**The Governance of Wellington: Revisiting the Basis for Change**

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This paper presents an outsider’s view on the current debate about options for the future governance of Wellington. It does not pretend to offer definitive solutions: the issues being raised are complex and require both detailed analysis and a close familiarity with what may work and what won’t. However, it does seem possible to canvass some fresh (or at least slightly different) perspectives and ideas that may warrant further consideration.

In debates such as this, when a number of key protagonists and contributors have been involved with the issues for a long time, there can be a tendency to assume fixed starting points for discussion. An outsider may be in a better position to test underlying assumptions and suggest alternative ways forward. The questions and possibilities canvassed in this paper are thus intended to help Wellingtonians come up with their own ‘right’ answers.

**1. Drivers for Change**

There is a widespread view that pressures are mounting for significant change to current governance arrangements for the Wellington region. These pressures have been discussed in a number of recent reports, notably:

* ‘Governance Review’ prepared for Wellington Region Councils by PriceWaterhouseCoopers in October 2010
* ‘Some ideas on local government reform in Wellington - neighbourhood decisions with pan-regional strategy’ prepared by a group of Wellington Regional Councillors in 2011
* ‘Assessment of options for joint management and service delivery’ prepared for the three Wairarapa councils by MorrisonLow in May 2012
* ‘Local Government Reform in Wellington – What do You Think?’ issued by Wellington City Council in mid 2012.

Amongst the various factors discussed, the principal pressures cited are:

* The ‘Auckland effect’ – the potential for the ‘powered up’ Auckland region with its new ‘super city’ council to attract economic development and the attention of central government at the expense of Wellington (and the rest of New Zealand)
* Fragmented and less than optimal strategic planning, infrastructure provision and service delivery under the current arrangement of 8 territorial authorities and a regional council
* Limited prospects for economic and population growth in the Wairarapa, which is governed by three relatively small (in population) territorial authorities (see Table 1)
* Central government reform initiatives, notably proposals for a streamlined amalgamation process as part of the latest ‘Better Local Government’ package.

Consideration of these issues has led the Greater Wellington Regional Council and the Porirua Council to appoint an independent Wellington Region Review Panel, under the chairmanship of Sir Geoffrey Palmer to “assess possible local government options for the Wellington region and identify an optimal one, which may include either structural and/or functional changes.”

At the same time, Wellington City Council has launched a major public consultation based on four options for governance improvement: increased regional collaboration and shared services; three unitary councils (Wellington-Porirua-Kapiti, Hutt Valley, and Wairarapa); two unitary councils (Wairarapa and the rest of Greater Wellington); or a single regional council with 10 local boards.

**Table 1: Medium Population Projections to 2031**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Area** | **Population 2006** | **Projection 2031** | **Absolute Change** | **Average Annual Change** |
| **Kapiti Coast** | 47,500 | 60,900 | 13,400 | 1.0% |
| **Porirua** | 50,600 | 55,600 | 4,900 | 0.4% |
| **Upper Hutt** | 39,700 | 41,800 | 2,100 | 0.25% |
| **Lower Hutt** | 101,300 | 105,100 | 3,900 | 0.25% |
| **Wellington** | 187,700 | 238,700 | 51,000 | 1.0% |
| **Masterton** | 23,200 | 22,500 | -700 | -0.1% |
| **Carterton** | 7,300 | 7,800 | 500 | 0.3% |
| **South Wairarapa** | 9,100 | 8,900 | -200 | -0.1% |

***‘Real’ or ‘Assumed’ Drivers?***

In considering options there is a need to distinguish carefully between what might be termed ‘real’ and ‘assumed’ drivers for change.

As yet, both the ‘Auckland effect’ and the likelihood of intense pressures for structural change flowing from the Government’s reform initiatives are yet to be proven. Certainly, creation of the Auckland ‘super city’ was designed to improve the effectiveness of local government as part of an agenda to maximize the contribution of Auckland to national economic growth, and that clearly remains a priority of Government. Likewise, the Government clearly wishes to remove what can be seen as unnecessary obstacles to council amalgamations. However, whether those two elements will combine to bring about a wave of restructuring across the country – and specifically to promote a Wellington version of the ‘super city’ – remains a matter for speculation. The success of the Auckland arrangements has yet to be established, and whilst the Local Government Amendment Bill 2012 does indeed create the *opportunity* for promotion of further council amalgamations, its provisions (assuming they become law) by no means *guarantee* that amalgamation proposals will succeed. Moreover, it is questionable whether government has the appetite to pursue widespread and complex change.

By contrast, there are several drivers for change canvassed in the various reports mentioned earlier that may be judged ‘real’, either now or in the foreseeable future. These include:

* The weak financial position of the three Wairarapa territorials
* The need for better coordinated strategic planning and provision of major infrastructure and services to support expected population growth in the main urban areas
* The desirability of enhanced efforts to promote economic development.

**2. Wellington and Auckland: A global perspective**

As noted above, proponents of the ‘Auckland effect’ tend to focus on the potential for Wellington to suffer from competition with the new ‘super city’. However, this proposition needs to be challenged, or at least considered from a different perspective. In global terms, New Zealand is effectively a single region. Certainly, Auckland is the country’s urban ‘flagship’ and only contender for ‘world city’ status, but as long as it remains the capital city Wellington is guaranteed an important role alongside Auckland, offering vital expertise in governance, public administration and related knowledge-based industries. As Colin James has observed, from a government perspective Auckland is now too big to fail, but perhaps also too small to succeed: whether or not the ‘super city’ does succeed will depend in no small part on the contribution of Wellington.

This suggests that far from worrying about competition, Wellington (in the sense of the key players in central and local government, the private sector and academia) should be focused on forging the most productive possible partnership with Auckland, leveraging off moves to make the latter a ‘world city’. This would involve, among other things, identifying complementary strengths and promoting improved transport links between the two cities, especially cheap and frequent air services. The latter might well accelerate, rather than detract from, moves to establish direct flights between Wellington and Asia.

A parallel issue is the future of Christchurch. Again, complementarity rather than competition looks like the right approach. However, the future of Christchurch as an economic force in New Zealand remains in the balance, and the city’s future may well be that of a large provincial centre rather than a major national player. An Auckland-Wellington axis would be the paramount force.

*The governance implication for Wellington is the need for a structure that can help maximize the City’s potential as an economic force in its own right and as a partner for Auckland.*

**3. Defining ‘Wellington’**

‘Wellington’ as a place may be defined in at least three different ways:

* The administrative unit of the City of Wellington
* The wider urban area commonly seen to be ‘Wellington’, at least by outsiders
* The Greater Wellington region.

Discussion of governance issues to this point has generally assumed that the starting point is the area covered by the Greater Wellington Region Council, but why should that be the case? Is not the currently defined region essentially an artificial administrative construct established less than 25 years ago, without a definitive environmental boundary to the north? Also, is it not evident that in economic terms Wellington could be seen as part of a broader region extending considerably further to the north and also including the north of the South Island? The Mayor of Wellington has already convened an inaugural meeting of mayors from the southern half of the North Island plus Marlborough, Nelson and Tasman, following moves to create an Upper North Island Strategic Alliance (UNISA) around Auckland.

It would seem that economic geography is moving on, potentially challenging existing regional boundaries. At the same time, there is speculation that environmental regulation – the core role of regional councils – may change with the advent of the Environmental Protection Authority. This again suggests that using the current Greater Wellington boundary as a starting point may be unwise.

To the outsider, the defining image of ‘Wellington’ is the harbour with its surrounding urban areas and scenic rim, nearly all of which is located in the Cities of Wellington and Hutt. The urban area then extends more or less seamlessly – and certainly as an integrated functional unit – into the Cities of Porirua and Upper Hutt. Commuting to Wellington/Porirua from the southern part of the District of Kapiti Coast is increasing, and there is also some commuting across the Rimutakas to the Wairarapa. At this stage, however, neither Kapiti nor the Wairarapa look to be part of the Wellington urban complex.

*‘Wellington’ thus emerges as something more than the City of Wellington, but less than the area of the Greater Wellington Regional Council. In terms of governance, this suggests that a new approach needs to be defined that focuses on the urban complex, whilst ensuring that the needs of Kapiti and the Wairarapa are suitably addressed.*

**4. Kapiti and the Wairarapa**

It is beyond the scope of this paper (and the knowledge of the author) to go into detail regarding the future governance of Kapiti and the Wairarapa. However, a few points may be made.

* The southern half of Kapiti will increasingly become a series of dormitory communities linked to Wellington, but seems likely to retain a distinct identity. With this driver of population growth, Kapiti may well be able to function successfully as a unitary authority.
* Alternatively, Kapiti could be merged with an expanded Wellington (see below); split between an expanded Wellington and Horowhenua; or merged with Horowhenua. To the extent that Kapiti is merged in whole or part with Horowhenua it could be as a unitary authority or as part of an expanded Horizons (Manawatu-Wanganui) region.
* Given the proposal below for a new Wellington metropolitan council, perhaps the best short-term solution for Kapiti is a transfer of regional council functions to Horizons, pending clarification of the Government’s longer term approach to the retention or otherwise of regional councils in their current form, and hence the future functions and appropriate scale of unitary authorities.
* The same applies to the Wairarapa, which given its limited potential for population growth seems less likely than Kapiti to be able to function successfully as a unitary authority. The recent report by MorrisonLow essentially favoured a unitary authority but noted that:

...further work is required to consider in detail the costs, benefits and risks of these options and in particular the cost implications of a Wairarapa Unitary Authority which would need to fund activities currently undertaken by Greater Wellington Regional Council in the Wairarapa which are currently funded in part by regional rates. (p.74)

* It seems probable that the subsidies currently provided to the Wairarapa councils through regional rates would need to be replaced in some way. The question arising is whether that is properly a responsibility of ratepayers in the Wellington urban complex, as at present, or of central government.

*In the short term, the best approach appears to be to transfer both Kapiti and the Wairarapa to the Horizons region, coupled with a merger of the three Wairarapa councils and consideration of whether and how current subsidies provided to the Wairarapa via Greater Wellington regional rates should be replaced.*

**5. A metropolitan council**

As noted previously, the core of the Wellington region is the integrated urban complex (truly a metropolitan area of around 400,000 people) contained in the cities of Wellington, Hutt, Upper Hutt and Porirua. Certainly, those four cities each display – to varying degrees – a distinct identity in terms of geography, physical character, economic development and socio-economic profiles, but such variations are true of any metropolitan area. The question is whether it is prudent to maintain the current division of governance into four territorial authorities and a regional council – bearing in mind also the overlay of central government agencies.

From the preceding discussion, the key drivers for a change in governance with respect to the metropolitan area include:

* The need for better coordinated strategic planning and provision of major infrastructure and services to support expected population growth in the main urban areas
* The desirability of an enhanced framework to promote economic development and for Wellington to function as both an effective partner of Auckland and a ‘provincial capital’ for much of the southern half of the South Island and Marlborough-Nelson-Tasman.

Whilst there is presently no crisis in metropolitan management, it seems clear that the current fragmentation of local and regional governance will increasingly hinder efforts to address these strategic issues. For example, it is very difficult for an outsider to understand the logic of having responsibility for key decisions about the future of the Wellington CBD split between the City and the Regional Council. Similarly, it makes no sense for adjoining authorities to compete in promoting economic and commercial development, or to fail to collaborate in the provision of major services, especially in a climate of fiscal austerity.

The primacy, image and functioning of the central business district is a critical consideration in the future of Wellington as the national capital, as a significant metropolitan centre of some international significance (at least in Australasia, the Pacific and adjoining South-East Asia), and as a partner for Auckland. Whilst the CBD is currently well served by the City of Wellington, its primacy across the whole metropolitan area is open to challenge by the decisions of other councils, and needs to be reinforced through integrated strategic planning and infrastructure investment.

There is, of course, the argument that more joint planning and increased use of mechanisms for shared service delivery can address these concerns. However, there is a dearth of evidence to suggest that such arrangements can be guaranteed to produce the results required. On closer inspection, even seemingly successful collaborative ventures such as Metro Vancouver can be seen to have their limitations – and most certainly do not produce the level of cohesion sought by those concerned with the ‘Auckland effect’.

Recent research by the Australian Centre of Excellence for Local Government (ACELG)[[2]](#footnote-2) concluded that the primary benefit of increasing the scale of local government is to enhance ‘strategic capacity’. ACELG (2011: 4) observed that:

In recent years the need or desire to strengthen local government’s strategic capacity to play an expanded and more prominent role has emerged as a key variable in programs of local government reform. 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’.[[3]](#footnote-3) This rationale for consolidation may be particularly relevant in metropolitan areas and rapidly developing regions ... It is also linked to new concepts of local government’s role such as ‘place-shaping’ and – in the UK – ‘Total Place’.

Referring specifically to Australia, ACELG (2011: 8) found that:

The available evidence points to a particular need for ongoing consolidation of local government activities in metropolitan areas ... There is a widespread view that this calls for substantially larger local government units *as well as* collaborative planning and resource sharing.

These findings appear highly relevant to the Wellington situation.

*In effect, therefore, this analysis supports the strategic proposition advanced by the group of regional councillors in ‘Some ideas on local government reform in Wellington’, but on the basis that the area to be governed is the Wellington metropolitan complex, NOT the Greater Wellington region.*

***‘Residual’ regional functions***

It is assumed as a starting point that a new metropolitan council would be a unitary authority combining all the current functions of the four territorial councils plus the regional council – whilst again acknowledging the possibility that some regional functions may in future be transferred to central agencies or special purpose authorities.

However, there may be a need for a supplementary structure or structures to carry out some ‘residual’ regional functions that of necessity embrace Kapiti and the Wairarapa – public transport and regional parks are good examples. Depending on the functions involved this could be either a transitional arrangement pending transfer to Horizons, or a permanent arrangement. One or more joint CCOs might be a practical solution. Alternatively, the new metropolitan council could extend certain services into Kapiti and the Wairarapa.

***Structure and Representation***

The Auckland experience, coupled with stated government policy, suggests that a metropolitan council would comprise:

* A ‘strong’ directly elected mayor who would lead policy, planning, budgeting and community engagement, as well as appointing his or her deputy and setting the framework for internal governance (establishing committees and perhaps appointing chairs)
* Councillors elected by wards
* Some form of ‘neighbourhood’ governance
* One or more CCOs for infrastructure and service delivery.

Getting agreement on the number of councillors and the pattern of wards will be crucial in smoothing the transition from the existing arrangements. Recent thinking in New Zealand and Australia has tended to promote the so-called ‘board of governors’ model, with a small number of councillors focused on a policy-making and oversight role, leaving management and/or CCOs in charge of operational matters.

There are, however, countervailing views and practice. For example, Svara[[4]](#footnote-4) has conducted detailed research into the evolution of councillor-management roles and relations in American local government and his findings indicate that there is no clear-cut distinction between policy and administration, and that the balance of roles shifts over time. Equally, the structure of Brisbane City Council that has worked successfully for several decades cuts across the ‘board of governors’ model. It involves:

* A substantial number of councillors (26), elected in single member wards – all are full-time and have personal staff to help them fulfill both their representational and policy/oversight roles
* A directly-elected executive mayor with his/her own office (but also retaining a CEO as head of administration)
* A ‘civic cabinet’ appointed by the mayor, with cabinet members also exercising delegated executive functions.

The ‘backbench and cabinet’ model is used throughout England, sometimes in conjunction with a powerful, directly-elected mayor. There are also various forms of ‘neighbourhood’ governance, such as advisory local assemblies and parish councils – the latter with some power to raise revenue and make expenditure decisions. Under the current coalition government, there have been moves to devolve elements of local government service delivery to community-based organizations.

The average ratio of population to elected councilors in England is about 5000:1. This approach would point to a far greater number than the 15 (including a mayor) envisaged in Wellington City Council’s discussion paper. Applying a ratio of 20,000:1 (very high by world standards for part-time councillors) to the 2031 population projections would indicate 22 councillors plus a mayor. This equates to about 12 in the current Wellington City area, 5 in Hutt, 2 in Upper Hutt and 3 in Porirua. If the number of councilors were limited to 15 (a ratio of about 30,000:1), then as in the case of Brisbane (currently 40,000:1), consideration should be given to full-time positions and perhaps support staff, at least for committee chairs or a ‘civic cabinet’.

*Thus in the case of Wellington there would be sound arguments in favour of ‘purpose-built’ representation and governance arrangements that would differ from recent New Zealand practice.*

1. Director, Australian Centre of Excellence for Local Government and 2011-12 Don Trow Fellow, Centre for Accounting, Governance and Taxation Research, Victoria University of Wellington [↑](#footnote-ref-1)
2. Australian Centre of Excellence for Local Government (ACELG) *Consolidation on Local Government: A Fresh Look*, May 2011, viewed at <http://www.acelg.org.au/library.php?id=mostRecent> [↑](#footnote-ref-2)
3. Local Government Reform Commission (Queensland) (2007), report, volume 1, at: <http://www.dip.qld.gov.au/resources/report/commission-recommendation/vol-01/volume-1-report.pdf> [↑](#footnote-ref-3)
4. James H Svara. ‘The Search for Meaning in Political-Administrative Relations in Local Government’, *International Journal of Public Administration*, vol 29: 1065-1090, 2006 [↑](#footnote-ref-4)