used to test ideas and concepts.

An application to the Local Government Commission is proposed to be made late May 2013, depending on the nature of support for either model. The Local Government Commission will consider this (and any other applications received) before deciding to prepare a draft proposal. A poll of public opinion may be petitioned for once the final proposal has been released. This is likely to be mid 2014.



2. A PRINCIPLES-BASED APPROACH

The Working Party followed a principles-based approach when considering governance options for the Wellington region.

2.1 PRINCIPLES FOLLOWED BY THE WORKING PARTY

The principles used by the Working Party in developing the two preferred models are primarily based on a series of characteristics of good local governance prepared by MartinJenkins Ltd (2011)³, but also take into account the Auckland Royal Commission's guiding principles for shaping Auckland governance (2009)⁴; and the joint Australia-New Zealand research report *Consolidation in Local Government - A Fresh Look* (2011)⁵.

To be relevant and successful, local government structures need to be:

- **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 resilient into the future.
- **Democratic and ensure 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:** Able to represent and be used by diverse communities to serve their own needs and aspirations; provide individual citizens with opportunities to access decision makers and to influence decisions on the issues that matter to them.
- **Transparent and accountable:** Transparent and providing clear accountabilities for delivering outcomes, using public funds, and stewardship of public assets.
- **Financially sustainable:** Cost-efficient and financially viable, with adequate and appropriate funding tools to support activities.

³ MartinJenkins & Associates, *Wellington Region Governance: draft material for consultation* (2011).

⁴ Royal Commission on Auckland Governance, March 2009, volume 2 at 309

⁵ Australian Centre of Excellence for Local Government, *Consolidation in Local Government: A Fresh Look* (May 2011) Volume 1.

- **Effective and efficient:** Deliver the core local government services to citizens effectively and efficiently.

2.2 APPLICATION OF THE PRINCIPLES

The single council model, with either one or two tiers, offers significant advantages over the status quo, including:

- **Stronger and more effective regional leadership** on a range of matters that cross current jurisdictional boundaries and which require partnerships with central government and the private sector. These include: transport infrastructure and services, land development, economic development, and resilience planning.
- **Greatly simplified planning processes** for statutory and non-statutory plans that deliver more streamlined and integrated results, with greater efficiency and effectiveness. This will make it easier to implement integrated planning and will significantly reduce compliance costs for businesses and residents.
- **Greater efficiency and cost savings** through: economies of scale, streamlined plans and processes, reduced compliance costs, more efficient service delivery, and avoiding duplication and waste.
- **More efficient and effective delivery of key infrastructure** and services through economies of scale, more integrated planning, better prioritisation of resources, and a greater pool and depth of expertise.
- **A more effective and integrated approach to economic development**, which avoids duplication and competition within the region and enables key decisions to be made to enhance economic performance, supported by the prioritised delivery of essential regional infrastructure.
- **Better reflection of the existing strong community of interest** that exists at the Wellington regional level.

The single council model will deliver on these principles because it brings all the current fragmented councils together.⁶

An alternative restructure model currently being considered by the Lower Hutt and Upper Hutt city councils is a separate unitary authority for the Hutt Valley. This implies the establishment of multiple unitary authorities for the region.

It is the Working Party's view that the region, particularly the metropolitan part of the region, is inextricably bound together. The economic, social, cultural and environmental futures of all the constituent parts are interconnected and interreliant. Major transport and water infrastructure networks are completely integrated across boundaries. The catchment in which both Wellington City and the Hutt Valley are located must be

⁶ Please note Wairarapa provisions set out in the next section.

managed in an integrated way to protect the harbour. Any fragmenting of the metropolitan area under a reorganisation process will result in a situation that not only replicates the disadvantages of the status quo but actually makes the situation worse. It will erode regional collaboration and reduce oversight on regional matters as a number of larger unitary authorities with strengthened powers compete for economic success.

If multiple unitary authorities were to be formed, Council Controlled Organisations (CCOs) or some form of joint committees would be needed to manage the regionally-interconnected activities such as public transport and water. This would be both inefficient and would potentially undermine the democratic principles.

In addition to this, a multiple unitary authority model will struggle to fulfil the *Strategic* and *Resilient and adaptive* principles. Based on current attempts at regional planning, and due to each council having its own set of priorities and desired outcomes, it will be extremely difficult to agree on a shared vision and strategies. A single spatial plan or economic development strategy under a multiple unitary authority model will be at least as difficult to achieve as under the status quo and with fewer but bigger, more resourced councils, it's likely that competing priorities will be exacerbated.

Meeting the *Integrated and co-ordinated*, *Financially sustainable* and *Effective and efficient* principles would require that the various unitary authorities work together through a shared services approach. In its final decision on the union of Nelson City and Tasman District released on 30 January 2012, the Local Government Commission identified major shortcomings in relation to shared services as an approach to working across the region on key regional matters. In considering any reorganisation application, the Local Government Commission will also need to be convinced that the proposed model meets the Local Government Act's performance and productivity, efficiency and cost savings criteria. Establishing one plan for key regional activities is a cornerstone of the single council model, and is crucial in satisfying the criteria for achieving relevant and successful local government structures that have guided the Working Party's principles-based approach.

Based on the principles, the Working Party has concluded that the single council models proposed in this report have significant advantages over both the status quo and the multiple unitary authority approach. For further information refer to Appendix 2, Improvements Resulting From Change.

3. OVERVIEW OF THE MODELS

3.1 SINGLE COUNCIL ALTERNATIVES

The Working Party's overall view is that a single council model provides the best opportunity to improve local government in the Wellington region.

This report describes two alternative models to achieve this:

- One council with a **single tier** of decision-making
- One council with **two tiers** of decision-making - a governing council and local boards.

The Working Party acknowledges that an important question is whether Wairarapa should be included in any single council proposed for the region or whether it should be a stand-alone council. While views differ among Working Party members on the inclusion of Wairarapa in the proposed models, both the models recommended in this paper can accommodate either the inclusion or the exclusion of Wairarapa. This has been illustrated in the descriptions of both models.

3.2 COMMON ELEMENTS

The **single-tier** and **two-tier** models have a good deal in common:

A single administration

Because the new unitary authority would be one council, all operations, assets and staff would be managed under a single Chief Executive. All corporate services and major back office functions would be provided by the unified administration. However the preference of the Working Party is that front office services should continue to be based in local service centres and community locations to ensure the public face of council is maintained and accessible. For example, customers with enquiries on planning and building consent matters would go to their local service centre, as they do now. If their enquiry relates to a matter not normally dealt with by that service centre, provisions would be put in place to enable the matter to be dealt with locally.

Local service centres could include dedicated space for the local councillors. In the **two-tier** model, local board meetings would also be held in these existing facilities.

Māori representation

An enduring partnership approach between Māori and the council is proposed, building on the existing relationships between councils and mana whenua iwi in the region.

Determining the exact nature of this partnership will be subject to on-going discussions with mana whenua iwi.

The Treaty of Waitangi acknowledges the special relationship that Māori have with the land, water and natural environment, and it makes sense for local government to have formal relationships with iwi who hold mana whenua status in the Wellington region. Subject to the outcome of discussions with mana whenua iwi, the proposed models would enable this to occur should the new council decide to adopt this approach.

There is already an excellent basis on which to build, both at the regional level and within individual districts, including:

- The regional Ara Tahi forum - a leadership group with membership of mana whenua iwi leaders and Greater Wellington Regional Council leaders
- Te Upoko Taiao - a formal natural resource management committee of Greater Wellington Regional Council with specific mana whenua iwi representation and dedicated decision-making responsibilities
- Specific committees (some with voting rights), charters of understanding, and other, less formal partnership mechanisms between local councils and mana whenua iwi of their area.

The need to consider the role of *taura here* (resident Māori who affiliate to iwi in other places) has been raised in the Working Party's discussions. One possibility could be to have direct representation on the new council based on a single Māori ward for the whole council area. All resident Māori on the Māori Electoral Roll - mana whenua and taura here - would have the right to choose to vote for these representatives. If this proposal was agreed to, it would likely result in two additional members on the governing council.

This proposal could form part of the application to the Local Government Commission. Another approach could be to have an informal taura here forum or forums as appropriate. These matters need to be resolved through discussion.

Ward boundaries

Both models assume that the area covered by the council would be divided into wards to ensure fair representation as required in the legislation. The key assumptions under this approach include:

- Provides for multiple member representation within the governing council
- Boundaries for wards generally align with existing territorial authority boundaries or existing wards in territorial authorities, subject to modification in some areas to provide for fair representation of electors - this provides a good overall fit with communities of interest.

- Voting is conducted under the Single Transferable Vote system currently used in four local authorities in the region.⁷

It should be noted that the Local Government Commission is the body responsible for determining boundaries and representation for any local authority established as a result of a local government reorganisation application.

In order to provide fair representation for electors as well as effective representation for communities of interest, as required under the Local Electoral Act 2001, some wards include areas of population that are currently located in other territorial authority units:

- The Stokes Valley area, currently in the Lower Hutt City area, is included in the Upper Hutt Ward
- The Horokiwi area, currently in the Wellington City area, is included in the Lower Hutt Ward
- The areas of the current Tawa Community and Glenside North, currently in the Wellington City area, are included in the Porirua Ward.

Ward boundaries and proposed representation arrangements are detailed in the description of each model, and ward maps are provided in appendix 5.

Council Controlled Organisations

For many communities in the region the issue of CCOs, especially for water services, is particularly important and they should be given the opportunity to participate in decision-making through the council engagement processes.

For this reason the Working Party is of the view that any decisions on what functions and activities should be governed through a CCO should be left to a new council.

3.3 WAIRARAPA

As noted, there are differing views among Working Party members on the inclusion of Wairarapa in the proposed models.

Some believe that it would be preferable to establish two unitary authorities in the region - a rural one covering Wairarapa and a metropolitan one covering the local authorities west of the Rimutaka ranges - on the basis that the interests and concerns of the rural and metro areas are distinct.

Others believe that Wairarapa is an essential part of the Wellington region and should be included in a single unitary authority. There is also concern that Wairarapa's future prosperity could be adversely affected if it were cut off from the Wellington region.

⁷ For the 2013 elections, the STV electoral system will apply for all electors in the region with regard to the elections for the Greater Wellington Regional Council and District Health Boards. The elections for the Kapiti Coast District Council, Porirua City Council and Wellington City Council are also conducted under STV.

Wairarapa councillors have stated a preference for the option of setting up a stand-alone unitary authority. It is important any final application to the Local Government Commission is informed by the views of the Wairarapa community.

Whatever the outcome of Wairarapa's deliberations, both of the Working Party's models can accommodate either the inclusion or exclusion of Wairarapa. Given this, the approach proposed through any subsequent Local Government Commission application process would be to include a statement that if the Local Government Commission prefers a Wairarapa unitary authority, then the model proposed in the application would still apply to the western part of the Wellington region.

3.4 TARARUA BOUNDARY ISSUE

An unusual situation currently exists, whereby 10 properties (6745 ha) within the Tararua district, adjoining Masterton District, fall within the Wellington region. These properties have road access from the Horizons (Manawatu-Wanganui) region. They were included in the Wellington region for catchment boundary reasons, and following landowner preference for the service levels offered for land management and pest management in Wairarapa at the time the Wellington Regional Council was established (1989). Today, differences in service levels are minimal between the Wellington region and the Horizons region in this area.

An option would be to remove this area from the Wellington Region, passing on regional council responsibilities for these properties to the Horizons Regional Council. Consultation with the affected properties and the local authorities (Tararua District Council and Horizons Regional Council) will be undertaken to test/confirm this approach.



Opportunity for improved local democracy

Councils within the region already use innovative approaches to engage and involve their communities including:

- Village planning in Porirua
- Our Capital Voice, an online panel where citizens can give their views on Wellington City Council proposals and plans
- Local Outcomes Statements process at Kapiti Coast
- Flood plain management committees

With a single council model there is more opportunity for regional cross-pollination. The following points illustrate how a new council might address issues of efficient operation, effective representation and public engagement in non-structural ways. These would not form part of any reorganisation proposal; they are, however, important considerations for the culture and decision-making approach of any new council. These factors are more critical for the success of the **single-tier** model (option 1) as it has one decision-making body.

- **Sub-council bodies**

Advisory bodies could have an important role in enhancing the quality of decisions the new council makes for the region. The establishment of such bodies could enable clusters of councillors with specific portfolio interests to engage with a broader base from the community by crossing ward boundaries and focusing on specific subjects.

These bodies would receive administrative support from the council and would be valuable in informing the council on emerging issues, temporary issues, and issues that affect specific groups.

- **Strengthened support for councillors**

Councillors have responsibilities to their communities to advocate, represent and make decisions. The council organisation has a responsibility to deliver high-quality, value-for money services and activities to residents throughout the region.

To ensure that councillors have freedom to engage as representatives and to fulfil their duties to their communities, the council could have offices in each ward. These could be shared between the ward councillors. In the **two-tier** model, these offices would be used by local boards. Some of these offices could be located alongside local service centres and local meeting rooms, making use of existing territorial authority civic offices.

The council staff at these local offices would deal with a range of administrative matters such as setting up clinic days, making appointments for residents to meet councillors, and a range of other administrative duties.

- **Greater use of participatory democracy**

Public participation has the potential to generate honest and constructive feedback on local government performance and ideas. It can also provide opportunities for innovative solutions and partnerships to emerge that might not otherwise be achievable. A vital part of community and civic engagement, and a measure of a healthy democracy, is the willing participation of citizens in generating and offering ideas, views, options and solutions, and taking local action.

A key element of good practice is utilising new and innovative techniques through social media. Local government is increasingly relying on tools such as Facebook, Twitter and online newsletters to communicate alongside websites, public notices and supplements in community and regional newspapers. There is a public expectation that communications will be made in this way and that new channels for participation will help make local government more responsive and in turn strengthen local democracy. Social media provides great opportunities to reach many people quickly and to get feedback. For some people, this may be the only contact with the council they have on a topic. Effective use of these channels, however, depends heavily on staff capacity to establish, maintain and moderate, because it is a rapidly changing environment.

4. DETAILS OF THE TWO MODELS

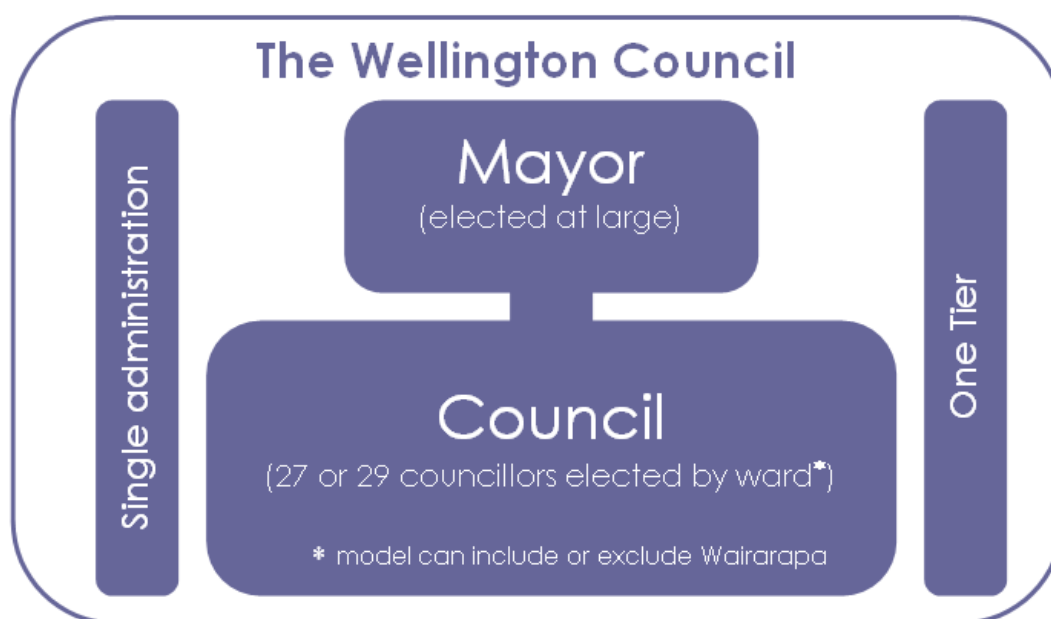
This section describes the key details of each of the two models proposed by the Working Party.

4.1 SINGLE-TIER COUNCIL

Under the **single-tier** model, there is one council with a single tier of decision-making, made up of a Mayor elected at large (that is, by all of the region's voters) and 27 or 29 councillors elected from local wards. In the **single-tier** model, councillors represent regional and local interests at the decision-making table.

This model is reliant on a council culture based on a single, accessible democratic governance arrangement, underpinned by a high-quality customer service delivery organisation⁸. Possible community boards, committees, formal engagement tools and reporting on how decisions are influenced by engagement are all important mechanisms for reinforcing the connection between councillors and residents.

4.1.1 PROPOSED GOVERNANCE STRUCTURE



Each of Wellington's local authorities already offers direct access to decision-makers. But establishment of a **single-tier** decision-making council provides an opportunity to build on that across the region.

As in any democratic system, residents will be able to hold their councillors accountable for the decisions they make at the council table. With one tier of decision-making, it is

⁸ See *Opportunities for improved local democracy* above.

clear where decision-making accountability lies. All decision-making will occur around the council table, or within the single administration as appropriate.

Under this model, the council would be accountable for decision-making at both the regional level *and* the local level.

4.1.2 OPTIONAL COMMUNITY BOARDS

Community boards could be established at the discretion of the new council.

This approach supports the idea that community boards form where communities can demonstrate support for them and the council agrees. The law says that community boards can do a range of things depending on what responsibilities a council decides to delegate to them. A community that wanted a community board could negotiate with the council over its establishment and what functions and powers were delegated to it. The council retains the ability to remove community board delegations.⁹

4.1.3 FUNCTIONS, DUTIES AND POWERS

Under this model the council has sole responsibility for all functions, duties and powers assigned to it under relevant legislation. This includes both regional responsibilities and district and city council responsibilities.

As is currently the case, the council may delegate functions (subject to exceptions set out in the Local Government Act 2002¹⁰) to community boards or other arm's length entities such as CCOs.

4.1.4 REPRESENTATION AND BOUNDARIES

The law allows up to a maximum of 29 councillors and a Mayor.

Under this model each ward would have multiple members proportionate to its population numbers. The ward-based approach is supported over having councillors elected at large because it enables local communities to elect their own representatives to the council. To enable continuity, wards are generally proposed to be consistent with the current boundaries of existing territorial authorities.

Representation arrangements for the **single-tier** council would depend on whether Wairarapa is included, or whether Wairarapa councils amalgamate to form a separate unitary authority. The implications for representation and boundaries are set out in the following sections.

Scenario A: single-tier council excluding Wairarapa

This scenario shows the proposed representation arrangements for a **single-tier** council for the metropolitan part of the region only.

⁹ Refer to *Glossary of key terms* at the end of the report for a description of community boards and local boards.

¹⁰ Section 32(1) Schedule 7 of Local Government Act 2002 – regarding delegations

The council (Wairarapa excluded)			
	Number of Councillors	Population	Population per councillor
Mayor	1 Mayor elected at large		
Lower Hutt Ward	6	93,200	15,533
Kapiti Coast Ward	3	49,900	16,633
Porirua Ward	4	68,520	17,130
Upper Hutt Ward	3	51,340	17,113
Wellington Ward	11	186,540	16,958
Totals	28	449,500	

The Local Electoral Act 2001 requires electoral boundaries to be set in a fair way so that the population per councillor in each ward is within plus or minus 10 percent of the average across all wards. In this model, all wards are compliant with the fair representation requirements of the Act.

The representation arrangements outlined above do not provide for Māori representation on the council. Representation arrangements will be subject to discussion with Māori. Under this scenario, if after discussion with iwi it was determined that there should be Māori representation on the council, there would be an entitlement to two Māori members, which would bring the total membership up to the maximum statutory limit of 30 members.

Scenario B: single-tier council including Wairarapa

This scenario shows the representation arrangements for a **single-tier** council for the entire current region.

The council (Wairarapa included)			
	Number of Councillors	Population	Population per councillor
Mayor	1 Mayor elected at large		
Lower Hutt Ward	6	93,200	15,533
Kapiti Coast Ward	3	49,900	16,633
Porirua Ward	4	68,520	17,130
Upper Hutt Ward	3	51,340	17,113
Wairarapa Ward	2	40,630	20,315
Wellington Ward	11	186,540	16,958
Totals	30	490,130	

For Scenario B of the **single-tier** model, the Wairarapa Ward's population is under-represented by 20.2% compared with the average population per councillor across the whole council. It is considered this under-representation is difficult to avoid in order to achieve fair representation over the entire region in light of Wairarapa's total population. The allocations also reflect the current communities of interest. This under-representation could be addressed through establishment of advisory committees or something similar.

In the case of Scenario B of this model, the proposed council has a membership of 30, which is the maximum prescribed under the Local Electoral Act 2001. If Māori representation was to be included on the council, the proposed ward membership allocations would need to be reconsidered.

Maps showing these Ward areas are set out in Appendix 5.

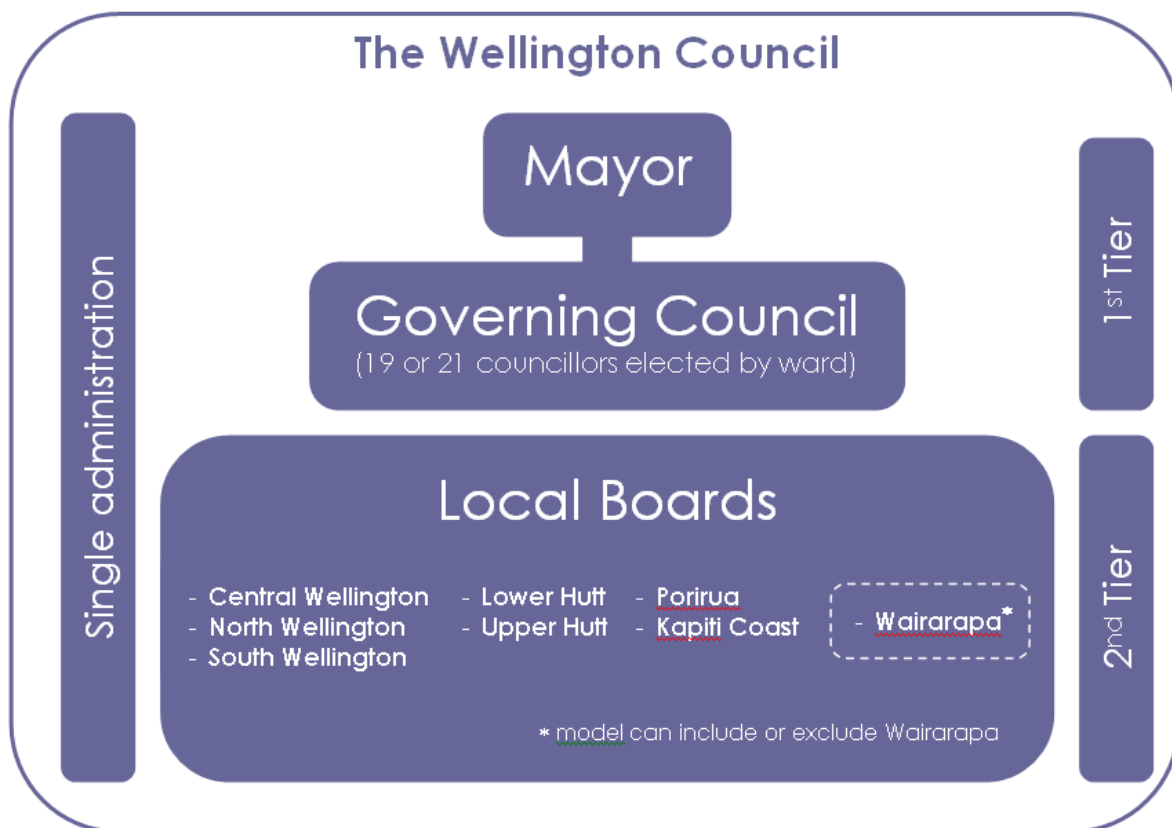


4.2 TWO-TIER COUNCIL

Under the **two-tier** model, there is one council with two tiers of decision-making - a governing council and local boards. The first tier is made up of a Mayor elected at large and councillors elected on a ward basis, and the second tier comprises seven to eight local boards, each with nine members and a chairperson elected by the board members. In the **two-tier** model, the governing council represents regional interests and the local boards represent local interests at the decision-making table.

The introduction of local boards, as the second tier, was made possible in the Wellington region through the 2012 changes to the Local Government Act 2002.

4.2.1 PROPOSED GOVERNANCE STRUCTURE

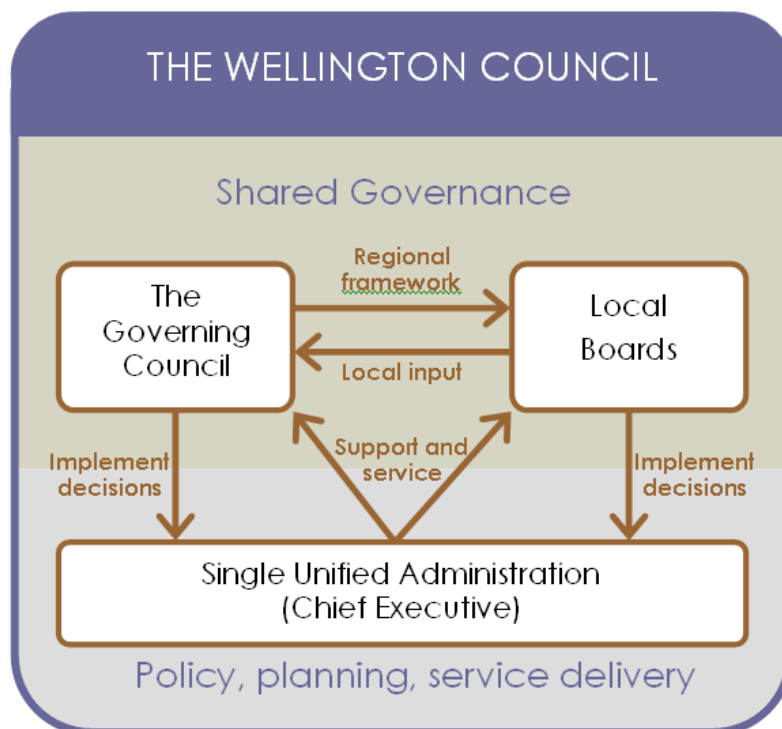


The proposed structure has two complementary and shared decision-making parts:

- **The governing council** - consisting of a Mayor elected at large and councillors elected on a ward basis. The governing body would focus on the big picture and on region-wide strategic decisions and regional scale infrastructure and services.
- **Seven to eight local boards** - each with nine members and a chairperson elected by their peers. Local boards would represent their local communities and make decisions on those local issues, activities and facilities allocated to it. Local

boards would also provide important local input into region-wide policies and would be funded through the annual planning process in accordance with their functions, duties and powers under the Local Government Act 2002.¹¹ It is considered appropriate that some local board areas be subdivided for electoral purposes in order to provide effective representation for communities of interest; it is noted that the details of any subdivisions would be determined by the Local Government Commission. Further information on the functions, powers and duties for local boards is set out below.

The diagram below shows how the different parts of the council would interact under a **two-tier** model.



4.2.2 REPRESENTATION AND BOUNDARIES

As previously noted, the Local Electoral Act 2001 requires electoral boundaries to be set in a fair way. For this exercise, it would mean that ward boundaries would need to be drawn so that the population per councillor in each ward was within plus or minus 10 percent of the average across all wards.

As is the case for the **single-tier** model, representation arrangements for this model can include or exclude Wairarapa. The implications for representation and boundaries are set out in the following sections.

Maps showing ward areas are set out in Appendix 5.

¹¹ Local boards are significantly different to existing community boards in the Wellington region. The functions, powers and duties of local boards are prescribed and protected under the Local Government Act 2002.

Scenario A: two-tier council excluding Wairarapa

This scenario shows the proposed representation arrangements for a **two-tier** council for the metropolitan part of the region only.

The governing council (Wairarapa excluded)			
	Number of councillors	Population	Population per councillor
Mayor	1 Mayor elected at large		
Lower Hutt Ward	4	93,200	23,300
Kapiti Coast Ward	2	49,900	24,950
Porirua Ward	3	68,520	22,840
Upper Hutt Ward	2	51,340	25,670
North-Central Wellington Ward	5	118,540	23,708
South Wellington Ward	3	68,000	22,667
Totals	20	449,500	

Scenario A fully complies with the fair representation requirements of the Local Electoral Act 2001.

The representation arrangements outlined above do not provide for Māori representation on the council. Representation arrangements will be subject to discussion with Māori. Under this scenario, if it was determined that there should be Māori representation on the council there would be an entitlement to two Māori members, which would bring the total membership up to 22 members.

Local boards

It is proposed that seven local boards are established under Scenario A:

- Lower Hutt local board
- Kapiti Coast local board
- Porirua local board
- Upper Hutt local board
- North Wellington local board
- Central Wellington local board
- South Wellington local board

The boundaries of local boards would align with the boundaries of wards, subject to the North-Central Wellington Ward being divided into two, to create an additional local board for the Wellington Central Business District and inner city suburbs.

Each local board would have nine members elected to it.

Scenario B: two-tier council including Wairarapa

This scenario shows the proposed representation arrangements for a **two-tier** council for the entire current region.

The governing council (Wairarapa included)			
	Number of councillors	Population	Population per councillor
Mayor	1 Mayor elected at large		
Lower Hutt Ward	4	93,200	23,300
Kapiti Coast Ward	2	49,900	24,950
Porirua Ward	3	68,520	22,840
Upper Hutt Ward	2	51,340	25,670
Wairarapa Ward	2	40,630	20,315
North-Central Wellington Ward	5	118,540	23,708
South Wellington Ward	3	6,8000	22,667
Totals	22	490,130	

In this scenario, the Wairarapa Ward is the only ward that is non-compliant with the fair representation requirements of the Local Electoral Act 2001. It is over-represented by 12.9%, compared with the average population per councillor across the whole council. It is considered that this over-representation is justified on the basis that the non-compliance is not significantly outside the 10% limit, there is no practical means of adding an area of population on to the Wairarapa Ward to address the over-representation, and the Wairarapa Ward comprises 74% of the area of the proposed unitary authority.

Under scenario B, if it was determined that there should be Māori representation on the council there would be an entitlement to two Māori members, which would bring the total membership up to 24 members.

Local boards

It is proposed that eight local boards are established under Scenario B:

- Lower Hutt local board
- Kapiti Coast local board
- Porirua local board
- Upper Hutt local board
- Wairarapa local board
- North Wellington local board
- Central Wellington local board
- South Wellington local board

The boundaries of local boards would align with the boundaries of wards, subject to the North-Central Wellington Ward being divided into two, to create an additional local board for the Wellington Central Business District and adjoining suburbs.

Each local board would have nine members elected to it.

Maps showing these Ward areas and the area of the Central Wellington Local Board are set out in Appendix 5.

4.2.3 SHARED DECISION-MAKING BETWEEN THE GOVERNING COUNCIL AND LOCAL BOARDS

Under this model, the governing council and local boards would share decision-making responsibilities.

The governing council would focus on strategic issues and make decisions important to the region as a whole. Local boards would focus on improving the well-being and prosperity of their communities in a way that retains and supports the special character and identity of each local board area.

The recently amended Local Government Act 2002 provides a framework for the sharing of decision-making responsibilities between the governing council (termed governing body in the Act) and local boards. The governing council, as the primary governing entity under the Act, would have overall responsibility for regulatory functions and duties under that Act and other legislation. Local boards obtain their decision-making responsibility for activities from three primary sources:

- a. Responsibility directly conferred by the Local Government Act 2002** - This applies to activities such as community engagement, preparing local board plans, negotiating, agreeing and monitoring local board agreements, and proposing by-laws. Local boards are also responsible for identifying the views of local people on regional strategies, policies and plans and communication of these views to the governing body.
- b. Allocation of decision-making for non-regulatory activities** - The Local Government Commission would initially determine decision-making responsibilities for non-regulatory activities to local boards. The Local Government Act requires the Local Government Commission to include this allocation of non-regulatory activities in the final re-organisation scheme.¹² The Council, once established, is able to review the initial allocations in consultation with local boards. A dispute resolution process is included in the Act to ensure this is done fairly.

A framework based on the concept of subsidiarity (where decisions are made closest to the community affected) is included in the Local Government Act 2002 to guide the allocation of non-regulatory activities to local boards.

¹² Subclause 10 (15) of Schedule 3.

- c. **Delegation of regulatory decision-making responsibilities** - Under the Local Government Act 2002, the council may delegate decision-making responsibility for regulatory activities to local boards with some exceptions.

The funding of local board activities is subject to a negotiation process between local boards and the governing council. This is done via a Local Board Plan. Local boards are responsible for proposing and overseeing the implementation of the Local Board Plan including budget responsibilities for specific activities (e.g. for activities specific to a local area that are subject to a targeted rate).

The following tables summarise how decision-making responsibilities and functions *could* be shared between the governing council and local boards. The Local Government Commission will make an initial allocation of the non-regulatory functions to local boards in its reorganisation proposal. Once in place, the new council could decide to delegate some regulatory functions to the local boards as well.

In addition to the guidance in the Local Government Act 2002 and the Wellington Region Local Government Review Panel's report,¹³ the table has been informed by the lessons learned from Auckland. The Auckland experience shows that the effectiveness of the local board model depends largely on the clarity with which responsibilities and functions are applied. We have an opportunity, through clearly defined allocation of functions and funding, to develop a local board model for Wellington that is both clearer and significantly more efficient than the Auckland model.



¹³ *Future Wellington - Proud, Prosperous and Resilient*, Report of the Wellington Region Local Government Review Panel, October 2012

Table 1 - Proposed governing council functions, powers and duties

Regional policy-making functions	Regional network/service delivery functions	Administrative services
<ol style="list-style-type: none"> Spatial planning¹⁴ <ul style="list-style-type: none"> Integrated strategy Regional growth Coordinate with other regions Transport planning <ul style="list-style-type: none"> Statutory strategy Includes public transport, road and rail planning Economic development <ul style="list-style-type: none"> Infrastructure development Tourist promotion, branding, broadband, business and film support Tertiary education and skills Social and cultural development <ul style="list-style-type: none"> Infrastructure and facilities Arts and culture advocacy and funding Environmental planning <ul style="list-style-type: none"> Regional policy statement Coastal, air, and water controls, pollution, soil conservation, climate change Hazards management Urban design Heritage conservation (natural and cultural) District plan making under Resource Management Act 1991 Regional parks and recreational planning Other regulatory matters 	<ol style="list-style-type: none"> Regional planning applications and consents and regionally significant land use and transport proposals Civil defence emergency management, rural fire Regional promotion of sport and physical activity Biosecurity Harbourmaster Public transport - procurement and network management Road construction and maintenance - for entire network Water supply, wastewater, stormwater and rural drainage Solid waste management Regionally significant urban redevelopment Zoo, Zealandia and regional parks Regional facilities for sports, culture, entertainment: art galleries, museums, theatres, stadiums, arena Monitoring, data collection and analysis, reporting on all functions Libraries systems Swimming pools Social housing Cemeteries and crematoria Discharge of regulatory functions 	<ol style="list-style-type: none"> Consult with local boards about budgets, receive funding recommendations from local boards, undertake financial management services Prepare LTCCP and annual plans and administer associated statutory processes Make and administer rates for the Wellington Council area, including targeted rates for local board areas Oversee management of shared service centres Asset and liability management Regional investment management Public information services Oversee local boards, set performance criteria, monitor performance, issue policy directions Direct local boards on matters affecting regional functions Monitor local boards' performance of delegated functions. <p>Delegation of functions to local boards The governing council may delegate any of its functions except</p> <ul style="list-style-type: none"> Regional policy-making functions Power to make or levy rates Power to make a by-law Power to make a regional or district plan or make plan changes

¹⁴ A spatial plan is an integrated plan that brings together a wide range of issues, such as economy, environment, transport, and sets out strategic priorities such as how and when a region will grow and develop.

Table 2 - Proposed local board functions, powers and duties

<p>Policy</p> <ol style="list-style-type: none"> 1. Prepare a local board plan, setting out aspirations, priorities and actions for the local board area 2. Prepare neighbourhood or village plans 3. Input into key regional policy making 4. Input into district plan policy making 5. Making operational policy for local bylaws and matters such as: <ul style="list-style-type: none"> - Dog control policy - Gambling and gaming machine policy - Liquor licensing and locations for liquor bans - Brothels - control of location and signage <p>Local service delivery functions</p> <p><i>Non-regulatory</i></p> <ol style="list-style-type: none"> 1. Local arts and culture facilities such as galleries and museums (use, programmes, promotion, funding and sponsorship) 2. Local events (memorials, markets, promotion and development, delivery, sponsorship) 3. Local civic duties, engagements and functions, including citizenship ceremonies 4. Community services and facilities (advisory services, local funding and grants, use and fit out of local community facilities, community safety programmes, public toilets - locations) 	<ol style="list-style-type: none"> 5. Local library facilities, knowledge services and information (local exhibitions, programmes and events, design of facilities within libraries) 6. Local recreation facilities and initiatives (use, programmes, design and fitout of new facilities, funding and grants) 7. Local parks services and facilities (use, programmes, maintenance improvements and place shaping, naming) 8. Local heritage protection (identification of sites and values, funding and grants, initiatives) 9. Local environmental initiatives (wetland restoration, pest control, rubbish clean up, community gardens, biodiversity projects, funding and grants) 10. Local business area planning and funding (business events, branding and marketing, business improvement districts) 11. Town centre and street environments (implementing town centre improvements, maintenance of local street environments, graffiti removal) 12. Local transport (walking and cycling networks and plans, funding, oversee local infrastructure improvements and signage, road and public place safety) 13. Community safety <p><i>Regulatory (subject to delegation)</i></p> <ol style="list-style-type: none"> 14. Administer district plan, hear and decide resource consents, monitor and enforce, except as called in for regionally significant proposals by the governing council 	<ol style="list-style-type: none"> 15. Anything else delegated by the governing council, such as: <ul style="list-style-type: none"> - Health and food licensing - Signage decisions for brothels and commercial sex premises - Parking signage and restrictions <p>Administrative functions</p> <ol style="list-style-type: none"> 1. Establish mechanisms to ensure a collaborative working relationship with the governing council and staff 2. Monitor and report on local board performance 3. Maintain an overview of services provided at the regional level 4. Prepare budget requests for local works and services as part of the Long Term Plan and Annual Plan process 5. Prepare targeted rates for special local projects and budget management <p>Advocacy and community engagement functions</p> <ol style="list-style-type: none"> 1. Identify the needs and preferences of local communities, and articulate them to the governing council, and other public and private sector entities 2. Broker, liaise and consult with relevant local organisations on behalf of the Wellington Council 3. Support local organisations and community groups, sporting, recreational, and cultural groups, including, where appropriate, by grants of money 4. Consider what form of community engagement is appropriate
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Examples of how this model could work for spatial planning, village planning, pools and libraries, food licencing and stormwater are included in Appendix 1.

Local board budgets

A local board's budget is not likely to be significant in terms of total council spend. However the size of the budget does not define the value or broader role of a local board. A local board will also have influence over other council processes and decisions through its community engagement and advocacy role. Local boards may also be given specific responsibilities via delegations from the governing council that doesn't require a budget.

The local boards will be required to prepare and implement a local board plan. These will include budgets for the activities for which the local board is responsible. A preliminary analysis of local board functions and decision-making allocation indicates that the budgets allocated to local boards could be in the order of about 5 percent of total council operating expenditure.



5. KEY DIFFERENCES BETWEEN THE TWO MODELS

The table below summarises the key differences between the two options.

	Single-tier council	Two-tier council
Democracy	<ul style="list-style-type: none"> Elected single council, makes all decisions The Council, made up of ward councillors, will make local decisions on behalf of local interests Community boards are optional. 	<ul style="list-style-type: none"> Elected governing council, made up of ward councillors, makes decisions on region-wide issues Elected local boards make local decisions and advocate to the governing council on behalf of local interests High levels of local representation and accountability.
Representation	<ul style="list-style-type: none"> A Mayor and 29 Councillors, averaging one Councillor for every 16,338 residents. <i>Note: These figures differ if the Wairarapa is excluded.</i> 	<ul style="list-style-type: none"> A Mayor and 21 Councillors, averaging one Councillor for every 22,279 residents Up to 72 local board members, averaging one elected representative for every 5,219 residents. <p><i>Note: These figures differ if Wairarapa is excluded.</i></p>
Powers and functions	<ul style="list-style-type: none"> All decision-making accountability sits with the single-tier council Decision-making about local issues will be made by the council, made up of ward councillors Accountability for decisions concerning Council-related activity is clear. 	<ul style="list-style-type: none"> Shared governance: Functions and powers are shared between the governing council and the local boards All regional scale or regional network decisions are made by the governing council, made up of ward councillors Decisions on many local issues and services will be made by local boards This model is more complex with two levels of decision-making; one regional, one local.
Financial costs	<p>It is not possible to quantify the actual costs at this point, but there will be some costs in providing the level of administrative support for councillors that will be necessary under this model, including:</p> <ul style="list-style-type: none"> Administrative support for individual councillors Operating local offices. <p>Estimated annual cost savings over time when compared with the current arrangements is in the order of \$16m - \$29m depending on whether there is a separate council for Wairarapa or not.</p>	<p>It is not possible to quantify the actual costs at this point, but there will be some costs providing support for and operating the local boards, including:</p> <ul style="list-style-type: none"> Administrative and advisory support for local boards, including the preparation of local board plans and budgets Liaison between the boards and governing council Board member salaries Operating local offices. <p>Estimated annual cost savings over time when compared with the current arrangements is in the order of \$12m - \$22m depending on whether there is a separate council for Wairarapa or not.</p>

6. FINANCIAL SUMMARY

The public view on amalgamation in regard to financial matters largely focuses on the impact on rates, whether savings can be achieved, and how debt gets redistributed.

These are important considerations and can only be meaningfully assessed in the context of: the level of investments and overall financial health of each existing council and their financial strategy, including how each council funds depreciation and the overall condition of their assets (roads, water pipes etc); the range and level of services provided by each council to their communities; and other factors such as earthquake strengthening and weathertightness costs, and how accurately they are forecast.

Appendix 3 contains information that answers some key financial questions including:

- Will amalgamation save money?
- What are the other key financial considerations?
- What will happen to rates if councils amalgamate?
- What will happen to debt and assets if councils amalgamate?

In summary it concludes that:

- 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 greater 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. Appendix 3 includes an explanation of these factors and the extent to which ratepayers in existing council areas are likely to be impacted. However, the final decisions on who pays and how much will 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 minus 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 Appendix 3.
- 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.

7. CONCLUSION

This report outlines the conclusions of the joint Working Party on local government reform. It describes two different ways in which the Working Party's preference for a unitary authority council for the Wellington region could be realised. Subject to agreement among the four participating councils, the next step will be a process of public engagement to raise awareness and seek feedback on the proposed models.

Following public consultation, an application to the Local Government Commission is proposed to be made in late May 2013, depending on the nature of support for either model. The Local Government Commission will consider this (and any other applications received) before deciding to prepare a draft proposal. A poll of public opinion may be petitioned for once the final proposal has been released. This is likely to be mid 2014.



APPENDICES

APPENDIX 1 - WORKING EXAMPLES UNDER A TWO-TIER MODEL

It is important to note that these are indicative examples only. The Local Government Commission, guided by the new Local Government Act 2002, has initial responsibility for determining the initial extent of non-regulatory local board functions. The governing body would also decide the extent of delegation for regulatory activities and it may also provide boards with additional non-regulatory functions.

Example 1 - developing a regional spatial plan	
Mayor and governing council lead and oversee	<ul style="list-style-type: none"> - Provide leadership on key regional issues and priorities - Decide the overall engagement process, including guidance for local boards - Signs off the final plan and implementation programme
Local boards advocate	<ul style="list-style-type: none"> - Engage with local communities to determine local views on regional issues and priorities - Lobby the governing council on local positions on key regional spatial issues and priorities
Staff support and administer	<ul style="list-style-type: none"> - Administer the engagement process on behalf of the governing council and local boards - Provide technical input and prepare material for engagement - Prepare the final plan for endorsement by the governing council

Example 2 - village and neighbourhood planning	
Local boards lead, design and implement	<ul style="list-style-type: none"> - Prioritise local requests for neighbourhood/village planning - Design engagement with the local community and provide supporting resources - Endorse the final plan and draft implementation programme (funding may be subject to governing council signoff) - Negotiate funding for local projects/programmes with governing council - Oversee the local implementation programme - this could include infrastructure upgrades or draft district plan rules (if delegated by the governing council)
Governing council oversees regional policy, funding and implementation	<ul style="list-style-type: none"> - Receive village/neighbourhood plans and uses them to inform spatial, network and infrastructure planning - Prioritise and fund village/neighbourhood projects or programmes that relate to regional networks, assets and infrastructure - Allocate local boards funding for local projects - Advocate with other regional agencies for priorities in neighbourhood/village plans that have network implications e.g. NZTA/KiwiRail
Staff support and administer	<ul style="list-style-type: none"> - Chief Executive allocates staff resources to support neighbourhood/village planning processes

	<ul style="list-style-type: none"> - Provide community development/engagement support to build local capacity for neighbourhood/village planning - Promote and communicate village neighbourhood planning success - Provide technical input and advice to the community, local board and governing council - Prepare advice to the local boards and governing council on implementation - Work with the community on implementation
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Example 3 - facilities networks: pools, libraries etc

Governing council prioritises and oversees management of the networks of facilities	<ul style="list-style-type: none"> - Prepare regional policy on the number and location of the facilities and the prioritisation of major upgrades - Set baseline service standards - Oversee overall management of the facilities, including asset management plans and maintenance, and regional programmes and events
Local boards monitor and tailor service delivery for local preferences	<ul style="list-style-type: none"> - Monitor the use and preferences of local facilities - Oversee the development of local programmes and events. This could include overseeing local revenue generating programmes, which could be re-invested to improve programme quality and service levels - Determine and seek funding (from the governing council possibly via a targeted or direct from the community) for variations to region wide service standards
Staff manage	<ul style="list-style-type: none"> - Manage the operation of the facilities - Prepare asset management plans and provide technical input into reviews and upgrade projects - Assist the governing council and local boards in their roles

Example 4 - food licensing

Governing council adopts a regional standard and sets funding regime	<ul style="list-style-type: none"> - Adopts a regional food bylaw - Adopts general bylaws and district plan requirements that affect trade - Sets funding for licensing regime including fees
Local boards advocate	<ul style="list-style-type: none"> - Requests or proposes changes to bylaws - Monitor local preferences in relation to site locations and spatial planning requirements
Staff implement national and regional standards	<ul style="list-style-type: none"> - Issue licenses in accordance with the Registration of Premises Regulation 1966 - Monitor and take enforcement action in accordance with the Health Act 1956 and bylaws - Maintain a register of licensed premises - Provide support to Local Boards in relation to local preferences

Example 5 - stormwater

<p>Governing council prioritises and oversees management of regional network</p>	<ul style="list-style-type: none"> - Prepare regional policy on stormwater as part of a 'whole of supply' network approach to three waters (water supply, waste water and storm water) and integrated with catchment and environmental planning - Prioritise upgrades, set baseline service levels and oversee the overall asset management of the stormwater network - Monitor implementation
<p>Local boards advocate</p>	<ul style="list-style-type: none"> - Understand local views on stormwater network issues and priorities - Lobby the governing body on local positions on key upgrades and priorities
<p>Staff manage</p>	<ul style="list-style-type: none"> - Manage the operation of the stormwater network as part of a 'whole of supply' network approach - Prepare asset management plans and provide technical input into reviews and upgrade projects - Implement asset management plans - Work with the governing council and local boards on engaging communities on stormwater issues and upgrades - Respond to issues and complaints

APPENDIX 2 - IMPROVEMENTS RESULTING FROM CHANGE

The Local Government Act 2002

The recently revised Local Government Act 2002 requires the Local Government Commission to assess any application in terms of the proposed improvements that would result from the proposed changes and whether it has significant community support. It must be satisfied that the proposed change improves local government in the area and facilitates:

- Efficiencies and cost savings
- Productivity improvements
- Simplified planning processes.

The Commission is also required to ensure that the proposed local authority has sufficient resources to carry out its functions, that it reflects a distinct community of interest, and that catchment-based flooding and water management issues can be effectively dealt with.

What improvements will result from a single unitary authority model for the Wellington region?

Analysis of a proposed single unitary authority model for the Wellington region has shown that it will bring a significant number of benefits to ratepayers and businesses. These can be summarised as follows:

- **Stronger and more effective regional leadership** on a range of matters that cross current jurisdictional boundaries and which require partnerships with central government and the private sector. These include: transport infrastructure and services, land development, economic development, and resilience planning.
- **Greatly simplified planning processes** for statutory and non-statutory plans that deliver more streamlined and integrated outputs, with greater efficiency and effectiveness. This will reduce the resources required to develop and implement the plans and significantly reduce compliance costs for businesses and residents.
- **Greater efficiency and cost savings** through: economies of scale, streamlined plans and processes, reduced compliance costs, more efficient service delivery models, and avoiding duplication and waste.
- **More efficient and effective delivery of key infrastructure** and services through economies of scale, more integrated planning, better prioritisation of resources, and a greater pool and depth of expertise.
- **A more effective and integrated approach to economic development**, which avoids duplication and competition within the region and enables key decisions to be made to enhance economic performance, supported by the prioritised delivery of essential regional infrastructure.

- **Better reflection of the existing strong community of interest** that exists at the Wellington regional level.

Much of the analysis for this paper has been drawn from the report of the Wellington Region Local Government Review Panel (October 2012). The case for change is summarised on page 37 of that report.

Strong regional leadership

The Wellington region currently lacks a strong and effective leadership structure and mandate. No single elected person is empowered to speak for the region or deal with central government on the region's behalf. Nine leaders compete for attention with often different visions of growth and priorities, and a focus on local rather than strategic issues. This lack of a strong regional voice is of significant disadvantage in negotiating partnerships with central government agencies, which have a significant role in infrastructure provision and regional economic development. The lack of a unified and integrated strategic vision and a single leader is also of significant disadvantage to the region's ability to promote itself on the international stage as a location for business investment.

A single council model would provide the necessary mandate and governance structure to support taking a wider and more strategic view of the future direction of the region and enable it to represent that view more effectively to key partners, including central government, the private sector, key infrastructure providers, and potential investors. It would enable stronger and more effective regional leadership on a range of matters that cross current jurisdictional boundaries and which require partnerships with others. These include: transport infrastructure and services, land development, economic development, and resilience planning.

Simplified planning

The region's nine local authorities prepare a significant number of plans and strategies. It is estimated that there are currently a total of 321 strategies, plans and operational policies in the region. There could be a significant reduction in these with one unitary council.

A number of these plans and strategies are required by legislation. Because we have nine local authorities covering the region, we are required to have nine Long Term Plans, nine Annual Plans, and nine Annual Reports. In terms of land use planning under the Resource Management Act, there are also 6 District Plans and 5 Regional Plans. Each plan is also subject to a number of formal plan changes - since the first generation of plans have been in place (approximately the mid 2000s) there have been at least 253 formal plan changes across the region.

Each plan prepared requires significant amount of staff and other resources, an extensive formal process of consultation, and imposes costs on interest groups, individuals and businesses who participate in the process. For a region with a relatively modest population of around 490,000 this is not an efficient use of ratepayers' money.

Because of the number of plans, each with a different set of rules and approaches, any business or investor looking to locate or expand in the region would struggle to get a clear picture of the overall policy approach, and will face additional costs where they have to comply with different regimes in different parts of the region.

To prepare and maintain their planning frameworks, each local authority needs to employ its own staff resources. Particularly for the smaller councils, keeping sufficient expertise across a wide range of areas is challenging and expensive.

Having one unitary authority for the whole region will mean in most cases only one plan is needed for each policy area. It will be much more efficient and effective, and provide clearer more integrated direction to guide the future growth and prosperity of the region.

Efficiencies and cost savings

There are significant opportunities for efficiencies in the way local government does its business across the region. A combined council would have a much greater financial strength and the leverage to achieve better prices from suppliers. Some of the key areas for efficiencies will include:

- Combining functions into larger more efficient groups.
- Procuring services in larger contracts that achieve lower costs per unit.
- Better utilisation of skilled staff resources.
- Avoiding duplication of planning and services, which currently overlap in some areas.

It is estimated that annual savings of between \$12 million and \$29 million per annum of efficiency savings could be achieved from the proposals contained in this report. It should be noted that the process of reorganisation may result in increased costs in the short-term and that efficiency savings may not result in corresponding rates reductions for households and businesses, as there may be a need for reinvestment of savings in other areas.

Appendix 3 - Financial Matters (page 40) provides further information on possible efficiency savings under each of the two structural options proposed within this report.

Better infrastructure delivery

The planning and delivery of infrastructure is a responsibility currently split between the regional council (bulk water supply, public transport, flood protection, regional parks) and territorial authorities (local roads, other transport infrastructure, local water supply, stormwater, wastewater, solid waste, community infrastructure and local parks).

However much of the region's infrastructure is part of a network that crosses administrative boundaries. Fragmented decision-making has led to inconsistent standards being applied across the region, a lack of joined-up planning, and duplication of effort.

Transport is one particular area where the current responsibilities are very fragmented, with planning and delivery split between the nine local authorities and the New Zealand Transport Agency. This makes it difficult to agree on priorities, is expensive to administer, and reduces the scope for more efficient delivery.

In the three waters (water supply, sewerage, and stormwater) there are also significant opportunities to be more effective in planning and delivery.

A spatial plan that was agreed across the region would provide clear priorities for investment. Joining together the planning and delivery of infrastructure along a whole-of-network approach would provide for more effective solutions to be found.

Economic Development

The economy of the Wellington region is under stress as a result of the global financial crisis and the rationalisation of central government, and there is evidence that the region is not keeping pace with the rest of the country. Whilst the nine local authorities do work together on this issue, the process of working together is cumbersome and complex. There is also some duplication of programmes and competition between different parts of this region.

A unitary authority would be better placed to take a coordinated and united approach, and would have the financial strength and influence to achieve greater results. It would have a much greater chance of bringing investment into the region by working with central government and the private sector.

Community of Interest

The Wellington region has a strong identity that is shared by everyone that lives in the region. It is connected by strong economic ties, with the Wellington CBD providing direct and indirect jobs for a significant proportion of the region's residents. The region's transport networks link us together, with a rail service that spans from the Wairarapa to Wellington and up to Kapiti, and a strategic highway network that connects across and through the region. Our major facilities are regional in the coverage, including the hospital, the port, the airport, the Westpac Stadium, and the major arts and cultural facilities in the Wellington CBD. These connections provide a strong community of interest that is under-represented in current governance structures.

In a structure that provides for local boards (or community boards with a wide range of functions), the local community of interest will also continue to be well represented through this second tier. In a structure that provides for a single unitary with no second tier, the local community of interest would need to be represented through an alternative form of direct engagement with citizens.

APPENDIX 3 - FINANCIAL MATTERS

1. Introduction

This section considers the financial implications of amalgamation.

With the exception of efficiency savings and local board budgets, the key financial considerations are generally the same for both the two tier and one tier council models discussed in this report.

The following section provides some context around local government finances and how funding decisions are made. It also summarises the current and forecast financial state of existing councils, before focusing on some key high level questions:

- Will amalgamation save money?
- What are the other key financial considerations?
- What will happen to rates if councils amalgamate?
- What will happen to debt and assets if councils amalgamate?

Information has been drawn from analysis prepared by the Greater Wellington Regional Council and Wellington City Council and from the independent Wellington Region Local Government Review Panel (the Panel) report. Rather than repeating commentary from the Panel report, this section seeks to provide additional information and should be read in conjunction with pages 57-79 of the Panel report which can be found online at <http://wellingtonreviewpanel.org.nz/>.

2. Financial and Legislative Context

The Local Government Act 2002 provides the overall context within which local authorities manage their finances. Under section 101(1) of the Act, each local authority must ... “manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community”.

The tools to achieve this include the preparation of a Long Term Plan (LTP) every three years, which includes a financial strategy, and preparation of an Annual Plan every year.

Each council has the flexibility to determine the financial and funding policies and expenditure levels to best promote the interests of the community. This has resulted in different financial strategies amongst the region’s nine local authorities.

Differing financial strategies and policies can have a significant financial impact when amalgamating across existing council boundaries and between residential, rural and business sectors. These can be managed to an extent through the funding policy of an amalgamated council. Later in this section we use a set assumptions to help illustrate the key impacts of change and how these potential impacts might be managed, but it will be up to those elected under a new council to make the final decisions on who pays and how much.

3. Efficiency savings - will amalgamation save money?

The short answer is yes - but this does not necessarily mean a corresponding reduction in rates. Factors such as transition costs, achieving consistency in service levels across the region, and funding policy decisions by a new council, can all impact on the degree to which savings are reflected in the level of rates. However, it is reasonable to expect that on an aggregated basis savings will reduce rates increases from those forecast in current Long-term Plans.

There are significant opportunities for efficiencies that arise from an amalgamated governance structure. Some of the key areas for efficiencies will include:

- Combining functions into larger more efficient groups. This could apply to back-office functions (such as ICT, human resources, property management); regulatory functions (such as dog permits, liquor licensing and building consents); and management of community facilities (such as libraries, pools).
- Using the council's greater financial strength to leverage better prices from suppliers.
- Procuring services in larger contracts that achieve lower costs per unit. This would apply to materials and services.
- Better utilisation of skilled staff resources. Instead of each local government having to try to employ its own set of experts or contractors, a single pool of skilled staff would be available.
- Avoiding duplication of planning and services, which currently overlap in some areas.

The 2009 report of the Royal Commission on Auckland Governance forecast 2.5% - 3.5% efficiency gains from amalgamation of the eight councils in the Auckland region. Post-amalgamation and in its 2012-22 LTP, Auckland Council forecast 1% gross savings in year one, 2.7% in year two, and around 4% on-going annual savings against total operating costs - a total of around \$1.8 billion over 10 years.

In Wellington this level of savings could equate to a potential \$300 to \$360 million over a 10 year period (including depreciation as a proxy for capital expenditure savings). However, experience from overseas is that efficiency savings are more realistically expected in the medium to long term. The process and timeframes of reorganisation and integration take time and in the short-term there may in fact be increased costs associated with restructuring, reorganisation and integration. Evidence also indicates that any efficiency savings may not result in a corresponding reduction in rates for households and businesses, as there is often a need for reinvestment of savings in other areas.

The extent to which these potential savings - equivalent of \$24 million to \$32 million (excluding depreciation) per year - might be realised depends on the number of councils under an amalgamation scenario and the structure of those councils.

This report focuses on two specific amalgamation options. A high level analysis suggests that potential savings could vary between \$12 million (under a two unitary authority model, with local boards) and \$29 million per annum (under a single tier council for the entire Wellington region).

Table 1: Possible efficiency savings

Efficiency/savings category	OPTIONS			
	Two-tier council plus a Wairarapa unitary authority	Single-tier council plus a Wairarapa unitary authority	Two-tier council including Wairarapa	Single-tier council including Wairarapa
General indication of efficiency savings potential	Medium	High / medium	High / medium	Maximised
Indicative savings per annum (if assumed 3% opex or \$24m savings potential)	\$12m	\$16m	\$16m	\$22m
Indicative savings per annum (if assumed 4% opex or \$32m savings potential)	\$17m	\$22m	\$22m	\$29m

Of the two structural options proposed in this report, a single council for the region with shared governance between the council and local boards is expected to achieve around \$4 million to \$6 million less in savings per year than a single tier council. The difference is the additional cost of having more elected representatives, supporting local boards and their relationship with the council, and higher planning requirements.

There are a number of factors to weigh up when deciding on a preference for a governance structure where either the governing body shares decision-making with local boards, or a single tier structure where councillors are directly responsible for all decision-making.

Like the Wellington Region Local Government Reform Panel, the Working Party is supportive of the principle of subsidiarity, where a decision is made closest to the community that is impacted by it. A structure that includes local boards may provide local communities with a local voice but this extra layer of governance will result in a marginally more expensive structure than the single-tier alternative.

5. What are the other key financial considerations?

From a public perspective the funding lens is usually fixed on rates rises and debt. It is important to recognise that not all local authority funding comes from rates. All local authorities within the region receive a proportion of their income from user charges and other sources.

At the regional level, a total of 63% of local authority operating funding is provided from rates, with 18% from user charges, 11% from subsidies and grants for operating expenditure purposes, 7% from fines and infringement fees, and 1% from investments.

There are also a number of other factors that should be considered when making funding (and wider financial impact) comparisons between councils and assessing the possible financial impact of amalgamation. These include:

- *Council policies on funding depreciation*

Some councils in the region fully fund depreciation while others fund the cost of replacing assets in the year in which the expenditure is incurred. Analysis suggests that where the timing of major asset renewal (such as stormwater or sewerage networks) is irregular and a council has no other debt repayment policy, funding asset renewal can lead to lower rates being collected in years when there is no major asset replacement planned. This means current ratepayers may not be paying their share of the assets they consume and can give rise to higher debt and/or the potential of a bow-wave of borrowing and related servicing costs as and when assets require renewal in future.

- *Service levels and asset condition*

These vary across the region. Lower current infrastructure servicing and maintenance costs do not necessarily reflect future asset investment requirements and the impact this may have on ratepayers.

- *Weathertightness costs*

Some councils have included in their long-term plans funding of a provision for leaky homes claims against the council. These are not significant in terms of the total rates requirement for the region. There is some risk that the future liability for all councils (including those that do not currently include funding in their plans) may be more significant than currently forecast.

- *Earthquake strengthening*

Some councils have included in their long-term plans funding for earthquake strengthening of council-owned buildings. The cost of earthquake strengthening

council-owned buildings is not significant in the context of total local government expenditure in the region.

- *Changes in expenditure, rates and debt over the period of the current long-term plans and beyond*

Fundamental to the proposal for an amalgamated single 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 amalgamating council would be counter to the underlying principles of amalgamation. 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.

While analysis in this report focuses on current funding requirements, the rates and borrowing sections that follow provide some perspective of the impact of changes in funding requirements over the next ten years.

6. What will happen to rates if councils amalgamate?

Current rating policies

The level of rates determined by each council is based on its own financial strategy, revenue and financing policy and its operational programme. There is also some variation in the rating systems used across the region. Rating systems vary based on the following factors:

- Use of general v targeted rates
- Rating differentials for business, rural and residential properties
- Use of uniform general charges
- Use of capital v land value for setting rateable values
- Use of levies and charges

An analysis of these factors shows that:

- Despite variation in capital values between local authorities in the region, current residential rates are reasonably similar ranging from around \$2,200 to \$2,800 for the average property.
- Wellington City's business sector makes up a significant proportion of its rating base, and that of the region. Overall around 48% of the total rates within the region are collected from within the Wellington City boundary. 28% comes from the Wellington business sector, which makes up around 11% of the region's total capital value. This illustrates the importance of the central city in its role as the

economic, service and funding hub for the region and in providing regional resilience.

- Conversely, despite their significant geographical area, the Wairarapa councils make up less than 10% of the regional capital value and contribute a similar proportion of the total rates collected across the region.
- Most of Kapiti Coast District and a smaller portion of Masterton and South Wairarapa rates are levied based on land value. Since the 1989 local government reform other councils have moved to a capital value rating basis. Those that remain on land value tend to be rurally based councils, with smaller business sectors.
- Kapiti Coast District does not currently have a business differential. This means that businesses pay similar rates relative to their property value as residents do. In other parts of the region businesses pay between 1.5 and 3.5 times more general rates per dollar of capital value than residential properties.
- There is variation across the region in the proportion of rates collected from general rates, which are spread across all ratepayers compared to targeted rates, which are paid by specific groups.
- Smaller councils tend to provide fewer rateable services beyond base activities, whereas larger metropolitan councils help fund a number of regional services such as Te Papa, regional event centres and facilities, and major events.
- Greater Wellington Regional Council's current funding policy results in the Wellington City business sector paying higher rates for public transport compared to other areas, as the policy uses destination as a key driver, particularly for the allocation of rail costs.
- The 2012-22 LTPs indicate differing rates requirements between councils within the region.

Table 2: Rates increases forecast in Long-term Plans

Rate increases*	3 yr cumulative increase	10 yr cumulative increase
Masterton	15%	33%
Carterton	17%	38%
South Wairarapa	11%	38%
Upper Hutt	15%	48%
Lower Hutt	10%	34%
Wellington	12%	35%
Porirua	12%	42%
Kapiti	24%	75%
Regional Council	26%	62%
Average across region	16%	44%
* Source: Statement of Comprehensive Income – Council 2012-22 Long-term Plans (note – exclude growth in ratepayer base)		

Possible rates changes from amalgamation

All of the factors discussed in the previous section will potentially impact on the overall rates distribution and the impact for individual ratepayers under any amalgamation scenario.

The Working Party supports a uniform rating system to apply across an amalgamated region, noting that if a separate unitary council was adopted for Wairarapa, the rating policy for that council could differ. A uniform rating system does not discount the use of separate differentials or targeted rates, but would result in changes to the current level of rates. Some will go up and some will go down. The impacts of change are likely to be different for ratepayers within each of the existing council boundaries due to variations in services provided and the current rating policies and mechanisms used.

A single rating entity will enable a clear, coherent and consistent approach and policy to be applied to funding decisions across the region. However, it is not possible to be precise about changes to future rates levels as this will be determined by the new council's revenue and financing policy and rating mechanisms, which will only be set once the new council is elected.

It is however possible to test a range of rating policy scenarios to identify the key factors that are likely to cause the most significant changes. Aside from the potential differences in overall efficiency savings already discussed, most of the potential changes in rates are likely to apply to either of the options proposed in this report. A number of the drivers of change are relevant whether there is a single council for the whole region, or a separate council is created for Wairarapa. Where there is potential for significant differences between the two scenarios, these are discussed in the commentary below.

The key drivers of changes to rates are likely to include:

- *Use of capital value versus land value for setting rateable values*

It is likely that a uniform rating system would adopt capital value as the preferred valuation basis on which to base the majority of rating allocation and distribution decisions. Currently, Kapiti Coast District Council and South Wairarapa District Council use land value as the basis for rates levied based on property values. Masterton District Council uses land value as the basis to levy transport rates, whilst all other local authorities in the region use capital value. This change will impact significantly on properties that are currently rated on land value that have either a very low or very high level of improvements relative to their land value. High improvement value properties are likely to incur rates increases because they will pay a greater share of the rates requirement, equivalent to similar properties that are already rated on a capital value basis. Conversely low improvement value properties are likely to experience a rates decrease from this factor.

This impact could be partially mitigated by:

- Introducing a lower business differential (of assistance to businesses only) for rural townships
 - Introducing a rates transition policy. For example, following amalgamation in Auckland a three-year transition policy was introduced whereby rates increases were limited to a maximum of 10% per year and decreases to 2.5% per year.
- *Rating differentials*

Business differentials vary between 1.0 (meaning no differential) and 3.5 across councils within the Wellington region. This differential reflects the amount of general rate paid per dollar of capital value compared to a residential property. The rates differentials applied to rural properties vary between 0.5 and 0.9. Applying consistent differentials across the region is likely to result in rates increases for businesses in Kapiti Coast where there is no current differential and to a lesser degree South Wairarapa and Carterton whose business differentials, at 2.0 are below the average. The impact of variability in rural differentials is less pronounced because many of the services provided by councils with lower differentials are targeted to urban properties that receive the services (e.g. water, sewerage and rubbish collection).

This impact could be partially mitigated by:

- Setting a lower general rate differential for businesses in rural townships than that which applies to metropolitan businesses
 - Introducing a transition policy as outlined above
 - Reducing the general rate pool of funding and increasing the level of targeted rates.
- *Current rates relative to property values*

Ratepayers within existing council boundaries with higher rates per dollar of capital value are likely to benefit through a consolidation and redistribution of rates across the region. Porirua City Council has the highest current total rates per dollar of capital value in the region followed by Hutt City Council. Those with lower rates relative to capital value are more likely to incur rates increases. South Wairarapa District Council has the lowest total rates per dollar of capital value within the region.

This impact could be partially mitigated by:

- Targeting rates for services that are more closely aligned to a user charge e.g. water

- *The split between general rates and targeted rates within existing local authorities*

Some councils' funding policies mean that they levy proportionately low general rates relative to targeted rates compared to other councils. This is most prevalent in smaller councils such as South Wairarapa and Carterton where a large proportion of their existing rates fund water, wastewater, stormwater and rubbish. Like the point above, consolidating and redistributing the general rates pool across the region means that ratepayers within these council areas may be required to fund a greater share of general rate-funded services provided elsewhere in the region.

This impact could be partially mitigated by:

- Other factors (as discussed in this section) which may offset this driver of change
 - Use of targeted rates to fund differing levels of services
 - Introducing a lower general rate differential for sectors that receive a lower level of service (e.g. rural).
- *Relative size (total value) of different sectors within each local authority area*

The make-up of the ratepayer base of each council in the region has an impact on the funding policy and rating mechanisms used to meet the rates funding requirement. For example, where the business sector makes up around half of Wellington City's rating base (based on capital value), the business sectors in all other local authorities in the region make up less than 20% of their rating base. Not surprisingly, the rating base for South Wairarapa and Carterton districts are predominantly rural.

Wellington City makes up around half of the total rating base of the region. To avoid significant rates shifts across the region, the substantive rating policies of any amalgamated council will need to be reasonably closely aligned to current Wellington City policy. However, modelling shows that this could result in significant rates changes for certain sectors in other councils where there are significant differences in the make-up of the rating base and in the rating policies applied. Modelling suggests that some rates increases in Wellington City may be required to offset some of these anomalies.

This impact could be partially mitigated by:

- Introducing a rates transition policy (such as the Auckland policy referred to above).

- *GWRC funding policy*

A range of possible impacts of amalgamation of existing council rating policies are discussed in the points above. As stated earlier in this report, these impacts may differ depending on the funding policies adopted by a new amalgamated council.

Rates impacts are also likely to differ if there is more than one unitary authority for the region. This is because the impact of redistributing the rates requirement will depend on the policies of the councils within each group of councils proposed to be amalgamated, and on the rating base of those areas. This impact is likely to be most pronounced in relation to the allocation of the costs currently provided by the Greater Wellington Regional Council, whose services differ from but span the boundaries of existing territorial councils.

The options considered within this report provide an alternative for a separate unitary authority for Wairarapa. Analysis completed by Price Waterhouse Coopers (PWC) indicates that if GWRC operating expenditure was split purely based on where the activity occurred, the Wairarapa would incur an additional \$7.9m of costs (excluding Public Transport which is estimated by GWRC to be \$3.32m as discussed below) that under current GWRC policy are funded by ratepayers in other areas within the region. This amount can vary depending on the assumptions used to allocate items such as debt servicing costs. The impost could also be reduced by changes to the policies of an amalgamated Wairarapa unitary authority, through amalgamation efficiency savings or through changes to service levels. Nevertheless it is a very relevant consideration for a Wairarapa unitary authority option.

For comparative purposes, the PWC analysis also assessed the difference between the current rating distribution and where GWRC activity occurred across other councils in the region. This indicates that the impact on other councils is less pronounced; the difference between what they pay for and what they receive is less than +/- \$2 million, with the exception of the Wellington City Council, whose ratepayers contribute the approximate \$10 million in rates funding that other council areas benefit from under current GWRC policy.

The PWC analysis excluded public transport, which is operated as a network across existing council boundaries and makes up approximately 50% of the GWRC rates requirement. GWRC has assessed that the current net expenditure for public transport in the Wairarapa is \$3.32million. Wairarapa rates currently fund \$0.68 million of this spend.

Summary of rates change impacts

The preceding section discusses the factors that are likely to have the most significant impact on rates under a single unitary authority for the region. Their combined impact will undoubtedly result in some redistribution of rates between properties across the existing council boundaries and between residential, business and rural sectors. These factors and the funding policy of any new council will determine the amount of rates that will be paid by each property under any amalgamation scenario.

The final decisions on who pays and how much will be made by the new council. This is likely to include a rates transition policy which would enable the impact of change to be spread over a number of years.

The impact of changes in the distribution of rates could be reduced by more complex rates modelling, such as through increased use of targeted rates. However, this approach would need to be balanced against the additional administrative requirements this might entail and the impact a more disparate funding policy could have on the broader rationale for an amalgamated council for the region.

It would be necessary for a new amalgamated council to complete the detailed analysis and work required to build the preferred rating system and policy as a matter of priority, and this will need to be the subject of extensive consultation before it is finally adopted. Preliminary work could occur during the transition phase, if a transition authority is established to prepare for amalgamation. The results of this work would then need to be considered and adopted by the elected council once established.

Until the details of the rating system are determined it is difficult to accurately determine and predict the impact that this may have on individual ratepayers. However it is clear that the 'aggregated' financial size, strength and leverage of a single council would provide an opportunity to provide more effective financial governance, and improved risk management and service delivery to better meet the future needs and challenges faced by the Wellington region.

7. What will happen to debt and assets if councils amalgamate?

Existing council policies

The region's councils are responsible for the management of significant portfolios of assets, totalling \$12.8 billion. The majority of these assets are land and items of infrastructure, including network infrastructure (water, sewerage, stormwater, roads, public transport) and community infrastructure (libraries, swimming pools, recreation centres). They also include investments by councils in subsidiary entities (such as Centreport). Of the region's assets, approximately 52% are under the management of Wellington City Council.

Debt is generally used by councils to fund the upgrade of existing assets, and to construct or purchase new assets. When councils upgrade existing assets or invest in new assets such as swimming pools, libraries, sports stadiums, roads, landfills and sewage treatment plants, the benefits of these assets flow to the community across many years. Borrowing is generally considered the most cost-effective and prudent way to fund such capital expenditure because it spreads the cost of the asset over the future generations of ratepayers who will benefit from the use of the asset. The use of borrowings as a source of funding for capital investment therefore generally supports the principle of inter-generational equity.

There are significant variations in borrowing strategies, parameters and practice across the region. Total liabilities across the region are \$1.0 billion, the majority of which are council debt.

A high-level summary of the actual and forecast level of borrowings and indebtedness across the region is summarised in Table 3 below. Total borrowings for the region are forecast to be \$909 million at the end of the 2012/13 financial period, increasing to \$1.3 billion by 30 June 2022.

Borrowing levels for individual councils vary significantly, and are likely to be influenced by the size and scale of both historical and planned capital investment programmes. In general, councils are planning significant levels of capital investment over the next ten years, either to replace or upgrade ageing infrastructure, to meet changing demands on asset service levels or to effectively plan and manage forecast growth in the population.

How to compare debt levels between councils

The panel report identifies the level of borrowings per resident within each local authority area as a means of assessing relative borrowing levels between councils in the region. It shows that forecast borrowings per resident ranges from around \$600 per resident in Upper Hutt to over \$2,600 per resident in the Kapiti District.

- *The impact of debt on rates*

Modelling work completed by officers over recent months suggests that debt per dollar of rateable capital value is a more accurate indicator of the impact that combining debt between the councils across the region would have on the ratepayers within each of the amalgamating councils.

- *Investments*

It is also relevant to consider the level of investments held by each council. If debt is amalgamated, investments will be too. These investments (e.g. investment property, shareholdings etc.) generate significant revenue for some councils, which allows them to offset debt servicing costs. In some cases investments may also be able to be sold to reduce debt. More information on the impact of including investments to assess the impact of net debt on rates is included in the “*What might happen to debt under a single council for the region?*” section that follows.

- *Financial health*

After considering investments, another relevant measure of the financial health of a council is the level of debt compared to total assets for each council. Aside from investments (including property and shareholdings), councils have varying levels of property plant and equipment asset, generally aligned to their size. Table 3 below illustrates the relative level of debt to assets, and shows that most councils have a low level of debt relative to their asset base.

Table 3: Debt to Total Assets

LTP forecast 2013		Kapiti	Porirua	Wellington	Hutt City	Upper Hutt	Sth Wai	Carterton	Masterton	GWRC	Total
Gross debt	\$m	\$135m	\$53m	\$374m	\$69m	\$25m	\$10m	\$9m	\$52m	\$182m	\$909m
Debt to assets	%	15%	4%	5%	5%	4%	3%	6%	7%	20% *	7%

* Note: The table above is based on information contained in council Long-term Plans (LTPs), which include the assets and liabilities of the council 'parent' only. For GWRC this means that rail assets worth \$320m, which are held in a separate entity, are excluded from the table above. If included, this would reduce the debt to asset ratio of GWRC to 15%.

In summary:

- The ratio that shows the impact of debt on rates is net debt per dollar of capital value
- The measures of financial health are the debt to asset and debt to investment ratios.

What might happen to debt under a single council for the region?

One of the concerns of ratepayers will be whether a perceived higher level of debt in one existing council will mean increased costs or risks to be shared across the region.

In general, the majority of council debt is associated with planned investment in essential infrastructure, such as water and roads. This is mostly allocated across all ratepayers to be efficient and equitable. Where the cost of investment can be identified as being for the sole benefit of an individual or business then a council may consider other forms of targeted funding allocation (e.g. targeted rates, development contributions).

To get perspective on what the level of debt means it is necessary to consider the overall status of the each council's balance sheets, and in particular the level of investments that are held.

Table 4 below illustrates the differences between using debt per resident and debt per rateable dollar of capital value. It also shows the impact of including offsetting investments.

It shows that Kapiti Coast District Council has the highest debt levels under all ratios of the eight territorial councils in the region, but that there are significant variations between councils depending on what measure is used. For example, Hutt City Council and Upper Hutt City Council have the lowest gross debt levels per resident, but a similar or higher level of net debt less investments per dollar of rateable capital value to Wellington City Council. South Wairarapa District Council's debt per resident is around the average across the region, but significantly lower than other councils relative to the district's rateable capital value.

Ratepayers in councils with higher current net debt (debt less investments) per dollar of capital value relative to other councils are likely to benefit from the amalgamation of borrowing and investments. However, as referenced in the earlier section covering rates impacts, this is likely to be overshadowed by the impacts of other factors.

Table 4: Debt comparisons between councils in the Wellington region

LTP forecast 2013		Kapiti	Porirua	Wellington	Hutt City	Upper Hutt	Sth Wai	Carterton	Masterton	GWRC	Total
Gross Debt	\$m	\$135m	\$53m	\$374m	\$69m	\$25m	\$10m	\$9m	\$52m	\$182m	\$909m
Population	No	51,160	52,940	202,760	103,740	41,580	9,386	7,560	23,400	492,526	492,526
Debt per resident	\$	\$2,642	\$1,002	\$1,843	\$662	\$601	\$1,080	\$1,245	\$2,222	\$367	\$1,846
Rateable CV \$m	\$m	\$10,171m	\$7,755m	\$46,375m	\$16,902m	\$6,450m	\$3,192m	\$1,897m	\$4,449m	\$97,197m	\$97,197m
Debt per \$m of rateable CV	\$	\$13,292	\$6,842	\$8,058	\$4,066	\$3,872	\$3,176	\$4,962	\$11,685	\$1,875	\$9,356

LTP forecast 2013		Kapiti	Porirua	Wellington	Hutt City	Upper Hutt	Sth Wai	Carterton	Masterton	GWRC	Total
Debt less investments	\$m	\$132m	\$30m	\$120m	\$44m	\$25m	\$2m	\$7m	\$41m	\$54m	\$455m
Debt less investments per resident	\$	\$2,573	\$575	\$593	\$424	\$591	\$181	\$963	\$1,747	\$108	\$923
Rateable CV \$m	\$m	\$10,171m	\$7,755m	\$46,375m	\$16,902m	\$6,450m	\$3,192m	\$1,897m	\$4,449m	\$97,197m	\$97,197m
Debt less investments per \$m rateable CV	\$	\$12,941	\$3,928	\$2,591	\$2,601	\$3,807	\$532	\$3,836	\$9,191	\$555	\$4,677

Note: Population numbers are extrapolated from Statistics New Zealand data. For consistency, investment values included in the table above are based on values included in council LTPs i.e. valued at cost. For example, Wellington City Council's investment in Wellington Airport is shown at cost in the LTP at \$18 million, whereas the equity share shown in the 2012 annual report is approximately \$130 million. While the market value may differ from this, it indicates that if the actual value of investments was included, net debt could be significantly lower than indicated.

At a total regional level, funding the average debt over 20 years equates to approximately \$92 per year per resident, or \$230 per year per rating unit per annum (not taking into account the proportion of debt that is externally funded). This represents less than 10 % of the average rate per rating unit per year across the region.

A future unitary Wellington Council would have a range of options to manage this funding requirement and the impact on rates from amalgamating debt across the region. These include:

- Ring fencing current debt or net debt to current territorial boundaries
- Reviewing debt to be charged regionally or locally
- Reviewing investments to ensure they provide an appropriate level of return
- Paying down debt from investments

For the creation of the Auckland Council the debt of each local authority in the region were combined into the new unitary authority. Debt is now managed and funded on a regional basis, except for a small portion of borrowings funded by a city centre upgrade targeted rate. This means that legacy debt from previous local authorities have not been attributed only to ratepayers in those previous areas.

Given the size of the new Auckland Council, it has the power to borrow money offshore at preferential rates. It is the only local authority in New Zealand permitted to raise finance offshore in its own right.

It is envisaged that debt will for the most part be managed on a similar basis in a unitary Wellington Council; however, this will be subject to the future policies of the new council.

APPENDIX 4: LESSONS FROM AUCKLAND

Auckland Council: Transition and Emerging Challenges - Office of the Auditor General, December 2012

Purpose

This paper considers similarities and differences between a Wellington single unitary authority model with local boards and the Auckland model, and aspects that could be managed differently given some of the lessons that have emerged.¹⁵ This paper generally applies to the two tier model.

Introduction

The Office of the Auditor General (OAG) report identifies several challenges faced by Auckland Council that could be avoided or minimised in Wellington by modifying the unitary authority **two-tier** model. Lessons are:

- Avoid high numbers of local boards to reduce the administrative burden and complexity
- Take care with the powers of CCOs as they can impede the autonomy of local boards (for example Auckland Transport reducing local boards' place-shaping capability)
- The division of responsibilities between the two tiers needs to be clearly articulated and understood by both tiers
- A pragmatic approach needs to be taken regarding the level of input needed from local boards on regional policy. Consulting local boards on every regional policy may be laudable from a democratic principle but in effect has proved to be rather cumbersome.

PART ONE: Points of similarity and difference between the Auckland model and the Working Party's single council two-tier option

The following table describes some similarities with drivers of change such as the desire for a stronger regional voice and a unified regional vision. Differences include the process of a Royal Commission and then Auckland-specific legislation; and the scale, population and geography. The Wellington model is developing in a different legislative environment and programme of local government reform.¹⁶

¹⁵ Office of the Auditor General - *Auckland Council: Transition and emerging challenges*. December 2012
<http://www.oag.govt.nz/2012/auckland-council>

¹⁶ Phase I of Better Local Government lead to amendments to the Local Government Act 2002 in late 2012. Further amendments are expected in 2013 from Phase II workstreams.

Comparing the Auckland model with a Wellington council two-tier option

	Auckland model	Wellington two-tier option
Why change is needed?	<p>Royal Commission</p> <ul style="list-style-type: none"> Weak and fragmented regional governance and poor community engagement¹⁷ Lack of collective purpose between councils, constitutional ability and momentum to address issues effectively¹⁸ <p>Critical Issues identified by Akld Plan (OAG summary)</p> <ul style="list-style-type: none"> Population growth and demographic change Housing availability and affordability Climate change and energy security International economic competitiveness Social and economic inequality Environmental quality Infrastructure planning, provision and funding 	<p>Martin Jenkins¹⁹</p> <ul style="list-style-type: none"> Stronger regional leadership Better relationship with central government Better regional decision-making Single regulatory authority (or one set of regulations) to reduce compliance costs and make interacting with councils easier for business and developers Improved efficiency - economies of scale, reduced duplication, improved financial management Improved capacity - more expertise, enhanced strategy management <p>Palmer Report</p> <p>5 drivers of change - need for:</p> <ul style="list-style-type: none"> regional leadership greater resilience more strategic (need for single plan under RMA) world class infrastructure efficiency & effectiveness
Change Process	<ul style="list-style-type: none"> Own process with Royal Commission on Auckland Governance 2009 Final model a product of the LG (Auckland Council) Act 2009 and Local Government Commission determinations 	<ul style="list-style-type: none"> Working Party developing an application to Local Government Commission. Other applications for Wellington governance likely e.g. Wairarapa Reorganisation made simpler under Local Government Act 2002 amendments in 2012
Legislative Environment	<ul style="list-style-type: none"> Own legislation - 5 separate Acts of Parliament 	<ul style="list-style-type: none"> Recently amended Local Government Act 2002 allows for a similar structure to Auckland More legislation pending late 2013 covering phase II Better Local Government Reforms²⁰ <p>Note: a new work-stream was added in March 2012 - an investigation of a dual or two-tier governance model.</p>

¹⁷ Two broad systemic issues identified by the Royal Commission and cited in the OAG report (para 2.32)

¹⁸ Problems identified by Royal Commission and confirmed in OAG report (para 2.33)

¹⁹ Analysis of PwC review commissioned by Mayoral Forum. 165 submissions received

Comparing the Auckland model with a Wellington council two-tier option

	Auckland model	Wellington two-tier option
Structure	<ul style="list-style-type: none"> Unitary authority and 21 local boards One Mayor with enhanced powers, elected at large, 20 councillors elected from 13 wards and 149 board members Serving population 1.5m Scale - the biggest difference: Auckland amalgamation brought together 8 councils, \$32b assets, \$3b annual budget and 8000 staff²¹ 	<p>Unitary authority, two tiers with fewer local boards serving a smaller population (est. 400,000).</p> <p>Likely multimember representation in governing body i.e. more than one elected member from each local board area.</p> <p>Fewer boards will ease the administrative burden and complexity experienced in Auckland.</p>
Boundaries and Representation	In 2010 the Local Government Commission determined the wards, local boards and boundaries for the Auckland Council (as required by the LG (Auckland Council) Act 2009.	Some minor modifications of existing TA boundaries to manage representation options. ²² Final decision on boundaries and representation determined by Local Government Commission.
Māori Representation	Separate legislation establishing an Independent Māori Statutory Board.	Will recognise existing mana whenua iwi relationships and mechanisms.
Role of Mayor	<p>Unique statutory role to articulate and promote vision for Auckland and provide leadership including leading development of Council's plans, policies and budget.</p> <p>Powers to appoint Deputy Mayor, establish public engagement process, establish committees of governing body and appoint chair. Staffed Mayoral office with budget of 0.2% of operating expenditure.</p>	Similar role for all Mayors in NZ from October 2013, enabled by amendments to the Local Government Act 2002 last year, with the exception of the 0.2% budget. Model proposes one Mayor for the Wellington region.
Roles and Responsibilities	<p>The LG (Auckland Council) Act 2009 details structure, functions, duties and powers of the Auckland Council.</p> <p>OAG report identified some confusion and tension between two tiers regarding roles and responsibilities.</p>	Working Party has endeavoured to more clearly describe the role and responsibilities between two tiers. Noted that the Local Government Commission will allocate non-regulatory functions in its reorganisation proposal. The new council could also decide to delegate some regulatory functions.

²⁰ The phase two work programme involves the efficiency taskforce, a taskforce on infrastructure efficiency, a review of development contributions, a framework to guide the roles between local and central government, an investigation of a dual of two tiered governance model and development of options for a performance framework for local government. Each stream will feed into a second amendment Act in late 2013. (<http://www.dia.govt.nz/better-local-government>)

²¹ Figures cited in OAG overview

²² Refer to paper on Boundaries and Representation on the Working Party agenda 15 February 2013. Governing body likely to be similar to Auckland with less local boards.

Comparing the Auckland model with a Wellington council two-tier option		
	Auckland model	Wellington two-tier option
	Some issues around budgets and asset management.	A tension is that delegation of fewer responsibilities to local boards may help efficiency but weaken local democracy.
CCOs	7 substantive CCOs established under unique legislation ²³	CCOs to be determined by governing body

Examples of Differences

Scale: An amalgamation of Wellington councils will face similar challenges to those experienced in Auckland but not to the same scale. The single council **two-tier** option involves a more manageable number of local boards than Auckland. Similarly, there will not be the same scale of systems and process coordination and integration.²⁴

Roles and responsibilities between two tiers: The Auckland experience reveals difficulties with allocation and delegation of responsibilities from the governing body to local boards, resulting in tensions between the two tiers. For example, local boards have considerable responsibility for local amenities (e.g. pools, libraries) despite these being part of regional networks. More care also needs to be taken in establishing levels of service from the outset.

In Auckland, the governing body consults with local boards on every regional policy, creating a large workload for both tiers. The Wellington single council **two-tier** model could prioritise where local input is required and where not, in order to avoid work pressure on boards.

The Local Government Commission will make the final decision regarding the size of the governing body, the number of local boards and the basis for election of councillors. The Commission has initial responsibility for determining the extent of non-regulatory local board functions. The governing body also has a role in deciding the extent of delegation, and while not required to do so, they can delegate regulatory activities to the second tier.

PART TWO: Office of the Auditor General Report Overview

What's working well?

- Auckland Plan gives a unified and integrated direction.
- Enhanced Mayoral role and powers strengthened regional leadership and planning.
- Strong leadership and management in Council has been important during transition.

²³ A substantive CCO is established under Auckland specific legislation and is a CCO responsible for delivering a significant service or activity on behalf of Council or that owns or manages assets with a value of more than \$10m.

²⁴ For example, Auckland needed to manage integration of over 5,000 different software applications and 40 CCOs existing pre-amalgamation

Challenges

- Inherent tensions between two tiers (governance body and local boards) need to be managed.
- Need to strengthen relationship between governing body and local boards.
- Governance relationships take time to develop, current focus on CCOs and shareholders expectations.
- Council is large and complex. Internal communication is difficult - work needed to standardise policies, regulations, services etc.
- Too much reading required by both tiers to stay informed and make good decisions - streamlining needed.
- OAG recommends Department of Internal Affairs and Council consider whether legislative changes are needed to manage requirements under the Local Government Act 2002 such as public consultation and hearing submissions. Auckland Council needs processes appropriate to its unique regional scale.

Transition - first two years

- Embedding a culture of a 'can-do' organisation is important based on principles of:
 - common purpose
 - transparency
 - accountability
 - effectiveness
 - responsiveness.
- Change takes time. Two years on, progress has been made but much more to be done. Auckland Council - 'a work in progress':
 - IT integration (essential to achieve savings, provide local boards with information and to reduce staff workloads)
 - shared performance management system (currently operating under legacy systems)
 - further standardisation of systems and policies
 - a unitary resource management plan.
- A unitary resource management plan is expected to take several years. To speed up the process, the Government intends to amend the RMA 1991 to provide a once only process for Auckland Council's first unitary plan.
- Efficiency savings from economies of scale and leveraging buying power.
- Taxation approach to rating rather than attempting to set rates to reflect the benefits received from services in each area. Some rates have gone up, others down; a staged approach has been taken over three years. Rate payment patterns are largely unchanged suggesting general public acceptance of rates reforms.

- Council's governance structure is complex and there is a growing need for staff capable of navigating administrative bureaucracy.
- Some people interviewed by OAG suggested the Auckland Transition Agency should have left more senior appointments to the Council to make. Others wanted more time spent on governance role definition.

Regional Leadership - the Mayor and Committees

- Auckland Council consists of four committees of the whole, nine standing committees and sub-committees, seven forums, six local board joint committees and sub-committees and six advisory panels.
- Mayoral Office useful and effective in terms of leadership and promotion of Auckland Plan.
- Governing body members spread across committees and forums. OAG observed that this approach helped governing body to be inclusive and share decision-making but meetings and preparation time-consuming. This is the tension, balance and trade-off that needs to be considered: efficiency versus democracy.
- Mayoral staff employed by Council for term of the Mayor. Some question over how to apply political neutrality to Mayoral Office staff especially at election time.
- Some evidence of functional sub-committees having confused governance.
- Public communication complex and requires goodwill between Mayoral Office, Council and CCOs which will develop over time.

Two-tier governance - balancing local, regional and functional perspectives

- Key challenge - how to deal with regional issues and yet stay connected and responsive to local communities.
- LG (Auckland Council) Act 2009 established a **two-tier** governance structure, comprising the governing body and 21 local boards. 13 wards elect 20 councillors to the governing body. Governing body deals with strategic and regional issues and local boards with community based engagement, shaping and monitoring local services and bringing local perspectives to region-wide policies and plans.
- It was hoped that local board areas would reflect communities of interest, but the number of communities of interest made this unfeasible to manage and expensive.
- Decision-making is shared between two tiers and functions defined under sections 15-17 of the Act. These functions have also been enabled under the recent amendments to the Local Government Act 2002.
- Communications between two tiers has proved to be challenging.
- There has been some public confusion as to who to make submissions to and why some matters are considered by both tiers.
- Some wanted better role definition, others wanted the governance body to have a clearer mandate for setting budgets, as they are accountable.

- It's difficult to know what level of resourcing is needed for a new model - be prepared to make adjustments.
- Some felt that local boards have less power as 'place shapers' than former community boards. Example given was that Auckland Transport has not delegated decision-making powers to local boards, preferring to prioritise regional integration.
- Governing body members are in a difficult position when the regional perspective on an issue differs from a ward view.
- **Two-tier** structure complicates planning and budgeting processes.
- Some duplication and confusion has arisen from statutory requirements for consultation.
- Council is working through ways to streamline processes -regular meetings, joint workshops, new consultation processes being developed and codes and conduct and protocols being considered.
- Shorter, more concise reports being developed to reduce reading burden (similar to cabinet committee of central government).
- Review of consultation provisions of the Local Government Act might be needed as new techniques needed for community consultation on an Auckland scale.

Māori Participation, representation and giving effect to the Treaty of Waitangi

- Independent Māori Statutory Board (IMSB) established through LG (Auckland Council) Amendment Bill 2010. The IMSB has a statutory role to provide leadership and direction to council on issues significant to Māori and ensuring Council complies with statutory provisions re Treaty.
- Treaty of Waitangi Audit found significant weaknesses for compliance with Treaty.
- IMSB challenging council to improve its decision-making to responsive and effective for Māori.
- IMSB and Council relationships generally work.
- IMSB has representation on many council committees, panels, forums etc however there is little relationship between IMSB and local boards, leaving some Māori confused about who to see for advice and action.
- Some council officers want IMSB to give more constructive advice on how to make improvements.
- IMSB describes its role as monitoring and auditing. The OAG sees opportunities for the IMSB to broaden its role to include advisory support and the development of tools and good practice examples.

Delivering Core Services through substantive CCOs

- The Local Government (Tamaki Makaurau) Reorganisation Act 2009 and Local Government (Auckland Council) Act 2009 enable substantive CCOs to be established.

- Auckland Council has 7 substantive CCOs.
- Public concerned about transparency of CCOs, however CCOs subject to Local Government Official Information and Meetings Act 1968.
- Some tensions between Council and CCOs about who controls certain types of decision-making.
- Some CCOs have intersecting areas of interest that need to be managed.
- Auckland Council intends to carry out a full review of CCOs after the next election.
- OAG told that CCOs are responsive to the Mayor, CE and relevant committee but not so responsive to staff requests for information.
- CCOs have difficulty responding to the needs of 21 local boards.
- Some compliance duplication between council and CCO staff.
- CCO accountability to council needs to be through its board.

This was a background paper to inform the Local Government Working Party.

APPENDIX 5A - Ward maps for both the single-tier and two-tier models: Kapiti Coast Ward, Porirua Ward, Upper Hutt Ward and Lower Hutt Ward









Proposed Lower Hutt Ward

0 4 8 Kilometers

greater WELLINGTON
COUNCIL
Unitary Authority
Te Kaitiaki Take Kōwhiri

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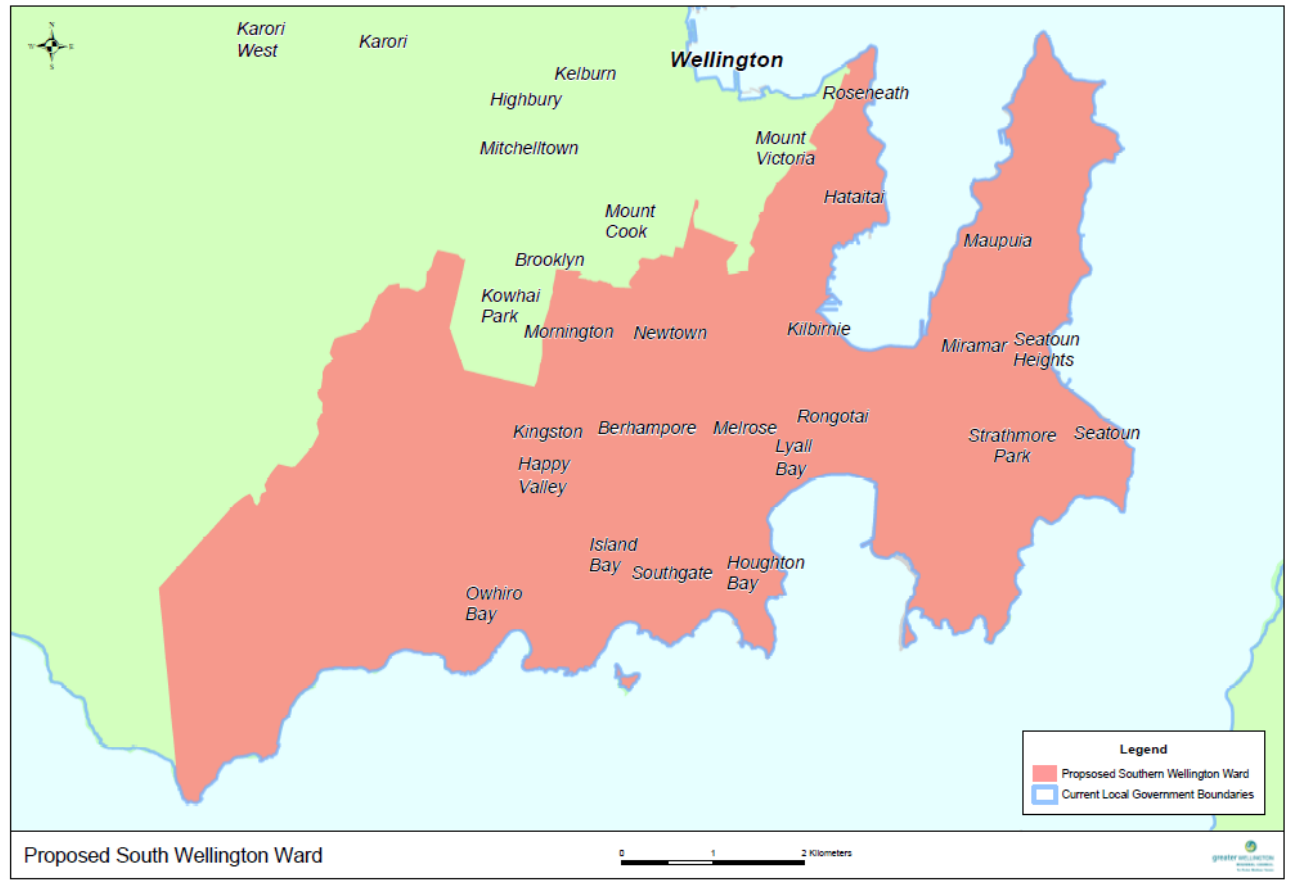
APPENDIX 5B - Ward map for both models if Wairarapa were included: Wairarapa Ward



APPENDIX 5C - Ward map for Wellington area for single-tier council: Wellington Ward

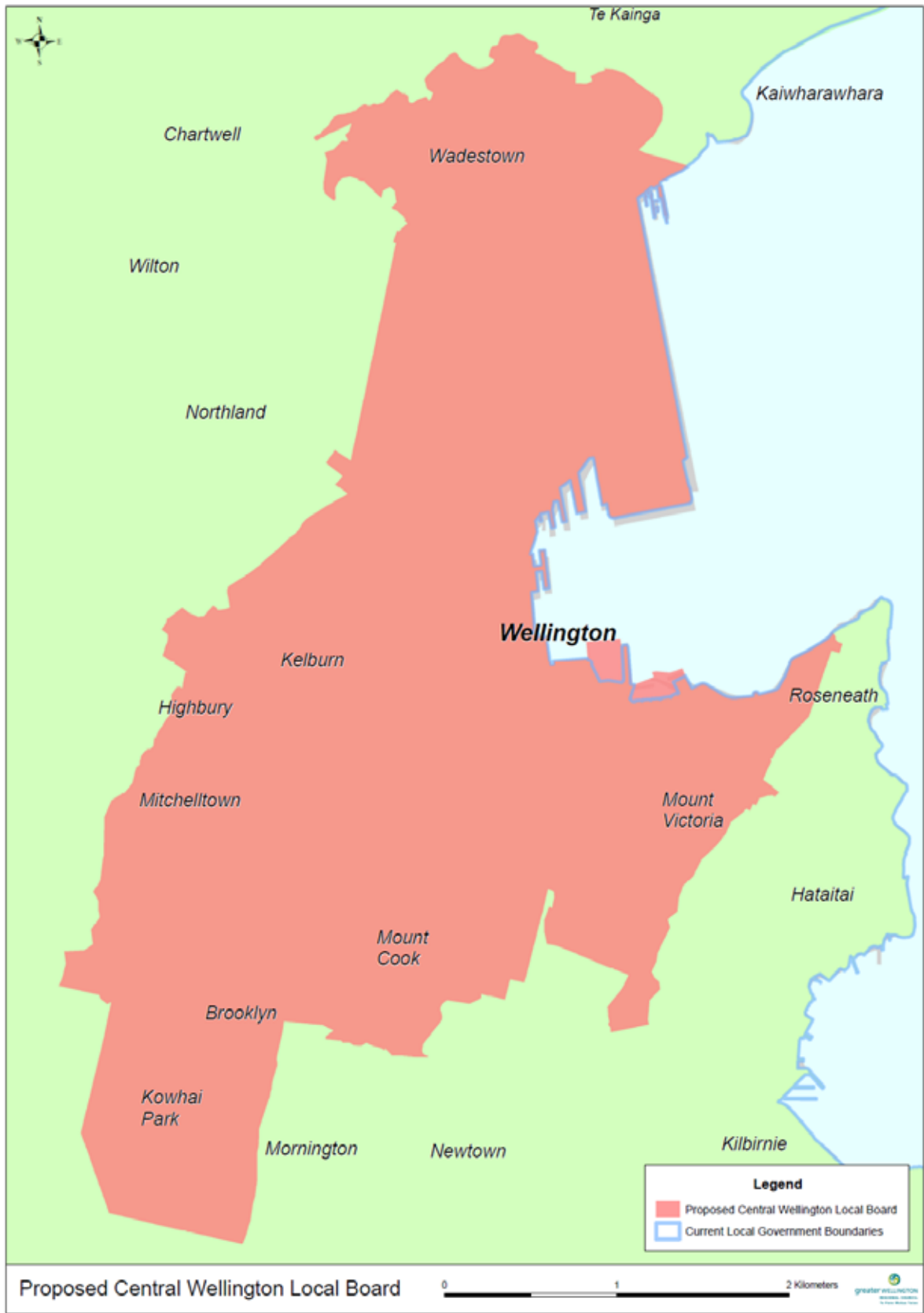


APPENDIX 5D - Ward maps for Wellington area for two-tier council: South Wellington Ward and North-Central Wellington Ward





APPENDIX 5E - Local Board map for Wellington CBD area: Central Wellington Local Board



9. GLOSSARY OF KEY TERMS

Annual plan	A plan produced by councils each year that sets out what they intend to do each year, how much it will cost, and where they intend to get their funding. Every 3 years the councils produce a more detailed 10 year Long Term Plan.
Capital value	The value of land plus additions such as buildings, driveways and fences.
Community Board	<p>They can be established by a territorial authority and given powers and functions by the council. The role of community boards is to:</p> <ul style="list-style-type: none"> • represent, and act as an advocate for, the interests of its community • consider and report on all matters referred to it by the territorial authority, or any matter of interest or concern to the community board • maintain an overview of the services provided by the territorial authority within the community • prepare an annual submission to the territorial authority for expenditure within the community • communicate with community organisations and special interest groups within the community • undertake any other responsibilities that are delegated to it by the territorial authority. Also, under clause 32(6) of Schedule 7 of the Local Government Act, a council must consider whether or not to delegate to a community board if the delegation would enable the community board to achieve its role. <p>Some of the current territorial authorities in the Wellington region have community boards.</p>
Community of interest	A regional or local population with common social and economic interests that would benefit from unified political representation. The shared characteristics that contribute to a community of interest may include socio-economic status, culture, transportation patterns, shared infrastructure, shopping patterns, geography/climate, or shared history among other factors. Communities of interest can exist at different scales, for instance the Wellington region constitutes a community of interest with its shared identity and strong economic ties, and within the Wellington region there are other, smaller communities of interest at a more local level.
Constituency	The body of voters that elect one representative to a governing body (such as local or central government). For example, a ward is a constituency.
Consultation	Consultation means asking people what they think about an issue, and doing so according to minimum standards in law and practice.
Council Controlled Organisation (CCO)	Any organisation owned by one or more councils or in which councils have a controlling interest. CCOs are expected to achieve the objectives of their shareholders as specified in an annual statement of intent.
Democracy	In a local government context, democracy refers to the way we govern ourselves. It can be used to mean community participation in decision-making between elections, as well as at elections.
Integrated planning	A strategic planning approach that considers all related issues from wider contextual issues through to local issues, and takes account of how different components of a system interact and impact upon each other. For example integrated transport planning considers the interactions between a range of factors such as land use, transport infrastructure and use, and urban design.

Joint Working Party on Wellington Region Local Government Reform	A cross-council group comprising representatives of Kapiti Coast District Council, Porirua City Council and Wellington City Council and Greater Wellington Regional Council set up with the aim of developing a preferred model for local government in the Wellington region.
Jurisdictional boundaries	In a local government context, this refers to the limits within which any particular power may be exercised by a council, or within which a governing body has authority.
Local board	<p>Local boards currently only exist in Auckland. Under the recently-amended Local Government Act they can be considered when a unitary authority model is being proposed, and the area has a population of at least 400,000 and is predominantly urban. This means the local board option would only be available in the Wellington region and possibly in Canterbury.</p> <p>Local boards are set up by the Local Government Commission through a reorganisation process. They share decision-making with a governing body, and together form the new council. Elections for local boards are held at the same time as the local body elections. Each local board can have between four and nine elected members, and is led by a chairperson who is elected by their peers.</p> <p>Local boards have defined functions and must be funded by the governing body to carry out those functions. Any disputes between the governing body and local boards, especially about roles and functions, can be referred to the Local Government Commission to determine.</p> <p>There are some things that local boards are required to do under the Local Government Act:</p> <ul style="list-style-type: none"> • Advocacy and local leadership - local boards are required to advocate for local communities, providing leadership and a local perspective on regional strategies, policies, plans and bylaws • Planning and funding - local boards are required to prepare local board plans setting out the priorities for the local area and what activities they will do. A key part of this is negotiating an agreement with the governing body on the funding of local activities and service levels • Preparing draft bylaws - local boards are required to identify and develop draft bylaws on local matters but these must be approved by the governing body.
Local Government Commission	An independent statutory body established under the Local Government Act 2002. The Commission has three members who are appointed by the Minister of Local Government. Amongst other tasks, the Local Government Commission receives applications and makes decisions on local government reform.
Metropolitan area	An area that combines an urban agglomeration (the contiguous, built-up area) with zones not necessarily urban in character, but closely bound to the centre by employment or other commerce. In contrast, rural areas are settled places outside of cities with low population density (for example Wairarapa is a largely rural area).
Rates	A charge levied on private and business property owners or lease-holders by councils to contribute to the funding of local government services.

Regional Council	<p>Regional councils' responsibilities include:</p> <ul style="list-style-type: none"> • Managing the effects of using freshwater, land, air and coastal waters • Managing rivers, mitigating soil erosion and providing flood control • Regional emergency management and civil defence preparedness • Regional land transport planning and contracting passenger transport services • Harbour navigation and safety, oil spills and other marine pollution • Sustainable regional well-being, including economic wellbeing <p>There is one regional council in Wellington - Greater Wellington Regional Council.</p>
Resource consent	Where a council, using delegated authority under the Resource Management Act, gives an applicant permission for a particular land use activity.
Single Transferable Vote (STV)	An electoral system in which voters are able to rank candidates in order of preference. Under STV, voters can rank as many or as few candidates as they wish. To get elected, candidates need to reach a quota of the votes.
Spatial planning	<p>A high-level strategy for developing a region that relates to its geography and addresses environmental, social and economic conditions. It establishes desired outcomes and sets out how they will be achieved.</p> <p>Developed and implemented via collaboration between multiple parties (e.g. central government, local government, key infrastructure providers and the community), it provides a mechanism for agreeing joint priorities, actions and investment.</p>
Statutory	Enacted by legislation.
Strategic capacity	The set of capabilities, resources, and skills that strengthen an organisation's ability to perform effectively.
Submission	Feedback or proposal from a citizen or group on an issue to influence a decision.
Territorial authority	<p>Territorial authorities are either city or district councils (the population size determines whether they are called a city or district; there are no differences in the way that they operate). Territorial authorities' responsibilities include:</p> <ul style="list-style-type: none"> • the provision of local infrastructure, including water, sewerage, storm water, roads • environmental safety and health • district emergency management and civil defence preparedness • building control • public health inspections and other environmental health matters • managing land use (district plans) • noise control • sustainable district well-being. <p>There are currently 4 city and 4 district councils in the Wellington region.</p>
Unitary authority	Unitary authorities are territorial authorities that have all the functions of a territorial authority and a regional council.
Ward	An area within a territorial or unitary authority that has its own constituency and representative.