



LOCAL GOVERNMENT COMMISSION

REVIEW OF RANGITIKEI DISTRICT

Commission's Findings and Decisions

1.0 INTRODUCTION

- 1.1** This statement is published pursuant to the provisions of section 37ZZTJ(a) of the Local Government Act 1974 ("the Act").
- 1.2** The Rangitikei District Ratepayers Association Incorporated ("the proposers"), on 21 January 1997, submitted a proposal initiated by electors of Rangitikei District for the abolition of the Rangitikei District ("the Rangitikei") and its union with the Manawatu District ("the Manawatu"). The Rangitikei District Council ("the Rangitikei Council") would be dissolved and its functions, duties, and powers would become the responsibility of the Manawatu District Council ("the Manawatu Council"). The proposal was submitted pursuant to Parts IIB and IIBB of the Act. The proposal was checked for its validity within the Rangitikei Council, and then referred to the Commission for its consideration on 12 February 1997.

2.0 PRELIMINARY CONSULTATION

- 2.1** Under section 37ZZQB of the Act, the Commission sought the views of the proposers, the two affected councils, a number of government departments and agencies, the Wanganui and Ruapehu District Councils, the Palmerston North City Council, and the Manawatu-Wanganui Regional Council. The Commission also held public meetings within the Rangitikei where the proposal was discussed, and the Commission's responsibilities and the possible outcomes for the proposal were explained.

3.0 UNDERTAKING A REVIEW

- 3.1** After receiving the proposal and undertaking preliminary consultation, the Commission, was required, under section 37ZZS of the Act, to consider whether to carry out a review of the affected districts in accordance with section 37ZZTB. This possibility was explored in the preliminary meetings involving the affected councils, the two community boards in the Rangitikei, and in the public meetings held throughout the Rangitikei. There was minimal response from residents or groups within the Rangitikei. Subsequent to this round of consultation, the Commission received an indication that some form of compromise might be reached between the proposers and the two affected councils. It therefore resolved to defer for three months, until 30 June, a decision about commencing a review so that further discussions could proceed.
- 3.2** No satisfactory progress was achieved in these discussions. The Commission came to the view that the process of consideration of the proposal would be best achieved by initiating a review. It passed a resolution to this effect on 26 August 1997, and gave public notice on 30 August. The period for submissions on the review closed on 31 October 1997.
- 3.3** Although the scope of the review could have legally been extended to the Manawatu, the Commission received no evidence to suggest that this was either necessary or appropriate. Accordingly, the review was solely directed to local government in the Rangitikei.

4.0 MATTERS CONSIDERED IN THE REVIEW

- 4.1** In the Commission's notice of the review it stated that it would:-
- (a) Consider what system of local government in the Rangitikei would best meet the criteria specified in sections 37ZQA to 37ZRA of the Act, and in particular whether they would be best met by -
 - (i) the union of the Rangitikei and the Manawatu; or
 - (ii) the inclusion of any part of the Rangitikei in the district of another local authority; or
 - (iii) the continued existence of the Rangitikei.

 - (b) Consider, when determining which system of local government best met the criteria -
 - (i) which system would best promote the good local government of the affected districts;
 - (ii) which system would best result in districts -

- with the resources necessary to enable their local authorities to carry out their functions, duties and powers;
- which would be appropriate for the efficient and effective exercise of local authority functions, duties and powers; and
- with a sufficiently distinct community of interest or sufficiently distinct communities of interest;

(iii) which system of representation would best meet the criteria specified in section 37ZRA of the Act, and

(iv) whether the good local government of the Rangitikei would be best promoted by

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- the existing system of communities and the functions, duties, and powers of community boards; or
- an alternative system of communities; or
- a change in the functions, duties and powers of the community boards.

(c) Consider any other matters which it could consider and determine, whether in accordance with Parts IIB or IIBB of the Act, or some other statutory provision, but not the performance of the Rangitikei Council or its staff.

4.2 The various parties referred to in section 37ZZTF of the Act were notified and supplied with a copy of the statement of review, and informed that they would be given the opportunity to meet and be heard by the Commission.

4.3 A total of 13 submissions were received from the public and interested organisations, the Rangitikei and Manawatu Councils, other interested local authorities, and the proposers. A list of those who made submissions is attached as an Appendix to this statement.

5.0 HEARING AND CONSIDERATION OF SUBMISSIONS AND OTHER INVESTIGATIONS

5.1 To meet its obligations under section 37ZZTF of the Act, the Commission held a meeting in Marton on 2 July 1998. At this meeting, the Commission heard submissions from representatives of the Rangitikei and Manawatu Councils, the proposers, the Ratana and Taihape Community Boards, the Manawatu-Wanganui Regional Council, the Wanganui District Council, and four others who spoke on their own behalf or on behalf of an interested organisation.

6.0 SUMMARY OF MATTERS RAISED IN SUBMISSIONS

6.1 The main points raised in the submissions were as follows:

- that the proposal was supported;
- that the proposal was opposed;

- that further consideration of the proposal should await the outcome of the Government’s consideration of the administration of roads;
- that the two councils have worked to identify opportunities for cooperation, identified in a report, which indicated those where there had, or could be progress, and those where cooperation would be unlikely or unproductive of savings;
- that the Rangitikei is not, in the long-term, viable from a local government viewpoint;
- that members of the Rangitikei Council do not understand the requirements and responsibilities of local government;
- that the Rangitikei should not be divided;
- that the northern part of the Rangitikei has no community of interest with Feilding;
- that there is a strong likelihood of a proposal for the union of the Manawatu and Palmerston North; and that the current proposal is not compatible with this because Marton and a significant area of the rest of the Rangitikei has a close relationship with Wanganui;
- that other, unidentified, areas from other districts should be added to the Rangitikei;
- that the Rangitikei Council has a very advanced approach to its responsibilities, and is well ahead of many other comparable districts;
- that the proposers have a mistaken idea that union with the Manawatu will lead to their having lower rates;
- that a union of the two districts would lead to savings, which could be as high as \$3.5 million per annum;
- that, even though population in the Rangitikei is decreasing, the Rangitikei Council’s costs are increasing, and no effort is being made to halt these increases;
- that in the event of union, the Ratana Community should be retained, but not the Taihape Community;
- that Te Roopu Ahi Kaa should be abolished and replaced with a Maori advisory committee;
- that the Commission should not make a decision on the proposal before the 1998 local authority elections;
- that a larger district could afford to hire better qualified staff; and
- that the Rangitikei should be divided in three, and those parts should be added to the Manawatu, Ruapehu, and Wanganui districts.

7.0 DISCUSSION OF PROPOSAL IN RELATION TO CRITERIA IN THE ACT

7.1 Section 37ZQA(1)(a) of the Act requires the Commission to satisfy itself that a proposal or scheme will “promote the good local government” of the districts concerned. With regard to the word “promote”, the Commission is conscious that it has various meanings, but is satisfied that in the context of the legislation, the clear intention was that the word have the meanings: to advance, help forward, enhance, or improve. The expression “good local government” is not defined in the Act. However, the Commission has adopted a view, based on section 37K of the Act (which sets out the purposes of local government), that the achievement of those purposes would be the basis of good local government. Additionally, section 37ZQA(1) itself, by listing various requirements to be met, can, in the Commission’s opinion, be accepted as a strong indicator of matters to be taken into account in determining what may be good local government. When considering the various criteria set out in subparagraphs (i) to (iv) of

paragraph (b) of 37ZQA(1), the Commission must consider also the factors in subsection (2) of that section.

- 7.2** By conducting a review, the Commission could also consider, in terms of section 37ZZTB(2)(a), which system of local government for the affected districts best meets the criteria specified in sections 37ZQA to 37ZRA of the Act.
- 7.3** By considering all of the above factors, the Commission interpreted the expression “promote the good local government” as meaning to come to a view whether implementation of the proposal would best improve or enhance the ability of the local authority for the proposed enlarged district to achieve the purposes of local government as set out in section 37K.

8.0 CONSULTATIONS WITH AFFECTED COUNCILS

- 8.1** Both affected councils were consulted prior to the Commission deciding to undertake this review. Neither the Rangitikei Council nor the Manawatu Council supported the proposal, but both they and their officers cooperated with the Commission.

9.0 CONSIDERATION OF CRITERIA IN SECTION 37ZQA

Subsection (1)(a)- Whether the proposal will promote the good local government of the districts concerned.

- 9.1** This is the principal criterion which the Commission must satisfy itself would be complied with if the proposal were given effect to. Given its importance, the Commission decided that whether the proposal promotes good local government can only be determined once the criteria in paragraph (b) of this subsection, and the additional matters for consideration in subsection (2) of the section have been considered.

Subsection (1) (b)

(i) Whether the authority or authorities continued in existence will have the resources necessary to enable them to carry out their functions, duties, and powers.

- 9.2** The affected authorities are presently able to fund their functions, duties, and powers. from their current resources, whether by way of expenditure directly from revenue or by way of loans secured against future revenue. The Commission considers that the proposed combined authority would have the resources necessary to ensure the continued performance of those responsibilities.
- 9.3** The same comments would apply if the Rangitikei were to be divided between neighbouring authorities.
- 9.4** Therefore, the proposal meets this criterion.

(ii) Whether the authority or authorities would have a district or districts which would be appropriate for the efficient and effective exercise of local government functions, duties, and powers.

- 9.5** The area of the proposed new district - approximately 700,000 hectares would make it second in size only to the Gisborne District in the North Island. In the context of the area covered by the two districts, their union would have a significant practical advantage in that territorial planning for the whole of the Rangitikei River catchment would be dealt with by a single territorial authority.
- 9.6** The nature of local government services to be delivered over an enlarged district would, given the similar characteristics of rural areas with small urban centres, be unchanged. If the Rangitikei were to be divided among other, adjoining districts, their similar rural natures would not require major changes to the ways in which local government services would be delivered.
- 9.7** Given the accepted ability of the administrators of an enlarged district to add the expertise needed for the administration of a large rural area, the Commission believes that implementation of the proposal would create a district which would be appropriate for the effective and efficient exercise of local government functions, duties, and powers.
- 9.8** Therefore, the proposal meets this criterion.

(iii) Whether the authority would contain within its district sufficiently distinct communities of interest.

- 9.9** Both the affected districts share a community of interest with Palmerston North City. Because it is closest, this community of interest is strongest in the Manawatu. That district, and the southern part of the Rangitikei relate closely to Palmerston North. However, the Manawatu has very little community of interest with Wanganui although that town still retains very strong links with areas of the Rangitikei.
- 9.10** The Commission looked at place of employment as an indicator of community of interest. The Commission was informed that much of the business of residents of the Rangitikei is conducted in the Manawatu, and that the Ohakea Air Force Base, in the Manawatu is the place of employment for a number of Rangitikei residents. In fact, at the time of the 1996 Census, Ohakea was the workplace for 312 of the 489 Rangitikei residents who worked in the Manawatu. At the same time some, but not many more residents of the Rangitikei work in Palmerston North or Wanganui. This is exemplified by using Bulls as an example. While more residents of that township worked at Ohakea than in Bulls itself (258 at Ohakea compared to 201 in Bulls), even more (261) found employment outside of both the Rangitikei and the Manawatu. The Commission was informed that Wanganui and Palmerston North are the major places where residents of both districts go for their business and personal professional advice.

9.11 Manawatu residents rely very little upon the Rangitikei for employment. At the 1996 Census, only 201 of them gave the Rangitikei as their workplace.

9.12 The Rangitikei was, at the time of the 1996 Census, much more self-contained for employment than the Manawatu. The following table shows this.

Workplace by District of Residence

Workplace	Rangitikei Residents	%	Manawatu Residents	%
Rangitikei	4,971	69.04	201	1.52
Manawatu	489	6.79	7,431	56.35
Palmerston North	339	4.71	4,080	30.94
Wanganui	279	3.88	30	0.23
Elsewhere	1,122	15.58	1,446	10.96
Totals	7,203	100.00	13,188	100.00

9.13 As this information demonstrates, apart from employment at Ohakea Air Force Base, there is little cross-reliance between the two districts for employment. In the Commission's view, the areas of commonality for the residents of both districts are a rural identity and a gravitation towards Palmerston North. These two factors alone are not sufficient to satisfy it that the two districts are sufficiently interdependent at a daily level that they have a common community of interest to the extent that a union of both districts would promote good local government for their residents.

9.14 While the divided communities of interest within the Rangitikei could be dealt with by the preparation of a reorganisation scheme providing for the division of that district between two or more of its neighbours, the Commission was not presented with strong evidence of any desire on the part of residents of the Rangitikei for the division of their district. Neither were any strong arguments adduced from neighbouring authorities to indicate that the addition of some part of the Rangitikei to their district would promote good local government to the extent that abolition of the entire district would be appropriate.

9.15 Therefore the proposal does not meet this criterion.

9.16 If any of those neighbouring authorities should remain of the opinion that some part of the Rangitikei should be added to their district as a boundary alteration, it would be appropriate for that authority, or a group of residents in any area affected, to initiate an appropriate reorganisation proposal under Part IIBA of the Act.

(iv) Whether the proposed authority would be able to meet the requirements of section 223C of the Act.

9.17 The Commission is satisfied that the local authority of a larger district would be able to maintain governing and administrative structures which would comply with the requirements of this section.

9.18 Therefore the proposal meets this criterion.

Subsection (2)

(i) paragraph (a) Area of impact of functions, duties, and powers of the proposed authority; and

(ii) paragraph (b) Area of benefit of services provided.

9.19 Both authorities do have common interests in some areas. As already noted, both authorities have a common concern with matters affecting the Rangitikei River. This includes the planning for roads across the river. Both are agricultural and pastoral districts, with significant areas given over to forestry. However these latter features are shared in common with many other districts in New Zealand.

9.20 Apart from those common areas, both councils have developed their own systems for the delivery of local government services within their own districts. There will, of course, be opportunities for both councils to cooperate on projects of mutual benefit, as happens now. The Commission would expect that it should be an ongoing responsibility for councillors and staff to seek opportunities to extend such cooperation, and is disappointed that, in a number of areas where opportunities have been identified, such cooperation has not always been implemented.

(iii) paragraph (c) Likely effects of the exclusion of any area from the proposed district.

9.21 The question under this heading is not relevant to the proposal or the suggested alternative proposal. Giving effect to either proposal would not leave a remainder authority with diminished resources through the loss of part of its district.

10.0 DETERMINATION OF BEST FIT TO CRITERIA FOR GOOD LOCAL GOVERNMENT

10.1 Having addressed the detailed matters referred to in the provisions of section 37ZQA of the Act, the Commission further considered the overall question of the promotion of good local government for the residents of the affected districts. In this regard the Commission has a number of comments.

- 10.2** The obligations imposed by section 37ZQA of the Act will be met only if the Commission is satisfied that, -
- implementation of the proposal will improve or enhance the ability of the affected local authorities to achieve the purposes of local government as set out in section 37K of the Act; and
 - all the requirements of section 37ZQA(1)(b) are met.
- 10.3** Legislation enacted since 1989 has, in the Commission's view, increased the demand for competencies in local government. Larger authorities, with their greater and more broadly-based resources, will tend to have an advantage in providing the needed competencies.
- 10.4** The Commission considers that there is a need for long-term resource management planning. The integrity of such planning must be maintained if an authority is to be able to respond to the wishes and aspirations of its residents.
- 10.5** Likewise, an authority must be sufficiently resourced to be able to deliver the long-term forecasts and information necessary for it to put meaningful and realistic financial planning into effect.
- 10.6** The Commission was told on behalf of the proposers that they considered that the necessary financial strength would be achieved through the union of the two districts, and that there could also be a lowering of rates through the savings which they believed would be achieved through a combination of the resources of the two districts. However, such savings could not be certain because such an outcome is dependent upon the internal policies adopted by a new council relating to how its services would be delivered and funded.
- 10.7** The Commission is of the opinion that, while possible efficiency gains resulting from a union of districts are of importance, community of interest is also a vital factor. In this respect, the Commission considers that there has not been a satisfactory case made that a union would best promote the good local government of the residents of both districts in respect of community of interest. The Commission has therefore concluded that the requirements of section 37ZQ(1)(a) are not met by the proposal.
- 10.8** The Commission has therefore decided, pursuant to section 37ZZTI of the Act, to decline to proceed with a draft reorganisation scheme to give effect to the proposal. After consideration in the review of what system of local government within the affected districts best meets the criteria specified in section 37ZQA of the Act, the Commission is of the opinion that, at this time, there is insufficient evidence of potential benefit from increased efficiencies which would outweigh the perceived disadvantages from non-compliance with the community of interest criteria in the Act.
- 10.9** As a consequence of this decision, the Commission is not required to consider either the membership of the affected authorities, or the boundaries of the affected districts.

11.0 COMMUNITY STRUCTURE AND THE FUNCTIONS OF COMMUNITY BOARDS

- 11.1** There are two communities within the Rangitikei: Taihape and Ratana. The Commission discussed the powers of the respective community boards with the Rangitikei Council and representatives of the boards. No suggestions were made to the Commission for any changes in the responsibilities of either of the boards.
- 11.2** No evidence was adduced to the Commission to suggest that any further communities should be established in the Rangitikei.
- 11.3** Given the absence of support for any change, and of any evidence for a perceived need for change, the Commission has decided, pursuant to section 37ZZTI of the Act, that it will decline to proceed with a reorganisation proposal affecting either the community structure within the Rangitikei or the powers of the two existing community boards.

12.0 CONSIDERATION OF OTHER MATTERS

- 12.1** There are two other matters which the Commission considered merited further consideration. These issues relate to, -
- the Government's proposals for change to the responsibility for the provision and maintenance of roading; and
 - the time taken to complete consideration of the proposal.

Proposed Changes to Roading Legislation

- 12.2** The Government has recently announced its intention to promote changes in the way in which roads in New Zealand are constructed and administered. If the direct responsibility for the construction and maintenance of roading ceases to be a direct local government responsibility, many of this country's territorial authorities will need to give serious consideration to the way in which the provision of local government services is organised. The Rangitikei and Manawatu Councils may be among that number. The Commission did not believe that it was appropriate to take account of possible legislative change in this area as a factor in its consideration of this proposal.

Delays in Process

- 12.3** The time which has elapsed since the Commission first received advice of the proposal (12 February 1997) to the preparation of this decision is almost two years. While this is a lengthy period for the consideration of a proposal of this nature, there are three main factors which have contributed to this. These are now discussed.

The process itself and general matters affecting the Commission

- 12.4** As stated in paragraphs 3.2 and 3.3 of this report, the Commission resolved to defer consideration of the proposal on 30 April 1997, until the end of the following June because it had received strong signals that the proposers and the Rangitikei Council could reach an agreement upon service delivery which could lead to the proposal being withdrawn. No agreement was reached, and the Commission gave notice of its review on 30 August, with submissions closing on the 31 October 1997. The Commission remains convinced that this deferral was justified because of its long-standing view that local people should, generally speaking, be encouraged to find their own solutions to local issues.
- 12.5** During the period from the beginning of November 1997 until the end of March 1998, the Commission was fully engaged in the determination of appeals relating to territorial authority and regional council proposals for the members to be elected at the local authority elections in October 1998. This is a statutory responsibility of the Commission, and was required to be completed before the end of March 1998.
- 12.6** At the end of March the then members of the Commission went out of office, and were not immediately replaced. Two members (but not a chairperson) were appointed in mid-April, but one member was then required to take the former Chairman's place on the Representation Commission which was, at that time, completing its determination of parliamentary constituencies. This meant that the Commission could not function.
- 12.7** At the conclusion of the hearing of submissions, the Commission considered that it would be inappropriate to release its report during the election process or, indeed until the incoming councillors had an opportunity to become familiar with the issues and the process. It therefore deferred consideration of the report until the end of November.

Consultation requirements of legislation

- 12.8** The legislation governing the consideration of proposals is, in the opinion of the Commission unnecessarily complex. At each stage of the process, the Commission has been required to undertake formal consultation with,-
- the proposers;
 - the affected councils;
 - government departments;
 - neighbouring authorities;
 - community boards; and
 - the general public and community groups.

12.9 The Commission understands the importance and value of consultation, and will be making submissions to the Government suggesting changes to the legislation which will increase the importance of consultation, but at the same time streamlining the process.

12.10 The number of support staff available to the Commission remains inadequate. The following are extracts from the Commission's annual reports to Parliament for the years ended June 1997 and 1998.

1997 Report

“When the Commission last had a “peak” in its workload, it was supported by a permanent staff of 5, and found this number to be barely sufficient for the task. The permanent staff has now been reduced below that level, so the Commission looks upon the coming few months with some unease.”

1998 Report

“In its report for the year ending 30 June 1997 the Commission expressed concern about the level of staff available to support the Commission. This concern remains. If the Commission is to fulfil its statutory obligations and make better progress in dealing with proposals, it needs, in addition to improved legislation, sufficient, expert, staff support.”

12.11 The present Commission is determined to significantly reduce delays in dealing with future proposals by following the following strategy;

- it will focus upon improvements it can make to its procedures within the existing legislation; and
- it will work to promote changes to the governing legislation which will, inter alia, reinforce the importance of focused consultation and expeditious decision-making by the Commission.

13.0 DECISION

13.1 For the reasons set out in this report, and in accordance with section 37ZZTI(1)(iii) of the Act, the Commission has declined to proceed with any reorganisation proposal.

For the Commission

Barbara Durbin (Commissioner) _____

Bruce Anderson (Commissioner) _____

21 January 1999