



LOCAL GOVERNMENT COMMISSION  
*MANA KĀWANATANGA Ā ROHE*

**Determination on proposal for the abolition of  
Kaikoura District and its inclusion in Hurunui District**

**May 2009**

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## 1. Introduction

1. This document sets out the findings and decision of the Local Government Commission (the Commission) on an elector-initiated reorganisation proposal (the proposal) for the abolition of Kaikoura District and its inclusion in Hurunui District.
2. The statutory process for considering such proposals is set out in Part 1 of Schedule 3 of the Local Government Act 2002 (the Act). The decision is required by clause 39 of Schedule 3 of the Act.
3. On 16 January 2008 the Commission received an elector-initiated petition in support of a proposal for the abolition of Kaikoura District and its inclusion in Hurunui District.
4. On 25 January 2008 the electoral officer for the Kaikoura District Council advised the Commission that the petition for the proposal had been signed by 352 electors being more than the required 10% of the electors of Kaikoura District. It was therefore a valid petition for a proposal for abolition of a district under clause 1(3)(c) of Schedule 3 of the Act.
5. The petition, initiated by some concerned citizens of Kaikoura, sought an approach to the Commission “regarding abolition of the Kaikoura District Council to enable its responsibilities to be financed by a larger number of ratepayers by amalgamating with the Hurunui District Council”. The citizens were concerned about whether the Kaikoura District Council could continue to operate effectively into the future because:
  - Kaikoura was the smallest district council in mainland New Zealand with a population base of approximately 3,618 and only 2,241 rateable properties;
  - significant growth within the last five years had placed considerable pressure on the infrastructure with concerns about the ability of Kaikoura ratepayers to meet servicing costs;
  - ratepayers faced unsustainable rates rises such as the 13.3% increase in 2007;
  - existing planners were fully committed with Resource Management Act matters and had little or no time for strategic planning and developing a strategic direction for the District;
  - additional responsibilities with attendant demands on staff time and costs resulted from the Local Government Act 2002; and
  - as pressures increased, central government may be forced to consider further local government reforms.
6. On 20 March 2008 the Commission appointed a representative of the electors, Gordon Cockerell, as required under clause 36 of Schedule 3 of the Act.

7. On 12 August 2008 the Commission sought the views of the affected councils, Māori organisations, community and business groups, and government agencies. It also invited public submissions on the proposal.
8. A total of 152 submissions were received by the closing date of 13 October 2008. A further five submissions were received after this date. The Commission resolved to consider the late submissions on the basis that they did not introduce additional substantive information and should be considered as part of its broader inquiries.
9. The representative of the electors reviewed the submissions pursuant to clause 38 of Schedule 3 of the Act and advised that he wished the Commission to proceed with consideration of the proposal.
10. The Commission held a hearing of submissions on 2 and 3 December 2008. A total of 30 people or group representatives (as listed in *Appendix 1*) appeared at the hearing. The main points made in submissions and at the hearing are outlined in *Appendix 2*.
11. On 6 December 2008 the Commission resolved that, in order to be satisfied as to whether the proposal would promote good local government or not, it required further information focused on council financial capacity and service delivery implications of the proposal. A terms of reference for the study was prepared and selected contractors with relevant expertise were invited to tender. Brian Smith Advisory Services Limited was employed to undertake the contract.
12. In addition, Commission staff engaged with representatives from a number of central government agencies and other organisations as part of its further inquiries. The purpose of these discussions was to identify and assess:
  - views and information regarding the impacts of the proposal from the agency/organisation perspective;
  - the impact of the proposal in terms of the effective operational or working relationship between the agency/organisation and the affected Councils; and
  - any capability and capacity issues associated with the Kaikoura and Hurunui District Councils, such as non-compliance or poor compliance with statutory processes or poor accountability practices.
13. In the course of its inquiries, the Commission viewed a number of relevant documents and publications. Key documents for the purposes of these investigations were the Kaikoura and Hurunui District Councils' 2006-16 long-term council community plans (LTCCPs). While these plans formed the basis of much of the analysis, the Commission decided to await the release of the draft 2009-19 LTCCPs to ensure it had the most up-to-date financial and other information relating to the two Councils.

## 2. Description of Kaikoura and Hurunui Districts

### *History of local government in the area*

14. Kaikoura County was established in 1877.<sup>1</sup> In 1940 the northern boundary of the County was extended northward to include most of the former East Coast Riding of the then Awatere County. In the same year a petition of ratepayers sought the transfer of the area between the southern boundary of Kaikoura County and the Waiau River from Cheviot County to Kaikoura County. A counter-petition was lodged seeking retention of the area in Cheviot County. The original petition lapsed after a number of signatures on it were found to be invalid.
15. In 1952 a petition seeking the constitution of a borough for Kaikoura township was lodged with the Commission. The petition was subsequently withdrawn and the concerns of the petitioners dealt with through a review of the representation arrangements in Kaikoura County and the constitution of a county town for the township.
16. In 1971 the Commission issued a provisional scheme for North Canterbury Local Government. The scheme proposed a new Hurunui County covering the area of the current Hurunui District including a small area of Kaikoura County south of the Hundalee Hills. The scheme did not proceed but its proposals are reflected to some degree in the current structure of local government in North Canterbury.
17. The current Kaikoura District was established as part of the 1989 reorganisation of local government. This resulted in the exclusion from the former Kaikoura County of the area south of the Hundalee Hills and its inclusion in the new Hurunui District.
18. In 1989 Kaikoura District was made part of the Nelson-Marlborough Region. In 1992 the District was transferred to the Canterbury Region as part of a decision to provide unitary authority status to the Marlborough, Nelson and Tasman District/City Councils.
19. In 1993 the Commission considered and dismissed an appeal against a decision of the Kaikoura District Council not to proceed with an elector-initiated reorganisation proposal for the transfer of the northern part of Kaikoura District to Marlborough District.<sup>2</sup> The Commission rejected the appeal on the basis that the impact of implementation of the proposal (or a modification of the proposal involving the transfer of a smaller area) “would be detrimental to the interests of the ratepayers of both the existing Kaikoura District and the Canterbury Region without providing any increased standard of service or other advantage”.

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<sup>1</sup> See JM Sherrard’s ‘History of the Kaikoura District’, Kaikoura, 1966

<sup>2</sup> The Commission estimated the proposal entailed the transfer of approximately 59% of Kaikoura District.

20. Hurunui District was established in 1989, combining Amuri, Hurunui and Cheviot Counties and 22 reserve boards.<sup>3</sup> Between 1989 and 2007 the District comprised seven wards based on identified communities of interest, as follows:
- Amberley: the Amberley urban area and rural areas south of the Waipara River;
  - Amuri<sup>4</sup>: the Culverden, Rotherham, Waiau and Mount Lyford areas;
  - Hurunui: the Waikari and Hawarden areas;
  - Cheviot: the Gore Bay, Cheviot, Parnassus and Conway Flat areas;
  - Glenmark: the Waipara, Greta Valley, Scargill and Motunau areas; and
  - Hanmer Springs: including rural areas to the west of Hanmer River and north of State Highway 7.

### ***Topography, land use and settlement***

21. Kaikoura District stretches from south of the Haumuri Bluffs to a point just north of the settlement of Kekerengu. The Inland Kaikoura Ranges and Pacific Ocean form the western and eastern boundaries. 'Where the mountains meet the sea' is an apt description of Kaikoura District. At a relatively short distance from the coast, the Kaikoura Canyon plummets to a depth of approximately 1,300 metres, providing an attractive habitat for sperm whales and other marine animals. The total land area of the district is 2,048 square kilometres.
22. Within Kaikoura District are Kaikoura township and small settlements including Oaro, Clarence and Kekerengu. These settlements are all located on the coastal State Highway 1 strip. The District contains significant areas of rural land (45.31% of the District) and Department of Conservation administered land (41.59% of the District). Approximately two thirds of the population of the District lives in Kaikoura township.
23. Hurunui District comprises 8,646.4 square kilometres and is characterised by natural landscape features including the Amuri Ranges and the Hurunui and Waiau Rivers. The District's southern boundary is located south of Leithfield and extends inland to the Southern Alps and northward along the Spencer Range to include the Hanmer Springs area. The District's landscape is diverse, including significant areas of farmland, viticulture and alpine terrain. While Hurunui District contains 106 kilometres of coastline, the nature of its topography means that the majority of its residents are located inland.

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<sup>3</sup> For the earlier history of the local government structure in the Hurunui area see 'The Evolution of Political Space in the Amuri, Cheviot and Hurunui Counties 1876 – 1985', a thesis submitted by Robert E. Murray to the University of Canterbury 1985.

<sup>4</sup> In 2007 the Commission, as part of the hearing of appeals against the Council's representation review proposal, combined the Amuri and Hurunui Wards. A determining factor in this decision was compliance with requirements under the Local Electoral Act 2001 for fair representation for electors.

24. Hurunui District includes 14 main settlements, each surrounded by areas of rural hinterland. The largest urban areas are Amberley (the Council base) with a population of approximately 1,300, and Hanmer Springs with a population of approximately 750. The population of the other 12 townships ranges from 100 to 500 residents.
25. The main access route between the Kaikoura and Hurunui Districts is State Highway 1, which traverses the Hunderlee Hills in a windy and steep fashion. A second access is via the inland Highway 70, which connects Kaikoura to the inland settlements of Waiau and Rotherham. The boundary here is less distinguishable, with farmland on both sides.
26. North of Kaikoura District lies Marlborough District. The only access between these Districts is via State Highway 1. The Marlborough District Council is a unitary authority performing the functions of both a territorial authority and a regional council.

### **Population**

27. In population terms, Hurunui District ranks as the 59<sup>th</sup> largest of the 73 territorial authorities. Kaikoura District ranks as the 72<sup>nd</sup> (i.e. the second smallest territorial authority and smallest mainland authority). At the 2006 census the population of the Districts was as follows:

	<b>Population at 2006 census</b>	<b>Change since 2001 census</b>
Kaikoura District	3,621	+138 (4.0%)
Hurunui District	10,476	+591 (6.0%)

28. The Māori population of the Districts at the 2006 census was as follows:

	<b>No. identifying with Māori ethnic group<sup>5</sup></b>	<b>Proportion of total population</b>	<b>Change since 2001 census</b>
Kaikoura District	591	16%	+96 (19.4%)
Hurunui District	594	5.9%	+78 (15.1%)

29. Te Rūnanga o Kaikōura is the modern day tribal council for the hapu of Kāti Kurī. Kāti Kurī is a hapū of Te Rūnanga o Ngāi Tahu who hold manawhenua and manamoana status for the area of the Kaikoura District. The takiwā of Te Rūnanga o Kaikōura centres on Takahanga marae and extends from Te Parinui o Whiti (White Cliffs South of Blenheim) to the Hurunui River and inland to the Main Divide.<sup>6</sup> Therefore some Māori residing within the boundaries of the Hurunui and Marlborough Districts have affiliation with the Kaikōura Rūnanga.
30. While the rohe of Te Rūnanga o Kaikōura extends part way into the Hurunui and Marlborough Districts, Te Rūnanga o Kaikōura submitted to us that their community has a historical focus that is distinct from other communities within Hurunui District because of:

<sup>5</sup> The Māori ethnic group includes those people who identified Māori as being either their sole ethnic group or one of several ethnic groups.

<sup>6</sup> Schedule 1, Te Runanga o Ngai Tahu Act 1996

- its orientation to the sea; and
  - the role of the Kaikōura Rūnanga as the defender of the Ngāi Tahu rohe at its northern end.
31. The boundaries of Hurunui District coincide with part of the takiwā of Te Rūnanga o Kaikōura and part of Te Ngāi Tūāhuriri Rūnanga.

### **3. Criteria for consideration of proposal**

32. In order to proceed with it, the Commission must be satisfied, in terms of clause 3 of Schedule 3 of the Act, that the proposal will:
- (a) *promote good local government of the districts or regions concerned; and*
  - (b) *ensure that each local authority provided for under the proposal will:*
    - (i) *have the resources necessary to enable it to carry out its responsibilities, duties and powers; and*
    - (ii) *have a district or region that is appropriate for the efficient and effective performance of its role as specified in section 11 of the Act; and*
    - (iii) *contain within its district or region a sufficiently distinct community of interest or sufficiently distinct communities of interests; and*
    - (iv) *be able to meet the requirements of section 76 of the Act (which relate to decision-making).*
33. When considering the above criteria, the Commission is required to take into account:
- (a) *the area of impact of the responsibilities, duties, and powers of the local authorities concerned; and*
  - (b) *the area of benefit of services provided; and*
  - (c) *the likely effects on a local authority of the exclusion of any area from its district or region; and*
  - (d) *any other matters that it considers appropriate.*

### **4. Promotion of good local government in the area**

34. The Commission believes that the main criterion – ensuring that the proposal will promote good local government – requires it to consider whether the proposal will result in improved local government arrangements in the area.<sup>7</sup> These arrangements will need to result in

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<sup>7</sup> The Commission considers that in the context of the legislation, the word “promote” should have the meaning of “to advance, enhance, or improve” local government arrangements.

local authorities that can give better effect to the role and purpose of, and principles relating to, local authorities. These elements of good local government are set out in sections 10, 11 and 14 of the Act.

35. In order to assess whether the proposal will promote good local government in the area, the Commission has identified the following questions needing to be addressed:
- (a) would the proposed new district better recognise distinct communities of interest?
  - (b) would the proposal provide for more effective representation of communities of interest?
  - (c) would the proposal provide for more effective governance of the existing Kaikoura District including meeting decision-making requirements?
  - (d) would the proposal facilitate more effective planning for meeting the immediate and long-term needs of the Kaikoura community?
  - (e) would the proposal facilitate more efficient and effective service delivery for the Kaikoura community?
  - (f) would the proposal provide for enhanced financial capacity in the local government arrangements for the area?
  - (g) would the proposal provide for enhanced local government management and organisational capacity for the area?
36. These questions are addressed below including the extent to which the proposal would better assist the affected local authorities to take a sustainable development approach in undertaking their role and functions as required by section 14(1)(h) of the Act. A sustainable development approach requires taking into account the social, economic, environmental and cultural well-being of the community, the need to maintain and enhance the quality of the environment, and the reasonably foreseeable needs of future generations.

## **5. Recognition of distinct communities of interest**

37. Consideration of communities of interest can be approached from three perspectives:
- the extent to which residents have a sense of identity with and belonging to the community ( the 'perceptual dimension');
  - the ability to meet economically, the community's requirements for services (the 'functional dimension'); and
  - the ability of the elected body to represent the interests and reconcile the conflicts of the community (the 'political dimension').

### ***Sense of identity and belonging***

38. As noted, Kaikoura District has a clearly distinct physical identity in terms of its geography, land forms and boundaries, best summed up as ‘where the mountains meet the sea’ and by its coastal outlook. This makes it distinct from Hurunui District with its more inland focus.
39. This distinction between the Districts is striking at the peak of the Hunderlee Hills and the beginning of the descent from Hurunui District to Kaikoura District. The perceptual boundaries produced by the topography and the distance from other urban areas such as Blenheim, Christchurch and Amberley, contribute to some submitters’ references to the relative isolation and self-containment of Kaikoura District.
40. Flooding and slips closed the main access between the Kaikoura and Hurunui Districts (State Highway 1) for separate periods of two, four and seven days in August 2008. However, this road has been closed infrequently and for short periods (hours only) between 2003 and 2008.<sup>8</sup>
41. The Picton to Christchurch railway connects Kaikoura with Waipara (Hurunui District) and Rangiora (Selwyn District) to the south, and with the Marlborough District towns of Seddon, Blenheim and Picton to the north. The train does not stop in Amberley. There are at least four daily bus services from Kaikoura to Amberley and vice versa. It is possible to travel from Kaikoura to Amberley and return to Kaikoura within one day, though the trip would take the better part of the day.
42. Most submitters commented on their perceptions of community identity. Submissions both for and against the proposal indicated many residents have a strong sense of belonging to Kaikoura District.
43. Identification with Kaikoura appears to be supported by the Council’s commitment to undertaking a sustainable development approach towards the local community based on the principles of social and environmental sustainability, and by certification as a ‘Green Globe 21 community’.<sup>9</sup> This approach is reflected in the vision statement for Kaikoura set out in the Council’s 2006-16 LTCCP:

“The Kaikoura community displays responsible guardianship of its unique natural, social and built environmental resources by ensuring the sustainable utilisation and management of

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<sup>8</sup> Statistics provided by the New Zealand Transport Agency

<sup>9</sup> According to the Council’s 2006-16 LTCCP, Kaikoura, in November 2004, became the first local authority in the world to achieve certification. Green Globe is an international system that tourism businesses and communities can use to improve their impact on the environment and become more sustainable. To become a Green Globe community, Kaikoura needed to measure its environmental impact (i.e. to benchmark itself) and then improve this impact by implementing the Green Globe 21 community standard. This entails progressively measuring the community’s impact against measures such as energy use, greenhouse gas production, water conservation, water quality, air quality, waste production, biodiversity, resource conservation, travel and tourism businesses involved in environmental initiatives, the social well-being of the community and having an environmental policy.

these resources. It is a community that treasures the present small-scale town atmosphere and retains and enhances this coastal village character and atmosphere.”

44. The Commission explored community of interest within Hurunui District as part of that Council’s 2007 representation review process. The process identified a number of distinct communities of interest at a sub-district level. Local landscape features and distinct local industries (tourism at Hanmer Springs, viticulture in Waipara) were important distinguishing factors.
45. We have been mindful of the similarities and dissimilarities that exist between geographically-defined communities of interest at a sub-district level within Hurunui District, when assessing the similarities and dissimilarities between the whole communities of the Kaikoura and Hurunui Districts.
46. While we acknowledge the distinct character and focus of Kaikoura District, the incorporation of the District into Hurunui District would not be inconsistent with Hurunui District’s present configuration as a collection of geographically-defined communities with separate ward representation. However, the Commission needs to address the likely consequences of incorporation in terms of promotion of good local government and particularly the statutory purpose of promoting community well-being.

### ***Requirements for services***

47. Consideration of the activity patterns of people living in the same area provides a basis for assessing the level of interaction and shared interests in local communities. These can be assessed in relation to where people work, shop, use services and recreation facilities, and where pupils go to school.

### ***Place of work***

48. Information collected as part of the 2001 and 2006 censuses identifies the location of work for residents of the Kaikoura and Hurunui Districts. The data shows that:
  - the vast majority of those usually resident in Kaikoura District work within Kaikoura District (95.84% in 2006), with few residents working in Marlborough District (1.06%), Hurunui District (1.81%), or further south in Waimakariri District (0) and Christchurch City (1.27%); and
  - from a workplace perspective, residents of Hurunui District have stronger connections to the south. At the time of the 2006 census, 5.68% of Hurunui residents worked in Waimakariri District and 11.68% worked in Christchurch City. Only 0.39% of Hurunui residents worked in Kaikoura District.

### *School attendance*

49. A report prepared for us by the Ministry of Education<sup>10</sup> shows that:
- of the 487 year 1-13 records of Kaikoura District, 471 students (97%) attend school in Kaikoura District, 8 (2%) go to school in Marlborough District, and 6 (1%) attend school in Christchurch City; and
  - of the 1,501 year 1-13 records for Hurunui District, 1,204 students (80%) attend school in Hurunui District, 188 (13%) attend school in Waimakariri District, and 96 (6%) attend school in Christchurch City.

### *Hospital and medical facilities*

50. The Districts of Kaikoura and Hurunui form part of the Canterbury District Health Board. The Hurunui Kaikoura Primary Health Organisation and Hurunui Kaikoura Rural Health Ltd operate from Kaikoura township. Kaikoura District has four general practitioners. Patients are generally referred to public hospitals in Christchurch but Blenheim hospital is also used.

### *Recreational, cultural and other community services and facilities*

51. The LTCCPs of the Kaikoura and Hurunui District Councils show they provide a reasonably wide range of recreational, cultural and other community services and opportunities. We note from Kaikoura District Council resident surveys, a high level of satisfaction with the services available in Kaikoura, both those provided by the Council (i.e. cemetery, public toilets, library, sportsfields and playgrounds) and those by other providers (i.e. social support, education and health services).
52. Kaikoura falls within the jurisdiction of Sport Tasman. We were told that most Kaikoura-based sports teams are required to travel regularly to the Tasman, Nelson and Marlborough areas to compete rather than south to Hurunui.
53. The Takahanga marae is an important community focal point, both for the Kaikoura community (Council committee meetings are held there) and for the Ngāi Tahu community. For example, we were told that, in November 2008, the marae hosted 1,500 people at the annual meeting of Ngāi Tahu.

### *Access to basic goods and services*

54. In summary, we were provided with no evidence to suggest that Kaikoura township is unable to provide the majority of residents of the

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<sup>10</sup> The report uses data from the Ministry of Education Enterprise Guide 2008

District with the basic goods and services necessary for everyday living. In other words there is a high degree of self-containment in basic services available in Kaikoura District. We find it unreasonable to suggest that any township in Hurunui District would be able to provide a wider range of such goods and services than those offered in Kaikoura.

***Representation and reconciliation of community interests***

- 55. A third dimension of identification of distinct communities of interest relates to political structures and processes, and how well these assist the representation of interests and the reconciliation of conflicts of communities within a district.
- 56. Community satisfaction with existing political structures and processes may be assessed by the level of engagement in such processes. Relevant processes include levels of voter turnout at elections and resident participation in voluntary community activities.

*Voter turnout*

- 57. Overall voter turnout in recent local authority elections in the area compared to national levels, is shown in the following table:

	<b>1992</b>	<b>1995</b>	<b>1998</b>	<b>2001</b>	<b>2004</b>	<b>2007</b>
Kaikoura	75%	67%	67%	72%	65%	64%
Hurunui	69%	68%	68%	58%	61%	51%
NZ District Councils	61%	61%	61%	57%	51%	49%
Large District Councils			61%	56%	50%	48%
Small District Councils			68%	65%	58%	54%

- 58. As can be seen, turnout is relatively high in both areas particularly in Kaikoura. This reflects a high degree of community engagement in these areas and is in line with research carried out by the Department of Internal Affairs. This research shows that while voter turnout in New Zealand local elections is affected by a range of factors, such as the number and profile of candidates and particular local issues, turnout also relates to the size of the district and to its geography. Higher turnout is generally associated with lower ratios of electors to representatives, and the further south one goes in New Zealand generally the higher the voter turnout in local elections.

*Participation in voluntary community activities*

- 59. Kaikoura residents appear to be actively involved in local voluntary activities as demonstrated in the Kaikoura District Council’s Green Globe 21 benchmark survey. The most recent survey included a question as to whether respondents had worked in a voluntary organisation in the last year. Over half of the respondents said they had. Reasonably significant proportions of respondents said they had also ‘contributed to marine conservation’, ‘worked to improve Lyall Creek’ or ‘worked on conservation activities’.

### ***Nature of local communities of interest***

60. Local communities are typically part of a hierarchy of communities of interest which at the higher levels may be seen to be regional, national and even global in nature. By their nature local communities of interest can be complementary and overlapping without totally merging into each other to lose their unique identity.
61. A key argument made by submitters for the proposal is that the Kaikoura and Hurunui communities (and their Councils) share a common interest in tourism, and that the proposal would enhance tourism synergies (by enabling a stronger regional campaign and greater flexibility in tourism promotion and planning).
62. We accept there is a shared interest in tourism in the two Districts. We are also aware of important differences in the nature and impact of tourism between the Districts. As a result of our investigations we understand that a significant proportion of Kaikoura's tourists are international visitors while Hurunui (and Hanmer Springs in particular) is more dependent on New Zealand tourists. Taking the total resident populations of both Districts into account, Kaikoura experiences higher peak season tourist density per resident.<sup>11</sup>
63. In terms of employment, we note that, at the time of the 2006 census, 18.4% of the employed population of Kaikoura District were employed within the categorisation 'Accommodation, cafes and restaurants', compared to 7.4% of the employed population of Hurunui District. On the other hand, the categorisation 'Agriculture, Forestry and Fishing' accounted for 16.6% for Kaikoura District and 37.0% for Hurunui District.
64. It is clear from our other investigations that communities within Hurunui District are more inclined to look to towns and cities to the south to access services not available in their local township rather than to Kaikoura. This is based on geography and proximity factors and is reflected in the workplace and schooling indicators identified previously.
65. In contrast, residents of Kaikoura District have the choice of traveling north to Blenheim or south to Amberley or Christchurch to access services or use local facilities that are not available in Kaikoura. The following distances/travel times apply:

	<b>Distance (kms)</b>	<b>Time (minutes)</b>
Kaikoura to Blenheim	129	110
Kaikoura to Amberley	135	115
Kaikoura to Christchurch	183	155

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<sup>11</sup> Our analysis is based on a study of the commercial accommodation monitor of regional tourism organisations found on the Ministry of Tourism's research website [www.trecnz.govt.nz](http://www.trecnz.govt.nz) and of statistics collected by Whalewatch Kaikoura, Encounter Kaikoura and the I-Site IBIS booking system.

66. In addition to confirming the distinct nature of the community of interest based on Kaikoura District, the submission process generated debate about the significance of the wider communities of interest. We were advised that the residents and communities of Kaikoura District share interests with the communities to both the north and south, and are part of larger units of administration and service provision administered from Christchurch, Blenheim and Nelson, including:
- to the north, through publication of the 'Kaikoura Star' in Blenheim, Sports Tasman administration, regional jurisdictions for central government agencies including Ministry of Social Development, Department of Conservation and Police, and also rural fire services; and
  - to the south, in terms of Environment Canterbury, Canterbury DHB, MainPower (for electricity distribution) and civil defence.
67. We note that throughout New Zealand there are many cases where the regional jurisdictions of central government and other agencies do not align with the boundaries of local government. This reflects their different functional jurisdictions.
68. The basis for determining organisational jurisdictions such as those identified above is not necessarily the same as that applying to local government. If the argument is 'if these organisations can function over a wider geographic base, why not local government?' then we must assess this against the functions, and purpose of local government. This is explored in the 'Effective local governance' and 'Efficient and effective service delivery' sections of this report.
69. The Kaikoura District Council has been effective in maintaining relationships with other organisations. An example is the relationship with the Department of Conservation (DoC) which administers large areas of land in the District. Both the Council and DoC's Nelson/Marlborough Conservancy described to us their positive working relationship in areas of mutual interest. Both identify the location of DoC's field centre in Kaikoura and the relative proximity of Kaikoura to the south Marlborough area (Kaikoura is within this DoC jurisdiction) as contributing to the effectiveness of this relationship.
70. The nature of Kaikoura's wider shared interests, both north and south of it, reflect in large part the distinctiveness of Kaikoura District's topography and location. Given these factors and the series of overlapping communities of interest in the area, we believe the proposal does not recognise distinct communities of interest any better than current arrangements.

## 6. Effective representation of communities of interest

71. At present the Kaikoura District Council comprises a mayor and seven councillors elected at large. The councillor to population ratio at the time of the 2006 census was 1:517. The Hurunui District Council comprises a mayor and nine councillors elected by wards. The councillor to population ratio in 2006 was 1:1,164.
72. The proposal identified the following proposed representation structure:
- Kaikoura becomes a ward of Hurunui District;
  - Kaikoura Ward elects 3 members to a 12-member council;
  - a 5-member Kaikoura Community Board is constituted.
73. The proposal included a possible modification with transfer of the northern rural area of Kaikoura District to Marlborough District with the remainder transferred to Hurunui District.<sup>12</sup>
74. Some submitters argued that rural communities within Kaikoura District were not effectively represented and that the District's existing at-large representation system tends to make it harder for candidates from outside of Kaikoura township to be elected onto the Council. It appeared that some submitters saw the proposal as a means to achieve better representation of rural interests as they perceived a stronger rural presence in the make-up of the Hurunui District Council.
75. We note that it may be possible to constitute a rural ward for Kaikoura District comprising all of the area surrounding Kaikoura township, but consideration would need to be given to the extent of commonality between the rural north and rural south of the District. Issues of access and effective representation would also need to be considered. On the other hand, we note that the at-large system does not preclude rural members from attaining office.
76. We have been advised that the Council has not received any submissions seeking the establishment of wards as part of its statutory representation review process or any requests for enhanced rural representation through other input mechanisms. We believe these are the appropriate processes for addressing any community concerns about the level of rural representation.
77. In addition, we note that councils are able to appoint non-elected persons to committees and other bodies to enhance community input into decision-making. In the case of the Kaikoura District Council, it has included a farming/rural representative on its tourism and development committee and on certain other committees. The information presented

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<sup>12</sup> A boundary to separate the northern rural area of Kaikoura District would have to be determined bearing in mind that the Marlborough District Council is a unitary authority and therefore would have to include or exclude the entire Clarence River catchment.

to us also indicated that the Council engaged effectively with Federated Farmers in relation to the issue of the proposed rural rate differential.

78. If the proposal were to proceed, constitution of a community board for the present Kaikoura District should be considered. We note that community boards play a more limited role in the governance of local communities and are dependent on delegations from the territorial authority to carry out an effective role. We believe that in order to balance the diminution of direct representation for Kaikoura in local decision-making, by way of a community board, a strong case for the proposal to proceed on other grounds would have to be made.
79. In summary, we believe there are options available to assist the achievement of effective representation of communities of interest in the area should this be a concern. At this time the resident to councillor ratio in Kaikoura District appears to provide effective representation for communities of interest.

## **7. Effective local governance**

80. Proponents of the proposal argued that Kaikoura District is over-represented and that outside and wider perspectives would be of benefit to overcome what they saw as the insular nature of local governance. Some of these submitters highlighted perceived specific or general deficiencies in past Council decision-making processes, including a lack of or poor rationale for decisions, transparency and accountability issues, and non-compliance with legislative requirements.
81. Other submitters stated that the Council generally met or exceeded their expectations for good governance and participation. Some suggested that Kaikoura District's low population to elected member ratio is an asset because it:
  - enables everyday communication between residents and elected members (residents know who their councillors are and are not afraid to approach them in the street); and
  - promotes residents' understanding of, and ability and willingness to participate in, Council processes and make contributions to their community.
82. The Act sets out a number of principles that a local authority must act in accordance with. These include:
  - *a local authority should –*
    - *conduct its business in an open, transparent, and democratically accountable manner;*
    - *give effect to its identified priorities and desired outcomes in an efficient and effective manner;*

- *a local authority should make itself aware of, and should have regard to, the views of all of its communities;*
- *when making a decision, a local authority should take account of –*
  - *the diversity of the community, and the community’s interests, within its district or region; and*
  - *the interests of future as well as current communities; and*
  - *the likely impact of any decision on each aspect of well-being referred to in section 10 (of the Act);*
- *a local authority should provide opportunities for Māori to contribute to its decision-making processes;*
- *a local authority should collaborate and co-operate with other local authorities and bodies as it considers appropriate to achieve its priorities and desired outcomes, and make efficient use of its resources.*

83. In addition, the Act sets out in Part 6 more detailed requirements relating to decision-making reflecting the intent of the general principles. Local authority behaviour needs to be assessed in relation to compliance with these principles and requirements.

84. We address these matters in relation to the following:

- consultation and engagement;
- governance arrangements and processes including the ability of the Kaikoura District Council to meet the decision-making requirements of section 76 of the Act;
- tourism and local governance; and
- Council and Māori relationships.

### ***Consultation and engagement***

85. We were advised that the Council’s public engagement and consultation practices and processes include:

- forming working parties comprising both elected and non-elected people;
- seeking feedback from specific communities affected by proposals and meeting regularly with community groups;
- operating a public forum session at the beginning of meetings;
- surveying residents and seeking feedback through the Council’s website;
- conducting regular district-wide resident satisfaction surveys;
- publishing a monthly newsletter in the local weekly newspaper;

- using mailouts to ratepayers;
  - using road shows on development of the annual plan.
86. In addition, we were advised that engagement is maintained through: a weekly 'Things Council' live radio show; management, staff and elected members' open door policies; and two and a half years of 'Friday lunch in the Village Green with the Mayor'. The Council presented us with a summary of the level and nature of consultation feedback on its 2007/08 and 2008/09 annual plans and its 2006-16 LTCCP and 2008 amendments.
87. In our view the residents of Kaikoura District do not lack opportunities to have a say on community issues. This does not mean that improvements cannot be made. We note that, for example, in the 2008 residents survey a slight majority disagreed with the statement that the Kaikoura District Council 'takes notice of its residents views'. As a result of our inquiries, however, we believe that the Council understands the need to ensure it is at all times fully aware of, and have regard to, community views when making decisions.

### ***Governance arrangements and processes***

88. It is not our role to test the validity of examples of poor governance presented to us. Residents and groups wishing to challenge particular council decisions and decision-making processes have recourse to the Office of the Ombudsmen, the Office of the Controller and Auditor-General, and to the courts. The ultimate accountability for council decision-making is, of course, tested every three years at the local elections.
89. We have found elsewhere that participants' perceptions of the quality or effectiveness of council decision-making processes are tempered by the outcome of the particular decision in which a resident is interested.<sup>13</sup> We note in this regard that a number of the concerns raised about the Kaikoura District Council's decision-making processes refer to the proposal to build a new council building and community centre.
90. As a result of consideration of both written and oral submissions and our further inquiries, including discussions with the Office of the Auditor-General, we are not convinced that perceived poor governance practices identified by some are symptomatic of a lack of capacity and capability on the part of the Council. Our view includes the capacity of the Council to comply with statutory requirements for open, transparent and democratically accountable decision-making and the particular decision-making requirements of section 76 of the Act.

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<sup>13</sup> See 'The Submitter Experience – Report No. 2: Understanding Experiences of Interacting with Local Government', a qualitative study undertaken by the Commission as part of its review of the Local Government Act 2002 and the Local Electoral Act 2001 available at [www.lgc.govt.nz](http://www.lgc.govt.nz).

91. We were presented with little evidence to suggest that the proposal would result in a significant improvement in governance structures and processes. We believe in fact that access between Kaikoura residents and their elected members is likely to be detrimentally affected by the proposal. This is based on distance and geographic factors, making it more difficult and costly, both for residents wishing to appear before the Council and for the elected members and staff who would be expected to travel to Amberley (if that was the base of the new Council).
92. The hearing generated particular debate about the impact of the proposal on the governance focus and structures of the Kaikoura and Hurunui District Councils given differences in the two Councils' approaches in these areas.
93. The Hurunui District Council operates a more clearly sub-district governance structure including local community water boards, reserves committees, ward committees and the Hanmer Springs Community Board. Funding for many significant services and amenities occurs at a sub-district level giving these bodies a degree of autonomy. The Kaikoura District Council operates on a more whole-of-district level. On the face of it, however, the two Councils' existing structural arrangements need not be incompatible if the proposal were to proceed and a Kaikoura Ward and Community Board established.
94. The Kaikoura District Council adopts a wide, inclusive and inter-connected view of local governance as part of its sustainable development approach for Kaikoura District. This 'community governance approach' is apparent in the role the Council plays in community affairs, the extent of outside membership on subordinate decision-making bodies, and the process for developing particular plans and projects (for example the Kaikoura walking and cycling strategy, physical activity plan and an educational Kaikoura working party plan).
95. The Kaikoura District Council established the position of community development officer in response to an identified gap in the provision of social and community services provided by agencies based in Blenheim or Christchurch. It has a social services committee which encourages agency participation in its decision-making and has some agencies directly represented. Other local initiatives include the local services mapping project<sup>14</sup> which identified community priorities and strengths and also gaps in the delivery of social services, and the establishment of a community network group at which a large number of agencies update each other on services being provided and any changes to these.
96. The above approach is in contrast to that adopted by the Hurunui District Council which at this time does not have a social services or equivalent

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<sup>14</sup> 'Kaikoura Community Report: local services mapping', prepared by the Ministry of Social Development in 2006. The work for the Community Report was done as a collaborative exercise, using four cross-sector reference groups: Kaikoura District Council's social services committee, Ngāi Tahu, Kaikoura Community Networkers Group and Kaikoura Strengthening Families Management Group.

committee though this is being considered. In addition, that Council's committees are comprised of councillors only.

97. The initiatives (described above) taken by the Kaikoura District Council demonstrate its effectiveness in facilitating collaboration and co-operation between central government and other social service agencies for the benefit of residents of Kaikoura District.
98. As a result of our inquiries with a range of central government agency representatives, we concluded that these agencies have sufficient organisational flexibility to accommodate the proposal should it be adopted. However, this does not necessarily equate to support for the proposal. We believe, for example, that the proposal is likely to affect the operational relationships between the Council and central agency staff particularly those based north of Kaikoura.
99. In addition, if the proposal were to proceed, consideration would need to be given to reconciliation of the different approaches of the two Councils to local governance including the membership and approach of the new council's decision-making structures.

### ***Tourism and local governance***

100. A key argument made by submitters for the proposal was that it would enhance tourism synergies (by enabling a stronger regional campaign and greater flexibility in tourism promotion and planning). The vehicle to do this was seen as the Alpine Pacific Triangle (APT) initiative.<sup>15</sup>
101. As a result of submissions and our inquiries, we found that while the Councils (and the Districts) have a common interest, tourism is another area where the two Councils have adopted different approaches.
102. The Kaikoura District Council contributed \$15,000 grant funding to KITI (Kaikoura Information and Tourism Inc.) as part of its 2007/08 annual plan. The Council's tourism and development committee has a discretionary budget of \$150,000, which includes the salary of the Council's tourism and development officer. By contrast, the Hanmer Springs thermal pools and spa is forecast to provide the Hurunui District Council with gross income of \$90 million over the next ten-year period or 28% of annual Council revenue. After deducting pool expenditure, forecast operating surpluses returned to the Council increase from \$1.2 million in 2009/10 to \$3.1 million in 2018/19.

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<sup>15</sup> The APT is a marketing initiative lead by the Hurunui District Council, supported by the Kaikoura District Council and tourism providers. The purposes are: to encourage longer visitor stays within the combined Hurunui-Kaikoura area, to encourage international visitors to Kaikoura to spend time within Hurunui District, and to encourage domestic visitors to Hanmer Springs and other Hurunui District locations to also take advantage of tourism opportunities within Kaikoura District.

103. The Kaikoura District Council's tourism and development committee comprises councillors as well as farming, community, Department of Conservation, tourism industry, and Rūnanga representatives. The committee aims to promote a sustainable tourism industry for Kaikoura integrating development goals encompassing the local community, the economy and ecology. We believe it is likely that the membership of the committee and the integrated planning focus have better enabled the fulfillment of tourist-oriented initiatives such as the coastal walkway and use of the Kaikoura community's Green Globe 21 accreditation as a marketing tool.
104. The Whale Watch Kaikoura chief executive told us that the key to Kaikoura tourism promotion is the idea of an internationally unique destination. The Kaikoura industry is built on the landscape and seascape features that define the District, and the culture of its communities.
105. The APT is a good example of collaboration that takes advantage of mutually complementary markets. The initiative depends on recognising the strengths and distinct characteristics of three areas – Kaikoura (seascape), Waipara (viticulture), and Hanmer Springs (thermal waters). The APT is one of a number of tourism partnership initiatives involving Kaikoura. We note that Kaikoura tourism is supported by a range of wider relationships and partnerships that help to sustain the industry and, as a result, the economic well-being of the area.
106. The significant impact of tourism on Kaikoura community well-being means that it is important that there are effective governance vehicles that enable a range of interest groups and organisations to work together to address a wide range of perspectives and interests. Rather than enhancing tourism synergies in the area, we believe there may be some risk to the general strategy if a new local government structure was to be established. For example the new Council would need to make decisions in the context of district-wide concerns for an enlarged Hurunui District (including how to allocate costs and benefits between sub-district communities) which is likely to be different from the present Kaikoura context and focus.

### ***Council – Māori relationships***

107. In its submission to the proposal, Te Rūnanga o Ngāi Tahu stated:
- “Within the takiwā of Ngāi Tahu identified in Te Rūnanga o Ngāi Tahu Act, there are a total of 25 local authorities; 20 district councils and 5 regional councils. Amongst these, the Kaikōura District Council, despite its small rating base, stands out as a leading example of a council that has proactively and innovatively forged a relationship of depth and trust with Te Rūnanga o Ngāi Tahu and Te Rūnanga o Kaikōura.”

108. We believe that the quality of the Council-Rūnanga relationship is evidenced by initiatives such as the following<sup>16</sup>:
- the Kaikoura District Council's involvement and commitment to the development of Te Pōhā o Tohu Raumatī (the environmental management plan of Te Rūnanga o Kaikōura);
  - the Council's appointment of a person with expertise in cultural matters as an independent commissioner on its hearing panels; and
  - (with the NZ Historic Places Trust) the development of the 'heritage alert layers' initiative - a resource consent tool that allows for early identification of sites of significance to Māori and others.
109. In addition, iwi representatives serve on the Council's hearings and applications committee, planning committee, social services committee and tourism and development committee.
110. We agree that the development of a memorandum of understanding (MOU) between Te Rūnanga o Kaikōura and the Hurunui District Council is a positive step. However, both the Hurunui District Council and the Rūnanga suggest that the commitment of limited financial and human resources presents a barrier to giving full effect to the MOU. The Mayor of Hurunui District and the Rūnanga representative both acknowledged that their relationship is some way from achieving the level of trust and degree of collaboration that exists between Te Rūnanga o Kaikōura and the Kaikoura District Council. We believe that the extent of investment by the Kaikoura District Council and the Rūnanga in their relationship reflects their shared community interests and governance priorities.
111. While the success of the relationship can be credited to the representatives of both organisations who fostered it, and to formal agreements and protocols that have helped entrench it, we believe the structure of local government is also a contributing factor. This includes the proximity of the Takahanga marae to the Council office enabling close interaction, and the shared geographical area of interest and community of interest.
112. Local authorities are required to provide opportunities for Māori to contribute to decision-making. Given this requirement, we find the quality of the relationship between the Kaikoura District Council and the Rūnanga to be a strong argument for retaining the status quo in the local government structure.

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<sup>16</sup> We identified these initiatives as examples of good practice nationally as part of our review of the Local Government Act 2002 and the Local Electoral Act 2001 available at [www.lgc.govt.nz](http://www.lgc.govt.nz).

## **8. Effective planning for meeting community needs**

113. The citizens' petition identified concerns that existing Kaikoura District Council planners were fully committed with Resource Management Act matters and had little or no time for strategic planning and developing a strategic direction for the Kaikoura District.
114. We spoke with officials from the Ministry for the Environment and they did not identify any issues reflecting on the quality of Kaikoura's current district plan developed under the Resource Management Act.
115. We noted the eight community outcomes identified in the Kaikoura District Council's 2006-16 LTCCP, sustainable development being first. The document also outlines the process undertaken to develop these outcomes dating back to 2002, including the extensive amount of community involvement.
116. The LTCCP identifies the necessary linkages between the Council's vision statement (set out in paragraph 43 above), desired community outcomes, the Council's continued Green Globe 21 certification status including milestone achievements, asset management plans, activities, priorities and funding arrangements.
117. The 2006-16 LTCCP includes the required audit opinion of the document as a basis for long-term integrated decision-making by the Council, participation in decision-making by the public and subsequent accountability to the community about the activities of the Council. We noted that Audit NZ did qualify its opinion of the 2006-16 LTCCP in relation to non-completion of the required sanitary services assessment under section 125 of the Act and the absence of future asset revaluations and vested assets in the financial forecasts.
118. We viewed the Council's draft 2009-19 LTCCP which includes the community's top ten priorities identified from the 2008 resident survey. Audit NZ has issued an unqualified ('clear') audit opinion on this document.
119. In summary, we do not accept the concerns regarding the Council's capacity to undertake effective strategic planning for Kaikoura District.

## **9. Efficient and effective service delivery**

120. Another ground of the citizens' petition was that significant growth within the last five years had placed considerable pressure on the infrastructure with concerns about the ability of Kaikoura ratepayers to meet servicing costs. In response to these concerns we commissioned work on operational and financial issues relating to the proposal. The detailed findings from this work on the state of Kaikoura District Council's infrastructure (i.e. roading, the three waters, and refuse and recycling,

including planned asset renewals and capital works) and community and regulatory services, are set out in a separately available report.<sup>17</sup>

### **Infrastructure services**

121. The commissioned report concluded that “infrastructure services are being well managed and there do not appear to be lurking issues of assets in poor condition or risk of major failure. In fact extensive work has been done to upgrade assets and increase the levels of service that are being provided to the community”. The report went on to say that “there do not appear to be cost saving opportunities for shared service arrangements in infrastructure activities”.

### *Roading*

122. The commissioned report stated that a review of the Kaikoura District Council’s road asset management plan indicated that “the roading assets are in reasonable condition, and streetlights and footpaths have been upgraded in the past few years”.

123. We noted that the Council’s 2008 residents survey indicated that 75% of respondents were ‘satisfied’ or ‘very satisfied’ with urban streets and 53% were ‘satisfied’ or ‘very satisfied’ with rural roads. The survey recorded high levels of satisfaction with street lighting (84% ‘satisfied’ or ‘very satisfied’) and lower satisfaction levels with footpaths (55% ‘dissatisfied’ or ‘very dissatisfied’).

124. The community’s top priority for Council attention identified in the 2008 residents survey was ‘improving the condition of rural roads’. We note that the Council has identified the need to increase road reseals from an annual average of 6kms to 7kms and we understand this can be accommodated within present financial resources.

125. The Council employs a roading maintenance contractor whose staff and plant are based in Kaikoura and supervised from Blenheim. While the same contractor has a similar contract for the northern part of Hurunui District, our advice is that there appears to be little scope for efficiency savings or higher effectiveness in roading operations if the proposal were to proceed or arising from shared services. This is based on the size of the present Hurunui roading network and the work required to maintain and upgrade this network.<sup>18</sup> It also reflects the fact that the two infrastructure asset managers, presently employed by the Kaikoura District Council (who also manage the water utilities) for planning and contract administration and supervision, would need to be retained if the proposal were to proceed.

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<sup>17</sup> ‘Operational and Financial Issues associated with the reorganisation proposal for the abolition of the Kaikoura District and its inclusion in Hurunui District’ prepared by Brian Smith Advisory Services Ltd.

<sup>18</sup> The Hurunui District Council submitted it is responsible for 1700 kilometres of roads and 268 bridges with over half the Council-owned roads unsealed and over 30 bridges needing replacement in the next few years.

## *Water Supply*

126. The Kaikoura District Council has six public water supply schemes. The largest scheme is for the 1,400 connections in Kaikoura township, which account for 84% of all water connections. Extensive work has been carried out over recent years to:
- put in a place a secure ground water source for Kaikoura township;
  - replace aging pipe capacity infrastructure in Kaikoura township; and
  - increase storage capacity and treatment facilities for several smaller schemes.
127. The recently completed work has raised the levels of service provided, particularly for Kaikoura township residents. The Ministry of Health water grading for Kaikoura is a relatively high 'Bc'.<sup>19</sup>
128. The Council's 2008 residents survey indicated that 78% of those surveyed were 'satisfied' or 'very satisfied' with water quality and supply.
129. The Council plans to install water meters. These plans reflect the community's (and the Council's) water conservation goals and Green Globe 21 benchmarking. Work is also planned to improve Ministry of Health water quality grading for some of the small rural water schemes.
130. Hurunui District contains 13 Council-owned water schemes, none of which fully comply with the 2005 NZ Drinking Water Standards. Two schemes have 'Ee' gradings and two schemes have permanent 'boil water' notices. Cheviot, the township closest to Kaikoura township, has an 'Ee' rating and a 'boil water' notice.
131. The Hurunui District Council's draft 2009-19 LTCCP reflects ongoing concern with the water supply situation and proposes significant capital expenditure in the next ten years. From a funding policy perspective, the Council has in the past regarded each water scheme as a discretely funded entity with the funding burden resting on the direct beneficiaries.
132. In conclusion, it is our view based on our commissioned report, that:
- the condition and performance of Kaikoura District water supplies are good and asset management planning is sound;
  - the possibility of better cost-effectiveness through either amalgamation with Hurunui or shared services arrangements appears to be minimal given the present asset management resources of Hurunui District Council and the policy position of discrete, standalone local community water schemes.

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<sup>19</sup> "B" being assessment of water source and "c" being the assessment of the state of reticulation.

### *Sewerage and Stormwater*

133. There is one public sewerage scheme which is for Kaikoura township servicing 1,400 properties. Sewage is treated in an oxidation pond and discharged into the ground. The stormwater network is very small. Maintenance contracts are in place for these services.
134. A Ministry of Tourism subsidy of \$1.42 million has enabled the Council to undertake a substantial sewerage upgrade. Recent CCTV inspections of pipes have identified areas requiring urgent replacement and the draft 2009-19 LTCCP provides for necessary renewals.
135. The Council's 2008 residents survey indicated that 92% of respondents were either 'satisfied' or 'very satisfied' with the sewerage system and 64% were either 'satisfied' or 'very satisfied' with the stormwater system.
136. As in the case of water supply services, our commissioned report concluded that there was little scope for savings through shared services. In situ maintenance personnel and a defined contract would still be required as would the two asset managers to provide planning and contract administration and supervision.

### *Refuse and Recycling*

137. Through Innovative Waste Kaikoura (a council-controlled organisation), the resource recycling centre has a landfill, green waste and organics composting facility, a recycling centre and a hazardous waste disposal facility.
138. It is anticipated that the existing landfill will run out of capacity around 2012. However, the Kaikoura District Council is permitted access to the Kate Valley landfill in North Canterbury. Consequentially the existing landfill site will be reconfigured as a transfer station.
139. The Kaikoura District Council utilises a range of levels of service and performance measures for refuse and recycling, reflecting the environmental values it promotes. The Green Globe 21 benchmarking surveys indicate to us a reasonably widespread sense of civic responsibility in this area. We note that a recent breach of the Council's resource consent conditions for the landfill, raised by some submitters, was remedied within the time specified by Environment Canterbury.
140. The Council's 2008 residents survey indicated 80% of respondents were either 'satisfied' or 'very satisfied' with the resource recovery centre.
141. Concerns were raised by some submitters about the state of the recycling centre. We understand that some concerns have subsequently been addressed. We were presented with no evidence that would suggest that delivery of refuse and recycling services in Kaikoura District would be significantly improved were the proposal to be adopted.

### ***Community and regulatory services***

142. The Kaikoura District Council's 2008 residents survey showed satisfaction levels with the following community services:

- 96% 'satisfied' or 'very satisfied' with the cemetery;
- 89% 'satisfied' or 'very satisfied' with public toilets;
- 95% 'satisfied' or 'very satisfied' with the library;
- 87% 'satisfied' or 'very satisfied' with sportsfields;
- 94% 'satisfied' or 'very satisfied' with playgrounds.

143. Our commissioned report covered a range of community and regulatory services provided by the Kaikoura District Council. Some points of note from this report regarding these services follow.

- The Council has previously assessed whether the library function could be delivered by way of shared services. This did not prove feasible but a 'mild' form of shared services is in place.
- The Council's public toilet expenditure is likely to rise as a result of new toilets being built and there are high expectations for levels of service.
- There may be scope for shared services in building control. The Council has invested significantly in the accreditation process, has three building control staff, and faces the prospect of reduced building consent revenue.

### ***Summary***

144. As noted, there are no indications of impending asset failures or significantly sub-optimal performance in relation to service delivery in Kaikoura District. The Council has recently made significant capital investment in some infrastructure services. It also plans a major investment in recreation facilities (addressed in the next section).

145. There is evidence of generally high levels of community satisfaction with the services provided by the Kaikoura District Council.

146. We conclude that Kaikoura District is an appropriate structure for the efficient and effective delivery of Council services. There is very limited scope, given the topographical features of the area and distance factors, for significant sharing of service delivery with neighbouring Councils.

## 10. Financial capacity

147. A large part of the reason for initiating the proposal related to questions about the financial capacity of Kaikoura District. The following issues were raised by submitters:

- the small rating base and whether this could support Council spending in infrastructure and other services;
- the planned capital expenditure (and subsequent loan servicing and operating costs) for the then-proposed community-council facility and particularly its affordability;
- the sustainability of increases in staff levels and associated remuneration;
- ongoing rates affordability;
- matching of subdivisions and associated growth in the number of rateable properties with actual population growth, and the implications of a building downturn on the Council's revenue sources.

148. These, and other key issues, are addressed below drawing on the findings of our commissioned report on operational and financial issues associated with the proposal.

### ***'Community hub'***

149. Concern about the potential implications of advancing the proposed new Council building and community facility was a key driver behind the proposal. In the Kaikoura District Council's 2006-16 LTCCP the expected cost of the proposed 'community hub' was \$16 million. Since the proposal was lodged, the Council's draft 2009-19 LTCCP has been released showing a scaled down proposal incorporating a swimming pool, gymnasium and indoor sports complex. Alternative arrangements have been made for improvements to the library (as a result of adjoining accommodation becoming available) and to the museum.<sup>20</sup> New Council offices have been indefinitely deferred.

150. The cost estimate for the recreation facility is now \$12 million and the significant capital investments are forecast to occur in 2014 and 2015. These two years account for a significant portion of the total draft 2009-19 LTCCP 10-year capital expenditure of approximately \$30 million. Funding for the facility is proposed mainly by way of loan (\$6 million), grants (\$3 million) and development contributions. The level of the borrowing is within the Council's borrowing policy. The draft 2009-19 LTCCP makes provision for increased operating and depreciation costs associated with the completed facilities.

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<sup>20</sup> The museum has provision of separate funding of \$921,000 in 2012.

### ***Infrastructure costs***

151. Concerns were expressed to us about the Kaikoura community's ability to meet infrastructure costs, particularly those associated with and under pressure from the growth in tourism. In addition, it was put to us that the proposal would enable a stronger bidding approach for grants and subsidies administered by central government and other agencies.
152. The Kaikoura District Council has estimated that, in the five years since 2003, it has secured \$2,855,222 in funding assistance from central government and other agencies. A significant proportion of this (\$1.42 million) came from tourism development subsidy scheme funding to upgrade the District's sewerage infrastructure. This funding was approved in recognition of the pressure that rapid tourism growth places on small communities with low rating bases such as Kaikoura, and the fact that per capita costs to provide quality infrastructure are much higher in small communities than in large cities.
153. It is also notable that the Kaikoura District Council has a range of funding partners (contributing sums between \$5,000 and \$500,000). We understand that identifying and making applications for this funding is an important component of the work of some Kaikoura District Council staff. Given existing Hurunui District Council staff resources and workloads, as advised to us, we have reservations as to whether the same level of resources would be applied in this area if the proposal were to proceed.

### ***Savings***

154. Our commissioned report shows the abolition of the Kaikoura District Council would result in an estimated annual cost reduction of \$450,000. This figure was based on a number of assumptions and provisos. Of this amount, \$360,000 related to leadership and corporate cost savings and \$90,000 to governance (elected member) savings.
155. The potential savings are quite small in relation to total Hurunui District Council corporate costs, which are estimated at around \$4 million in 2009/10. The report stated that if Hurunui District Council corporate costs were to increase 9%, to absorb the corporate responsibilities of an abolished Kaikoura District Council, then the 'savings' would be lost.

### ***Kaikoura District Council financial position***

156. Forecast operating expenditure rises from \$6.8 million in 2009-10 to \$9.6 million in 2018-19, an increase of 41% over the ten years. Forecast financing costs are set to rise from \$0.46 million in 2009-10 to nearly \$1 million to 2016-17 before dropping to \$0.8 million in 2018-19. At the

peak year in 2016-17<sup>21</sup>, financing costs represent 10% of total operating expenditure and 17% of forecast rates revenue for that year.

157. Forecast personnel costs (excluding contractors) account for 24% of total operating expenditure in 2009-10 (\$1.6 million), increasing to \$2.1 million in 2018-19 or an increase of 28% over the 10-year period. This compares to \$4.3 million in 2009-10 for Hurunui District Council, rising to \$5.4 million in 2018-19 or a 25% increase over the 10-year period.
158. Kaikoura District Council's forecast depreciation expenses rise from \$1.5 million in 2009-10 to \$2.4 million in 2018-19, a 55% increase over the ten years. While this seems high, it is consistent with the magnitude of forecast depreciation expense increases in other territorial authorities.
159. It is notable that, in contrast to the Kaikoura District Council, the Hurunui District Council has a policy of not funding the majority of its depreciation expenses. It estimates that only \$500,000 of the \$5.6 million depreciation expense for 2009-10 will be funded. This policy has been in place since 1999 after consultation with the community.
160. Over the 10 years to 2018-19, Kaikoura District Council's forecast total revenue, excluding vested assets revenue, rises from \$7.2 million in 2009-10 to \$9.8 million in 2018-19, a rise of 38% over the 10-year period.<sup>22</sup>
161. Kaikoura District Council's forecast financial assets increase from \$3.6 million in 2009-10 to \$6.6 million in 2018-19.<sup>23</sup> The Council has assumed a return on investments in a range of 3-4.25%, reflecting current economic conditions.
162. Kaikoura District Council's rates revenue is forecast to increase from \$4.2 million in 2009-10 to \$5.5 million in 2018-19, an average increase of 2.9% a year. In 2009-10 rates will be 59% of total revenue and drop to 56% of total revenue by 2018-19, as increased development contributions and user fees contribute a greater proportion of overall revenue. The draft 2009-19 LTCCP contains a proposal to remove the differentials on the general rate and introduce a number of targeted rates (targeted rates would account for approximately 60% of the total rates revenue).
163. The projected rates demand appears modest and affordable. It is also interesting to note that slightly more respondents in the Council's 2008 residents survey identified "building an indoor swimming pool and/or gymnasium and sports facility" as a higher Council priority than "keeping rates down" (these are ranked as priorities 4 and 5 respectively).

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<sup>21</sup> This peak relates to the servicing of loans associated with the proposed community recreation facilities construction in 2014 and 2015.

<sup>22</sup> This figure excludes vested assets revenue which is a non-cash item.

<sup>23</sup> Forecast financial assets include cash and cash equivalents, current financial assets and term financial assets. Investment properties are excluded from this definition.

164. We reviewed the extent of population growth, changes in age and income structure, levels of home ownership, and the impact of the Government's rates rebate scheme, within both the Hurunui and Kaikoura Districts to identify any social demographic trends that may restrict either Council's ability to generate rates revenue. While both Districts have lower income structures than the national average, and slightly higher levels of home ownership than the national average, we did not identify any particular concerns. The Department of Internal Affairs estimates that approximately 45% of eligible Kaikoura applicants applied and received a rates rebate for the 2007/08 financial year (totalling \$53,365). The comparable figure for Hurunui District was 43% (totalling \$149,387).
165. The Kaikoura District Council has forecast development contributions revenue of \$9.8 million over the next 10 years. We note that in the first two years of the 2009-19 LTCCP period, development contributions are significantly reduced at \$9,000 per year reflecting the current economic recession impacting on all local authorities. However, in year 3 (2011-12), development contributions are forecast to increase dramatically to \$1.2 million and stay around that level for the remaining years of the LTCCP. The timing and quantum of development contributions revenue is based on the growth assumptions outlined in the LTCCP.
166. Kaikoura District Council borrowings are set to increase the total debt level from approximately \$6 million for the next five years, to nearly \$12 million from 2015 to 2018. The debt level then gently declines to \$10.5 million by June 2019. The increase in debt is to fund a substantial proportion of the proposed community recreation facility. The loan servicing costs will, even in the peak borrowing years, be within the Council's liability management policy.<sup>24</sup>
167. Core forecast surpluses for the next ten years total \$5.5 million or an average of \$0.55 million a year. This is after removing the non-cash revenue represented by vested physical assets and the funding of \$3.2 million that the Council anticipates in yet to be confirmed grants and/or subsidies towards the proposed community recreation facility.
168. The Kaikoura District Council's statement of cash flows shows a reasonable level of cash inflows from operating activities which, together with anticipated borrowings, are being applied towards asset purchases.
169. On the basis of the information we have been provided, and subject to no significant changes to the Kaikoura District Council's 2009-19 LTCCP, we believe that the Kaikoura District Council is in a sound financial position with adequate financial capacity for the next 10-year period.

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<sup>24</sup> This policy requires that gross interest expense of all external borrowing is not to exceed 20% of rates revenue, or gross interest expense of borrowing is not to exceed 15% of total revenues.

### ***Hurunui District Council financial position and policies***

170. Our commissioned report included an examination of the financial outlook and funding and financial policies of the Hurunui District Council. This examination and our inquiries led us to the view that, while the Hurunui District Council appears financially sound, the proposal would at best offer limited potential to enhance the financial capacity of local government arrangements for the Kaikoura and Hurunui Districts.
171. We have not identified any significant scope for savings in the provision of Council services to the community if the proposal were to proceed. Investigations affirmed the view of the Hurunui District Council that its existing staff levels are at near maximum capacity. Further work has been identified that will continue to stretch the Council's existing staff capacity. As a result, we do not believe that the Hurunui District Council would be able to absorb the operation and management of Kaikoura District's infrastructural services in a more cost-effective manner than is presently being provided by the Kaikoura District Council. We believe staffing and operational costs similar to present levels in respect of infrastructure services would be incurred under the proposal.
172. In practical terms, services within each locality of Hurunui District are 'stand-alone' in terms of funding. We believe this may be a deterrent for local communities to commit to the high cost of upgrades. In addition, we note that the Hurunui District Council has very limited depreciation reserves for replacing assets, its existing financial assets and cash balances are modest, and its draft 2009-19 LTCCP contemplates term borrowing only in the first two years of the 10-year plan. A significant proportion of the external borrowing is to fund the development of the Hanmer Springs thermal pools and spa.
173. Given these factors, it is unclear to us what financial advantages there would be for Kaikoura District residents and ratepayers, compared to present arrangements, if the proposal were to proceed.

### ***Conclusion***

174. The Kaikoura District Council has greatly improved its financial position over the ten years preceding 2008. It has made substantial capital investments in its three waters infrastructure in the last three years and its infrastructural assets are in good condition and are well managed. The draft 2009-19 LTCCP addresses affordability issues and issues arising from the global economic downturn, in the main by scaling back proposed capital expenditure for community facilities and civic offices, and reassessing revenue streams.
175. We conclude that the Hurunui District Council's policies lack the flexibility and its financial position lacks the strength to accommodate the proposal and achieve significant benefits for the residents of Kaikoura District.

## **11. Management and organisational capacity**

176. The citizens' petition raised concerns about the management and organisational capacity of Kaikoura District Council in relation to planning and as a result of perceived demands on staff time arising out of the requirements of the Local Government Act 2002. We have addressed the concerns relating to planning issues in section 8 of this report.
177. Our review of the Local Government Act 2002 and the Local Electoral Act 2001 did identify a number of new administrative requirements on local authorities including in relation to decision-making. We also identified a number of areas where national good practice approaches have either been developed or were required. As a result of this, we conclude that adequate assistance is or will become increasingly available for local authorities to meet legislative requirements. We also believe that, as a result of discussions with the affected local authorities and other parties, the Kaikoura District Council is as well placed as most other local authorities to meet statutory requirements. We note that no serious statutory non-compliance issues have been raised with us by the agencies we have talked to that would suggest significant management or organisational capacity issues.
178. We noted from the Kaikoura District Council's 2008 annual report, that the Council had 26 full-time equivalent staff, and salaries and wages totalled \$1,526,053. Comparable figures for Hurunui District Council were 117 full-time equivalent staff, and salaries and wages of \$6,514,000.
179. We have been advised by the Kaikoura District Council chief executive that the Council has not experienced particular difficulties (beyond those experienced by all local authorities) in attracting suitable staff. It has also generally had a good number of applicants for positions from experienced and well-qualified persons over the last five years.
180. We understand that a significant number of staff of the Hurunui District Council live in Christchurch and commute daily to Amberley. There may be some concern if additional travel was expected as a result of the proposal being implemented and subject to where the new council base was established.
181. In conclusion, we do not find management or organisational capacity issues at Kaikoura District Council of a nature that suggests adoption of the proposal is warranted.

## **12. Conclusion in relation to mandatory criteria under clause 3(1)(b) of Schedule 3 of the Act**

182. As noted in section 3 of this report, the Commission must be satisfied that a reorganisation proposal will promote good local government of the districts concerned and in this context we take 'promote' to mean 'enhance' or 'improve'. We have identified a series of questions to assist us to address this requirement and these questions and our responses to them have been set out in this report.

183. In summary we have found:

- (a) the nature of Kaikoura District's topography and location make it a distinct community of interest which would be no better recognised under the proposal than under the current local government structural arrangements;
- (b) any concerns about the effectiveness of representation of communities of interest in Kaikoura District can be addressed under existing legislative processes and the proposal would not result in any more effective representation;
- (c) the Kaikoura District Council has developed effective governance structures and processes, reflecting a sustainable development approach to enhancing community well-being, in response to the physical environment, location of the District and the interests and values of residents;
- (d) the Kaikoura District Council has undertaken effective long-term planning linking a community vision, desired outcomes, activities, priorities and funding with a view to enhancing community well-being;
- (e) the Kaikoura District Council delivers services in an efficient and effective manner bearing in mind the nature and size of the District, with good levels of resident satisfaction, and there is no evidence to suggest this would be enhanced by adopting the proposal;
- (f) the Kaikoura District Council is in a sound financial position bearing in mind the size of its District and there is no evidence to suggest that the proposal would enhance financial capacity to deliver higher levels of service in the area;
- (g) the Kaikoura District Council has adequate management and organisational capacity to meet the demands placed on it and there is no evidence to suggest that this capacity would be enhanced by the proposal.

### **13. Commission's determination**

184. Having assessed the proposal and all submissions made to it, including suggested modifications to the proposal, against the criteria contained in clauses 3 and 4 of Schedule 3 of the Local Government Act 2002, the Commission has decided not to proceed with the proposal. It finds that a draft reorganisation scheme based on the proposal, or on modifications to the proposal, would not promote good local government of Kaikoura District or Hurunui District.

### **THE LOCAL GOVERNMENT COMMISSION**

Sue Piper (Chair)

Wynne Raymond (Commissioner)

Gwen Bull (Commissioner)

12 May 2009

**Persons/groups who appeared at hearing**

Gordon Corkerell (the representative of the proposers)  
Kaikoura District Council (Chief Executive Stuart Grant)  
Environment Canterbury (Chair Sir Kerry Burke and Cr. Ross Little)  
Te Rūnanga o Kaikoura (Raewyn Solomon)  
Te Ngāi Tūāhuriri Rūnanga (Te Marino Lenihan)  
Te Rūnanga o Ngai Tahu (Environmental Advisor/Nga Rawa Taiao Paul Horgan)  
North Canterbury Branch of Federated Farmers (President Chris Sundstrum and Senior Policy Analyst Sonia Voldseth)  
Tony Blunt for Kaikoura Area of Federated Farmers  
Brian Allison  
Bridget Getz  
Patrick Hampton  
Matt Hoggard  
Martin Kennedy  
Walter Kunz  
John McPhail  
John McDonald  
Kauahi Ngapora (Whale Watch Kaikoura)  
Sue and Richard Murray  
Gordon O'Callahan  
Ann Paterson  
St. Paul's Presbyterian Church (Ronald Andrew Peterson<sup>25</sup>)  
John Diver  
Stephen Rattray  
Gallo Saidy  
Danny Smith  
Kevin Heays  
Hurunui District Council (Mayor Garry Jackson and Chief Executive Andrew Dalziel)  
Rachel Vaughan  
Frances Joy Woodgate  
Marion McChesney

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<sup>25</sup> Individual submission also tabled.

## **Main points made in submissions and at hearing**

### **Process**

- There is a lack of information (and/or identified benefits) to inform residents about the impact of the proposal
- The Commission should undertake investigations in the following areas:
  - a costs and benefits, or financial and operational impacts, analysis
  - a community of interest study
  - an assessment of the rates impact for ratepayers
  - an assessment of the potential for savings on staff costs
  - an assessment of the potential to promote more democratic governance for Kaikoura
- A business case to investigate the proposal should be based on the affected Councils' 2009-19 LTCCPs
- There is no recourse to reversing the proposal and re-establishing Kaikoura District as the Act requires districts have a minimum of 10,000 people

### **Possible modifications to the proposal**

- If the proposal were to proceed, it would be useful to explore the transfer of Kekerengu and Clarence areas to Marlborough District
- The interests of Kaikoura community would not be met if it was split between two local authorities

### **History**

- While a number of proposals have been initiated, historically there has been little change to existing Kaikoura boundaries in contrast to Hurunui District
- The social, political and economic landscape has changed significantly since Kaikoura District was constituted, justifying a review

### **Geography**

- The boundary of Hurunui District already extends well into the hilly areas on the southern boundary of Kaikoura District
- Location of the existing boundaries is logical and uses the land forms to prevent cross-boundary issues arising
- The boundaries of Kaikoura District contain a distinct type of landform with differences to the rest of Canterbury in terms of soil structure and nature of catchment areas
- Land is literally 'where the mountains meet the sea'
- There is potential for Kaikoura to become isolated from Amberley and the proposal would negatively affect civil defence for Kaikoura District

### **Communities of interest**

- The landform and location of Kaikoura District contribute to most residents' sense of a distinct Kaikoura identity

- Kaikoura community has distinct values based on recognition and protection of a unique environment and its social and cultural assets, enabling successful tourism development
- At a sub-district level, communities of interest may be identified:
  - in Kaikoura, by association with Kaikoura township or smaller settlements, or by distinguishing rural areas from Kaikoura township
  - in Hurunui District, by settlement and ward areas
- Kaikoura community is different to the community of, and communities within, Hurunui District, in particular because:
  - the majority of Kaikoura's population is located in the coastal area whereas the majority of Hurunui population is located inland as reflected in activities and services available within each district
  - a high proportion of Kaikoura residents live in Kaikoura township whereas Hurunui residents are dispersed in small townships
  - Kaikoura is serviced by both Marlborough- and Canterbury-based central government agencies and non-government organisations, whereas Hurunui almost exclusively aligns with North Canterbury/Christchurch
- Residents and communities within Kaikoura and Hurunui Districts share common interests in respect of:
  - farming
  - tourism
  - inclusion in wider administrative boundaries such as Environment Canterbury, MainPower, and Health Services
  - Amberley being a convenient stop on the way to Christchurch
- While the rohe of Te Rūnanga o Kaikōura extends part way into Hurunui District, the community of Te Rūnanga o Kaikōura has a historical and present day focus distinct from other communities in Hurunui District because of:
  - its orientation to the sea
  - the role of the Kaikoura Rūnanga as the defender of the northern area of the rohe of Ngai Tahu

### **Representation and Governance**

- The addition of Kaikoura District to Hurunui District would be consistent with Hurunui's configuration of multiple, distinct communities represented by wards (with ward committees/community boards delegated certain responsibilities and powers)
- The proposed Kaikoura community board should have specific delegations and if the proposal proceeds, a service centre should be maintained from the existing Council office building
- Potentially Kaikoura could receive better representation than at present because Kaikoura Ward would be the most populous ward of new district
- Rural communities tend to be poorly represented in Kaikoura District in contrast to Hurunui District
- The proposal would be a move away from a 'one-town one-council' model, reducing potential for parochialism and narrow-mindedness

- Effective governance of Kaikoura District requires a wider range of perspectives than the current structure appears to allow
- Conflicts tend to become personalised and can easily become intensified with a more dramatic effect than in a larger district
- Kaikoura District Council lacks capacity and capability to provide effective decision-making and consultation/engagement processes, and also effective leadership, governance and management
- Hurunui District Council is capable of efficiently and effectively managing and governing Kaikoura's social, environmental and tourism needs
- The proposal has the potential to enhance marketing, governance and administrative processes associated with tourism in both Districts
- There is a need to maintain governance, administration and marketing processes that recognise the distinctiveness of tourism as it impacts on Kaikoura and Hurunui Districts including Hanmer Springs
- Kaikoura has consistently had one of the highest voter turnout rates in local elections in New Zealand, good voter turnout rates represents:
  - a democratic endorsement of those elected
  - an indication of a healthy level of residents' engagement in community-council governance processes
  - the appropriate process for submitters to challenge councillors on any concerns about governance and decision-making
- A Kaikoura community board could never provide more effective representation of Kaikoura communities because it would only be able to make decisions under delegated authority and be unlikely to have decision-making powers exceeding those of Hanmer Springs Community Board
- The proposal would shift decision-making power away from the distinct Kaikoura communities
- The proposal would result in a lesser degree of understanding of Kaikoura community at the Council table, resulting in less effective governance
- The proposal would require considerable extra commuting time for residents, Council staff, mayor and councillors
- Use of telecommunications technology is not sufficiently widespread and not necessarily a preferred medium for communication
- A major strength of Kaikoura community is the ease of communication between residents and elected members which enhances the Council's understanding of the views and potential contributions of residents, groups and organisations leading to better decision-making and actions
- Likely the proposal would result in a loss or dilution of Council and community representation in the social services area and this commitment and coordination is required in Kaikoura District, for example Council's social services committee has regular central government and other service provider agency attendance
- The committee structures of the Councils are different in respect of their membership, objectives and responsibilities, and level of connectedness to parent council
- Communities within Kaikoura District require and benefit from distinct representation at a national level, as evidenced by funding for Kaikoura sewerage infrastructure upgrade through the tourism subsidy scheme

- Kaikoura District Council has a history of successful collaboration with a range of (funding) partners
- Kaikoura District Council employs a wide range of community engagement and consultation processes
- Te Rūnanga o Ngāi Tahu believes Kaikoura District Council has entrenched its statutory obligations to Māori set out in the Resource Management Act and Local Government Act 2002 in contrast to many other councils
- Development of a memorandum of understanding between Te Rūnanga o Kaikōura and Hurunui District Council is a positive step but it is hard to give meaningful effect to it because of a lack of Council and rūnanga financial and human resources
- The relationship between Hurunui District Council and local rūnanga is still a long way from achieving the level of trust and degree of collaboration that exists between Te Rūnanga o Kaikōura and Kaikoura District Council
- Kaikoura District Council is different from Hurunui District Council in respect of the degree it has demonstrated an understanding of, and commitment to, environmental sustainability, evidenced by its committee membership, objectives, organisations it is a member of, programmes it is involved with, and Kaikoura community's Green Globe 21 accreditation

### **Financial capacity**

- The financial capacity of Kaikoura District Council is in doubt and should be investigated because of:
  - the relatively small rating base
  - increases in staff and associated remuneration costs, particularly over the last 5 to 10 years
  - the need for borrowing and the community's ability to sustain the costs of the Council's planned capital developments and associated operating costs
  - the ability and security of funding to support tourism infrastructure
  - concern that subdivisions and the growth in the number of rateable properties are not, or will not be, matched by population growth
  - the increased responsibilities for councils under legislation such as the Resource Management Act and Local Government Act
- The proposal would likely result in ongoing cost savings as a result of:
  - a reduction in number of staff including chief executive position
  - a reduction in costs resulting from less elected members
  - a reduction in overheads and potential benefits of greater purchasing power through a bigger council
  - no need for new Council offices
- Kaikoura District Council's financial position has improved significantly from ten years ago and is now healthy and sustainable
- There would be initial costs associated with implementing the proposal and ongoing additional travel costs

- The proposal would exacerbate the challenges the Hurunui District Council faces by creating a larger area and an added complexity of issues without substantially increasing the ratepayer base
- Hurunui District Council staffing levels are sufficiently stretched that there would be little room to reduce the present number of Kaikoura District Council staff if the proposal went ahead
- Hurunui District Council's funding policy is different from Kaikoura's with an emphasis on targeted rates to specific communities that benefit from services

### **Service Delivery**

- The Kaikoura District Council's ability to maintain infrastructural assets and meet community expectations in relation to levels of service is questionable and requires further investigation with particular issues associated with:
  - the management and standard of the landfill and recycling centre
  - the maintenance and upgrading of roads, bridges and footpaths
- A perception of poor implementation of environmental policies and practices regarding freedom camping, rubbish and the untidy state of the township
- The Kaikoura District Council's infrastructural assets are in a generally healthy position with recent significant capital upgrades and the community is generally satisfied with the Council's provision of most community and infrastructure services
- The Hurunui District Council faces its own significant infrastructural and levels of service issues, in particular relating to water schemes, the size of the roading network, reconciling different community views about recycling and waste management, and managing eight libraries

### **Planning**

- The Kaikoura District Council lacks strategic and district planning capability
- Concerns about the Council's strategic planning capability are vague and unfounded
- Extensive work would be required by the enlarged Council in merging two sets of distinct planning documents