

Response  
To  
Greater Wellington Regional Council  
Long Term Plan 2018 to 2028  
Consultation Document

April 2018

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## 1. Profile

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This is my first time that Wairarapa Voice has participated in a Greater Wellington annual or 10-year planning consultation process.

I DO want to speak to my submission at a Council hearing

## 2. Summary feedback on GWRC proposed 10 Year Plan

<b>Key programmes</b>	<p>Do you support our key programmes?</p> <p>All of the key programmes have questionable rationales, unanswered questions and other outstanding issues that require action or comment by GWRC.</p> <p>Summary questions are set out below with the rationale for these questions laid out in section 4 below.</p>	<p><b>NOT SUPPORTED WITHOUT PROVIDING CLARIFICATION</b></p>
	<p>Additional Questions</p> <ul style="list-style-type: none"> <li>• When will we see a marked improvement in engagement and communication.</li> <li>• When will we see a genuinely empowered Wairarapa Committee.</li> <li>• When will GWRC start considering Mobility as a Service (MaaS) as the organising principle of its public transport offering?</li> <li>• What action is GWRC planning to improve its asset management and contract negotiation and management capability?</li> <li>• When will GWRC acquire either partnership or in house capability to manage its digital ecosystem including mobility apps?</li> <li>• When will GWRC publically acknowledge the consultation process on the Waiohine Flood Plain Management Plan was flawed and that the enhanced public engagement from the Waiohine Action Group has improved the outcome?</li> <li>• When will GWRC ask NIWA to redraft their 2017 report to present RCP4.5 as the business as usual scenario and RCP8.5 as the catastrophic scenario?</li> <li>• Have the outstanding issues around the Waikanae water supply been resolved to the satisfaction of the Waikanae ratepayers?</li> <li>• When is the proposal to merge Wairarapa water supply management into Wellington Water likely to come forward and what level of consultation is planned?</li> <li>• When will GWRC stop cross blading the Ruamahanga?</li> <li>• What additional oversight mechanisms have been put in place at WREDA to ensure there is not a repeat of the spending control issues?</li> <li>• What tangible and measureable performance outcomes are being put in place for WREDA?</li> </ul>	

<b>Wairarapa and Capital Connection commuter services</b>	<p>Do you support the approach outlined in our preferred option and the initial allocation of funding to improve the Wairarapa and Capital Connection commuter services?</p> <p><b>Proposal 1A is supported subject to implementation of improvements explained in detail under 6.1.1 below, including Hyundai-Rotem and Metlink introducing:</b></p> <ul style="list-style-type: none"> <li>• Better leadership, management, operational delivery and active contract performance management</li> <li>• Better and useable timetable and service status app</li> <li>• Better systems and processes</li> <li>• Better call service support</li> <li>• Meaningful communication via train staff and public notifications</li> <li>• Better engagement with social media.</li> </ul>	<b>SUPPORTED BUT WITH SIGNIFICANT RESERVATIONS</b>
	<p><b>Additional Comments</b></p> <p>Separate provision of the Capital Connection by KiwiRail must be maintained as the existence of a separate operator means that there is some competition around provision. Without some reference competition, Transdev/Hyundai Rotem would have no incentive whatsoever to improve their service. They already behave like a monopoly provider with poor managerial and operational behaviour. KiwiRail, for all its limitations, does provide an alternative reference point to keep Transdev/Hyundai Rotem honest.</p>	
<b>WREMO Capability</b>	<p>Do you support an increased funding contribution by Greater Wellington for emergency management?</p> <p><b>Proposal 2A is supported but on its own is not enough.</b> Pressure needs to be brought to bear on district councils to supplement WREMO actions and resources with local actions and resources and extra central government funding for Civil Defence should be sought.</p>	<b>SUPPORTED BUT WITH RESERVATIONS</b>
<b>Water Wairarapa</b>	<p>Should Greater Wellington continue our proposed support for the management and investigation of the Wairarapa Water Project?</p> <p>Given reservations about the underlying climate model; the flawed rationale of using regional funds to provide Masterton District's water supplies; the move of leading edge farming is away from large scale irrigation schemes; and the unlikelihood of this scheme delivering water at a commercially viable price we suggest that Water Wairarapa should receive no more funding from GWRC.</p>	<b>NOT SUPPORTED</b>

<b>Future directions and decisions</b>	<p>Do you have any comments on the future decisions we have highlighted?</p> <p>We support the allowance for a \$67 million contribution towards a new mass transit system beginning from 2021 through to 2026 subject to the cost of the Wellington mass transit system falling predominantly upon Wellington domiciled ratepayers. The future cost impacts of mass transit should be shared early and explicitly.</p> <p>We are not convinced that WREDA has provided value for money for Wairarapa based ratepayers and would expect very much higher quality of consultation on any changes than has been apparent with consultation on the LTP.</p> <p>As long as the costs of the cross harbor pipeline and the new water source fall exclusively upon Wellington domiciled ratepayers these should go ahead.</p>	
<b>Rates</b>	<p>Have we got the balance right between the level of rates and charges and the services you want?</p> <p>The idea that any service provider can expect compounded price increases over an extended period in a world of near zero interest and inflation rates is incoherent and unacceptable.</p> <p>The rates increases suggested by GWRC will lead to a doubling of rates well ahead of any doubling caused by inflation alone.</p> <p>GWRC must be much more aggressive in its cost management and the management of long term assets including a comprehensive balance sheet review with follow up actions on realising better returns on GWRC's substantial asset base.</p> <p>It would appear from the difficulties in getting comprehensive rates modelling data that the analytic capabilities of GWRC's staff and systems needs attention. Given the high investment in the SAP ERP system we suggest that a review of SAP's ability to deliver modelling capability should be the first step.</p>	<b>NO</b>
<p><b>Are there any other comments you wish to make about our proposals for the next 10 years?</b></p> <p>GWRC's capital management programme appears flawed with a questionable rationale, unanswered questions and other outstanding issues that require action or comment by GWRC. Summary questions are set out below with the rationale for these questions laid out in section 5 below.</p> <ul style="list-style-type: none"> <li>• Why does GWRC consider CentrePort to be a strategic asset?</li> <li>• When did GWRC last do a Balance Sheet Review?</li> </ul> <p>What is the outcome of GWRC's risk management assessment programme?</p>		

### 3. Introductory Comment

The Consultation Document opens by suggesting that the adjustments to the 2018-28 Long Term Plan do not amount to any significant changes. Given the centrality of the three initial choices GWRC are requesting feedback on to Wellington Region's place as the regional center, the GWRC is being disingenuous in describing them as not significant.

Regrettably, this tendency of local government agencies to classify most work as NON SIGNIFICANT is endemic and is leading to a disconnection between these agencies and the ratepayers who pay for their activities. GWRC should consider the work recently completed in the Australian State of Victoria by the Victorian Auditor General's Office (VAGO) on Public Participation in Government Decision-Making. VAGO have built a comprehensive framework based on The International Association for Public Participation (IAP2) that emphasises the need to consider any decision as significant by default. Please see <https://www.audit.vic.gov.au/public-participation-government-decision-making-better-practice-guide>

Notwithstanding GWRC's disingenuous classification of the consultation, this submission treats the three initial choices, as well as those in the existing plan and those prefigured for later consultation as all being significant. They will require action by the politicians on the GWRC to consult on and set out a real vision and direction for the Greater Wellington Region. The 21<sup>st</sup> century challenges facing the Wellington Region require that governance bodies transcend their weddedness to the status quo and start the communication, consultation, and investment programme, or if you prefer the leadership programme, required to prepare Wellington for what the World Economic Forum call the 4th Industrial Revolution.

### 4. Ongoing Key Programmes

The broad outlines of the ongoing key programmes provide a surface gloss but do not address many of the underlying issues that need action. Therefore we have taken each of the key programmes and framed some questions that we think the GWRC should consider.

#### 4.1 Public Consultation

Given GWRC's failure to engage with local communities on important issues like the Waiohine Flood Plain Management Plan, there needs to be a marked improvement in engagement and communication action in the future. This must involve all communication modalities as social media is not yet a universal communications channel.

When will GWRC planning and operations in the Wairarapa be accountable to a genuinely empowered Wairarapa Committee that holds 50% or more of its meetings in the Wairarapa?

#### 4.2 Public Transport

There are some good initiatives underway such as single ticketing but issues around bus service contracting in the most recent contract cycle (e.g. Airport Flyer uncertainty, industrial action around perceptions of Transit as a bad employer, etc.) and the failed promises of the new train operator, Transdev suggest that GWRC needs to spend time developing an overarching strategy of Mobility as a Service while, at the same time working to enhance what appears to be limited capability around contract negotiation and management.

The GWRC Chairman has expressed publically his disappointment in the performance of KiwiRail and TransDev but has not commented on the apparent lack of capability of your staff to form and manage a contract for Rail Services that assures a reasonable and explicit service standard with appropriate sanctions for non-performance.

The GWRC has also not ever explained how it has stood by for years and watched the deterioration of rail assets and has not increased the capacity of the service.

Even, simple matters like producing a useable app for timetable information seem to be beyond the capacity of the GWRC. The app is difficult to understand and use and the train status is often communicated late. For example on occasions a passenger can arrive at a station within 10mins of the scheduled departure of a service only to find that 5 minutes later there is a 45 minute delay. There are plenty of these apps for other services all around the world and none in our experience are as bad as your Metro app.

We would like to know:

- When will GWRC start considering Mobility as a Service (MaaS) as the organising principle of its public transport offering?
- What action is GWRC planning to improve its asset management and contract negotiation and management capability?
- When will GWRC acquire either partnership or in house capability to manage its digital ecosystem including mobility apps?

#### 4.3 Regional Resilience

The document glosses over the effectiveness of flood plain management planning, ignoring the push back on the Waiohine Flood Plain Management Plan by the local community and GWRC's initial reluctance to engage with the Waiohine Action Group.

GWRC are embarking on a consultation on a Mangatarere Stream flood plain management plan with drop in meetings starting this month. While it is early in the process, it is clear that the impacts of the Mangatarere flooding will be amplified by the flawed June 2017 NIWA report "Climate change and variability – Wellington Region".

The NIWA Report uses Representative Concentration Pathways (RCP) as the foundation of its predictions of future climate change impacts, selecting RCP4.5 as a "stabilisation" scenario and RCP8.5 as the "business as usual" scenario as at 1995.

The problem is that RCP8.5 is actually a catastrophic scenario, about as far from business as usual as it is possible to get. RCP8.5 assumes rapid population growth that reaches up to 12.3billion by 2100 and continues growing after that date. This is completely at variance with UN forecasts and post 1995 records and assumes that the demographic transition will not happen in Africa when it has happened everywhere else. RCP8.5 assumes a complete reversal of the trend away from coal as an energy source of choice. This again is completely against a trend showing new coal plant construction initiations at a standstill and coal plant retirements outnumbering new plants coming on stream. RCP8.5 assumes no decarbonisation of world power sources from new technology such as solar and wind. In an age of Tesla batteries and EVs, this is plainly absurd. RCP8.5 also assumes that the long term secular trend of increasing energy efficiency in manufacturing, transport and logistics will reverse.



We understand that the use of RCP 8.5 was recently reviewed in the context of the Waiohine Flood Protection project with credible external experts and that a reasonable set of assumptions that make use of current data have been recommended for adoption. It is plain that RCP 8.5 is not relevant as an assumed future climatic state for the purposes of management catchments in the Wairarapa and that the most recent reasonable assumptions should be adopted.

It is pleasing to note that Dr. Alex Pezza is now calling RCP8.5 the high carbon path but the flawed NIWA report is still being referenced by GWRC.

We would like to know is:

- When will GWRC publically acknowledge that the consultation process on the Waiohine Flood Plain Management Plan was flawed and that the enhanced public engagement from the Waiohine Action Group has improved the outcome?
- When will GWRC ask NIWA to redraft their 2017 report to present RCP4.5 as the business as usual scenario and RCP8.5 as the catastrophic scenario?

#### 4.4 Water Supply

GWRC claim that the water supply for Wellington, Hutt City, Upper Hutt City, and Porirua City is well provided by Wellington Water with future provision of both emergency and base load provision under planning. The LTP is silent on outstanding water management issues dating back to the amalgamation of the Kapiti Coast District Council and how they will be managed.

GWRC and the Local Government Commission have promoted the idea of the three Wairarapa district councils joining Wellington Water but the consultation document is silent on this issue. An argument can be made for the three Wairarapa districts making fuller use of some specialist expertise within Wellington Water. However, the Wairarapa public has just rejected an attempt to foist amalgamation on them. They are clearly not interested in the formation of a Council Controlled Organisation that would see the control of water management being carried out by bureaucrats outside the democratic oversight of local Wairarapa councils.

We would like to know:

- Have the outstanding issues around the Waikanae water supply been resolved to the satisfaction of the Waikanae ratepayers?
- When is the proposal to merge Wairarapa water supply management into Wellington Water likely to come forward and what level of consultation is planned?

#### 4.5 Freshwater Quality and Biodiversity

As long as GWRC continue to 'cross blade' the Ruamahanga river bed then GWRC's commitment to freshwater quality and biodiversity will always be open to question.

We would like to know:

- When will GWRC stop cross blading the Ruamahanga?

#### 4.6 Economic Development

WREDA has failed to deliver in its 3 years of existence and been tainted by lavish and ill-chosen spending by a CEO who was not subject to effective governance oversight by his board, in particular the Chair.

GWRC's oversight of WREDA must improve in the short term with WREDAs continued existence contingent upon the delivery of tangible performance outcomes. Continued failure to deliver must lead to its shutdown.

We would like to know:

- What additional oversight mechanisms have been put in place at WREDA to ensure there is not a repeat of the spending control issues?
- What tangible and measureable performance outcomes are being put in place for WREDA?

## 5. Alignment of Capital to Strategy

The merit of retaining a shareholding in CentrePort is questionable. CentrePort's Wellington City Gateway Project has wasted millions of dollars of wealth and with the demolition of Statistics House and the likely demolition of the BNZ Centre is now defunct. The governance board of the port has no members with a solid strategic background in logistics or port operations leaving open the question of how soon before CentrePort goes the same way as Fletcher Building.

The port is not a strategic asset if that means it is something critical to the well-being of our community because:

1. If it is owned by someone else it will still be there and continue to be subject to a regulatory regime.
2. If any ratepayer has a desperate desire to own a piece of it they should be able to do so by buying shares in it.

There is a set of strategic priorities including, most notably flood plain, management and transport services that need investment.

There is no point in owning an asset that uses capital for something that could be externally owned when we are short of funds for enabling core strategic priorities to be realised.

Normally, in most well managed enterprises, a balance sheet review is performed as a part of long term financial planning and assets are recycled to free up capital where it gives a higher return (it's not just the money!)

Ownership of the Port compounds risk as we have just seen. Whilst it may provide a market related return it also has market and disaster related risk. The fact is that a major earthquake and its after-effects will not only impact our environment and our communities but is also likely to damage the Port again results in a double whammy to ratepayers.

What we would like to know is:

- Why does GWRC consider CentrePort to be a strategic asset?
- When did GWRC last do a Balance Sheet Review, what was the outcome and who performed it?
- What is the outcome of GWRC's risk management assessment programme?

## 6. Three Initial Choices where GWRC are seeking Feedback

### 6.1 Rail Service Improvements

In the short term, improvements in the levels of service on the Wairarapa Rail Line (WRL) and the Capital Connection (CC) will reflect the need for tactical responses to a long term decline in the quality of fixed assets (track, signaling, rolling stock, station building infrastructure, station parking capacity and security etc.

In the medium to long term improvements to the levels of service on the WRL and the CC will reflect recent decisions made without the guiding context of a coherent long term strategic plan, supplemented by decisions made with the guiding context of a long term Mobility as a Service (MaaS) strategy.

The action taken by GWRC to submit a case for capital expenditure on track upgrades throughout the region but with a special emphasis on repairing years of neglect of the WRL must be acknowledged even though it is long overdue.

The proposal to add Diesel Electric Motive Units (DEMU) to the existing EMU fleet that is in development is sound but it is contingent upon the capital spend on track upgrades being approved by central government. Should government funding constraints mean that the track upgrades do not go ahead, GWRC and Central Government is likely to be faced with concerted political action springing from local action groups like Wairarapa Train Forum.

However this proposal on its own is not enough to improve levels of service. There need to be specific changes to governance, management, and operational activities to supplement the capital commitments of Proposal 1A.

**Proposal 1A is supported subject to implementation of improvements under 6.1.1 below.**

#### 6.1.1 Wairarapa Rail Line Improvements

The recent history of the WRL has been marked with systematic governance, managerial, and operational failures.

The parlous state of the physical infrastructure, particularly track and rolling stock, has been well known for some time but governance action has been delayed beyond the point of patience for the users of the WRL service. While Proposal 1A addresses issues around physical infrastructure it does not provide any assurance that there will be governance improvements to ensure the run down of WRL is not repeated.

Metlink management has been marked with acceptance of poor systems and processes, and poor internal communication. This is apparent to users of the Metlink call center where users calling the call center find that it cannot provide real time information on delays or service failures. Interactions with Metlink via social media have tended to be poor. From late 2017, Metlink has moved from a policy of ignoring public disquiet on social media to a policy of limited engagement seemingly designed to dampen disquiet without actually addressing the underlying root cause issues. Proposal 1A does not provide any assurance that there will be management improvements to ensure service failures are not repeated.

Operationally, Hyundai-Rotem seem incapable of providing users with consistent, real time updates of actual facts with train staff starved of actual information and public address messages devoid of any

informational content. With no WiFi provision on the trains there is an obvious path of communication that seems to be deliberately ignored by the operator. Proposal 1A does not provide any assurance that there will be operational improvements to ensure service failures are not repeated.

The LTP is silent on how the introduction of better leadership, management, and operational delivery to Metlink plus Hyundai-Rotem could actually address the delivery of better systems and processes, better call service support and meaningful communication via train staff, via public notifications and lastly by better engagement with social media. We think that GWRC should explore these issues as a matter of priority.

### 6.1.2 Capital Connection Improvements

It seems the primary differences between WRL and CC is that the service operator is KiwiRail rather than Transdev plus Hyundai-Rotem.

Bundling the DEMU acquisition into a joint GWRC and KiwiRail business case as suggested by Proposal 1A is sound as it avoids the need to upgrade out of date rolling stock used on both WRL and CC.

Proposal 1A hints at cancelling the provision of Capital Connection via a KiwiRail operating unit and merging CC provision into the Metlink plus Hyundai-Rotem contract.

In our view separate provision of CC by KiwiRail must be maintained even if it requires support from Horizons Regional Council and Greater Wellington Regional Council. The existence of a separate operator means that there is some competition around provision. Without some reference competition, Transdev/Hyundai Rotem would have no incentive whatsoever to improve their service. They already behave like a monopoly provider with poor managerial and operational behaviour. KiwiRail, for all its limitations, does provide an alternative reference point to keep Transdev/Hyundai Rotem honest.

## 6.2 Wellington Region Emergency Management Office (WREMO) Capability

The GWRC Proposal 2A is the preferred proposal. With a higher increase (17%) in funding at the regional level supplemented by an 11% increase at the district council level, WREMO will be in a position to do more. WREMO staffing should be rebalanced to provide more localised staffing with more resources outside Wellington City - both Kapiti and Wairarapa.

**Proposal 2A is supported but on its own is not enough.**

Pressure needs to be brought to bear on district councils to supplement WREMO actions and resources with local actions and resources.

One example of many is that until 2016 Carterton District Council had abdicated all responsibility for an emergency response to WREMO. Since then Carterton District Council have allied with the community, in particular Neighbourhood Support, to provide a joined up neighbourhood tier capability via Neighbourhood Support, a township tier capability via a Community Emergency Hub, a district tier capability via an Incident Management Team as well as plugging into a regional capability supplied by WREMO.

We would like to know why there seems to be a lack of intent to seek central government funding for Civil Defence.

### 6.3 Additional water storage for Wairarapa

The third issue where GWRC are seeking feedback is whether Greater Wellington should continue leading a programme to establish additional water storage for Wairarapa.

It is clear that Water Wairarapa has long been a scheme in search of a rationale.

Initially WW was based on dairy intensification. Once the unsound economics and the disastrous environmental effects of the dairy intensification based scheme was pointed out, the scheme then tried to suggest that it was designed to encourage the uptake of value added horticulture. This was in spite of the Baker Ag report being clear that the short to medium use of the scheme would be for dairying and value added products wouldn't happen for some years. After push back on the value added scheme, the most recent re-invention of the scheme relates it to enhanced resilience to climate change and the provision of town water supply.

Given that:

- The scheme has used the 2017 NIWA Climate Change Report with its alarmist use of RCP8.5 based forecasts to talk up the expected degree of climate change in Wairarapa, and
- That the only town in Wairarapa that needs the scheme for town supply is Masterton. Repurposing the Water Wairarapa scheme for Masterton town supply is a capital subsidy that must be explicit rather than through a Regional Council subsidy, and
- That leading edge farming is moving away from large scale irrigation schemes, and
- That central government has made clear that large scale irrigation must be commercially viable to have any chance of success,

Then we suggest that Water Wairarapa should receive no more funding from GWRC.

## 7. Future direction areas

### 7.1 Introductory Comment

There are four areas where GWRC will be seeking feedback from the community at a later date.

### 7.2 Future options for Wellington's transport network – Let's Get Wellington Moving

We support the allowance for a \$67 million contribution towards a new mass transit system beginning from 2021 through to 2026 subject to the cost of the Wellington mass transit system falling predominantly upon Wellington domiciled ratepayers. The future cost impacts of mass transit should be shared early and explicitly so avoiding the fiasco of this year's changes to the rating of flood plain management.

### 7.3 How the region is set up to deliver economic development programmes.

We are not convinced that WREDA has provided value for money for Wairarapa based ratepayers and would expect very much higher quality of consultation on any changes than has been apparent with consultation on the LTP.

### 7.4 Cross Harbour Pipeline

As long as the cost falls exclusively upon Wellington domiciled ratepayers this should go ahead.

### 7.5 New Wellington Water Source.

As long as the cost falls exclusively upon Wellington domiciled ratepayers this should go ahead.

## 8. Other Matters

### 8.1 Rating

We do not think that GWRC have got the balance right between the level of rates and charges and the services required because GWRC do not have the capability to think innovatively about rates and charges, asset management, or future scenario planning.

The idea that any service provider can expect compounded price increases in rates and charges over an extended period in a world of near zero interest and inflation rates is incoherent and unacceptable. The rates increases suggested by GWRC will lead to a doubling of rates well ahead of any doubling caused by inflation alone.

GWRC must be much more aggressive in its cost management and the management of long term assets including a comprehensive balance sheet review with follow up actions on realising better returns on GWRC's substantial asset base.

It would appear from the difficulties in getting comprehensive rates modelling data that the analytic capabilities of GWRC's staff and systems needs attention. Given the high investment in the SAP ERP system we suggest that a review of SAP's ability to deliver modelling capability should be the first step. GWRC should be able to model multiple future scenarios so that the choices made by GWRC can be explained to the ratepayers in easy to comprehend outputs.

### 8.2 Revenue and Financing Policy

Please see our separate submission on the Revenue and Financing Policy.