



Factsheet 1: Greater Wellington Council

4 December 2014

Local boards and local democracy

What are local boards?

Wellington needs a system of governance that is effective at both a *regional* and *local* level. There are significant weaknesses in the ability of the current structure to make effective decisions in situations where a more cohesive regional approach is needed.

At the same time it is important that elected decision-makers remain close to communities and individual neighbourhoods, and can recognise and reflect the qualities that make smaller areas distinct.

This council model has the key advantage of shared decision making. The mayor and councillors focus on high-level strategic and regional issues, and local boards represent established communities and make decisions on more local issues. Local boards are an essential part of the power-sharing structure within Greater Wellington Council. Board members will be elected to speak for residents from defined areas and in turn will govern those areas with their own budgets and certain powers.

Eight local boards are proposed to represent Wairarapa; Upper Hutt, Lower Hutt; Kapiti Coast; Porirua-Tawa; Ohariu, Lambton and Rongotai. They would be based at area offices around the region and would ensure the council stays in touch with long-established communities.

The local boards would have between six and ten elected members. Two councillors from each ward would also be appointed to the relevant local board, to ensure good communication and coordination within the council.

The elected members of Greater Wellington Council would be: one mayor, 21 councillors and 60 local board members. Wellington is currently governed by nine councils with eight mayors and one regional chair, 95 other councillors and 57 community board members. It has a population of fewer than 500,000 people.

Local board members would work alongside the governing body – the mayor and councillors. Local boards are part of the coherent whole of the council structure and are integrated into its decision-making processes. They have statutory independence and are permanent bodies. They cannot be modified or abolished by the mayor or councillors. Changes to the structure of local boards would require another reorganisation process.



How do they work elsewhere?

Significant lessons were learned from the establishment of local boards at Auckland Council in 2010. The balance of power between local boards and the governing body in Wellington is different from that in Auckland.

In Auckland the potential role of local boards was limited when a considerable range of council activities were transferred to council controlled organisations. This affected the ability of local boards to influence some decisions, for example local transport issues.

The scale of the Wellington boards corresponds more closely to existing council boundaries, which means a wide range of existing community facilities and programmes are still regarded as local. In addition, the appointment of councillors to local boards would provide closer linkages across the wider council.

What powers and budgets do they have?

The Commission expects Wellington local boards to have greater power than Auckland local boards. This includes approving management plans for most local recreation, cultural, and sporting facilities, and a significant role in community development and promotion. For example, it includes local parks and reserves, recreational and community facilities, arts and cultural facilities and libraries. It also includes local community and cultural events, decisions about public spaces such as town centres and main streets, and grants to local groups. The Commission also expects local boards to have responsibility for local transport infrastructure, waste and recycling facilities, and local economic development initiatives.

The whole council sets budgets for local boards during the annual planning process. For example, in 2014/15 the largest local board in Auckland, Waitemata, has an operating budget of \$47 million and a capital budget of \$6m, for a residential population of 77,000 people. The smallest local board, Great Barrier, has an operating budget of \$3.98m and a capital budget of \$2.2m, for a residential population of 939 people. These figures are provided as a guide and do not necessarily reflect a Greater Wellington scenario.

Members of a local board elect a chairperson from within the group. The chair's role is a fulltime job. Other board members are expected to devote around 25 hours a week to the role. Their salaries would be set independently, by the Remuneration Authority.

The administrative headquarters of Greater Wellington Council would be in Wellington City. Council services would also be provided at area offices in Porirua, Paraparaumu, Lower Hutt, Upper Hutt and Masterton. Service centres would be in Waikanae, Otaki, Martinborough, Greytown, Featherston and Carterton.

For more information about the proposal: www.lgc.govt.nz



Factsheet 2: Greater Wellington Council

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Economic development, economic challenges

What are the strengths and weaknesses of the Wellington economy?

The regional economy is relatively focused on local and national markets. It is one of the least diverse economies of any region in the country. Economic development will rely on the region increasing its international focus.

The greater Wellington region specialises in people-intensive service industries. It has a highly skilled and educated workforce focused in public administration, finance, tourism, the cultural sector and visual media, information and communication technologies, and tertiary and research institutions. The agricultural and manufacturing sectors are small compared to other regions. Economic activity and growth within the region are concentrated in and around the Wellington CBD.

There is a high level of economic inter-dependence within the wider region. Employment, travel, spending and recreation patterns show the metropolitan area of Wellington City, Porirua and the Hutt Valley is economically linked to the Kapiti Coast and Wairarapa. People identify with one community as a place of residence, but they work, sell goods and services, shop and play across the wider region. It is a single economic entity with the CBD in Wellington City as its hub.

The region provides fulltime employment for around 227,000 people (12% of NZ jobs) and produces around \$26 billion of the country's gross domestic product (13.5% of NZ GDP). The region as a whole has high incomes and productivity although in recent years economic growth has been below the national average, largely because most national growth has been driven by primary exports.

Population growth is also below the national average. In areas such as Masterton the population is expected to decline and age. Hutt Valley and Wairarapa communities face declines in their working-age population but require substantial investment in infrastructure, largely funded by rates. Kapiti Coast has relatively high council debt but requires significant investment to maintain and build new infrastructure. It has a large proportion of residents on fixed incomes with limited ability to pay for infrastructure.

What challenges lie ahead?

Economic priorities for local government include developing transport and replacing ageing infrastructure. For example, almost 50 percent of water pipes and 40 percent of wastewater pipes



across the region are aged and likely to be in poor or very poor condition. The largely unbudgeted cost of replacing them is estimated between \$1.7billion and \$2.6billion.

Local government also needs to prepare for natural hazards like storms and earthquakes, upgrade information technology, encourage region-wide growth, respond to higher regulatory standards for water quality, and enhance cultural and recreational facilities for residents.

What will happen to my rates, and to existing council assets and debts?

The Commission has decided against recommending the debt of each existing council is ring fenced to each area.

If debt is to be ring-fenced, arguably the income from council assets should also be ring-fenced. In principle, there is an equity issue to consider across the region. Some councils have substantial income-generating assets, such as Wellington City Council's shares in the airport, and the Regional Council's holdings in the port. In contrast, Upper Hutt City Council has no assets which generate income. Other councils have future liabilities for renewal and replacement of infrastructure such as the water or wastewater pipes. These include Kapiti Coast, Porirua, Hutt City, Upper Hutt, and Carterton.

Decisions about how to handle the transition to a single rating system would be left to the new council. An integrated rating system would come into force on 1 July 2019 and current rating systems would remain in place till then. The council would develop a rates transition mitigation policy to manage the impacts of any changes for individual property owners. General rates would be based on capital value not land value.

The new Greater Wellington Council would have to consider five key factors affecting assets and debts across existing councils: the rating systems; asset conditions and risks; levels of council services; council investments; and future development plans. These issues are inter-related and the new council would have to find a balance across the wider region.

Economic planning should be aligned across greater Wellington to expand economic opportunities and keep businesses and skilled workers in the region. The most pressing economic challenges for local government are regional in scale and require a regional response.

For more information about the proposal: www.lgc.govt.nz



Factsheet 3: Greater Wellington Council

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Maori participation, *Te Upoko o Te Ika a Maui*

The Wellington region is known to Maori as *Te Upoko o Te Ika a Maui*, or the head of Maui's fish. Wellington harbour and Lake Wairarapa are the eyes of the fish and the Rimutaka and Tararua ranges are part of its spine. A large number of iwi and hapu operate under Treaty of Waitangi mandates and through a variety of structures across the region.

All councils must promote Maori participation in decision-making. There is no standard approach or set of guidelines for how this is achieved. The Commission does not have legal authority to create Maori wards or an independent Maori statutory board similar to that in Auckland. It has instead consulted widely on other structures that could ensure Maori participation in local government.

Iwi have advised the Commission that relationships should be on a *rangatira to rangatira* basis, where iwi leaders talk to council leaders. Maori leaders also favour a joint committee of council and iwi representatives, with decision-making powers on environmental and resource management issues, regional planning, and treaty settlement matters.

The Commission is proposing two formal structures for the new council: a Maori Board and a Natural Resources Management Committee.

The Maori Board would be made up of the mayor and two councillors, and one representative of each iwi from the district. The council would consult the board on matters that materially affect iwi. The council would take into account the Maori Board's advice on strategies, policies and plans. The Maori Board would meet all councillors twice a year to discuss council performance.

A second structure, *Te Upoko Taiao* – the Natural Resources Management Committee, would promote the sustainable management of natural and physical resources. It would include seven members of the council and seven representatives of iwi from the region.

Local boards would also be expected to establish relationships with iwi and hapu groups, amongst other Maori organisations. These arrangements could include Maori advisory groups, appointments to committees, direct meetings between boards, iwi and hapu, and memoranda of understanding.

The new council structure would best align local government decision-making with iwi and hapu decision-making.

For more information about the proposal: www.lgc.govt.nz



Factsheet 4: Greater Wellington Council

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Environment, climate change, natural hazards

The greater Wellington region is particularly susceptible to natural hazards such as earthquakes, tsunami, landslides and flooding. The region has a long coastline and two major harbours. Some catchments have either flood risks or water quality issues or both. Climate change will impact on the entire region.

Risks of climate change include coastal erosion and flooding of low-lying areas from sea level rise, increased frequency and intensity of storms, and increased likelihood of drought. The Wellington central business district is located very near to sea level.

The transport corridors of state highways 1 and 2 and the rail system are on fault lines and close to sea level. Bulk water supply dams in the Hutt Valley are on a fault line. Major electricity transmission lines which carry power from the South Island to much of the North Island also traverse the region. Wellington International Airport is exposed to risk of both tsunami and earthquake.

Forty percent of the region is prone to erosion. There is interest in investment in large-scale water storage and irrigation in the Wairarapa. Seasonal water shortages affect Kapiti and Wairarapa most severely, but other parts of the region also limit water use during summer.

Flood control infrastructure in the Hutt Valley, Kapiti Coast and Wairarapa will require significant investment over the next 30 years. Flood control work is expected to require investment of \$227m, more than half (\$140m) in the Hutt Valley.

Vital regional infrastructure is acutely vulnerable to earthquakes. The consequences are particularly severe for the country because of Wellington's role as the national capital.

Most local government activity around management of natural hazards is currently focused on emergency responses and mitigating risks. Environmental management of land use and water is also currently divided between councils. A longer-term response to environmental challenges requires coordinated and consistent planning of land use and infrastructure across the region.

The Greater Wellington Council would integrate these responsibilities to address future challenges at both a regional and a local level. It would ensure that resilience is built into local government services and infrastructure, over the long term.

For more information about the proposal: www.lgc.govt.nz



Factsheet 5: Greater Wellington Council

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Wairarapa as part of the region

The Commission could not be satisfied a Wairarapa unitary authority would have the resources to carry out its responsibilities. It would result in significantly greater costs for residents when they already pay some of the highest rates per person in the region. It would also create risks for future services and infrastructure like public transport, flood protection, and the water use project.

The first application for the reorganisation of local government in the region came from the three councils in the Wairarapa. They proposed the creation of a Wairarapa unitary authority, separate from the rest of the Wellington region. They proposed a structure which would combine their functions with those of the regional council in the area.

The Wairarapa has a strong sense of community identity separate to the rest of the region. In part this reflects the physical separation by the Rimutaka ranges and the rural and small town character of the area. However there are strong economic, employment, cultural and transport links between the Wairarapa and the rest of greater Wellington. In just one example, 15 percent of properties in South Wairarapa are owned by people from other parts of the region, mostly Wellington City.

The Commission must be satisfied that any new council will have the resources to effectively carry out all its functions in future. The financial viability of a proposed council is one aspect of this test. At least nine consultants' reports have addressed the financial viability of a separate council for the Wairarapa, but reached different conclusions. One estimated a new Wairarapa council would have a starting deficit of only \$2m per annum, another put it closer to \$11m.

A proposed large scale water storage and irrigation project in the Wairarapa is being investigated. There are significant public transport costs, especially for the rail network. Investment is needed for environmental management like flood protection and erosion control, and water quality issues have emerged as a major area of focus from central government. This work in the Wairarapa is currently done by the regional council using rates revenue from the whole region.

A separate Wairarapa council was considered in the major local government reforms of 1989 and was rejected then as not viable. Twenty-five years later, the Wairarapa remains an integrated part of the greater Wellington economy and region. The creation of a distinct ward and local board for the Wairarapa would preserve its unique community identity.

For more information about the proposal: www.lgc.govt.nz



Factsheet 6: Greater Wellington Council

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The reorganisation process, next steps, and transition

The reorganisation process was initiated by councils in the Wairarapa and by the regional council. The Commission was required to consider options against specific criteria, before forming a view on the best option for the region. The release of the draft proposal completes this initial phase of the process. A formal public consultation phase now begins.

There are several steps to complete before a Greater Wellington Council could be established. The applications for change came from the community and will ultimately be decided by the community.

The process of public consultation is now underway. Submissions can be made on this draft proposal till **4.00pm on Monday 2 March 2015**. Public hearings will be held for people who want to speak to their submissions. After the hearings the Commission will decide whether to issue a final proposal.

If the Commission issues a final proposal, the region can demand a poll. A poll will be held if ten percent of electors in any affected council area sign a petition. The signatures must be gathered within sixty working days of the release of the final proposal. The poll would be held across the entire Wellington region and is binding. It would be administered and paid for by existing councils.

If the poll supports the proposal or if no poll is called for, the transition begins to the new council.

Timings are subject to a number of factors, such as the number of submissions, the duration of public hearings, and whether the Commission proceeds to a final proposal. A transition board could be in place by around September 2015. The board would have an independent chair appointed by the Commission. The existing nine Wellington councils would each nominate an elected member to the board. The board would appoint an interim chief executive.

An implementation team would support the board. Its manager would be appointed by the Commission. Other staff would advise and assist the transition board and support the interim chief executive. Elections for the new council could occur in the regular cycle of council elections, in October 2016. The new council could come into effect on 1 November 2016.

A form for public submissions is on the Commission website. Submissions can be emailed to: submissions@lgc.govt.nz or posted to: Local Government Commission, PO Box 5362, Wellington 6145.

For more information about the proposal: www.lgc.govt.nz