

WELLINGTON REGIONAL STRATEGY FORUM

29 JUNE 2006

WRS GOVERNANCE AND FUNDING STRUCTURES

1. Introduction

The issues of governance and funding structures for the Wellington Regional Strategy (WRS) were debated at the WRS Forum on 25 May, without agreement being reached. The revised timetable for the Strategy allows for a further discussion of a “mock up” document including key strategy elements on 29 June. That content will then be signed off for consultation purposes by individual councils before final approval at an end of July WRS Forum meeting. Governance and funding arrangements will form a key part of the WRS.

Since they are largely implementation issues, some of the options proposed for this area do not necessarily need to be resolved before the WRS is formally consulted on or even finalised. However the Forum has recognised the critical importance of effective leadership and partnerships by making it a section of the WRS in its own right. There are significant risks in completing a WRS that does not have a common understanding of governance and funding arrangements. These include:

- the Strategy will be irrelevant because there is no resource to implement it, or not as much will be achieved because of funding limitations; and
- a poorly designed governance structure will result in poor implementation due to confusion of roles, unclear objectives, or disagreement among stakeholders.

2. Summary

This background paper attempts to set out principles for governance and funding, progress so far, and key areas for decision.

After taking into account the areas where there appears to be general agreement, and discussion and analysis of options, the Chief Executive's Group recommends that:

- the central element of the governance structure be a “Keeper of the Strategy” committee;
- the committee be formally constituted and operate under typical local government standing orders;
- membership of the committee include political and non-political appointees, with council appointees in the majority (the PCC model contains only politicians);
- the role of the committee be to champion the Wellington Regional Strategy and be responsible for its achievement, monitoring and review;
- a number of implementation agencies, each governed by its own board, and with appropriate accountability and funding arrangements, could come under the umbrella of the committee;
- there be certainty of funding and a single SCI¹ for each implementation agency;

¹ Statement of Corporate Intent

- detailed provisions for areas including terms of reference, delegations, appointments processes, decision-making protocols, funding mechanisms, accountability arrangements, and dispute resolution be set out in an agreement between all councils in the region;
- a draft agreement be brought back to the WRS Forum for further consideration;
- one of three options must be chosen for accessing local authority funding for, in the first instance, economic development:
 - individual TA rating, in which case the committee would be a joint committee of councils;
 - a regional rate collected by the Regional Council, in which case the committee would be a standing committee of that Council;
 - legislative change to enable the Regional Council to collect a Regional Economic Development rate with accountability for this rate being with a separate accountable body.

The critical area for decision that this paper focuses on is therefore the funding channel for local government funding of regional economic development – through individual TA rating, a regional rate, or a separately accountable body.

3. Discussion

3.1 Principles for governance and funding

There are a number of key principles that should be upheld in any proposed governance and funding framework:

(i) **Accountability and transparency**

Any structure needs to ensure clear accountabilities for public funding, political accountability for rating decisions, and accountability for achievement of objectives.

The critical accountability relationship will be the one between a “Keeper of the Strategy” and councils in the joint committee model; or the Regional Council in the Regional rate model; or the separate accountable body in the PCC model. The accountabilities will be detailed in the multi party agreement.

(ii) **Separation of roles**

A separation of strategic direction-setting and implementation, and clear understanding of roles is essential. This is a major reason for having arms-length entities, along with a clearer focus for the delivery agency and greater potential for innovation.

Clarity around the type of decision-making generally being undertaken in each governance body is important. At the level of an implementation agency board, for example, the focus is expected to be on implementation and not resolving difficult political tradeoffs.

(iii) **Stakeholder involvement**

Strong engagement of wider stakeholders is seen as necessary for the success of the Strategy. This engagement brings additional expertise, wider collective ownership and engagement, and reduces the risk of local authorities taking responsibility for economic prosperity. It also ensures buy-in to the strategy from stakeholders and ensures their commitment in both leadership and resourcing terms from all economic players in the region.

3.2 Progress so far

There has been extensive discussion of possible options and there appears to be general agreement as follows.

3.2.1 “Keeper of the Strategy” committee

The central element of the governance structure will be a “Keeper of the Strategy” committee.

The committee would be the champion of the Strategy and responsible for its achievement, monitoring and review. It would be responsible for:

- appointments to the implementation agency boards;
- holding the funding contract with implementation agencies;
- approval of implementation agency SCIs and monitoring of their KPI²s;
- “mid-course corrections” to the agreed WRS and longer term to play a role in strategic direction-setting.

3.2.2 A formal committee

The committee will be formally constituted and operate under typical local government standing orders.

To maintain public accountability and transparency a formal committee is recommended for strategic direction-setting and governance. This would be formed and operate under the requirements of the Local Government Act 2002.

The ability for anyone who wishes to access information and be involved in processes is important in a democratic system. A formal committee structure would result in a high proportion of information being on the record, and meetings held in a public forum. There may be some issues around commercially sensitive decisions, but there is an established process to deal with these in local government meeting protocols.

From an operational point of view a formal committee allows for clearer lines of accountability and responsibilities for provision of advice and information.

In the regional rate model the formal committee would be a standing committee of the Regional Council.

In the PCC model the formal committee would be a separately accountable body established by legislation.

3.2.3 Committee membership

Membership of the committee should include political and non-political appointees, with council appointees in the majority.

Council appointees from the nine councils would probably be the Mayors and the Chair of Greater Wellington, but it may be agreed that the Mayor of Masterton represents the Wairarapa. There would be seven political members if Wairarapa had a single representative.

Other stakeholders could be involved through either an advisory group or membership of the committee, but full membership is recommended.

Advantages of full membership include

² Key Performance Indicators

- involvement and buy-in to the strategy
- influence on behaviour of the committee
- wider range of expertise and new ideas.

Depending on which model is selected, appointments would be made by either a specifically convened joint committee of all councils or the Regional Council.

Given the overview role of the “Keeper of the Strategy” committee, and its high profile in the region, the leadership abilities and profile of people involved at this level would be an important factor. Successful models of appointments processes exist where positions are publicly advertised and include criteria to select appropriate candidates. These cover matters such as ensuring appropriate skills, track record in working with central and local government, standing in the wider community, and capability to contribute.

Sector representation is not recommended as it could lead to agenda pushing.

It should be noted that the PCC model does not have this wider membership.

3.2.4 Committee role

The role of the committee will be to champion the Wellington Regional Strategy and be responsible for its achievement, monitoring and review.

The WRS implementation process is likely to be more successful if councils are able to feel comfortable with a significant degree of delegation to the “Keeper of the Strategy” committee, because this would allow freedom to innovate and maximise accountability for achievement of objectives. Councils in this situation would resolve principally that regional economic development was necessary and desirable, and agree the overall level of resource. Although the sums involved are significant, the “Keeper of the Strategy” committee would be working to a blueprint with an extensive development process, and there would still be direct political representation.

In addition certain thresholds could be established where significant change to spending patterns or strategic direction would require referral back to constituent council(s) for approval.

3.2.5 Scope of implementation agencies and their boards

A number of implementation agencies, each governed by its own board, and with appropriate accountability and funding arrangements, could come under the umbrella of the committee.

Note that a full complement of implementation agencies may not be established at the outset – for example further work will be undertaken on the feasibility of a land development agency. In addition there are wider planning processes such as the Regional Policy Statement and the Wellington Regional Labour Market Strategy that intersect with the WRS, i.e. a large part of them falls under the WRS umbrella but overall responsibility for them rests with other agencies.

Implementation agency boards would be responsible for governance of the key aspects of the strategy (economic development, tourism, and urban development) with a focus on implementation of the WRS and achievement of objectives set by the “Keeper of the Strategy” committee. Members on each board would be private sector (such as company director) people appointed for expertise.

Delivery agencies (such as the economic development agency) would be responsible for achievement of KPIs and delivery of on-the-ground programmes.

The activities of a new economic development agency would be based on the *Investment in Increasing Exports* section of the Wellington Regional Strategy. This is expected to have an indicative budget of up to \$6.6m which would comprise all current resource allocated to Positively Wellington Business (and probably Go Wairarapa), and probably additional resource. It is not envisaged that existing economic development activities delivered “in house” by TAs would move to the new entity, but this is a possibility for some activities particularly in the longer term, and all should be examined for the most effective mode and location of delivery.

The regional tourism agency, Positively Wellington Tourism, would remain a stand-alone entity with current governance and funding arrangements. This is on the basis that the potential risks of bringing this under a wider economic development umbrella outweigh the likely benefits. However it is possible that at some stage in the future, the high level governance and strategic direction-setting of this agency be brought under the same committee as the EDA if it receives a broader funding base.

For the *Quality Regional Form and Systems* part of the WRS, a harmonised approach to management of development is proposed, and a range of regulatory and management tools will be utilised. Further work will be undertaken on a land development agency including the concept of regionally co-ordinated intervention.

3.2.6 Certainty of funding

There should be certainty of funding and a single SCI for each implementation agency.

The present funding arrangements create uncertainty on a year-by-year basis and also duplication of performance agreements and reporting. This would be alleviated by:

- having a single SCI for a new economic development agency;
- confirming funding, subject to performance targets being met, on a three year rolling basis (i.e. reviewed annually for the third year ahead, meaning that the entity receiving the funding would always have three year funding certainty enabling it to plan its business on an ongoing basis).

3.2.7 Content of agreement(s)

Detailed provisions for areas including terms of reference, delegations, appointments processes, decision-making protocols, funding mechanisms, accountability arrangements, and dispute resolution will be set out in an agreement between all councils in the region.

Whatever the funding channel, agreement for rating at a certain level would be between the nine councils. An agreement of this type would address both the issue of the rate level “blowing out” and the issue of the rate “withering” in the situation where there were competing priorities for that council or councils.

The choice of a triennial agreement or a binding multilateral contract to specify the provisions above will depend on the content - for matters of policy a triennial agreement covering high level non-binding protocols would be more appropriate, and for implementation a multilateral agreement. The latter is recommended because the content is likely to be mainly implementation provisions such as:

- some level of commitment / acknowledgement / recognition to 'act consistently' with the WRS i.e. for the regional good
- agreement between the councils to establish a joint/standing committee, the objectives of the committee and any specific outcomes consistent with those objectives
- membership of the committee and appointment process
- establishment of implementation agency boards and CCOs
- establishment of working/advisory groups and their membership
- funding for the WRS, working groups and the CCO/EDA, e.g. from GW rates, TA rates etc.
- dispute resolution process, eg in the Regional Council model how recommendations from the Standing Committee would be handles by the Regional Council.
- decision-making process

3.2.8 Advisers to the “Keeper of the Strategy”

There would be an officer group to provide the primary source of expert advice to the “Keeper of the Strategy” committee. The Chief Executive’s Group would sign off advice and reports to the committee.

3.2.9 Additional Work Required

The key elements of agreements between the councils that are likely to need further development and discussion are:

- an appointment process for non-political members of the “Keeper of the Strategy” committee that demonstrated transparency, clear process and clear criteria for selection
- accountability arrangements between the “Keeper of the Strategy” committee and council(s).

A report on these issues will be brought back to the next Forum Meeting.

3.3 Key areas for decision

3.3.1 Choice of funding and accountability arrangements

One of three options must be chosen for accessing local authority funding for, in the first instance, economic development.

The funding mix of a new EDA is expected to include local authority, central government and private sector funding. For the local authority component three options are under consideration: a rate collected by individual TAs; a rate collected by the regional council; or a separate legal body accountable for the rate collected by the Regional Council. All would use the same or a very similar formula that distributed the rate across the region on the basis that the economic development activity funded in this way was a regional good.

3.3.2 Individual TA rating

Individual TA rating, in which case the committee would be a joint committee of councils.

An individual TA rate would be collected based on population and capital value, or share of GDP, or proportion of total council revenue, to determine distribution,

on the recommendation of the “Keeper of the Strategy” committee (refer to spreadsheet attached). The formula, along with protocols and roles of agencies, would be set and formalised in a multilateral agreement.

3.3.3 Regional rating

A regional rate collected by the Regional Council, in which case the committee would be a standing committee of that Council.

A regional rate would be levied using the formula above by Greater Wellington on the recommendation of the “Keeper of the Strategy” Committee.

3.3.4 Legislative change (PCC option)

Legislative change to establish a separately accountable body that could set and assess rates in its own right, in which case it would be directly accountable to the public.

In this option the “Keeper of the Strategy” committee would be a “shareholder group” of representatives from all councils (i.e. no non-political members). It would be formally constituted and mandated by legislative change to set and assess a rate. It would then be accountable for all activities undertaken with this funding. It has been suggested that the rate collection mechanism would be undertaken by the Regional Council on behalf of this body.

3. Summary and Conclusion

Given the fact that Councils are separate bodies with specific accountabilities to their constituencies, it is challenging to set up an appropriate governance and funding framework for the WRS. However the whole WRS process is founded on an acknowledgement that integrated planning for the region is desirable and indeed necessary if the region is to prosper in the future.

The short-listed options address the critical issues and risks that are likely in such a framework. For each there are risks that could be significantly mitigated through the use of methods such as a funding agreement between the Councils. Ultimately the success of the WRS will depend on a degree of trust and goodwill among the parties.

Ultimately the success of the WRS will depend on taking on “one region” approach, with single focussed leadership, and a huge degree of trust, collaboration and ownership from all players in the region, including the private and voluntary sectors and government.

WELLINGTON REGIONAL STRATEGY FORUM

20 JULY 2006

WRS GOVERNANCE AND FUNDING STRUCTURES - Supplementary Report

1. Introduction

This report follows the Governance and Structures paper considered by the WRS Forum on the 29th June workshop. The Forum discussed three potential governance models for a "Keeper of the Strategy", with particular emphasis on the relationship to the EDA function for the delivery of the Investment in Growing Our Economy.

The Forum agreed the following with regard to governance:

- There needs to be a "Keeper of the Strategy", with formal status, with responsibility for monitoring and overview of total strategy implementation;
- Non-local government representation is required on the "Keeper";
- An equitable regional funding model is needed;
- Certainty of funding for delivery agencies is needed (at least 3 years);
- WRS strategy actions to be consulted on need to be backed by appropriate funding commitment;
- Clarity is required around the funding impact and incidence around the region of WRS proposals which obliges a comprehensive public consultation process;
- Streamlined processes for Statement of Intent development and monitoring are required for strategy delivery agencies.

The Forum requested the Chief Executives to further evaluate options. In particular the Forum requested the Chief Executives Group bring back one recommended approach to governance and institutional arrangements.

2. Summary

The local government Chief Executives Group (CEG) have developed a recommended approach which has had initial airing before the Wellington Mayoral Forum on 7 July 2006.

The CEG recommendation most closely relates to what was discussed at the 29 June WRS Forum as 'Option B' for a Greater Wellington Regional Council (GW) WRS standing committee. Some minor changes to matters of detail have resulted in the CEG recommended option being called 'Option D'.

The essential features of the proposal are that GW assumes responsibility for the governance framework and funding of the WRS on behalf of all the councils of the region. This includes steps to finalise the WRS document, consult on it and hold hearings via a statement of proposal and special consultative procedure under the LGA 2002. This process enables the region's communities to define the mandate for the Wellington Regional Strategy.

A range of checks and balances are proposed to enable shared ownership and responsibility, not only within and across local government, but more broadly with the private and voluntary sectors and central government.

3. Discussion

The CEG recommendation has significant potential to provide a firm foundation for WRS finalisation, implementation and strategy longevity.

A consequence however of adopting the CEG's recommended governance and institutional approach is that the timetable for public consultation in August 2006 needs to change.

Under the recommended proposal public hearings will still be completed in 2006, however formal consultation needs to be delayed until October 2006. This is to enable detailed Local Government Act documentation and process related requirements to be completed. These are beyond what was originally envisaged. The suggested timeline is provided at Attachment 1 to this report.

In coming to their recommended approach CEG evaluated the three options discussed at the WRS Forum on 29th June 2006. Options 'A' and 'B' relied on a committee model (joint standing committee of all councils, or a committee of Greater Wellington respectively), while Option 'C' proposed a shareholding model. All options have been examined for viability. Commentary and conclusions related to these is set out in Attachment 2.

The CEG recommended Option 'D' is detailed below.

3.1 Option D – GW WRS Committee Model

3.1.1 General overview

Option 'D' proposes the establishment of a GW standing committee and, in the first instance, a GW CCO to be the economic development agency for the purpose of implementing the strategy.

The Committee is to be established immediately and have the following initial functions:

- To appoint 5 non-local government committee members to sit alongside the 7 local government members;
- To consult on the WRS, and its proposed governance, funding and implementation; and
- To hear submissions arising from consultation; and

- To make a recommendation to GW following the consultation and, subject to the outcome of that recommendation, to then act as the Keeper of the Strategy.

The GW CCO will be the principal delivery vehicle for the economic development initiatives of the strategy. The relationship of PWB, Go Wairarapa and Enterprise Coast to the CCO involve specific exploration as to linkage and / or transition matters and would be managed as part of the WRS implementation process.

Option 'D' uses the LGA process to consult on the strategy, the proposed new rating model and the transfer of governance and the Keeper of the Strategy role to a GW Committee. A detailed discussion of the LGA process and the proposed statement of proposal are set out below.

Under Option D all regional communities will have the opportunity to provide input, through a submission process, into the decision-making on both the strategy itself and the implementation of the strategy. The timetable for this process is provided at Attachment 1.

An **interim terms of reference** for embarking on the above approach are proposed to reflect the following key principles / protocols:

- GW will not act independently of the Keeper Committee, so that any committee recommendations that GW cannot accept will be referred back to the committee for further consideration
- The Keeper Committee will have full delegations, except those delegations that cannot be made under the LGA (setting rate and funding policy).
- The Committee will have full delegation in relation to the appointment process for the 5 non-local government members of the 'Keeper Committee' and the EDA Board.
- The multi lateral agreement will reflect a general intent to avoid as far as practicable duplication of economic development services or economic development agencies.
- Each member of the Keeper Committee will have one equal vote, and decisions will be made by a simple majority, except decisions on the recommended quantum of funding and the funding policy which will require a two thirds majority vote.
- All of the region's councils will work in good faith to support the Keeper Committee and the EDA to foster economic development and sustainable urban and rural development, which includes minimising barriers to achieving regional outcomes
- The CEG will be the adviser to the Committee.

3.1.2 Committee Structure

The GW Committee would include political and non-political appointees, with Council appointees in the majority. The political appointees would be the Mayors (with the Wairarapa being represented by one mayor) plus the chair of the regional council. This makes 7 political appointees.

The criteria for appointment of non-political members and their selection will be determined by the Committee, and would be five in number. It is expected that the individuals would be "eminent people" who are passionate about the Wellington region, have significant business knowledge and will not be advocates for any particular sector.

The appointment of the non-political members is one of the first tasks of the new GW committee. Appointments need to be achieved within a month so that the full committee can progress the steps required to complete the special consultative procedure in October 06 and Annual Plan timetables can be achieved for 1 July 2007.

An immediate appointment process is important as it enables the non-political members to participate in the preparation of the Statement of Proposal (SOP). The benefit of this is in promoting better understanding and a shared ownership of the SOP within the committee. It is also likely to impact on the willingness of appointees to consider joining the committee.

When all appointees to the Committee are confirmed and in place, the Committee will work to finalise the draft SOP. This phase will include circulation to each council to receive feedback prior to finalisation.

The draft SOP will then be recommended to GW and GW will initiate the special consultative procedure. The Committee (via a subcommittee) will receive a delegation from GW to complete the consultation and hear the submissions.

The choice of chair of the Committee is recommended to be dealt with via a Committee delegation to decide amongst themselves once all appointees are in place. The GW Chairman would chair the group prior to all appointees being in place.

Voting is recommended to be by way of simple majority for all matters except funding and allocation. For funding and allocation decisions a two-thirds majority is proposed.

3.1.3 Committee Terms of Reference and Protocols to be recorded

The details of the Committee's interim Terms of Reference will be developed via the CEG in consultation with the Mayors and GW chairperson.

The interim terms of reference will record (in broad terms) the agreed approach to be taken to develop recommended funding aspects of the SOP. The SOP will identify the funding options to be consulted on including the amount and allocation of the recommended new targeted rate. This will be decided by the Committee following appointment of the non political members.

The SOP:

- (1) needs to record the indicative value of the opex required over time to implement the strategy, and
- (2) needs to address changes to the GW Revenue and Financing Policy to record the proposed funding of the opex via a targeted rate from 1 July 07 .

Note: as a consequence of the major consultation in October 2006 a technical step in 2007 is that the proposed targeted rate itself will be set via the GW annual plan / funding impact statement for the 07/08 financial year. GW will consult on this as part of the normal Annual Plan process in May / June 07.

The **multi-lateral agreement** will be developed in draft and progressed over the consultation period.

The summary below sets out the steps required to initiate Option D. This proposes development of interim terms of reference with the multilateral agreement completed following the outcome of the consultation process.

3.1.4 Committee Work Programme

The tasks the Committee will need to undertake include:

Prior to end 2006:

- Delegated to appoint interim chair pending full committee being in place.
- Appoint independent members:
 - Set criteria
 - Undertake process (invitation to apply proposed)
 - Make appointments.
- Appoint a committee chair
- Agree on form of EDA proposal for consultation i.e. the council controlled organisation (CCO) responsible for delivery. This includes consideration of the alignment and / or integration of the existing EDAs. The CCO could be a new trust or company (or take some other form) or, for example, could be a restructured PWB.
- Prepare a Statement of Proposal (including a statement about the proposed quantum of new regional rating and the decrease in TA rating).
- Circulate draft Statement of Proposal dealing with all for the matters set out at section 3.1.5 of this report.and a draft consultation plan
- Recommend to GW that it approve the Statement of Proposal and initiate the proposed amendment to its LTCCP, the required special consultative procedure and that GW delegate consideration of submissions to the Committee (or a subcommittee).
- Receive and hear submissions.
- Agree on proposed level of funding for CCO (i.e. rate)
- Make recommendations (following submissions) to GW on all aspects of the proposal (implementation and governance)
- Recommend to Greater Wellington a rate level for amendment to LTCCP and a change to its Revenue and Financing Policy
- Recommend to GW any delegations required to either establish a new CCO or seek to restructure the existing EDA/s (with assistance from affected council/s and the EDA/s boards / trustees),

From January 2007 (assuming consultation process confirms a regional rate/GW CCO model)

Depending on outcome of consultation:

- Appoint the EDA Board and develop SOI and funding deed for CCO.

From 1 July 2007

- Approve SOI and funding deed
- Implement and monitor the WRS and initiate any other activities in accordance with the approved strategy and subject to approved funding.
- Take responsibility for the ongoing monitoring of the CCO in accordance with the requirements at Part 5 LGA 2002.

3.1.5 Statement of Proposal Process

The proposed Statement of Proposal (SOP) will be prepared to comply with the requirements at section 16 LGA (significant new activities proposed by regional council) and section 56 LGA (consultation required before council controlled organisation established), and sections 102 (6) and 103 LGA (required amendment to GW LTCCP to amend GW Revenue and Financing Policy, which needs to include an indicative amount to be funded by the proposed new targetd rate).

Both section 16 and section 56 require completion of a detailed SOP. Section 16(2) requires that the SOP is included in GW's LTCCP. Under s 16 the SOP must include:

- the reasons for the proposal; and
- the expected effects of the proposal on the activities of the territorial authorities within the region; and
- Any objections raised by those territorial authorities, if any.

Section 56 requires that the SOP include:

- the reasons for establishing a GW CCO; and
- an analysis of the reasonably practicable options; and
- Any other information that GW identifies as relevant.

Section 84(2) applies where a special consultative procedure is used in relation to an amendment of a LTCCP. It requires that the SOP must:

- include a draft of the parts of the LTCCP that are proposed to be amended; and
- Must be accompanied by a draft of consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

GW will delegate preparation of the SOP and the required summary of information to the Committee. Section 16 requires GW to advise all territorial authorities within its region and the Minister of the proposal and the reasons for it. Section 16 also requires that the proposal is consulted on as part of an amendment to GW's LTCCP. This requires (under s 84(4)) that the SOP is audited. The Committee will therefore circulate the draft SOP to the Councils, the Minister and the Auditor General for comment before finalising the SOP.

3.1.6 Certainty in relation to GW WRS Committee

Means to entrench the Keeper Committee is considered important by CEG. The way to do this is to record (in the proposed multi lateral agreement and the terms of reference) that under Clause 30 (7) Schedule 7 LGA2002, GW will (for the duration of the multi lateral agreement) resolve not to discharge the committee.

3.1.7 Resolution of any outstanding issues for WRS

If, following the consultation process, agreement of all the Councils has not been obtained, GW (depending on the nature of the objections or issues raised) could either:

- (1) proceed on the basis that the majority of the Councils are in agreement and any dissenting Council will not raise any further objection, or
- (2) submit the matter to mediation using the provisions at s 16 (4) LGA 2002

4. Summary and Conclusion

The Chief Executive's Group recommend Option 'D' as described in this report as the basis for progressing the WRS.

Option 'D' provides a viable basis for ensuring an ongoing focus on sustainable prosperity, quality of life and economic development issues and opportunities for the Wellington region. It also enables meaningful engagement with the private, voluntary and central government sectors.

Particular strengths of Option 'D' are that:

- It is a 'one step' consultation process
- It uses LGA 2002 consultative procedures to engage all regional communities which gives statutory weight and provides mechanisms to resolve issues.
- It incorporates key elements of feedback from the regional community (and particularly the Strategic Partners Forum) seeking means to meaningfully engage with, have ownership of, and contribute to driving the WRS.

Adopting Option 'D' means the launch of the WRS document for formal public consultation needs to be deferred until October 2006. This is to enable detailed documentation meeting Local Government Act requirements to be prepared to accompany the WRS document as part of the consultation process. The process would still be completed within 2006 as intended. This is important to enable funding and other arrangements to be put in place for the beginning of the local government financial year as at 1 July 2007.

Attachment 1

Option D

Suggested Time Line - WRS Consultation Plan

Date	Option One
1 August	Circulate draft terms of reference for comment by CEG and Mayors.
2 August	Work started on draft Statement of Proposal (SOP) and Multilateral Agreement (MA).
3 August	
4 August	
5 August	
6 August	
7 August	Officer group makes any adjustments required to draft terms of reference.
8 August	
9 August	
10 August	
11 August	GW appoints committee and adopts terms of reference.
12 August	
13 August	
14 August	Committee appoints interim chair and begins process to appoint independent members.
15 August	Committee reviews draft SOP and MA.
16 August	
17 August	
18 August	
19 August	
20 August	
21 August	
22 August	
23 August	
24 August	Draft SOP and MA finalised.
25 August	
26 August	
27 August	
28 August	GW (via committee) advises all Councils and the Minister of the proposals and reasons to comply with section 16(2) LGA 2002 for it and circulates draft SOP (to Councils, Minister and Auditor). (Draft MA also circulated to all Councils).
29 August	
30 August	
31 August	
1 September	
2 September	
3 September	
4 September	
5 September	
6 September	
7 September	

8 September	
9 September	
10 September	
11 September	
12 September	Appointment process completed and members onto Committee.
13 September	
14 September	
15 September	Final date for feedback on draft SOP and MA.
16 September	
17 September	
18 September	Adjustments made to draft SOP and MA (if required).
19 September	Draft SOP and MA recirculated (if any substantive changes required).
20 September	
21 September	Final auditors report obtained to comply with section 84(4).
22 September	Committee recommends SOP to GW and recommends that GW initiates special consultative procedure and makes the necessary delegations to the committee (or subcommittee) to progress and hear submissions etc.
26 August	
27 August	
25 September	
26 September	SOP and WRS document to printer.
27 September	
28 September	
29 September	Mayoral Forum
26 August	
27 August	
2 October	
3 October	
4 October	
5 October	
6 October	WRS Launch
7 October	
8 October	
9 October	Consultation begins.
10 October	
11 October	
12 October	
13 October	
14 October	
15 October	
16 October	
17 October	
18 October	
19 October	
20 October	
21 October	
22 October	
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25 October	
26 October	
27 October	
28 October	
29 October	
30 October	
31 October	
1 November	
2 November	
3 November	
4 November	
5 November	
6 November	
7 November	
8 November	
9 November	
10 November	Consultation period ends.
11 November	
12 November	
13 November	
14 November	
15 November	Committee (or subcommittee) reviews and hears submissions (allow 2-3 weeks).
16 November	
17 November	
18 November	
19 November	
20 November	
21 November	
22 November	
23 November	
24 November	
25 November	
26 November	
27 November	
28 November	
29 November	
30 November	
1 December	
2 December	
3 December	
4 December	
5 December	
6 December	
7 December	
8 December	Committee makes recommendations to GW, GW either: (i) adopts recommendations and proceeds to finalise MA and delegate implementation to the Committee; or (ii) initiates mediation if agreement by Councils is not reached on the proposal.
9 December	

Attachment 2:

Consideration of Options A, B & C from 29 June 2006 WRS Forum meeting.

Outstanding Issues with the Option A and B Committee models

Option A was for a joint standing committee of all of the councils of the region. A defining feature of this option was that each council would gather funds for the EDA function on a regionally agreed basis.

A key shortcoming of Option A is that it incurs higher transaction costs in relation to contractual agreement requirements, and also over consultation and monitoring requirements with each council replicating these (even with consistent base reports available). There are also potential inefficiencies and additional risks generated around the requirement for 9 separate LTCCP processes and in relation to the multi-party funding and contracting requirements.

Option 'B' which is for a Greater Wellington committee is considered viable. The only difference to the recommended option is that it is superseded to the extent that the new 'Option D' incorporates an immediate transfer to the GW WRS Committee to finalise the WRS document and embark on the LGA 'Statement of Proposal' process.

Option C – Shareholding Model

Option C was for a non political shareholding model for governance and implementation with a specific Economic Development Agency focus.

Consideration of "option C" has highlighted one particular advantage over other options, but with three specific shortcomings. On balance the shortcomings are considered to remove it from contention.

The advantages of Option C were perceived to be its non political board structure reducing the risk of the "Keeper" Committee ending up acting as a 'board on board'. That is, that the EDA/s require specialist boards to oversee implementation of the WRS, scoping of funding requirements and other operational aspects. While the "Keeper" Committee's role is to define the Statement of Intent, monitor overall progress around EDA functions, and agree a funding envelope recommendation to GW to strike the rates, there is still a risk of a blurring of roles between the EDA/s board/s and the "Keeper".

The other advantage portrayed was in that of being more responsive and better able to undertake functions to optimise the EDAs performance.

The critical shortcomings of Option C are:

- (1) It is unlikely to be practically or politically possible to establish a group with the same rating powers as a local authority, and

- (2) It has limitations, compared to the other options in regard to its ability to be responsible for overseeing all WRS aspects (i.e. the regional form and systems components, GPI monitoring and across the board stakeholder engagement and management), and
- (3) There are no obvious legislative precedents for this type of model and even if it was possible, it would require a much longer establishment process