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## **Submission on proposed Wellington Regional Economic Development Agency (WREDA)**

### *Introduction*

The New Zealand Public Service Association: Te Pūkenga Here Tikanga Mahi (the PSA) represents over 58,000 public sector workers in New Zealand, who work in the public service, state sector, DHBs and community public services as well as local government where we are the largest union representing local government workers. We have members in Greater Wellington Regional Council (GWRC), Wellington City Council (WCC) and Positively Wellington, as well as in all the other Councils in the region, and this submission is made on their behalf, as well as all our Wellington region members in other sectors who have an interest in increasing the prosperity and wellbeing of their region.

### *General comments on the proposal*

The PSA agrees that promoting the economic wellbeing of the region is a central role of local government, as set out in the purposes of the Local Government Act, and we believe this is an area where councils in the region need to play a stronger, more collaborative, role than they have in recent years. However the PSA seriously questions whether establishing this entity at this time is the best way to achieve the goal, given the regional reorganisation proposal currently with the Local Government Commission. Additionally, alternative structures and ways of achieving the goal do not appear to have been considered.

### *Timing*

We are surprised that the proposal to form a new economic development Council Controlled Organisation has emerged from GWRC and WCC at a time when the future of regional governance is under active consideration and debate. The Local Government Commission (LGC) has received an application from GWRC for a unitary authority to be established, but has said that it will not issue any response until after the general election in September.

It would appear that that WCC and GWRC seem to want to pre-empt that decision by establishing this organisation. The main justifications for this proposal are around having a clear regional focus and speaking with one voice on matters of economic development. These arguments are much the same as those for council amalgamations. Surely then it would be better to wait for the Local Government Commission to come back with a recommendation before going ahead with this proposal. The Commission has said that it is close to a decision on its preferred option, so we can reasonably expect that this will come shortly after the election – two to three months from now.

We are well aware that a process of consultation and an eventual poll of residents will follow any decision of the LGC, and that this will properly take some time. We note that the proposal expects that WREDA will be established in August / September 2014 – and that this consultation closes on 6 August. It is hard to escape the conclusion that this consultation is merely window-dressing for a fait accompli.

We understand that the economic development of the Wellington region should not stand still while waiting for the democratic process to decide if there should be a reorganisation, but we feel that the rush to establish WREDA is profoundly un-democratic. We do not see any evidence that the proposers have considered any alternatives or interim arrangements pending any reorganisation.

Our view is that, at the very least, WREDA should not be given a green light until the LGC preferred option is known and the proposal should be revisited at that time to determine whether it is in fact the best option.

#### *A genuinely region-wide agency?*

The proposal is from WCC (80% shareholding) and GWRC (20%). None of the five other local authorities are participating, other than through their ability to nominate one representative to the political oversight group. Yet the GWRC 'Application for Local Government Reorganisation' sets out the potential for efficiency savings and synergies in rationalising economic development activities across the region<sup>1</sup>. It notes that all the councils undertake tourism promotion, events promotion and business support and marketing. If promoting economic development is a region-wide priority, surely all activity should be aligned; otherwise the risk is that councils not in WREDA will compete with it and with each other. We do not yet know what the LGC preferred option will have to say on the matter, or what it will propose.

Our view is that the rationale for WREDA should be clearer about how it fits with economic development activity in the region, how it will work with other local authorities (other than through an oversight group of elected members), and how it will add value to the region as a whole rather than just to Wellington city.

#### *Political oversight and governance*

We are concerned that the proposal establishes two separate oversight and governance groups with no connection between them, other than the Board reporting to the oversight group on its delivery of the Statement of Intent. We feel that this limits democratic input into regional economic development.

We believe that economic development is a core part of council's role and something which must have elected councillors active involvement. There is precedent elsewhere: Capacity Infrastructure is a jointly owned CCO and we note that the Mayors of Upper Hutt and Porirua and the Deputy Mayor of Hutt are board members. And Positively Wellington, one of the organisations that would be subsumed in WREDA, has a Wellington City Councillor on its board. Auckland Council, through its enabling legislation, is required to appoint two elected members to the board of Auckland Transport. Our view is that strong links between the elected members and the CCOs that deliver services to the region are required.

We have concerns about the process for appointing the board of directors who would have 'specific business expertise and other relevant experience'. In listing the particular areas of interest the proposal is quite specific about what background these directors should have (for example, film

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<sup>1</sup> P50. [http://www.lgc.govt.nz/lgcwebsite.nsf/Files/Wellington-Region-Reorganisation-Proposal/\\$file/Wellington-Region-Reorganisation-Proposal.pdf](http://www.lgc.govt.nz/lgcwebsite.nsf/Files/Wellington-Region-Reorganisation-Proposal/$file/Wellington-Region-Reorganisation-Proposal.pdf)

production, tourism and hospitality). While we understand the need to have business expertise, we are concerned that it may well be prioritised at the expense of ‘other relevant experience’. Should WREDA go ahead we would urge the Councils to look broadly at the range of community as well as business expertise in making the appointments. We also note the lack of any commitment to having women, Māori and Pasefika communities’ representatives on the directors group, or from the group of elected councillors who have oversight over this agency. What steps are proposed to ensure that women, Māori and Pasefika communities are represented in leadership group of this organisation?

### *Employment issues*

The proposal is likely to impact existing employees at Wellington City and Regional councils along with Positively Wellington Venues. The PSA have members at all three of these organisations. If this proposal does proceed we expect that all affected employees will retain their roles on existing or better terms and conditions. We welcome the expectation that there will be improved capacity, and a broader pool of talent, both of which should contribute to better jobs for the people who work there. However we note, with some misgiving, that the proposal expects that service and support costs will be minimised to maximise investment in economic development activities. There may well be some savings in reducing duplicated services and functions, but our experience is that these take some time to materialise – if at all. We would want a firm commitment at the outset to budget and resourcing to support adequate staffing levels and decent jobs for our members.

As the national union representing local government workers, we have become concerned at the increase in outsourcing work and establishing Council Controlled Organisations being a way of councils trying to contract out of their obligations as good employers under the Local Government Act. The good employer principles, which we support, tend to be eroded over time in arms-length bodies and our preference is for employees to be directly employed by the council whose interests they serve. If this proposal goes ahead we would want to see adequate safeguards around terms and conditions of employment built in to its establishment, and a commitment to best employment practice in any transition to a new agency.

### *Summary of PSA view of the proposal*

The PSA thank you for the opportunity to submit on the proposal by Wellington City Council and the Wellington Regional Council to develop a new agency to promote economic development.

Whilst we understand the desire to have the existing agencies working in a much more coordinated way to deliver economic development services, we are not convinced that creating a new agency is the best way to do this for the following reasons:

- At the very least, WREDA should not be given a green light until the LGC preferred option for regional governance is known and the proposal should be revisited at that time to determine whether it is in fact the best option.
- The rationale for WREDA should be clearer about how it fits with economic development activity in the region, how it will work with other local authorities (other than through an oversight group of elected members), and how it will add value to the region as a whole rather than just to Wellington city.
- The proposal establishes two separate oversight and governance bodies. The board should include elected members to ensure democratic input into regional economic development. Additionally, we urge the Councils to look broadly at the range of community as well as business expertise in making the board appointments, and to take steps to ensure that women, Māori and Pasefika communities are represented in the leadership groups of this organisation

- We expect a firm commitment at the outset to budget and resourcing to support adequate staffing levels and decent jobs for our members. If this proposal goes ahead we would want to see adequate safeguards around terms and conditions of employment built in to its establishment, and a commitment to best employment practice in any transition to a new agency.

Please contact me if you would like to discuss this response to the proposal.

A handwritten signature in blue ink that reads "Nick Kelly". The signature is written in a cursive style with a large, sweeping "N" and "K".

Nick Kelly  
PSA Organiser

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