

Wellington Regional Chief Executives' Forum  
23 November 2009

**Chairperson**  
**WELLINGTON MAYORAL FORUM**

**RECOMMENDED TERMS OF REFERENCE FOR REVIEW OF  
WELLINGTON GOVERNANCE ISSUES**

**1. PURPOSE OF REPORT**

To recommend a Terms of Reference and process to identify any governance "problems" and future needs to ensure the best outcomes for the Wellington Region and its cities, districts and communities. The review will *not* leap to any conclusions about governance changes. It will report to the incoming Mayoral Forum after the Local Government elections in October 2010.

**2. BACKGROUND**

Following the report of the Royal Commission on Auckland, and subsequent decisions by the Government, the Local Government (Auckland Council) Act 2009, and the report of the Local Government Commission of 20 November 2009 have established the process for the transition of the eight existing Councils in the Auckland Region into an Auckland Council as a unitary authority with a governing body and 19 local boards.

The Prime Minister and the Minister of Local Government have made it clear that the Government will not impose governance changes of this nature on other regions. Rather, the Government is open to initiatives from regions who may wish to consider a review of their governance arrangements. Any changes of governance arrangements could be prepared in time for the 2013 Local Government elections. Therefore there is a period of approximately two years available for thinking about any "problems" or issues with current governance of the Wellington region before any changes would need to be initiated.

**3. ISSUES FOR WELLINGTON**

It is recognised that Wellington region is different in several respects from Auckland, for example:

- the Wellington region has natural topographical divides between cities and districts, unlike the contiguous urban areas of cities in Auckland;
- Wellington already has in place collaborative mechanisms such as:
  - the Wellington Regional Strategy (WRS);
  - all Mayors and the Chair of Greater Wellington are members of the WRS Committee, the Wellington Regional Land Transport Committee and Wellington Civil Defence Emergency Management Groups;
  - the Wellington Waterfront Ltd company;

- Wellington Regional Social Development Forum;
- Capacity Infrastructure Services Ltd; and
- the CEs' Forum leading investigation of Shared Services opportunities.

Nevertheless, there have been issues raised about Wellington governance that may warrant consideration, such as:

- effective local democracy and effective representation of communities;
- ensuring the region can meet its goal of being "internationally competitive";
- capacity and capability of smaller Councils and sustainability and affordability for ratepayers;
- funding regional amenities;
- clarification of roles of NZTA as the transport funder and the Regional Land Transport Committee for setting regional priorities;
- clarification of the roles of the Regional Council and TLAs on environmental management, such as pollution or sedimentation of harbours, and environmental regulation.

#### **4. TERMS OF REFERENCE**

The **attached** Terms of Reference include:

- Research and analysis of any "problems" with current governance arrangements for the region and its cities, districts and communities.

It will ask questions such as:

- What are any "problems" with current governance arrangements in the Wellington region?
- What is the size and nature of any "problems"?
- Will Shared Services initiatives be sufficient to resolve such "problems"?
- If current governance arrangements are suboptimal, will the benefits of changes be greater than the costs of change?

It will report to the incoming Mayoral Forum after the Local Government elections in October 2010.

#### **5. REVIEW STRUCTURE – GOVERNANCE AND ADMINISTRATION**

It is recommended that the Wellington Mayoral Forum provide the governance for the review and be the chief decision making body, with direct channels of communication with the separate Councils. It is also recommended that the Chief Executives' Forum deliver an agreed programme of work and, advice and recommendations to the Mayoral Forum.

#### **6. RESOURCING**

It is recommended that the Chief Executives' Forum allocate resources for this review to ensure that the burden is shared equally in proportion to size and capabilities amongst the Local Authorities in the region.

## 7 DECISIONS AND COMMUNICATIONS

It is recommended that a communication plan be prepared for the Mayoral Forum, if the Mayoral Forum agrees to this proposed Review Terms of Reference, including appropriate stakeholder engagement.

## 8. RECOMMENDATIONS

It is recommended that the Wellington Mayoral Forum:

- (a) **Agree** to invite Mayors and Chief Executives to refer the proposed "Terms of Reference for Review of Wellington Governance Issues" (attached to the paper from the Chief Executives' Forum to the Wellington Mayoral Forum dated 23 November 2009) to their respective Councils for approval, and report to the next Mayoral Forum in February 2010.
- (b) **Agree** that, subject to the outcome of the consideration of the Terms of Reference by Councils, the Wellington Mayoral Forum will be the governance body for the review and the chief decision making body, with direct channels of communication to the separate Councils, and that the Chief Executives' Forum will deliver an agreed programme of work and advice to the Wellington Mayoral Forum.
- (c) **Agree** that the Chief Executives' Forum will prepare a project plan, timeline and budget for the Review, and that allocation of resources to different work streams will ensure that the burden is shared equally in proportion to size and capabilities of the Local Authorities in the Region, for consideration at the next Mayoral Forum in February 2010, should the Review be approved by that Mayoral Forum.

### **Wellington Regional Chief Executives' Forum**

Approved by Wellington Mayoral Forum on 27 November 2009

## TERMS OF REFERENCE FOR REVIEW OF WELLINGTON GOVERNANCE ISSUES

### 1. PURPOSE

The recent moves to establish an Auckland unitary authority has provided the context for the Wellington region to look at its governance and any current issues and to review the future needs to ensure the best outcomes for the Wellington region and its communities into the future.

It is proposed that the Wellington Mayoral Forum agree a process to review any current issues in Wellington's governance and possible solutions. The Review would *not* start with any presumption of structural change. The timing of the Review would be such that a report will be provided to the incoming Mayoral Forum after the Local Government elections in October 2010 so that it can consider any issues identified and possible solutions.

### 2. BACKGROUND

The Royal Commission on Auckland was established to "*report on the Local Government arrangements (including institutions, mechanisms and processes) that are required in the Auckland Region over the foreseeable future in order to maximise, in a cost effective manner:*

- a) *The current and future well-being of the region and its communities; and*
- b) *The region's contribution to wider national objectives and outcomes.*

In carrying out its task the Royal Commission identified two broad, systemic problems evident in current Auckland governance arrangements:

- *Regional governance is weak and fragmented.*
- *Community engagement is poor.*

Following the report of the Royal Commission, Government decisions and Select Committee hearings, the Local Government (Auckland Council) Act 2009 has established the process for the transition of the eight existing Councils in the Auckland Region into the following:

- An Auckland Council as a unitary authority with the powers of both a territorial authority and regional council.
- Two tier governance structure for the new Council – a governing body and 20-30 local boards.
- The governing body of the Auckland Council to be made up of the Mayor and 20 members. The Mayor will be elected at large and all Council members will be elected from wards.

The Local Government Commission announced on Friday 20 November 2009 its proposal for 12 wards and 19 local boards.

The Prime Minister and the Minister of Local Government have made it clear that the Government will not impose governance changes of this nature on other Regions. Rather, the Government is open to initiatives from Regions who may wish to consider a review of their governance arrangements. Any changes of governance arrangements could be prepared in time for the 2013 Local Government elections. Therefore there is a period of approximately two years available for thinking about the future governance of Wellington before any changes would need to be committed.

There is a well established principle that:

- Form follows function.
- Structure follows strategy.

Therefore this review of Wellington governance issues starts with identification of any governance issues in the Wellington region and does not leap to any conclusions about structural solutions.

### **3. GOVERNANCE ISSUES FOR THE WELLINGTON REGION**

In considering any governance issues for the Wellington region, it will be important to recognise some of the distinctive features of the Wellington region.

The Wellington region is different from Auckland in a number of respects. There are clear topographical divides between various parts of the region, for example the Rimutaka range that separates Wairarapa from the rest of the Wellington region, and the "Western hills" that separate the Hutt and Wellington from Porirua and Kapiti. It is a matter for debate and analysis as to the extent to which these topographical features are an impediment to regional governance arrangements.

The Wellington region already has in place some regional governance arrangements that were not present in Auckland, and which were drivers for change in Auckland. For example, the Wellington region has:

- Wellington Regional Strategy, adopted by all Councils in the region.
- Wellington Regional Strategy Committee (a standing committee of Greater Wellington Regional Council) which includes all Mayors and the Chair of Greater Wellington.
- The Chair of Greater Wellington and all Mayors are members of the Wellington Regional Land Transport Committee.
- The Chair of Greater Wellington and all Mayors are members of the Wellington Civil Defence Emergency Management Group.
- All Territorial Local Authorities and Greater Wellington have agreed that GW collect a uniform rate across the region which funds work on the Wellington Regional Strategy including Grow Wellington.
- Wellington Waterfront Ltd Company for development of the water front.
- Wellington Regional Social Development Forum, which includes chief executives and other representatives of local authorities and regional managers for Government agencies for the Wellington Region.

- Wellington City Council and Hutt City Council are joint owners of *Capacity Infrastructure Services Ltd* which provides water, storm water and waste water services. Upper Hutt City Council contracts for services from *Capacity*.
- The Chief Executives' Forum is currently investigating shared services opportunities including Civil Defence Emergency Management and Rural Fire, procurement, waste management and minimisation, building control, rates and billing, archives and dog control.

Governance issues that have been identified at various times and may warrant consideration under the review include:

- How does the region keep local democracy and ensure effective decision making on local issues and representation of residents, while ensuring that the region can act together to maximise opportunities for it to be an "internationally competitive region"?
- Capacity and capability of smaller Councils, while ensuring ongoing sustainability and affordability for ratepayers.
- Funding regional amenities
- There can be confusion between the roles of NZTA, as the transport funder on behalf of central government, and the Regional Land Transport Committee with the responsibility for setting planning priorities at a regional level. This can be an issue when there is a difference of view.
- The environment is not well served or protected if there is lack of clarity of the responsibilities of the Regional Council and TLAs, for example remedial strategies for pollution or sedimentation of harbours. How could this be resolved? Will there be a regional presence of the Environmental Protection Agency in the future?
- Could there be one District Plan for all cities and districts in the Wellington Metro region?
- Will the cities and districts at the northern boundaries of the region focus north or south as part of any future changes in regional governance arrangements and what are the implications and strategies to address that?
- The suggestion of one rate and one level of local government for the region.
- The role of CCOs.

#### 4. VISION AND STRATEGY FOR WELLINGTON

A starting point could be the vision in the "Wellington Regional Strategy", *Internationally Competitive Wellington*:

*"In 2025 the Wellington Region's competitive advantage will be based around its capital status, global links and local geography. The two main corridors running the length of the area will create a feeling of free movement and intimacy in the region. You'll never feel far from the bush, the sea, work or home. A thriving entrepreneurial spirit of new ideas will be encouraged and drive the economy. People will live in safe, clean communities that celebrate the coming together of different cultures. Everyone will enjoy access to environmentally – friendly outdoors and to thriving cosmopolitan arts and entertainment".*

The vision is supported by "*over arching principles for promoting sustainable prosperity for the Wellington region*".

Consider the following questions:

- Are there any governance issues that currently inhibit the Wellington region's ability to deliver this vision?
- Given the changing nature of society and the economy, and the needs of people and communities and business over the next 20 to 30 years, will current governance arrangements best deliver the outcomes wanted for our communities?

## **5. FUNCTIONS AND ACTIVITIES**

In considering the functions of Local Government in Wellington it is appropriate to refer to the purpose of Local Government in s 10 of the Local Government Act 2002:

*"The purpose of Local Government is:*

- a) *To enable democratic local decision-making and action by, and on behalf of, communities; and*
- b) *To promote the social, economic, environmental, and cultural wellbeing of communities, in the present and in the future".*

It should be noted that the Local Government Act 2002 review (Transparency, Accountability and Fiscal Management) is currently in progress and this will consider the purpose of local government.

Consider the following questions:

- Are there any current issues with what functions and activities of Local Government are best carried out at what level or "community of interest"?
- What functions required across the region have not yet been able to be effectively carried out under the Wellington Regional Strategy, eg coordinating land use management, coordination of water conservation and management, coordination of regional scale recreation facilities?

## **6. GOVERNANCE ISSUES**

United Nations has defined "governance" as:

*"Processes for making decisions and implementing them".*

Consider the following questions:

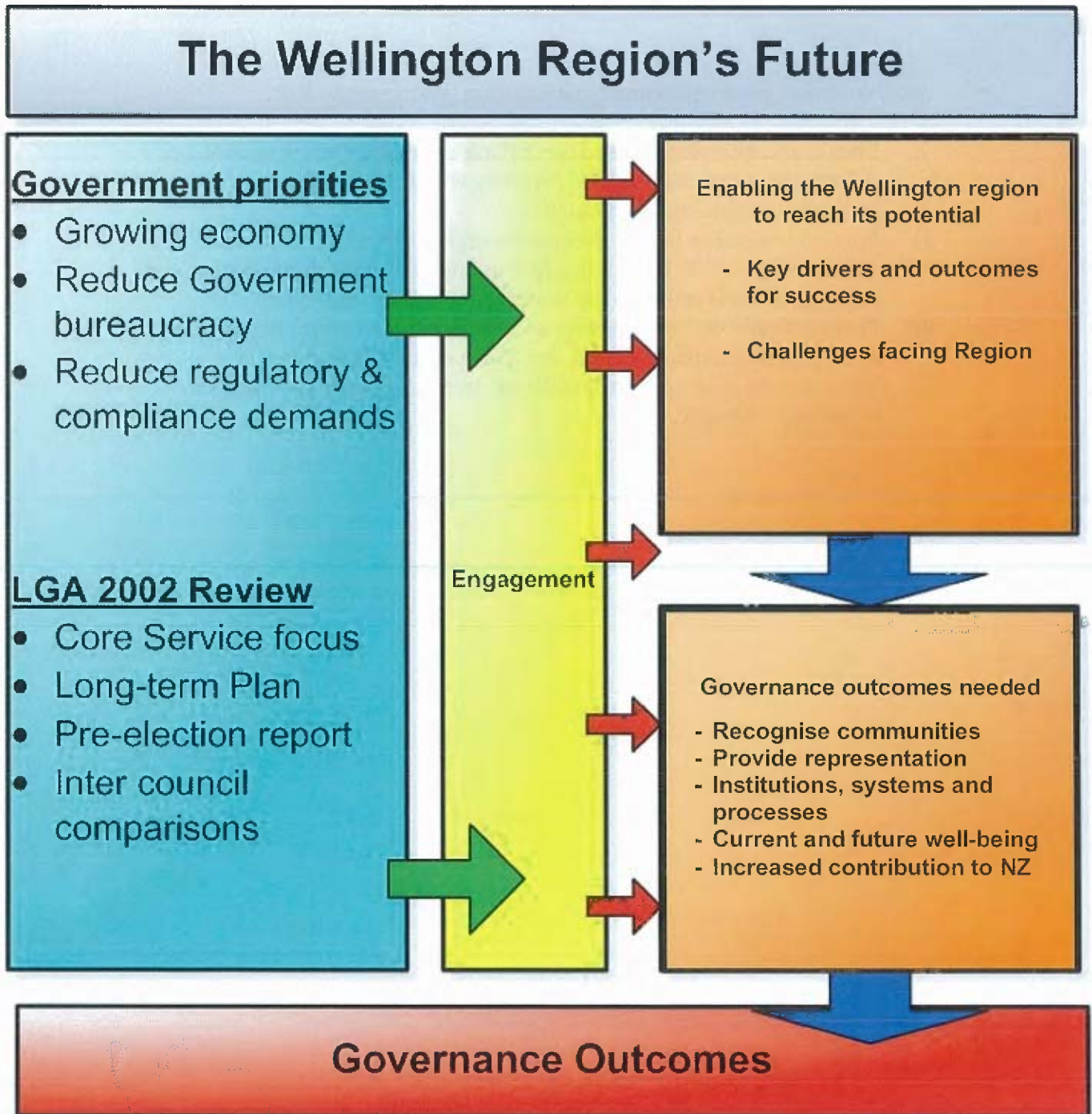
- Are there any current issues with ownership, governance and institutional arrangements and funding responsibilities required to ensure the effective, efficient and sustainable provision of public infrastructure, services, and facilities to support and enhance:

- i) The current and future wellbeing of the Wellington region and its cities and districts and communities;
  - ii) The performance of the Wellington region in promoting economic growth and productivity in the New Zealand economy;
  - iii) The role of the Wellington region as a key transport hub at the centre of New Zealand and as a link between North and South Island;
  - iv) The ability of the Wellington region to compete internationally as a desirable place to live, work, invest and do business; and
  - v) The ability of the Wellington region to respond to economic, environmental, cultural and social challenges (for example, climate change); and
- Do the current governance and representation arrangements best:
- i) Enable effective responses to the different communities of interest and reflect and nurture the cultural diversity within the Wellington region; and its cities, districts and communities;
  - ii) Provide leadership for the Wellington region and its cities, districts and communities, while facilitating appropriate participation by citizens and other groups and stakeholders in decision-making processes;
  - iii) Provide timely decision making and momentum on issues that require approval and funding commitment from several Councils?
  - iv) Take account of the needs of different sectors, for example business, residential and rural.



## 7. CONTEXT OF REVIEW OF WELLINGTON GOVERNANCE ISSUES

The context within which this review will be undertaken is shown in the diagram below. It shows the relationship between government priorities, the LGA review (Transparency, Accountability and Fiscal Management) and community engagement with the scope of work required to understand the future governance issues:



## **8. EXCLUSIONS FROM REVIEW**

The purpose of this review is to identify any issues in the region's current governance arrangements and critically assess whether they are optimal for taking Wellington into the future. Some limitations need to be recognised. It is suggested that the following matters be excluded:

1. Looking into central government agency and institutional arrangements and the accountability of Ministers of the Crown to Parliament for the expenditure of appropriated funds, the provision of services, and the stewardship of assets within their ministerial portfolios
2. Making recommendations on the quantum of central or local government funding needed to support the Wellington region
3. Looking at the functions of local government as this will be covered under the Local Government Act (LGA) review
4. A review of the Wellington Regional Strategy (WRS) as there is already a formal process in place to do this. It will only look at the WRS in terms of the governance context.
5. Any conclusions about change in governance arrangements in the Wellington region. The purpose of this review is solely "issue identification". Any changes to governance arrangements in the Wellington region in response to the issues identified will be considered by the Mayoral Forum after the Local Government elections in October 2010.

## **9. PROPOSED PROGRAMME OF WORK**

It is proposed that the Mayoral Forum provide the governance of this Review, and the regional Chief Executives' Forum deliver an agreed scope and programme of work.

### **Focus**

The focus of the proposed work programme will include identification of any issues in governance of the Wellington region including:

- The long-term drivers of change and their impact on the Wellington region, and an assessment of the region's ability to respond to future opportunities and challenges
- The relationship with the new Auckland unitary authority
- The social and economic pressures faced by communities across the region.
- The allocation of regional and local responsibilities - responsibilities for service delivery, and holding and managing infrastructure assets
- Processes (including planning and consultation requirements)
- Governance and representation arrangements.

### **Work Programme**

The proposed work programme consists of four steps:

1. *Research* into any issues with current governance arrangements for the region and its cities, districts and communities and opportunities to enhance outcomes.
2. *Analysis* of existing services, infrastructure and local democracy, including Long Term Plans and Asset Management Plans, identification of gaps and opportunities in governance arrangements, and analysis of best practice outcomes and the application in a New Zealand / Wellington context
3. *Identify options* to address issues identified in current governance arrangements.
4. *Prepare paper* to be considered by the incoming Mayoral Forum after the Local Government elections in October 2010, which sets out any issues identified in current governance arrangements and possible options to address these issues.

## 10. RESOURCING

It is recognised that not all local authorities in the region are resourced equally to undertake the review. Therefore it is suggested that the regional Chief Executives' Forum allocate resources to ensure that the burden is shared equally in proportion to size and capabilities.

## 11. REVIEW STRUCTURE – GOVERNANCE AND ADMINISTRATION

The proposed review governance structure to deliver the work programme is shown diagrammatically below. It shows the Mayoral Forum as the chief decision making body, with direct channels of communication to the separate councils and the Chief Executives' Forum.

# Review of Wellington Governance Issues

