

9 December 2024

File Ref: IRC-7470

s7(2)(a)

Tēnā koe s7(2)(a)

Thank you for your email of 11 November 2024 to Te Kaunihera o Pōneke | Wellington City Council (the Council) requesting the following information:

- Any meeting notes/minutes (including handwritten notes) or other record taken before, during and/or after the 16 October 2024, meeting between Mayor Tory Whanau and the Minister of Local Government; and
- Any correspondence between the Mayor (or the Mayor's office) and the Local Government Minister related to central government intervention in the Wellington City Council and/or the appointment of Lindsay McKenzie to the role of Crown observer to the Wellington City Council.

Your request has been considered under the Local Government Official Information and Meetings Act 1987 (LGOIMA).

Below are the documents that fall in scope of your request and my decision to release the documents:

Item	Document Name	Decision
1	Emails from Mayors office to Minister office- 15 October 2024	Release with redactions. s7(2)(a) to protect the privacy of individuals
2	File note for meeting Between Minister Brown and Mayor Whanau - 17 October 2024	Release in full
3	File note - phone call between Minister Brown & Mayor Whanau - 22 October 2024	Release in full
4	Letter from Mayor Whanau - 1 November 2024	Release in full
5	Letter from Minister Brown to Mayor Whanau - 11 November 2024	Release with redactions. s7(2)(a) to protect the privacy of individuals. Please note the terms of reference is <a href="#">publicly available</a> .
6	Mayors office text to Ministers office	Release with redactions. s7(2)(a) to protect the privacy of individuals

As per section 7(1) of the LGOIMA, I do not consider that in the circumstances of this response, the withholding of this information is outweighed by the other considerations which render it desirable to in the public interest to make the information available.

You have the right, by way of complaint under section 28(1) of the LGOIMA, to request an investigation and review of the Council's decision by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

If you require further information, please contact [official.information@wcc.govt.nz](mailto:official.information@wcc.govt.nz).

Nāku noa, nā

Asha Harry  
Official Information & Privacy  
Wellington City Council

**From:** Tiumalu MG Sialava'a s(7)(2)(a)  
**Sent:** Tuesday, October 15, 2024 12:14:46 PM  
**To:** Simeon Brown <Simeon.Brown@parliament.govt.nz>  
**Cc:** Brian Anderton s(7)(2)(a); Nadine Walker s(7)(2)(a)  
**Subject:** Urgent meeting request

Tēnā koe Minister

I am writing to request an urgent meeting with you this week or early next week to discuss the long-term plan please.  
Mayor Tory Whanau, along with Councillor John Apanowicz, would like to attend this meeting to address some important matters.  
Could you kindly let us know if there is an opportunity to meet this week or next week?  
I appreciate your prompt attention to this request and look forward to your response.  
Ngā mihi  
Tiumalu

**Tiumalu Maria-Goretti Sialava'a** (She/Her)  
Kaiārahi Matua ki te Koromatua | Executive Assistant to the Mayor

s(7)(2)(a)  
s(7)(2)



**From:** Michael Naylor s(7)(2)(a)  
**Sent:** Friday, 1 November 2024 3:07 PM  
**To:** Sophie Farrell s(7)(2)(a) Brian Anderton s(7)(2)(a)  
**Cc:** Mayor Tory Whanau <Tory.Whanau@wcc.govt.nz>  
**Subject:** Terms of Reference response from Mayor Whanau

Tēnā koe Sophie

Please find attached a letter from Mayor Tory Whanau to Minister Brown responding to the draft terms of reference for a Crown Observer for Wellington City Council.

If you have any questions please don't hesitate to contact me.

Ngā mihi,

**Michael Naylor**  
Senior Advisor  
Office of the Mayor | Wellington City Council  
s(7)(2)(a)



**File note – meeting between Hon Simeon Brown and Mayor Tory Whanau – 17 October**

- The Mayor noted she wanted to give the Minister assurance around next steps
- No intention to fully relitigate the LTP, or the decision around airport shares
- Aiming for \$500m of cuts over ten years, but without affecting core services like water, and without affecting rates
- Looking for cheaper ways to do things
- The Mayor has not yet taken advice from officials on the short-term impact on rates
- The Mayor noted the intention to consult on the proposed cuts in the draft plan in late November/December, and that there is general agreement between councillors on this approach
- It was made clear that the cuts will not fund the Perpetual Investment Fund
- The Minister noted he appreciated the update, and the significance of the upcoming decisions for Wellington ratepayers.
- The Mayor noted that she could provide regular updates on progress if the Minister wishes.

**File note – phone call between Hon Simeon Brown and Mayor Tory Whanau – 22 October**

- The Minister noted he appreciated the meeting on 17 October to discuss the issues Wellington City Council is facing.
- The Minister has since received advice from the Department of Internal Affairs, who have advised that they consider the problems facing Wellington City Council are significant.
- This includes both financial and behavioural issues.
- The Minister noted he has therefore decided to proceed with the appointment of a Crown Observer to the Council, and he would write to the Mayor outlining his intention.
- The Council would then have 10 days to respond to his letter, in line with the provisions of the Local Government Act.
- The Minister noted that these are complex problems, and he expects the appointment of a Crown Observer will assist the Council in resolving them.
- The Minister noted that the appointment of a Crown Observer will not change the accountability of the democratically elected Mayor and Councillors to their ratepayers, and that decisions will still remain with the Council.
- The Mayor thanked the Minister for the call, and that she was happy to work constructively with the Government on this.

Hon Simeon Brown  
Minister of Local Government  
Parliament Buildings  
Wellington

01 November 2024

Tēnā koe Minister Brown

I refer to your letter of 22 October outlining your intention to appoint a Crown Observer to assist the Wellington City Council.

As Mayor, I am committed to delivering the best outcome possible for Wellingtonians. I acknowledge and accept your appointment of a Crown Observer. Council members and staff look forward to working constructively with the Crown Observer to address the issues currently facing Wellington City Council.

#### *Terms of Reference*

We appreciate the time and effort that has gone into drafting the terms of reference, which will provide the foundation for our working relationship with the Crown Observer. We propose one minor refinement to the terms of reference, which we consider will assist in ensuring the effectiveness of the Crown Observer process.

Namely, the draft terms of reference provide that the Crown Observer may work with and request assistance from, other parties and the Department of Internal Affairs. We suggest that the terms of reference:

- Reflect that any assistance obtained from other parties, or the Department of Internal Affairs, be coordinated with any advice streams obtained by Council to ensure integrated engagement and avoid duplication of cost and effort; and
- Clarify that advice should be shared transparently between the Council and the Crown Observer to best inform work going forward, and to ensure a shared factual basis to work from.

The above amendments will also ensure that lines of accountability are not confused, and that senior management can fulfil their duties to the Council. As the terms of reference note, the Council retains the formal decision-making role.

#### *Update on timeframes*

The Council has begun the process of amending its 2024-34 Long Term Plan (LTP). The amendment process will aim to address our risks arising from an undiversified investment portfolio and growing insurance risk. To mitigate this, we are looking at our capacity to borrow, achieved through reducing the Council's capital programme. We are also cognisant of rates affordability for our communities. We have been considering key principles to guide us in this process, which we look forward to discussing with the Observer.

The LTP amendment is being progressed concurrently with Council's 2025/26 Annual Plan. The indicative timeframe for this process to meet the statutory timeframe is:

- 29 October Report to Committee on the process
- 12 November Committee workshop on financial prudence/insurance
- 13 November Committee workshop on capital programme
- 21 November Decision on options for consultation
- 11 December Approval of draft budget
- 13 March Adoption of consultation document
- 20 March – 20 April Community consultation
- 26 June LTP amendment and Annual Plan adopted

Given the concise timeframe we would welcome the appointment of a Crown Observer as soon as practicable. Work has already commenced to ensure that the Crown Observer has the appropriate support and assistance to undertake their role and to hit the ground running.

*Further observations*

One matter we look forward to engaging with the Crown Observer on is the basis on which we are funding water infrastructure and services under the LTP. We seek your permission for the Department of Internal Affairs to share their modelling and advice with us to ensure that Council's approach to date is clear.

I look forward to your confirmation of the appointment of the Crown Observer, the final Terms of Reference and to establishing a constructive and productive relationship with the Observer in due course.

Ngā mihi,



Mayor Tory Whanau  
E: [tory.whanau@wcc.govt.nz](mailto:tory.whanau@wcc.govt.nz)



Absolutely Positively  
**Wellington City Council**

Me Heke Ki Pōneke



Minister for Energy  
Minister of Local Government  
Minister of Transport  
Minister for Auckland  
Deputy Leader of the House



11 November 2024

Mayor Tory Whanau  
Wellington City Council

Dear Tory

I am writing to advise you that I have made the decision to appoint a Crown Observer to the Wellington City Council (the Council) and provide you with the Terms of Reference for the Crown Observer (attached).

As indicated in my letter on 22 October 2024, I believe that a significant problem relating to the Council exists. This problem relates to the significant financial challenges facing the Council, which are impacting its ability to demonstrate prudent financial management. My assessment is detailed further in the Crown Observer's Terms of Reference. On this basis, I am exercising my power to appoint a Crown Observer under s258D of the Local Government Act 2002.

I acknowledge that your Council has indicated its support for this intervention. I appreciate the feedback you provided on the draft terms of reference; these have subsequently been updated.

I have appointed Lindsay McKenzie as Crown Observer for a term of commencing 13 November 2024, concluding on 31 July 2025.

Mr McKenzie is an experienced council chief executive. More recently he has acted as a mentor and advisor to council governance and management, including acting as council appointed observer at Invercargill City.

He will provide the support and advice necessary to help the Council to deliver an amended Long-Term Plan that works for the city, its ratepayers, and communities. To deliver on his Terms of Reference, Mr McKenzie will have the ability to source advice from the Council, Department of Internal Affairs, as well as third parties.

The Crown Observer's role is to provide advice and guidance to the Council Chief Executive and senior management team on how best to support elected Council members. The Crown Observer does not have a decision-making role and will not be involved in decision-making, other than offering guidance or advice. The decision makers are the democratically elected Mayor and Councillors. The Council must cooperate with the Crown Observer so that the Terms of Reference can be fulfilled.

# Hon Simeon Brown

Minister for Energy  
Minister of Local Government  
Minister of Transport  
Minister for Auckland  
Deputy Leader of the House



The decision to appoint a Crown Observer was not one that I took lightly. However, not resolving the Council's significant financial challenges would likely have adverse consequences for Wellington residents and ratepayers. A Crown Observer is necessary to better enable Wellington City Council to address their problems and allow me to monitor the progress in addressing it.

The Council will be responsible for the costs of this appointment, including the Crown Observer's remuneration and expenses. However, to support meeting Public Records Act obligations, the Department of Internal Affairs will provide Mr McKenzie with a laptop device and email account.

Department of Internal Affairs officials will provide support to both you and Mr McKenzie throughout the term of appointment. They will be in touch shortly to assist you in the onboarding process.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'S-B' with a long horizontal stroke extending to the right.

Hon Simeon Brown

**Minister of Local Government**



22 October 2024

Dear Tory

Following the recent decision by Wellington City Council to amend its 2024-34 Long-Term Plan, I have been concerned about Council's ability to manage the Long-Term Plan amendment and adoption process.

Under Part 10 of the Local Government Act 2002 (the Act), I have powers of assistance and intervention in relation to a local authority that has a problem.

The significant financial challenges facing the Council, including underinsurance, debt structuring, and funding key infrastructure are impacting its ability to demonstrate prudent financial management. Resolving these problems is crucial, and requires the elected Council and staff to work together effectively.

Based on conduct at recent Council meetings and public statements from elected members, it is not clear to me that the Council is able to resolve these challenges without assistance.

Without resolution, adverse consequences for residents and ratepayers of Wellington City are likely.

After considering these issues, I believe that Ministerial intervention is warranted. I believe these matters constitute a significant problem, one that your council is unlikely to be able to address without the appointment of a Crown Observer. For this reason, I intend to appoint a Crown Observer to Wellington City Council under section 258B of the Act.

A Crown Observer's role is to assist a council to address the problem, monitor the council's progress and make recommendations to the Minister about further action.

The role of the Crown Observer is to provide guidance and advice to elected Council members, collectively and individually, on matters of governance and financial strategy and planning.

The Crown Observer may also provide advice and guidance to the Council Chief Executive and senior management team on how best to support elected Council members. The Crown Observer does not have a decision-making role and will not be involved in decision-making, other than offering guidance or advice. The decision-makers are the democratically elected Mayor and Councillors.

I have attached the proposed terms of reference for the Crown Observer to this letter.

As required by s258Q of the Act, I am giving your Council 10 working days' notice of my intentions. Before I make the decision to appoint the Crown Observer, you have the opportunity to provide me with any information that would satisfy me that:

- the reasons for appointing a Crown Observer to (your council) do not exist, or
- Wellington City Council is acting effectively to address the problem; or
- for any other reason, the appointment should not be made; or
- a different Ministerial body under part 10 of the Act should be appointed to Wellington City Council.

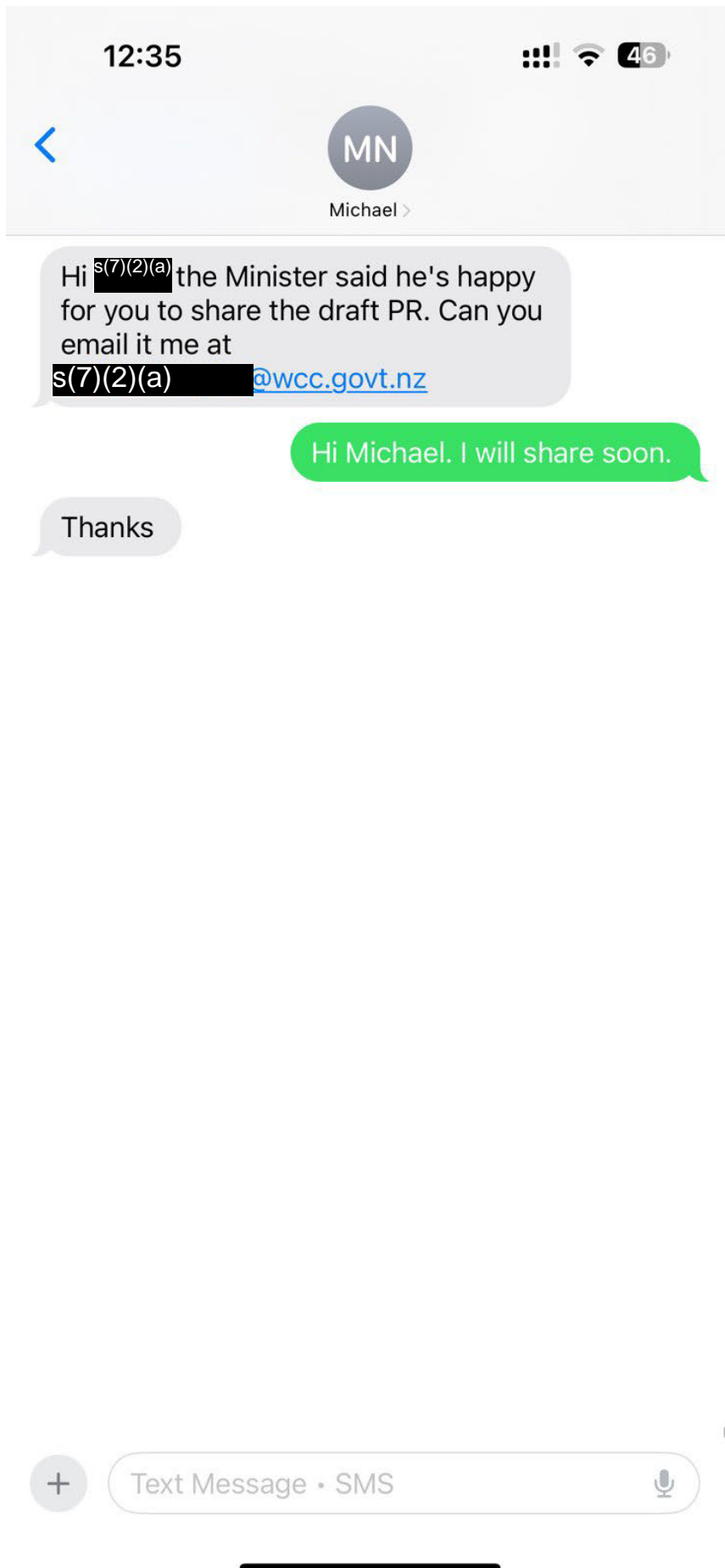
If you wish to provide this feedback, please reply to my office via **s(7)(2)(a)** [@parliament.govt.nz](mailto:s(7)(2)(a)@parliament.govt.nz) by 5 November 2024.

Any queries, please contact my office via **s(7)(2)(a)** [@parliament.govt.nz](mailto:s(7)(2)(a)@parliament.govt.nz)

Yours sincerely



Hon Simeon Brown  
Minister of Local Government



**Hon Simeon Brown**  
**Minister of Local Government**



**22 October 2024**

## **Government to appoint Crown Observer to Wellington City Council**

Local Government Minister Simeon Brown has today announced his intention to appoint a Crown Observer to Wellington City Council, following news that the Council will now be required to rewrite its 2024-34 Long Term Plan.

“I have been concerned about the Council’s ability to manage their Long Term Plan amendment and adoption process, following their recent decision to rewrite its 2024-34 Long Term Plan,” Mr Brown says.

“Under Part 10 of the Local Government Act 2002 (the Act), I have powers of assistance and intervention in relation to a local authority that has a problem. Following advice from officials I have identified there is a significant problem at Wellington City Council that warrants the Government appointing a Crown Observer.

“Advice provided to me by the Department of Internal Affairs highlights that the Council is not utilising its balance sheet appropriately in order to maintain critical infrastructure like water, and that is failing to manage its insurance risk appropriately. These risks have been increased due to its recent decision to amend the Long Term Plan.

“The Department advises me that while it is not uncommon for councils to amend their Long Term Plans, it is uncommon for a council to reverse such a critical financial decision that requires such an amendment only four months into the cycle,” Mr Brown says.

The Department has found that the Council has demonstrated an inability to understand the mechanisms it has available to manage financial pressures it is facing.

This includes the Council choosing in its Long Term Plan to use rates revenue to pay for its water infrastructure up-front, rather than appropriately using debt financing. Local Water Done Well financing mechanisms enables further debt headroom for Wellington City Council to meet its under-insurance issues.

“The advice from the Department highlights that the 2024-34 Long-Term Plan shows the Council’s net borrowings for water services increase by just \$66 million to fund this investment (6 per cent of the total), with the remaining \$1.10 billion of capital investment proposed to be funded by rates (94 per cent of the total).

“This is an inefficient and expensive way to fund infrastructure investment. The Council is front-loading costs on current ratepayers rather than utilising debt financing to spread the cost over current and future users of the assets,” Mr Brown says.

“The Department estimates that the Council’s financing approach to water services as set out in the 2024-34 Long Term Plan would overcharge Wellington City residents by more than \$700 million over ten years.

“Recent Council meetings have also seen councillors walk out, refusing to participate in votes, and confusion regarding decisions, amendments, and voting. Councillors have also made repeated public criticism of one another and Council staff.

“This environment is not conducive to the Council effectively managing the Long-term Plan amendment and adoption process. Not resolving these challenges would likely have adverse consequences for Wellington residents and ratepayers.

"The Department is of the view that the appointment of a Crown Observer is necessary to better enable Wellington City Council to address the problem and allow me to monitor their progress in addressing it. I agree with their assessment.

“The Crown Observer would be appointed to assist the Council to ensure that it secures a financially sustainable Long Term Plan that prioritises the capital programme.

"The Government has written to Wellington City Council with a draft Terms of Reference and has given the Council 10 working days to respond as required under the law.

"The Government is clear that by proposing a Crown Observer, the Government is not taking responsibility for any of the decisions made by the Council. The Council and Mayor are democratically elected and are responsible for the decisions made by the Council, and will remain accountable to their constituents.

"By providing a Crown Observer to assist the Council on matters of governance, financial strategy and planning, the Government will be working to ensure that Wellington City Council Ratepayers can have increased confidence in their Council and that the Long Term Plan decisions are finalised in accordance with the Local Government Act,” Mr Brown says.

**Media contact:** s(7)(2)(a)

**Note to editors:**

- A Crown Observer's role is to assist a council to address the problem, monitor the council's progress and make recommendations to the Minister of Local Government about further action.
- A Crown Observer provides guidance and advice to elected Council members, collectively and individually, on matters of governance and financial strategy and planning.
- A Crown Observer may also provide advice and guidance to the Council Chief Executive and senior management team on how best to support elected Council members. The Crown Observer does not have a decision-making role and will not be involved in decision-making, other than offering guidance or advice.