

Notice of Appointment of a Crown Observer to the Wellington City Council

Pursuant to section 258B of the Local Government Act 2002, the Minister of Local Government gives notice of his appointment of

Lindsay McKenzie

as Crown Observer to the Wellington City Council (“the Council”).

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

Terms of Reference

Background

Wellington City Council is facing significant financial challenges that put at risk the Council’s ability to plan, fund, and deliver services and infrastructure for residents and ratepayers.

On 10 October 2024, the Council voted to commence a process to amend the 2024–34 Long-Term Plan, leaving the Council without a clear path to address its financial shortfalls and risks, including \$2.6 billion underinsurance.

The impact of inaction or ineffective action will be significant, and it is unclear whether Council members can effectively work together, and with Council staff, to identify a path to financial sustainability.

Recent Council meetings have 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.

Pursuant to Part 10 of the Act, the Minister of Local Government believes a significant problem relating to the Council exists, and the appointment of a Crown Observer is necessary to enable, or better enable, the Council to effectively address the problem.

A Crown Observer is being appointed to provide advice and guidance to the Council in order to support the delivery of the amended 2024–34 Long-Term Plan.

The Council needs to develop and adopt an amended 2024–34 Long-Term Plan. This will require the elected Council members to work together, and with the Council’s Chief Executive and senior management team. The Crown Observer will provide guidance and advice through this process.

The Minister of Local Government considers that the support of a Crown Observer is important to the delivery of the amended 2024–34 Long-Term Plan, and the ability of the Council to sustainably deliver on its obligations to the residents and ratepayers of Wellington City.

Section 258O of the Act requires the Minister of Local Government to publish in the *New Zealand Gazette* a list of matters relevant to determining what action, if any, to take under subpart 1 of Part 10 of the Act, which relates to Ministerial powers of assistance and intervention in relation to local authorities. Section 258P of the Act requires the Minister to have regard to the list of matters published in the [New Zealand Gazette, 23 June 2023, Notice No. 2023-go2697](#).

After considering these issues, the Minister of Local Government has determined that Ministerial intervention is warranted. These matters constitute a significant problem, and the appointment of a Crown Observer is necessary to enable, or better enable, the Council to effectively address it.

Pursuant to section 258B(1)(a) of the Local Government Act 2002, the Minister of Local Government appoints a Crown Observer to support the Council.

Extent of Authority

The Crown Observer will provide guidance and advice to elected Council members, collectively and individually, on matters of governance, 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.

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The Crown Observer will help to ensure that:

- the Council is able to function as a governing body;
- the Mayor is able to provide leadership to other elected members and the Council organisation;
- elected Council members have the information and advice to make decisions effectively and in a timely manner; and
- the Council Chief Executive and senior management team are able to work effectively with the elected Council members.

The Crown Observer will provide support to elected Council members, the Council Chief Executive and senior management team in any way deemed necessary to fulfil his Terms of Reference. This may include, but is not limited to:

- attending all Council and Council Committee meetings;
- meeting individually with the Mayor and elected Council members;
- meeting with the Council Chief Executive and senior management team, as appropriate;
- sourcing and providing advice to elected Council members to support the 2024–34 Long-Term Plan amendment process; and
- attending and contributing, as appropriate, to workshops and meetings where elected Council members are being briefed on significant or challenging matters.

The Crown Observer may work with other parties, as appropriate, to support elected Council members and the Council Chief Executive and senior management team. The Crown Observer may request any assistance from the Department of Internal Affairs, or other parties he considers necessary to fulfil these Terms of Reference.

It is expected that the Crown Observer will coordinate with Council staff where appropriate to ensure external advice is integrated with Council activity and unnecessary duplication is avoided.

The Crown Observer and Council should strive to work in a collaborative and transparent manner.

The Crown Observer will monitor the Council's ability to provide effective governance on behalf of its community. The Crown Observer may make recommendations, as appropriate, to the Minister of Local Government on whether the Minister should take further action to assist the Council, including whether the Minister should appoint another Ministerial body to provide assistance.

The Crown Observer must ensure, as far as practicable, that the existing organisational capability of the Council is not diminished.

The Council is required, under section 258B(6) of the Local Government Act 2002, to:

- co-operate with the Crown Observer so that the Crown Observer may fulfil these Terms of Reference;
- and comply with any reasonable request of the Crown Observer to provide relevant information.

It is expected that any request for information will be actioned in a timely manner.

The Council will make available and accessible the resources required for the Crown Observer to fulfil these Terms of Reference.

Term of Appointment

The term for the Crown Observer appointment and the observation period starts on the day after this Gazette notice is published. The appointment and observation period will, unless otherwise advised by the Minister of Local Government, end on 31 July 2025.

The Minister of Local Government may end the appointment and observation period early by way of written notice, if the Minister is satisfied that the appointment is no longer required.

Remuneration and Costs

The remuneration of the Crown Observer will be paid out of money belonging to the Council pursuant to section 258W of the Local Government Act 2002. Remuneration will be paid in accordance with the Cabinet Fees Framework at a rate of \$1,000.00 a day. The Crown Observer is responsible for ensuring any expenses claimed are reasonable and necessary.

Reporting

The Crown Observer must provide monthly reports to the Minister of Local Government on the progress in fulfilling his Terms of Reference.

The Crown Observer will provide an interim report to the Minister of Local Government by 28 February 2025.

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The Crown Observer must provide a final report to the Minister of Local Government as soon as practicable after the observation period ends. The final report must comply with section 258U of the Local Government Act 2002. The final report may make further recommendations to the Minister of Local Government.

Dated at Wellington this 12th day of November 2024.

HON SIMEON BROWN, Minister of Local Government.

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