



Local Government  
Commission

Mana Kāwanatanga ā Rohe

# **Decision on adopting a reorganisation plan for a boundary alteration between Horowhenua District and Palmerston North City**

**May 2021**

## Purpose of document

This document sets out the Local Government Commission's decision on whether to adopt a reorganisation plan for Opiki and Tokomaru to join Palmerston North City and whether to close its related investigation.

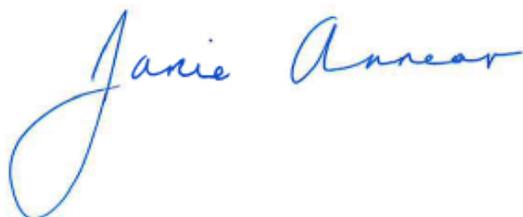
## Commission decisions

At its meeting on 20 May 2021, the Commission resolved to:

- a. agree, pursuant to clause 12(2) of Schedule 3 of the Local Government Act 2002 (the Act), to not adopt a reorganisation plan for Opiki and Tokomaru to join Palmerston North City
- b. agree, pursuant to clause 9(1) of Schedule 3 of the Act, to recommend the Horowhenua District Council provides clearer information to residents on its assets and services in Opiki and Tokomaru and how these are funded
- c. agree, pursuant to clause 9(1) of Schedule 3 of the Act, to recommend the Horowhenua District Council and Palmerston North City Council work together to explore ways to enhance local government services in Opiki and Tokomaru
- d. agree, pursuant to clause 9(1) of Schedule 3 of the Act, to require the Horowhenua District Council and the Palmerston North City Council to provide updates on their actions in respect to recommendations [b] and [c] by 30 November 2021 and 31 May 2022
- e. agree, pursuant to clause 11 of Schedule 3 of the Act, to complete the investigation into the request for Opiki and Tokomaru to join Palmerston North City.



Sue Piper  
Lead Commissioner



Janie Annear  
Commissioner

## Background

1. In October 2018 the Commission received a request from a group of Opiki and Tokomaru residents for a boundary alteration between Horowhenua District and Palmerston North City. The request was for Opiki and Tokomaru to join Palmerston North City. Amended information was received on 5 November 2018.<sup>1</sup>
2. The Commission has assessed the request against the statutory criteria for adopting a reorganisation plan and that assessment is set out in this decision document. The relevant criteria are in clause 12(2) of Schedule 3 of the Act as listed in Appendix 1. This decision document also provides a summary of the themes of the Commission's investigation into the requested boundary alteration and how these themes related to the statutory criteria that were considered.
3. Three commissioners (Janie Annear, Sue Piper and the late Pita Paraone) were involved in the consideration of the requested boundary alteration. Commissioner Brendan Duffy was not involved in any decisions or deliberations on this matter.

## Themes of the investigation

### *Strong connections with Palmerston North*

4. The investigation confirmed that many Opiki and Tokomaru residents have strong connections with Palmerston North and an affinity with the City. This was relevant to the Commission's consideration of communities of interest and whether the requested boundary alteration would maintain these connections.
5. Submissions were dominated by references to working in Palmerston North and accessing cultural, educational, social and commercial services in the City. Eighty-two submitters (over 50% of all submitters) identified these connections as a reason for supporting the requested boundary alteration.
6. Feedback to the Commission about contacts with Shannon, Levin and other parts of the Horowhenua, indicated that many residents had less contact with these areas than with Palmerston North. It also indicated that these contacts often focused on a specific purpose such as accessing farm supplies. The majority of residents' social and commercial activities were in Palmerston North.

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<sup>1</sup> The request is available on the Commission's website:

<http://www.lgc.govt.nz/assets/Uploads/Tokopiki-Boundary-Reorganisation-proposal.pdf>

### ***Rural identity***

7. Submissions showed that many Opiki and Tokomaru residents maintain a rural identity alongside their connections with Palmerston North. This was especially evident for residents engaged in agricultural production and residents who had moved to the area for a rural lifestyle. Evidence of rural identity was relevant to the Commission's consideration of communities of interest and the pattern of support for the requested boundary alteration.
8. Twenty submitters identified a rural identity and a focus on rural residents as reasons for opposing the requested boundary alteration. The submissions from the Horowhenua District Council and the Palmerston North City Council also strongly emphasised Opiki's and Tokomaru's rural character.

### ***Environmental well-being***

9. Decisions on land-use, wastewater and the health of local waterways, featured prominently in residents' sense of environmental well-being. This was relevant to the Commission's consideration of whether the requested boundary alteration would promote the environmental well-being of communities.
10. Iwi and hapū and other community members are working with the Horowhenua District Council on options for land-based disposal of Tokomaru's wastewater. Palmerston North City Council is also working on decisions about the future of its wastewater scheme and members of the Opiki and Tokomaru communities have engaged in that process. Residents are also interested in the Horizons Regional Council's future decisions on the related consent applications.
11. Submissions showed that decisions on drinking-water were another feature in residents' sense of environmental well-being. The applicants and submitters referred to the community's successful effort to encourage the Horowhenua District Council to upgrade Tokomaru's drinking-water supply.
12. Finally, residents showed they were interested in the environmental services provided by local government. Twenty-two percent of submitters identified recycling as a local government service they wished to receive.

### ***Environmental and cultural well-being – tangata whenua***

13. Historically, the major waterways in the area, the Manawatū and Tokomaru Rivers, were vital food sources for iwi and hapū, and they have continued to be used for recreation and food gathering in more recent times. Ngāti Turanga and Ngāti Whakarewa whakapapa to the area and have a strong interest in water quality and the health of aquatic habitats.
14. Ngāti Turanga and Ngāti Whakarewa are also committed to working with local government to support greater consideration of Māori environmental and cultural well-being. Along with Rangitāne o Manawatū in Palmerston North City, they have invested considerable time and resources into building working relationships with local government.

15. A boundary change would disrupt these working relationships and require resources to build new relationships. Proceeding with a boundary change could be seen as a failure to acknowledge the complex impacts of a change on iwi and hapū, and a failure to value Māori cultural and environmental well-being in decision-making.
16. This is especially important because Rangitāne o Manawatū has a deed of settlement with the Crown which is recognised in a formal working partnership with the Palmerston North City Council.
17. Ngāti Raukawa ki te Tonga, including Ngāti Whakatere and Ngāti Turanga, do not have a settlement. They are currently engaged in the Porirua ki Manawatū Inquiry's consideration of the claims of Ngāti Raukawa and affiliated iwi/hapū.

### ***Cultural well-being***

18. Residents' access to artistic, cultural and entertainment activities, and community and sports facilities, is an important element in their cultural well-being. This was considered by the Commission as part of assessing whether the requested boundary alteration would support the cultural well-being of communities. The Commission also considered the specific contribution of council libraries, parks, pools and museums to cultural well-being.
19. Submissions showed that the cultural activities, and the community, sporting and recreational facilities used by Opiki and Tokomaru residents are largely in Palmerston North. This included facilities provided by the Palmerston North City Council such as the Central Library, the Lido Aquatic Centre and sports grounds.
20. Submissions also showed that residents were connected with the cultural heritage of the Opiki and Tokomaru area. Several submitters referred to participating in rural-themed community events, their long familial connections to the area, and their knowledge of the area's former flax industry and agricultural development.
21. These comments were consistent with definitions of cultural well-being. They reflected the importance of participating in creative, cultural and sporting activities, and connecting with a community's cultural heritage.

### ***Economic well-being***

22. Local government has a role in the economic development and economic well-being of the affected area and the broader region, and the Commission assessed whether the proposed boundary alteration would support the ability of local and regional economies to develop and prosper.
23. The Horowhenua District Council's draft long term plan for 2021-2041 commits the Council to supporting a thriving business environment and developing an economic development implementation plan. The Council's Community Outcomes Framework includes a commitment to provide opportunities for residents to have an economically sustainable and affordable way of life.

24. Economic development is also supported by the Manawatū District Council's and the Palmerston North City Council's funding for the Central Economic Development Agency. This is relevant for the economic wellbeing of Opiki and Tokomaru residents given their close economic ties to the Manawatū and heavy reliance on the Palmerston North labour market.
25. There were limited discussions of economic well-being in the submissions. There were some comments from agricultural producers about the potential impact of Palmerston North City's decision on wastewater discharges. These producers were concerned that any discharges to land in Opiki could disrupt their production and jeopardise their ability to sell their farms' output.

### ***Social well-being***

26. Opiki and Tokomaru residents' social well-being is tied to a broad range of factors including access to community facilities as discussed above. The Horowhenua District Council's Community Outcomes Framework includes a commitment to supporting thriving communities with access to health, social and recreational facilities. It is also committed to supporting communities to influence local outcomes.

### ***Local representation and democratic decision-making***

27. Submissions showed that Opiki and Tokomaru residents are interested in local democratic decision-making, how local government responds to changing community needs and how communities are represented in local government.
28. Some residents are frustrated with perceived limitations on their ability to influence local decisions. They are also frustrated about the level, quality and cost of the services provided by the Horowhenua District Council. They feel that the Palmerston North City Council may be more efficient and responsive.
29. Residents' concerns were especially evident in the submissions heard by Commissioners. These included first-hand accounts of trying to obtain improvements to roading and footpaths and participating in submission and planning processes.
30. Submissions also highlighted an appetite for clearer information on council spending and planning, including where rates are collected and used. Providing clearer and more frequent information to residents may assist them to understand what decisions have been made, how they can influence future decisions and if there have been any changes to planned works in their area.
31. In its submission, the Horowhenua District Council rejected the claims of neglect and unresponsiveness in the application. The Council provided information about the projects and works that are planned in Opiki and Tokomaru in the next three years. It stated that Opiki and Tokomaru ratepayers are being subsidised through rates harmonisation and that the Council has been innovative in its approach to service provision. Finally, it stated that current and future services, and the rating for those services, are quantifiable and understood.

### ***The history of Opiki's and Tokomaru's links to local government in the Horowhenua***

32. The Commission considered the historical context of Opiki's and Tokomaru's inclusion in Horowhenua District. It confirmed that there are long-standing local government connections with the Horowhenua and that neither Opiki or Tokomaru have previously been administered from Palmerston North. It also identified that community of interest considerations formed part of the 1989 decision to include Opiki and Tokomaru in Horowhenua District.

### ***Comments on the proposed boundary***

33. Where a preference was expressed, submissions were generally positive about the proposed boundary. However, comments indicated that many submitters lacked strong views on the details or thought that residents in the roads that would form the new boundary should have a role in the decision.
34. Three alternative southern boundaries were suggested; Kara Stream, the Makerua Crossing or basing the boundary on the 1988 proposal to include Tokomaru, but not Opiki, in Palmerston North City.

## **Objectives that the Commission must consider**

35. This section of the report discusses the evidence in respect to each criterion in Clause 12(2) of Schedule 3 of the Act. The Commission considered each criterion in its decision on whether to adopt a reorganisation plan.

### ***The scale of the potential benefits and the likelihood of them being realised***

#### ***Enabling democratic local decision-making and action by, and on behalf of communities***

36. Opiki and Tokomaru form part of Miranui Ward in Horowhenua District Council while Palmerston North City currently has an at-large system of representation. Neither the applicants nor submitters provided a clear view on how the Opiki and Tokomaru communities could be better represented on the larger, more urban and at-large council in Palmerston North.
37. In its submission, Palmerston North City Council noted it was not well placed to effectively represent the area's population and that previous representation reviews highlighted the difficulties in providing for rural representation.
38. The proposed change would have been unlikely to raise the profile of rural communities within Palmerston North City. The approximately 820 additional rural electors, and 1,400 rural residents, would not have had any significant impact on the City's rural population. This would have remained at approximately 5% of the total population.
39. The Horowhenua District Council's submission also indicated that the requested boundary alteration could negatively impact on representation arrangements in a reduced Miranui Ward.

40. Submitters made some comments about considering an Opiki and Tokomaru community board, but this was not a focus of the investigation and differed from the core intent of the requested boundary alteration. Residents can pursue this option through the processes set out in Schedule 6 of the Act or through a representation review.

#### *Social, economic, environmental and cultural well-being*

41. The information that was gathered showed limited evidence that the requested boundary alteration would promote the social, economic, environmental and cultural well-being of affected communities.
42. The proposed change would have potentially undermined iwi and hāpu cultural and environmental well-being by complicating working relationships with local government. It could have made it more difficult to facilitate an improved understanding of Māori cultural and environmental values in local government decision-making.
43. As the proposed change would not affect the regional council boundary, it would not have had any impact on the major resource consent decisions crucial to residents' sense of environmental well-being.
44. The requested boundary alteration would have neither enhanced nor undermined residents' access to the activities and services that provide the basis for their cultural and social well-being. These services are largely in Palmerston North for Opiki and Tokomaru residents, and the existing boundary does not hinder access. Palmerston North will continue in its role as a major urban centre with a complex range of connections to its hinterland and surrounding regions.
45. Palmerston North City Council's response on its ability to provide better services, including water infrastructure, suggested that the requested boundary alteration would not have enhanced the cultural and social well-being that is supported by such services.
46. As the Commission identified there was limited evidence that the proposed boundary alteration would make local government more efficient or productive, or better support regional economies to develop and prosper, it concluded that the requested alteration would have a limited impact on economic well-being.

#### *Productivity improvements, efficiencies and cost savings*

47. Neither the Horowhenua District Council nor the Palmerston North City Council identified potential productivity improvements or cost savings associated with the requested boundary alteration. The Commission concurred with these assessments as these two councils are best placed to understand the likely operational impacts.
48. The small scale and dispersed nature of local government assets and infrastructure in Opiki and Tokomaru also made it unlikely that the requested boundary alteration would add to the efficiency of Palmerston North City Council's operations.

### ***Financial disruption and opportunity costs***

49. Palmerston North City Council stated that there are identifiable financial, disruption and opportunity costs associated with the requested boundary alteration. Its submission referred to direct costs such as conducting rating reviews and building the Council's understanding of local government infrastructure. It discussed significant opportunity costs if its planning and operational resources were diverted from current priorities, especially its work on the future of the City's wastewater consent.

### ***Risks and consequences of not implementing the requested change at the proposed time***

50. A number of submitters were concerned about the impact of any future Covid-19 lock downs on Opiki and Tokomaru residents, especially the potential for them to be left 'marooned' from their employment and other services in Palmerston North. There was the suggestion that this provided a reason to proceed with the requested boundary alteration.
51. However, this did not seem a good basis to proceed with a boundary change as Opiki and Tokomaru are not unique in having close connections to a nearby urban centre across a local authority boundary. In any event, decisions on lock down restrictions are a public health responsibility.
52. The main outcomes being sought by the applicants, enhanced influence over local decisions, and better services, would take an extended period to implement and there are no specific risks of not proceeding at the current time.
53. Uncertainties in the policy and operational environment, such as the three-waters and future for local government reviews, is another reason for making any changes in a staged and considered manner.

### ***Communities of interest and the extent to which the requested change will maintain linkages***

54. The Commission's investigation confirmed that strong communities of interest already exist between Opiki and Tokomaru, and Palmerston North City. Joining Opiki and Tokomaru to Palmerston North City would give administrative recognition to these linkages but would not necessarily strengthen them.
55. It was unclear if the proposed change would impede iwi and hapū access to sites and resources of significance to them, and the outcomes of the Porirua ki Manawatū Inquiry are potentially relevant to this issue. The long timeframe for the Inquiry means that this remains an area of uncertainty.

### ***The degree and distribution of demonstrable public support, and public opposition to the requested change***

56. The Commission had previously concluded that there was a demonstrable level of public support in Opiki and Tokomaru for the requested boundary alteration. The 154 submissions received as part of the recent public consultation process illustrated continuing support for the requested alteration.

57. There was a high level of support for the requested change among respondents. Approximately 75% of submissions were in favour and 24% opposed. There were differences in the levels of support by place of residence. Ninety percent of Tokomaru residents who completed a submission form were in favour and 77% of Opiki residents were. A smaller number of submissions were received from residents in other areas and this limited the ability to draw conclusions on the levels of support in other areas.

***Horowhenua District Council's and Palmerston North City Council's ability to effectively perform their responsibilities and duties***

58. Both councils stated that they could continue to effectively perform their duties if the requested boundary alteration proceeded. The Commission accepted these claims. Opiki and Tokomaru do not represent a significant proportion of either council's total population, and Horowhenua District Council has stated that its services in Opiki and Tokomaru are being cross-subsidised by other parts of the District.

***Effective responses to the opportunities, needs and circumstances of the affected area***

59. The Commission concluded that it is unclear how Palmerston North City Council could provide significantly different pathways for Opiki and Tokomaru residents to influence local decision-making. It is also unclear exactly how the City would utilise its higher level of resourcing to provide more effective responses to the needs and circumstances of the Opiki and Tokomaru communities.

***Enhanced effectiveness, efficiency and sustainability of local government services***

60. The Horowhenua District Council and the Palmerston North City Council are both facing planning challenges to ensure that the local government services they provide are effective, efficient and sustainable.
61. In the case of the Horowhenua District Council this involves focusing on the infrastructure required to support the anticipated growth in the District alongside planning for the future of ageing existing infrastructure. For Palmerston North City Council this focuses on working on the future of its wastewater system and the significant capital investment that will require.
62. The requested boundary alteration would mean that the Horowhenua District Council would no longer need to deliver its commitments in its Long-Term Plan for Opiki and Tokomaru. The opposite situation would apply for Palmerston North City Council. The City Council would become responsible for local government assets in Opiki and Tokomaru and a more dispersed infrastructure network.
63. The Palmerston North City Council highlighted the likely financial impact of this in its submission and that there is no guarantee that it would ultimately upgrade these assets. It also emphasised that there is no guarantee that Palmerston North City Council would apply the current rating system to the new area without first reviewing it.

64. It was unclear if making Palmerston North City Council responsible for local government services in Opiki and Tokomaru would support more efficient and sustainable local government services in those communities, or in the wider affected area. It was also unclear what the impact of this change would be on residents' rates in the median term or in the longer term when the high capital costs of changes to the City's wastewater scheme would need to be funded.

***Better support for the ability of local and regional economies to develop and prosper***

65. The Commission was not presented with any evidence that transferring Opiki and Tokomaru to Palmerston North City would support the ability of the local and regional economies to develop and prosper.
66. Opiki and Tokomaru are small rural centres with economic activity dominated by agricultural production, engineering and other local trades and services. There is no evidence that existing local government boundaries hinder these businesses' ability to operate and to prosper. Local businesses can contribute to the wider regional economy and can access the services and support they require.
67. Opiki and Tokomaru will continue to be integrated in the wider regional economy regardless of whether there is a boundary change. They will continue to be able to benefit, directly and indirectly, from councils' support for economic development.
68. Arguably, a boundary change could have led to a reduced focus on rural issues and primary production in Opiki and Tokomaru. This would have been undesirable if it resulted in a reduced understanding about the needs of agricultural production and its contribution to the local, regional and national economies.

***Enhanced ability of local government to meet the changing needs of communities for governance and services into the future***

69. The Palmerston North City Council's submission highlighted the challenges it has faced responding to the needs of those communities which have most recently joined the City.
70. In its submission the Council stated that it has worked hard with the rural villages of Ashhurst, Bunnythorpe and Longburn to reach the levels of service that residents expect. These areas are closer to Palmerston North than Opiki and Tokomaru and this suggests that the Council could find a further enlargement difficult. It would have been particularly testing at the current time with the Palmerston North City Council's focus on the future of its wastewater system.
71. If Opiki and Tokomaru joined the City, the Palmerston North City Council would have needed to provide for the needs of more geographically distant communities, to adjust to a significant increase in the rural area of the City, and to respond to a potential demand for expanded services close to the standard enjoyed elsewhere in the City.
72. It is therefore unclear to the Commission how the requested boundary alteration would enhance the ability of local government to meet the changing needs of communities.

### ***Effective provision of any co-governance and co-management arrangements that are established by legislation including Treaty of Waitangi legislation***

73. As noted elsewhere, there were significant concerns that the requested boundary alteration would have complicated the working relationship between iwi and hapū and the affected local authorities. The full implications of any change on these working relationships, and broader iwi and hapū interests were considered in the final decision.

## **Conclusion**

74. There was limited evidence that the requested boundary alteration would have enhanced the purpose of local government in the affected area. The requested alteration did not provide a clear basis for enhancing the representation of Opiki and Tokomaru residents nor provide for communities' cultural, economic, environmental and social well-being. The requested alteration did not provide a basis for better management of water services and other local government infrastructure or for operational efficiencies. The requested alteration could have adversely affected working relationships between iwi and hapū and local government. With these considerations in mind, we decided not to adopt a reorganisation plan.
75. However, our investigation also confirmed that a significant number of residents in Opiki and Tokomaru remained dissatisfied with the status quo and that a core group had invested considerable time, effort and energy in pursuing a change. We concluded it was desirable to ensure that our investigation delivered some improvements for Opiki and Tokomaru residents in response to these concerns.
76. We concluded that we would build on the Palmerston North City Council's interest in working with the Horowhenua District Council to enhance services in Opiki and Tokomaru. We also concluded we would respond to submitters' interest in clearer and more frequent information about the assets and services that the Horowhenua District Council delivers and how rates are used to fund them.
77. With these outcomes in mind, we agreed to use the Commission's powers under clause 9(1) of Schedule 3 of the Act to make recommendations to local authorities on a matter arising in the course of our investigation. We agreed to recommend the Horowhenua District Council provides clearer information to the community about its assets and services in Opiki and Tokomaru, and how these are funded. We also agreed to recommend that the Horowhenua District Council and the Palmerston North City Council work together to explore ways to enhance local government services in Opiki and Tokomaru.
78. Lastly, as no further information was required to reach a decision on whether to adopt a reorganisation plan, we agreed to complete our investigation and for the related steps in Clause 11 of Schedule 3 of the Act to be put in place.

## Appendix 1 – Objectives that the Commission considered in deciding whether to adopt a reorganisation plan

The relevant objectives are in Clause 12(2)(a-f) Schedule 3 of the Act as follows:

- a. the scale of the potential benefits of the proposed changes in terms of the objectives set out in clause 10 and the likelihood of those benefits being realised

- the better fulfilment of the purpose of local government as specified in section 10 of the Act (to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future)
- productivity improvements within the affected local authorities
- efficiencies and cost savings
- assurance that any local authority established or changed has the resources necessary to enable it to effectively perform or exercise its responsibilities, duties, and powers
- effective responses to the opportunities, needs and circumstances of the affected areas
- enhanced effectiveness, efficiency and sustainability of local government services
- better support for the ability of local and regional economies to develop and prosper
- enhanced ability of local government to meet the changing needs of communities for governance and services into the future
- effective provision for any co-governance and co-management arrangements that are established by legislation (including Treaty of Waitangi claim settlement legislation) and that are between local authorities and iwi or Māori organisations.

and

- b. the financial, disruption, and opportunity costs of implementing the proposed changes at the proposed time, and
- c. the risks and consequences of not implementing the proposed changes at the proposed time, and
- d. existing communities of interest and the extent to which the proposed changes will maintain linkages between communities (including iwi and hapū) and sites and resources of significance to them, and
- e. the degree and distribution of demonstrable public support for the proposed changes within communities in the affected area, and
- f. the degree and distribution of any public opposition to the proposed changes within communities in the affected area.

Clause 12(3) in Schedule 3 states that if the Commission decides to adopt a reorganisation plan, it must ensure that it does not adopt a plan which:

affects the application of any Act that establishes co-governance or co-management arrangements between local authorities and iwi or Māori organisations (including Treaty of Waitangi claim settlement legislation), without first consulting all iwi or Māori organisations to whom that Act applies, the Attorney-General, and the Minister for Treaty of Waitangi Negotiations.

Clause 12(4) in Schedule 3 states that any such reorganisation plan

must provide for the same level and scope of participation in decision making by iwi or Māori organisations as the arrangement specified in the Act referred to [in subclause 12(3)].