

Deliberation on the Wellington Reorganisation Draft Proposal

Record of Commission decisions and officials' advice

Local Government Commission

Mana Kāwanatanga ā Rohe

15 March 2017

Table of Contents

Record of Commission decisions.....	3
Officials' Advice	7
1. Background and previous consideration.....	7
2. Statutory decisions required	11
3. Extent of identification of reasonably practicable options.....	11
4. Identification of reasonably practicable options	13
5. Identification of preferred option	19
6. Development of draft proposal.....	39
7. Affected area for the new draft proposal	45
8. Advantages and disadvantages of the draft proposal	46
9. Next Steps	47
Annex 1: Draft proposal for Wairarapa District Council	49
Annex 2: Representation.....	60

Record of Commission decisions

On 17 February 2017, Commissioners resolved that the Commission:

Previous consideration

- a) notes that in May 2015 the Commission decided:
 - (i) not to proceed with the previous draft proposal for a region-wide unitary council for Wellington; and instead,
 - (ii) to identify, under clause 11 of Schedule 3, a new preferred option as the basis for a new draft proposal.

Statutory decisions required

- b) notes that in order to identify a new preferred option the Commission is required to revisit the multi-step decision process set out in clause 11, under clause 21.
- c) notes that clauses 11 to 19 require the Commission to make decisions sequentially on:
 - (i) the extent to which the Commission identifies reasonably practicable options;
 - (ii) the identification of reasonably practicable options;
 - (iii) the identification of a preferred option from among the reasonably practicable options; and
 - (iv) the content of a draft proposal giving effect to the preferred option.
- d) notes that the context of the clause 11 process is now different from when the Commission previously undertook this process as decisions need to be informed by the understanding of community views the Commission has gained through the consultation process on the first draft proposal in 2015 and further consultation in 2016.

Two reasonably practicable options

- e) notes that clause 11(4)(a) states that “reasonably practicable options” must include the existing local government arrangements.
- f) agrees that having regard to the matters in clause 11(3) the Commission limits the extent of its consideration of reasonably practicable options to the identification of options which:
 - (i) it can be confident have a sufficient level of community support for such a proposal to have a reasonable chance of success at a poll of affected electors; and
 - (ii) will provide certainty about local government arrangements in the Wellington region, by bringing the current reorganisation process to a conclusion.

- g) agrees that the only option that satisfies paragraph (f) above is the amalgamation of the three Wairarapa district councils to create a single district council, alongside existing local government arrangements for the rest of the region.
- h) agrees that having had regard to the matters in clause 11(6), the Commission is satisfied that a proposal for a single combined Wairarapa district council along with the existing local government arrangements in other parts of the region meets the specific requirements under clause 11(5) for a “reasonably practicable option”.

Preferred option decision

- i) notes that when two or more reasonably practicable options have been identified the Commission must determine its preferred option from among the reasonably practicable options.
- j) notes that the option of a single Wairarapa district council whilst leaving the existing local government arrangements in place in the remainder of the region:
 - (i) is the reasonably practicable option that best promotes the statutory purpose of local government; and
 - (ii) will facilitate improved economic performance, including efficiency and cost savings, productivity improvements and simplified planning processes.
- k) agrees that having considered the relevant matters set out in clause 12 the Commission’s preferred option for the reorganisation of local government in the Wellington region is to create a single Wairarapa district council whilst leaving the existing local government arrangements in place in the remainder of the region.

The draft proposal

- l) agrees to develop a new draft proposal to give effect to the preferred option.
- m) agrees that the new draft proposal for a Wairarapa District Council is as set out in Annex 1 to the report subject to the following amendments:
 - (i) amend clause 3 to add “at the earliest”
 - (ii) amend clause 5 to add “at the earliest”
 - (iii) amend clause 7 by deleting the words “(until 1 November 2023)” and inserting in their place the words [for at least five years]
 - (iv) amend Schedule 1, paragraph 2(a) to include local marae to the list of organisations with which community boards would have authority to communicate with.
- n) notes the draft proposal in Annex 1 includes provision for:
 - (i) Representation based on a structure of seven wards to ensure fair representation of the distinct local communities within the Wairarapa;
 - (ii) A first election for the new Wairarapa District Council using First Past the Post, the three councils’ existing electoral system;
 - (iii) The establishment of five community boards to provide the means for each of the Wairarapa townships to have an appropriate level of local decision-making within the combined district;
 - (iv) The establishment of a Rural Standing Committee and a Māori Standing Committee of the new Wairarapa District Council as a means of promoting effective engagement with rural communities, and iwi and hapū by the council;

- (v) The establishment of a Wairarapa Committee of the Greater Wellington Regional Council to provide the Wairarapa with an additional means of influencing decisions by the Greater Wellington Regional Council affecting the Wairarapa;
- (vi) Area offices in Martinborough, Carterton and Masterton;
- (vii) A principal public office in Masterton;
- (viii) Planning and accountability documents to the effect that:
 - (i) the 2018-28 long term plans adopted by the Masterton, Carterton and South Wairarapa District Councils will satisfy the requirement for the new Wairarapa District Council to have a long term plan until 30 June 2021;
 - (ii) The Transition Body compiles an annual plan for 1 November 2018 to 31 June 2019, for the new Wairarapa District Council to adopt as soon as possible after it is established, based on the councils' 2018 long terms plans;
- (ix) The rating systems in place following the adoption of the 2018-28 long term plans adopted by the Masterton, Carterton and South Wairarapa District Councils to remain in place until the adoption of the new Wairarapa District Council's first long term plan in June 2021, unless changed in accordance with the requirements of the Local Government Act 2002 before 2021;
- (x) Any change in individual property rates due to the adoption of new rating policies as a result of the amalgamation of the three former district councils to be limited to no more than five percent up or down in any one year. The five percent limit does not apply where there are changes to services, rating valuations or other normal council activities. This transitional measure expires 30 June 2024;
- (xi) The new Wairarapa District Council to maintain existing targeted rates for wastewater services until at least 30 June 2024.

Ward boundaries and names for rural wards

- o) notes that Rural 2 ward's population to member ratio of -21% fall outside the 10% variance allowed by section 19V(2) of the Local Electoral Act.
- p) agrees that, as outlined in Annex 2 of the report, for Rural 2 ward, compliance with the 10% variance would limit effective representation of communities of interest by dividing a community of interest between wards.
- q) agrees, therefore, that under section 19V(3)(ii) of the Local Electoral Act Rural 2 ward be a permitted exception to the 10% variance requirements.
- r) agrees to the names "Te Kauru" and "Maungaraki" instead of Rural 1 and Rural 2.

Affected area for new draft proposal

- s) notes that the "affected area" for the draft proposal (and any final proposal to the same end) is defined by subclause (a) of the interpretation of "affected area" in clause 2 of Schedule 3, and is the districts of the three current Wairarapa district councils.
- t) agrees that the establishment of a Wairarapa Committee of the Greater Wellington Regional Council does not affect the operational scope and scale of the

regional council so that subclause (c) of the interpretation of “affected area” in Schedule 3 does not apply.

- u) notes that the electors in the “affected area” of a final proposal have the right to petition for a poll to determine the fate of a final proposal, and to vote in any such poll.

Next steps

- v) notes that subject to the above decisions staff will update the draft proposal and finalise it for public release.
- w) agrees that minor editorial changes to the draft proposal can be approved by the Chair.
- x) notes that the timeline for the next steps is that:
 - (i) the draft proposal and call for submissions will be released on 15 March 2017
 - (ii) the period for submissions is seven weeks and closes 3 May 2017
 - (iii) hearings of submitters will commence on 23 May 2017
 - (iv) Commissioners will be able to consider the results of the consultation process after the completion of hearings.
- y) requests staff to provide further advice on the timeline beyond the hearings stage.
- z) notes that there are still challenges for the Wellington region that are not addressed by the draft proposal, particularly in transport and spatial/metropolitan level planning.
- aa) agrees to continuing any work on the functional work streams for Wellington under sections 30(2)(b) and 31(1A) of the Local Government Act 2002, which allow the Commission to promote good practice in relation to a local authority or to local government generally, and report to local authorities on matters arising from a reorganisation process.

Officials' advice

1. Background and previous consideration

Two applications received in 2013

1. The Commission received two local government reorganisation applications relating to the Wellington region. The first was from the Masterton, Carterton and South Wairarapa District Councils. This was received on 23 May 2013 and sought the establishment of a standalone unitary authority in the Wairarapa. The second was from the Greater Wellington Regional Council. This was received on 21 June 2013 and sought the establishment of a single unitary authority with local boards across the whole of the current Wellington region.
2. The Commission accepted that both applications met the statutory requirements, and agreed to assess the applications. It resolved that the 'affected area' was the whole current Wellington region. Since the applications had the same affected area the Commission decided to consider them together through a combined process.
3. The Commission notified the applications on 8 July 2013, and called for alternative applications. A total of 21 responses were received. Fifteen of these met the criteria to be regarded as 'alternative applications', but the Commission considered all responses as valid expressions of alternative views. Over the period from August 2013 to February 2014 the Commission met with all affected local authorities, with a wide range of other interested individuals and groups, and held a series of public meetings at locations throughout the region.

Wide range of reasonably practicable options

4. The Commission identified the 'reasonably practicable options' and its 'preferred option' as required by clauses 11 and 12 of Schedule 3 of the Local Government Act 2002. In determining the extent to which it identified reasonably practicable options the Commission sought to cast the net widely and consider a wide range of options.
5. It identified options spanning the range from establishing one or more unitary authorities, to transfers of responsibility among tiers of local authority, to a variety of possible local mergers of adjoining territorial authorities. From that wide range the Commission eliminated only models involving multiple unitary authorities as not "reasonably practicable". This rested on the Commission's judgement under clause 11(5) concerning the likely adequacy of the resources of some such authorities to effectively undertake both territorial and regional roles. The reasons for this decision are set out in Parts 4 and 5 of *Draft Proposal for Reorganisation of Local Government in Wellington Volume 2 Technical report: Evaluation of the options and the draft proposal*.

Preferred option and draft proposal for region-wide unitary council

6. The Commission determined that its preferred option was to create a single region-wide unitary authority, called Greater Wellington Council, with eight Local Boards. It then developed a draft proposal based on this option and publicly notified this on 4 December 2014. The range of options identified by the Commission and the consideration given to them was set out in *Volume 2 The Technical Report*. The detail of the proposal was set out in *Volume 1 Public Report: Summary document of the Draft Proposal for Reorganisation of Local Government in Wellington*.

Submissions largely opposed region-wide unitary council

7. The Commission called for submissions by 2 March 2015. A wide range of interested parties were advised of the release of the draft proposal and invited to submit their views, in accordance with clause 20 of Schedule 3. The results of the public consultation are summarised in the report *Summary of submissions on the proposal for Reorganisation of Local Government in Wellington*, June 2015. In summary 8,173 of the 9,142 submitters (89 per cent) did not support the draft proposal. However, about 40 per cent of all submitters suggested changes and/or alternatives to the proposal. The suggested changes and alternatives most frequently mentioned focused on either merging particular combinations of local authorities, or having more shared services among local authorities.

Commission withdraws region-wide unitary proposal

8. In June 2015 the Commission considered the range of actions set out in clause 21 of Schedule 3. The Commission was required to do one of the following:
 - a) issue the draft proposal as a final proposal
 - b) issue a modified draft proposal as a final proposal
 - c) identify, under clause 11, another preferred option as the basis for a new draft proposal
 - d) decide not to issue a final proposal and give public notice of the decision and the reasons for it.
9. The Commission at that time agreed to identify another preferred option for the Wellington region because it considered that:
 - a) there was insufficient support for the proposed single region-wide unitary authority, but there was a mood for change to improve Wellington local government
 - b) it was questionable whether the Commission could be satisfied that there was demonstrable community support in the district of each affected territorial authority, for the issuing of a modified draft proposal as a final proposal (rather than relooking at possible preferred options afresh)

- c) the level of community support demonstrated to the Commission pointed to consideration of either identifying a new draft proposal or ceasing the process
- d) there was sufficient reason to continue to investigate changes in Wellington local government arrangements (see May 2015 decision).

Intensive re-engagement with councils and communities

10. The Commission did not immediately identify a specific new draft proposal as it considered that further engagement with the affected local authorities was desirable to better inform its decision on a new preferred option and draft proposal. Over the period since June 2015 the Commission has undertaken further work to do this. In doing so it responded to the indications from submitters that there may be community support for changes involving either more modest local mergers of councils, or the promotion of greater shared services among existing councils.
11. As a result the Commission has sought to engage with the Wellington region's councils on a number of specific issues. These have been:
 - Wairarapa governance
 - transport governance and operations
 - three waters services – governance and operations
 - the potential for spatial planning across all or part of the region
 - regional economic development.
12. In addition the Commission sought a formal response from Wellington City Council to an expression of interest from Porirua City Council in the amalgamation of the two cities. In the event Wellington City indicated that it did not wish to give consideration to such a proposal until such time as the Local Government Act 2002 Amendment Bill (No 2) 2016 has been enacted. This Bill, which proposes some significant changes to the processes available for local government reorganisation and to the powers of the Commission, has not yet been enacted.
13. In relation to Wairarapa governance, there were positive responses from the three Wairarapa district councils and Greater Wellington Regional Council. This resulted in a range of options being jointly identified by the Commission and those councils. A series of community workshops was held during February 2016 to test community responses and assist in refining the possible options.
14. This led to a report being commissioned by the Commission in conjunction with the three Wairarapa district councils and the Greater Wellington Regional Council. The report *Wairarapa Local Government Assessment of Options June 2016* was prepared by Morrison Low. This provided an analysis comparing the status quo (Option A) and five potential change options for governance in the Wairarapa, which provided the basis for a round of community consultation undertaken during June 2016. The change options were:

- a single combined Wairarapa District Council (Option B)
 - a single combined Wairarapa District Council with a joint Wairarapa Unitary Plan Committee with GWRC (Option C)
 - a single combined Wairarapa District Council with two joint Wairarapa Committees with GWRC (Option D)
 - a single combined Wairarapa District Council with major transfers of responsibility from GWRC (Option E)
 - a Wairarapa Unitary Authority (Option F).
15. The public was asked to complete a questionnaire to indicate which of the six options they preferred and why. We received 1534 responses. Respondents had a clear preference for a combined district council (Option B) at 42 per cent of responses. When Option C and D results are added to Option B, the preference for a combined district was 65 per cent of responses. The status quo (Option A) was preferred by 23 per cent of respondents. Some five per cent of respondents chose each of Options E and F.
16. We also commissioned a telephone survey of 500 Wairarapa residents in the week of 4 July – 230 residents in Masterton and 135 in each of Carterton and South Wairarapa. This survey provided the views of a representative sample of the community to consider alongside the questionnaire responses.
17. Some 52 per cent of telephone survey respondents preferred combining the three district councils (Options B to E), 34 per cent preferred no change (Option A), 12 per cent supported a unitary council (Option F) and 2 per cent were unsure. Support was reasonably evenly split across the four combined Wairarapa District Council options (Options B to E).
18. The results of the other areas of investigation (in the wider Wellington region) were less decisive. In July 2016 the Commission released an update *Strengthening the Wellington Region*, which reported on progress in advance of the triennial local election campaigns. This also foreshadowed that the Commission intended to release a revised draft proposal in early 2017.
19. While the investigations of spatial planning and transport in the wider Wellington region are ongoing, it is clear at this stage that they are not sufficiently advanced for there to be a specific change proposal against which council and community support could be tested. By contrast, in the Wairarapa clear proposals have been developed and tested and there appears to be sufficient community support for a new draft proposal to be advanced.
20. In addition, any draft proposal must involve a change that involves “local government reorganisation” as defined in section 24 of the Local Government Act 2002. The sorts of changes that might be implemented as a result of non-Wairarapa investigations on their own do not fall within this definition. They are changes that may be made by a reorganisation scheme incidental to a local government reorganisation affecting the relevant area but are not themselves able to be the sole or principal objective of a scheme. While there are amendments currently before the House that may lead to this

situation changing, the Commission's role is to give effect to the law as it currently stands.

2. Statutory decisions required

21. The statutory requirements for the Commission to consider are set out primarily in Schedule 3 of the Local Government Act 2002.
22. In summary, there are four key steps to the process which the Commission must work through sequentially before it can release a new draft proposal based on a new preferred option. Each step has its own set of relevant criteria or factors to be considered:
 - a) The Commission must decide the extent to which it identifies reasonably practicable options – how wide does it cast the net? (clause 11(3))
 - b) The Commission must identify reasonably practicable options (which always include the existing local government arrangements – (clause 11(4)), and ensure that these meet the tests in clause 11(5), after considering the factors set out in clause 11(6).
 - c) Where there is more than one reasonably practicable option (which will be the case unless the existing local government arrangements option is the only reasonably practicable option) the Commission must identify a preferred option, applying the tests in clause 12.
 - d) Having identified a preferred option the Commission must develop a draft proposal based on that option (clauses 13 and 14 to 19).
23. There are specific requirements relating to the notification of any new draft proposal and the conduct of consultation on it (clause 20).

3. Extent of identification of reasonably practicable options

24. Officials recommend that the Commission limit the extent to which it identifies reasonably practicable options to those options which:
 - (a) we have evidence of sufficient community support for a proposal to stand a reasonable chance of success at a poll of affected electors and
 - (b) will provide certainty about local government arrangements.
25. In returning, under clause 21, to the clause 11 process to identify a new preferred option, the Commission is required to have regard to the same statutory considerations as when it approached this step in response to the original applications. It is also required, by clause 21, to consider the submissions and views received during the consultation process on the earlier draft proposal. Consequently the context for the

clause 11 process is now significantly different from the Commission's 2014 consideration of clause 11.

26. Clause 11(2) gives the Commission discretion as to the extent that it identifies reasonably practicable options, after it has had regard to:
- a) the scale and scope of the changes proposed
 - b) the degree of community support ... demonstrated to the Commission
 - c) the potential benefits of considering other options and
 - d) the desirability of early certainty about local government arrangements for the affected area (clause 11 (3) refers).
27. The results of the previous consultation process, and further work undertaken by the Commission since, provide the Commission with a depth of information relevant to these considerations that was not previously available to it.

Scale and scope

28. It was evident from consultation on the previous draft proposal (both written submissions and hearings) that the lack of community support for the previous proposal was not solely a response to specific details of that proposal. Rather it reflected a significant level of public scepticism that there was a case for change of major scale and scope to local government structures across the Wellington region at this time. There is evidence that a new draft proposal involving large scale change across the region would not attract the necessary level of community support.

Community support

29. The 2015 consultation revealed an absence of community support for large scale change but some degree of openness to more specific and targeted change. As noted in paragraphs 13 to 18, we have information to demonstrate significant community support for change in the Wairarapa, specifically with respect to amalgamating the three district councils. However, this is not the case for change in the rest of the Wellington region. We do not have indications of community support for council reorganisations in other parts of the region.

Benefits of a broader range of options

30. At this stage of the Wellington process, having previously considered a broad range of reorganisation options, there are no benefits from considering a broader range of options than those that appear to have community support. The likely result of doing so would simply be to prolong the period of uncertainty about the future structure of local government in the region with little prospect of any such changes being implemented.

Desirability of providing early certainty

31. The reorganisation process for the Wellington region has been running since April 2013. It has consumed a considerable amount of resource, and involved a significant period of uncertainty about local government arrangements in the region. In returning to the

clause 11 process to identify a new draft proposal, we recommend the Commission gives greater weight to bringing this period of uncertainty to a close than was necessary at the time of the initial reorganisation applications.

Conclusion

32. Considering the matters in clause 11(3), we recommend the Commission restrict the extent of its identification of reasonably practicable options to only those:

(a) for which we have evidence of sufficient community support for a proposal to stand a reasonable chance of success at a poll of affected electors and

(b) which will provide certainty about local government arrangements.

4. Identification of reasonably practicable options

33. Officials recommend Commissioners agree that the only option that has a sufficient level of community support to have a reasonable chance of success at a poll is the merger of the three Wairarapa district councils to form a single district council, with the existing local government arrangements remaining in place elsewhere in the Wellington region.

34. The results of the consultation and submission process on the previous draft proposal make it clear that the range of options that would be supported at a poll is limited. The option of a region-wide unitary authority was resoundingly rejected, in terms strongly suggesting the response to proposals involving significant transfers of territorial authority responsibilities to the regional level would be similarly rejected. There was an indication of some community support for the further consideration of selective mergers of neighbouring territorial authorities, and the greater use of shared services arrangements among existing councils.

35. Our consultation and engagement since June 2015 has sought to explore the potential for a new draft proposal involving smaller scale changes for which we had some evidence of possible community support. The results of this have been:

Wairarapa

a) The process undertaken in conjunction with the three Wairarapa district councils and the regional council during 2016 has seen a range of jointly developed governance options for the area presented to the community and tested through public meetings, drop-in centres, written feedback and public opinion polling. This engagement showed that a draft proposal to merge the three current Wairarapa district councils would attract a significant level of community support (see paragraphs 13 to 18).

Other territorial authority amalgamation options

b) There was an expression of interest from Porirua City Council in merging with Wellington City Council. Wellington City however indicated it was not in favour of

pursuing this option at this time. Following a significant change in the membership of Porirua City Council at the 2016 elections, Porirua has not renewed its support for a merger. There is no evidence of community support for territorial authority amalgamations elsewhere in the region at this time.

Shared services and other non-structural options

- c) During 2016 the Commission engaged with councils in the Wellington region on possible changes to strengthen the governance and service delivery arrangements for transport, the three waters, regional economic development, and the potential for some system of regional or metropolitan spatial planning. Work on regional economic development and the three waters has resulted in significant recommendations to councils. However these recommendations do not require a reorganisation process to implement. Options to address the region's spatial planning and transport challenges have not yet progressed to the point of producing specific proposals for change with community and council support. While changes may be agreed in the future, this is not sufficiently imminent to justify continuing the wider reorganisation process and the consequent uncertainty about future local government arrangements. Also as noted in paragraph 20, the Commission does not have the ability to implement the sorts of changes indicated by the functional work streams through the reorganisation process.

36. Clause 11(4)(b) states that a reasonably practicable option may be one put forward in an application, or in an alternative application, a combination of aspects of two or more of the above, or an option formulated by the Commission itself. The option of a single combined Wairarapa district council alongside the existing local government arrangements in the remainder of the Wellington region is an option formulated by the Commission, working in conjunction with the affected councils, rather than one derived from any specific application or alternative application.
37. In conclusion, the only option for reorganisation for which we have evidence of sufficient community support to have a reasonable chance of success at a poll is one based on a single combined Wairarapa district council, with the current local government arrangements remaining across the rest of the Wellington region.

Tests for reasonably practicable options

38. Officials' advice is that the option of a single combined Wairarapa district council alongside the current local government arrangements for the remainder of the Wellington region meets the specific tests under clause 11(5) for a reasonably practicable option, having regard to clause 11 (6).
39. Before concluding any option is reasonably practicable the Commission must be satisfied that any local authority proposed to be established, or changed, under an option will:
 - a) have the resources necessary to enable it to carry out effectively its responsibilities, duties and powers (clause 11(5)(a))

- b) have a district or region that is appropriate for the efficient performance of its role as specified in section 11 (clause 11(5)(b)) and
 - c) contain within its district or region, one or more communities of interest, but only if they are distinct communities of interest (clause 11(5)(c)).
40. Clause 11(5)(d) relates only to proposals to establish a regional council or unitary authority and consequently is not relevant in this context.
41. Clause 11(6) states the Commission must have regard to:
- 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.
42. The area of impact is the area of the three existing Wairarapa district councils. This is also the area of benefit of services provided. The option does not exclude an area from a district or region so sub-clause c) does not apply.
43. Because these tests are applicable only to any local authority to be established or changed by the option, it is not necessary to consider whether the Wellington region's other local authorities would satisfy these requirements, as no changes are proposed to them.

Adequacy of resources

44. The three current Wairarapa district councils are all undertaking their responsibilities as territorial authorities effectively. Like many other rural and provincial councils they face a range of challenges. All territorial authorities need to maintain and improve infrastructure to improve resilience and to reflect public health and resource consent requirements. These requirements are expected to become more demanding, and hence more costly through time, driven by public expectations of better public health and environmental outcomes. This is likely to be particularly challenging for councils with little population growth and aging populations, as those on fixed incomes may become less willing or able to pay. However, these pressures are not yet preventing the existing councils from undertaking their responsibilities effectively.
45. A combined Wairarapa district council would have available to it the same resources as the three current councils and carry out the same range of responsibilities. It would therefore have the resources to effectively carry out its responsibilities, duties and powers.

Appropriate district for the performance of its role

46. The role of a local authority under section 11 of the Local Government Act 2002 is to:

- a) give effect to the purpose of local government and
- b) perform the duties and exercise the rights conferred on it by or under the Local Government Act 2002 or any other Act.

47. The purpose of local government (in section 10) in turn contains a number of elements:

- a) to enable democratic local decision-making and action by and on behalf of communities
- b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective to households and businesses. Good quality is defined as efficient, effective and appropriate to present and future circumstances.

48. The proposed combined Wairarapa district council area would be an appropriate district for the efficient performance of its role as specified in section 11. The option would merely combine what are currently three relatively small territorial authorities into one medium sized one. A combined Wairarapa district council would be similar in population to Upper Hutt, Whanganui, Timaru and the Western Bay of Plenty, and, in land area, to Hastings, Taupō or Clutha.

49. There is no reason to question the appropriateness of such a district in terms of its capacity to provide effective democratic community governance.

50. Similarly the single combined Wairarapa district council option would create a district with a level of financial and operational scale likely to be sufficient for it meet current and foreseeable future needs for infrastructure, public services, and regulation in an efficient and effective manner. Given the number of services the three Wairarapa district councils already share, further combining of services is appropriate for the new council to perform its role.

Communities of interest

51. The wording of the requirement suggests a focus on avoiding the division of strong communities of interest rather than attempting to give expression to communities of interest at the smallest scale. This is consistent with the Commission's understanding of the concept of communities of interest as something having multiple layers and dimensions.¹

52. In dealing with the concept of community of interest in previous Wellington decisions, the Commission has made use of a framework set out in a paper developed by Helen

¹ Local Government Commission (February 2016). *A study of communities of interest in Wellington Region*.

Fulcher for the South Australian Department of Local Government.² This paper identifies three interwoven dimensions of community of interest - perceptual, functional and political - that can be used to identify the degree of interdependence in an area:

- a) the perceptual rests on people's subjective feelings of identity with an area
- b) the functional looks at the observable pattern of people's lives – where they “live work and play”
- c) the political relates to the political structures which give people voice.

Perceptual communities of interest

53. People's perceptions of their community of interest are not exclusive; a feeling of local identity with a suburb or township is likely to coexist with broader feelings of identity with a district, sub-region or region. The proposed Wairarapa district would contain within it five major townships each representing a local community of interest, along with smaller settlements and extensive rural areas with generally low population densities. In addition there is clearly also some perception of each of the current districts as representing distinct communities of interest.
54. A major focus of debate throughout the Wellington reorganisation process has, however, been around a perception of the Wairarapa as a whole as a community of interest, either as a part of, or apart from, an even larger community of interest represented by the Wellington region. The 2013 reorganisation application from the three Wairarapa councils rested on a strong and widely accepted perception that the Wairarapa as a whole is a community of interest.
55. Similarly for Māori, Rangitāne and Ngāti Kahungunu ki Wairarapa are distinct from the western Wellington iwi and have a Wairarapa community of interest.

Functional communities of interest

56. As part of its 2014 decision-making process the Commission considered a number of sources of information seen as indicators of functional communities of interest. An analysis of BNZ cardholder spending by district showed high levels of spending by South Wairarapa and Carterton residents in Masterton highlighting the role of Masterton as a business centre for the whole of the Wairarapa.³ An analysis of 2006 census travel-to-work data showed significant levels of cross-district travel to work particularly between Masterton and Carterton. An analysis of intra-regional economic flows undertaken by Market Economics confirmed the impression of significant economic interconnections within the Wairarapa and the role of Masterton as a sub-regional centre. This all presents a picture of a significant degree of functional community of interest across the three Wairarapa districts alongside more local relationships.

² Fulcher, H., (1989) South Australian Department of Local Government, *A discussion paper which explores the concept of community of interest as it applies to local government boundaries.*

³ Local Government Commission (December 2014). *Draft proposal for the reorganisation of local government in Wellington, Volume 2 Technical report: Evaluation of the options and the draft proposal, part 2.*

Political communities of interest

57. In terms of political communities of interest the Wairarapa is part of, but not all, of the Wairarapa Parliamentary constituency. In terms of Māori constituencies the Wairarapa forms the southern part of the Ikaroa-Rāwhiti electorate. The Wairarapa also has its own district health board separate from the Capital and Coast and Hutt Valley boards in the west. Other central government administrative boundaries vary with respect to the Wairarapa: for instance, the Wairarapa is included in the Wellington Police District, but for Work and Income it is part of the Central region.
58. Clearly the district of a combined Wairarapa district council would contain a number of distinct local communities of interest while also itself representing a recognisable sub-regional community of interest. This suggests that a combined Wairarapa territorial authority would contain a number of perceived and functional local communities of interest and appears an appropriate political expression of the interconnections among the current districts.

Conclusion

59. Officials conclude that a combined Wairarapa territorial authority (with the existing local government arrangements in the remainder of the Wellington region) satisfies the specific tests for a reasonably practicable option under clause 11(5) Schedule 3, having regard to the matters in clause 11(6).

5. Identification of preferred option

60. This section of the paper compares the two reasonably practicable options:

- the existing local government arrangements across the whole of the Wellington region and
- a single combined Wairarapa district council and existing local government arrangements in the remainder of the Wellington region.

61. To identify a preferred option the Commission must consider specific legal criteria set out in the Local Government Act 2002. To assist Commissioners to navigate these tests and this section of the paper, Table 1 below summarises the analysis comparing the status quo and the Wairarapa district council option against these legal criteria or tests.

Table 1: Summary of analysis comparing the Wairarapa district council option and status quo options against tests in clause 12(1)(a) and (b) of Schedule 3

TEST (a): The Commission must be satisfied its preferred option will best promote, in the affected area, the purpose of local government. The purpose of local government is:	
- to enable democratic local decision-making and action by, and on behalf of, communities; and	
<i>FACTOR</i>	<i>SUMMARY OF ANALYSIS</i>
<i>Democratic local decision-making and action</i>	<i>Both options work. The Wairarapa district council option provides for more effective decision-making and action on behalf of the Wairarapa community as a whole - with scope for continued local decision-making where appropriate</i>
- to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality means efficient; effective; and appropriate to present and anticipated future circumstances.	
<i>FACTOR</i>	<i>SUMMARY OF ANALYSIS</i>
<i>Infrastructure</i>	<i>Both options work; Wairarapa district council option better able to deliver 'good quality'</i>
<i>Public services</i>	<i>Both options work; Wairarapa district council option better able to deliver 'good quality'</i>
<i>Regulation</i>	<i>Both options work; Wairarapa district council option better able to deliver 'good quality'</i>
CONCLUSION The Wairarapa district council option meets the clause 12(1)(a) test	
TEST (b): The Commission must be satisfied the preferred option, a Wairarapa district council, will facilitate, in the affected area, improved economic performance.	
<i>FACTOR</i>	<i>SUMMARY OF ANALYSIS</i>
<i>Efficiencies and cost savings</i>	<i>YES</i>
<i>Productivity improvements for council, businesses and households</i>	<i>YES</i>
<i>Simplified planning</i>	<i>YES</i>
CONCLUSION The Wairarapa district council option meets the clause 12(1)(b) test	

Summary of advice

62. We advise that the option of a combined district council in the Wairarapa with the existing local government arrangements in the rest of the region is the option that will best promote the purpose of local government in the affected area. We also advise that this option will facilitate improved economic performance in the affected area.
63. The Wairarapa district council option would provide governance arrangements based on a council with a mandate for and accountability to the Wairarapa as whole. A single Wairarapa council will be better able to identify and articulate a Wairarapa perspective within the region and to outside stakeholders. While it would result in a lower ratio of electors to councillors than existing arrangements, there is scope for more local decision-making to be retained through community boards.
64. A combined council will be better placed to manage future demands for infrastructure and public services by being able to manage these through a single structure, without the duplication inherent in the existing arrangements. The additional organisational scale will provide scope for more secure employment of the necessary skilled staff, greater organisational resilience, and more standard approaches across the enlarged district. Work programmes and investment will be able to be prioritised and programmed more effectively. There would be scope for standardisation of regulatory rules and their administration across the current districts. Current duplication in decision-making and resourcing, and compliance costs for groups that work across the Wairarapa, would be reduced or removed. There would be the opportunity for community facilities across the Wairarapa to be managed and prioritised as a single network, providing more diverse facilities for the community.
65. The combined district council option has a minor positive impact on parts of the region beyond the Wairarapa, with one council representing the Wairarapa rather than three, reducing compliance costs.

Criteria for the assessment

66. Criteria for the assessment are set out in clause 12. They involve a complex set of inter-related elements. At the highest level clause 12 sets two tests. These are that the Commission “must be satisfied” that:
 - a) the preferred option will be the option that “best promotes the purpose of local government” as set out in section 10 of the Local Government Act 2002 and
 - b) the preferred option will facilitate improved economic performance in the affected area.
67. Based on the wording used in clause 12, the two tests have different weights. The Commission needs to be able to satisfy itself that the preferred option out-performs other reasonably practicable options in terms of promoting the purpose of local government. However it only needs to be satisfied that the preferred option will also facilitate improved economic performance, but not that it out-performs other options in this regard.

68. The “purpose of local government” in section 10 has two parts. The first relates to enabling “democratic local decision-making and action by and on behalf of communities”. This contains within it questions of governance, representation, the nature of the communities concerned and capacity to act to give effect to decisions. The last aspect is closely related to the second part of the purpose of local government.
69. The second part of the definition is about the ability to “meet current and future needs ... for good quality local infrastructure, public services and regulation”. “Good quality” is defined as efficient, effective and appropriate to present and future needs. The focus here is more on questions of capacity and capability in efficient delivery of infrastructure services and regulation, and “fitness for the future”.
70. Clause 12(1) provides some guidance as to the factors that indicate improved economic performance, identifying the following as matters that can be considered (without limitation):
- a) efficiencies and costs savings
 - b) productivity improvements both within local authorities and for businesses and households and
 - c) simplified planning processes, including for instance the integration of statutory plans and reductions in the number of plans to be prepared and approved.
71. The criteria in clause 12 are to be applied to the “affected area”, which, for the purposes of assessing a preferred option, is the entire Wellington region. Accordingly we need to consider all of Wellington, although the options are virtually identical in their impact outside the Wairarapa.

Purpose of local government – democratic local decision-making

Criteria:

72. How well an option would give effect to the first part of the purpose of local government involves consideration of a number of interlinked questions:
- To what extent can the population of a proposed local authority be regarded as comprising a community?
 - Whether appropriate democratically representative arrangements can be put in place?
 - Whether the domain over which decisions are to be made allows community concerns to be addressed effectively?
 - Is the local authority likely to have, and be able to maintain, a sufficient level of capacity and capability to act effectively on decisions that are made?

Option 1 – Existing arrangements

73. The Wairarapa is divided among three district councils. Each council, however, has mandate and accountability only for a single district. There is currently significant collaboration and co-operation among the three councils, evidenced by the existing

range of shared services arrangements.⁴ Such arrangements, however, rely on a variety of ad hoc arrangements such as joint committees. Cross-council decision-making adds complexity to governance arrangements. These arrangements often rely on ongoing buy-in, which may need to be renewed following each local election.

74. Between them the three current councils have three mayors and 27 councillors across a population of 43,600.⁵ There is one elected member for about every 2200 people in Masterton and around one for every 1000 in the other two districts. These ratios of population to councillors are unusually generous by national standards.
75. Electoral arrangements differ among the three districts with Carterton District Council elected at large, Masterton having a mix of ward and at-large members, while South Wairarapa council is elected entirely on the basis of wards. The councils also differ in that South Wairarapa District has three community boards with coverage across the whole district, while the other districts do not have community boards.
76. There are different approaches to involving Māori in decision-making among the three councils: for instance Masterton has representatives with voting rights on council committees, while Carterton has Hurunui ō Rangi Marae representatives attend council meetings and South Wairarapa has a Māori Standing Committee.

Option 2 – A combined Wairarapa district council

77. A single combined territorial authority would have mandate and accountability for decision-making on behalf of the whole of the Wairarapa.
78. A combined district council would have one mayor and 12 councillors. This would result in a reduction in the currently very high levels of elected representatives on a population basis. Within such an enlarged council, there is scope for decision-making at more local community level through community boards, and for community boards to be established more broadly than at present. This is a matter for consideration in the detailed development of a draft proposal.
79. A single council would require only a single council committee structure and a single management and advisory structure to support council decision-making processes. There would be a single consistent set of representation arrangements across the whole district and a single approach to engagement with iwi, and a consistent approach to the creation and roles of community boards.

Analysis and comment

80. A combined council would reflect the perception of the Wairarapa as a whole as a community, rather than as three separate district communities, under the existing arrangements. This would provide a greater a level of ability to address issues that are

⁴ Morrison Low (June 2016). *2165 Wairarapa Assessment of Local Government Options*. p.26.

⁵ NZ Stats 2016 Population Estimates, released January 2017.

wider in scope than the current territorial authority districts, without the need for complex multi-council arrangements.

81. A separate report to describe the communities of interest in the Wellington region was provided to Commissioners in 2015.⁶ It identified a significant degree of functional connectedness within the Wairarapa alongside broader connections to metropolitan Wellington and the region as a whole, with Masterton acting as a sub-regional centre of economic activity.⁷
82. Within the Wairarapa it is clear that there is a sense of a pan-Wairarapa community, spanning the districts of the three districts and five principal townships, represented by tourism, sporting and business groups. Current arrangements divide this population among three councils, each sovereign in its own district and requiring complex ad hoc arrangements among multiple councils in order for decisions to be made or action taken jointly. No one has a direct mandate and accountability for decisions on behalf the Wairarapa community as a whole.
83. The extent of current collaboration and co-operation among the three councils, and the range of shared services arrangements,⁸ can be seen as recognising the desirability of decisions and actions being taken at larger scale than the current districts, and as evidence of the councils moving to respond to it, within the limitations of the current arrangements. The 2013 application from the three councils for a unitary authority in the Wairarapa can be seen as an expression of an aspiration for decision-making and action across the Wairarapa as a whole.
84. A single council would have clear mandate and accountability for decision-making on behalf of the Wairarapa as a whole. It would enable a single representation structure (such as a consistent ward structure) and consistent approaches to community governance and iwi relationships. Overall decision-making arrangements would be simpler, more understandable and arguably more accessible to members of the public seeking to have input.
85. The reduction in numbers of elected representatives may, however, be seen as disadvantageous. The reduced number, however, does not necessarily indicate a decline in effectiveness of representation or accessibility to the public. It would be expected councillors would be able to spend more time on council business than under current arrangements given the level of remuneration. Representation by population would be about one district councillor per 3,354 people (13 representatives for 43,600 people). This is similar to Whanganui at 3,369 (13 representatives for 43,800 people) and higher than Timaru at 4,670 (10 representatives for 46,700 people) and Upper Hutt at 3,873 (42,600 for 11 representatives).

⁶ Local Government Commission (February 2016). *A study of communities of interest in Wellington Region*.

⁷ *Ibid.*

⁸ Morrison Low (June 2016). *2165 Wairarapa Assessment of Local Government Options*. p.26.

86. The advantages and disadvantages/risks of the options are summarised in the table below.

Advantages	Disadvantages / Risks
<p>Existing arrangements</p> <ul style="list-style-type: none"> • no disruption to current structures or decision-making processes • an established willingness among the councils to collaborate through joint committees and forums • the Wairarapa has three members and votes on some regional committees, including the Regional Transport Committee. 	<p>Existing arrangements</p> <ul style="list-style-type: none"> • duplication of decision-making processes and structural inconsistencies between the Wairarapa councils with respect to committees, task groups, and working parties • difficult for public to understand, engage and influence the governance arrangements for Wairarapa as a whole • joint committees and working groups are an essential part of the status quo, but add a layer of complexity, rely on the ongoing commitment of the individual councils and must be re-established following each election • various degrees of fragmentation will remain with respect to funding of Wairarapa facilities, planning, policy and regulatory decisions • in spite of the proven willingness of the three Wairarapa territorial councils to work together there remains the potential for Wairarapa not have a consistent position in regional and national forums thus weakening the impact of any advocacy on behalf of Wairarapa as a whole

Advantages	Disadvantages / Risks
<p>Wairarapa district council option</p> <ul style="list-style-type: none"> • a stronger mandate for the mayor and councillors with respect to decisions and advocacy for Wairarapa nationally and regionally • the governance structure will be simplified, with fewer council committees, task groups and working parties, and no Wairarapa multi-district council committees, therefore the governance structure will be <ul style="list-style-type: none"> ○ more effective ○ more easily understood and transparent, and therefore ○ easier for community groups, Māori, businesses, and individuals to engage with (e.g. to know when and who to make submissions to) • the staff time and effort required to support political decision-making within the Wairarapa will be reduced • spending and funding decisions can be rationalised and prioritised across the district for Wairarapa-wide issues • a consistent model of representation across the new Wairarapa district should increase understanding and therefore engagement in local elections and local governance overall • although there would be fewer elected members than under existing arrangements, the level of representation would be appropriate on a per population and geographic coverage basis, and generally at a slightly higher than usual level, when compared with other local authorities of a similar scale 	<p>Wairarapa district council option</p> <ul style="list-style-type: none"> • the reduction in the number of councillors should focus councillors more on district wide decision-making, possibly at the expense of localised decision-making; this risk could be mitigated by inclusion of community boards as part of the draft proposal • Wairarapa representation on regional committees and forums, such as the Regional Transport Committee, is likely to reduce as there will only be one Wairarapa member, rather than the current three • lower level of representation by population (although still high compared to councils of similar scale) • residents in rural wards may have less access to elected members (although this risk could be mitigated by a Rural Standing Committee)

Purpose of local government – Infrastructure

Criteria

87. This criterion is about how well an option would result in arrangements that are able to meet the current and future needs of communities for *good quality local infrastructure*. In this context “good quality” means efficient, effective and appropriate for present and future circumstances.

Option 1 – Existing arrangements

88. The major infrastructure roles of local government relate to roading and the three waters (drinking water, wastewater and stormwater). These infrastructural activities together account for a significant portion of council assets and expenditure. These are responsibilities that rest with each territorial authority within its own district. In relation to roading there is a mechanism for the prioritisation of major projects across regions and an opportunity for coordination across councils, through the requirement for the development of Land Transport Management Strategies within each region under the Land Transport Management Act.

89. The three current territorial authorities each maintains a local roading network and provides urban infrastructure, water, wastewater and stormwater, at the scale of the various urban settlements.

Three Waters

90. The drinking water, wastewater and stormwater networks in the Wairarapa are all at township scale. There are also council supported rural water schemes. The Waingawa industrial area of Carterton is connected to the Masterton network for water and wastewater, but otherwise each council operates its own networks. These have varying levels of service, to some extent reflecting different consent conditions for water takes and discharges.

91. Significant capital investment is planned over the next 30 years, the greatest amount by Masterton. Carterton's water supply has a low grading from the Ministry of Health. South Wairarapa and Carterton have taken decisions to move to land based disposal of treated wastewater while Masterton is planning to upgrade its Homebush treatment plant to reduce discharge to the river.

Roads

92. Each council is responsible for its own roading network, comprising sealed and unsealed roads, bridges, culverts, footpaths and streetlights. The report by Morrison Low identified that total roading operating expenditure for 2015/16 across the three councils was \$18.9 million.

93. Masterton District has a roading team which also manages Carterton's roads under a contractual arrangement. South Wairarapa employs its own Roding Manager. The three councils have worked together on retendering maintenance contracts with the aim of producing consistent standards of road maintenance and reducing costs.

Option 2 – Combined Wairarapa district council

94. Under this option all three waters and roading infrastructure across the Wairarapa would fall under a single council. This would be able to maintain a single pool of professional resource in respect of water infrastructure and roading at a larger scale than the current councils. There would be one local roading network. Infrastructure would be managed and work programmes would be prioritised across the enlarged district as a whole.

Analysis and comment

95. In relation to infrastructure the Wairarapa councils face the longer term challenges common to many rural and provincial councils. In relation to water and wastewater in particular the challenge is not only to continue undertake and fund the maintenance and renewal programmes necessary to maintain current level of service. These are activities where rising community expectations have driven increased regulatory standards which will require higher levels of service in the future.

96. For example, as councils’ discharge permits for wastewater are renewed, they will need to be consistent with the objectives and limits set in the region’s Natural Resources Plan (which will be amended over time to give effect to the National Policy Statement on Fresh Water). The significant capital expenditure by Masterton District on the Homebush sewerage treatment facility and the impact this had had on levels of rates and debt provide a good illustration of this. In similar fashion, national standards for drinking water now provide baseline levels of service to which councils as water infrastructure providers are required to respond.
97. In relation to roading in the Wairarapa, identifiable future challenges include economic factors such as the impact on the network of forest harvestings, the potential for High Performance Vehicles to impact on bridges, and the vulnerability of some coastal and other rural roads.
98. While none of the existing three councils can be regarded as currently failing in relation to infrastructure, there are strong reasons for considering that a combined council would be in a significant stronger position to meet future challenges. In part this reflects that the small size of the current councils, particularly South Wairarapa and Carterton, will make it difficult for them to continue to recruit and retain a range of specialist staff. The larger scale of the combined council will provide scope for greater specialist capability and staff resilience. Greater financial and organisational scale also provides the scope for more effective prioritisation of work programmes and for optimising the bundling of contracts. The section of this report on cost savings and efficiencies also identifies some possible financial savings in these areas (see paragraph 128).
99. A combined council would be able to manage the local roading network of the Wairarapa as a single network. The analysis undertaken by Morrison Low suggest that this may lead to the opportunity of a roading alliance with NZTA combining management of local roads and state highways within the Wairarapa which may generate further efficiencies.
100. The advantages and disadvantages/risks of the options are summarised in the table below.

Advantages	Disadvantages / Risks
<p>Existing arrangements</p> <ul style="list-style-type: none"> no disruption to current management 	<p>Existing arrangements</p> <ul style="list-style-type: none"> South Wairarapa and Carterton councils very small scale so less capacity to manage unexpected events difficult to recruit and retain specialist staff one roading network managed by multiple councils

Advantages	Disadvantages / Risks
<p>Wairarapa district council option</p> <ul style="list-style-type: none"> • increased council scale will provide scope for increased capability and capacity, more specialist capability and staff resilience • increased council scale means Wairarapa local government will be better able to respond to current and future changes in regulatory standards or requirements set by central government (e.g. fresh water quality standards impacting on sewage treatment and discharges; healthy and safety regulation updates; financial accounting updates; NZTA updates to road funding requirements) • increased resources for improved asset management practices and planning • modest financial savings • roads could be managed as a single network – consistent with how they are used • the opportunity would be created to consider a roading alliance with NZTA • better financial resilience – to cope with unexpected change and big challenges 	<p>Wairarapa district council option</p> <ul style="list-style-type: none"> • the change process will be unsettling for staff; rather than face a period of uncertainty as new organisational structures are set up, knowledgeable local staff may choose to leave the council

Purpose of local government – Public services

Criteria

101. This criterion is about how well an option would result in arrangements that are able to meet the current and future needs of communities for *good quality public services*. In this context “good quality” means efficient, effective and appropriate for present and future circumstances.

Option 1 – Existing arrangements

102. Councils provide a variety of public services beyond the major areas of infrastructure provision including such activities as libraries and other community, sports and recreational facilities and programmes and solid waste management.

103. Within the Wairarapa, total expenditure on community facilities was \$10.9m (2015/16) along with a further \$5.6m on parks and sports across the three councils. Each council provides a similar range of activities but with some differences. Masterton has a recreation centre and an airport, Carterton has an Events Centre and South Wairarapa has an airfield for gliders. A significant level of staff resource is involved. Masterton has about 22.5 full time equivalent staff in this area with smaller teams in the other two councils. Carterton and South Wairarapa operate a joint library service. All three councils have noted the future impact of meeting building and earthquake standards for community buildings.

104. The three councils share solid waste services. There is a joint contract for kerbside collection, recycling, transfer stations and waste transport. Masterton employs a waste

reduction officer who works across the three districts, and all three councils participate in the Greater Wellington Regional Waste Management Plan.

Option 2 – Combined Wairarapa district council

105. Under the combined district option, a single bigger team would manage a greater range of community facilities across the Wairarapa as a whole.

Analysis and comment

106. The current councils currently provide a good range of community facilities. The combined council would provide some potential advantages.

107. Combining the staff and financial resource of the three councils may provide opportunity for increased specialisation among facilities, and taking a portfolio approach may allow for better prioritisation of upgrades and earthquake strengthening. There may be economies in procurement and contracting, and this may provide scope fund a greater range of discretionary activity.

108. There would be a need to consider standardisation of fees and charges which currently vary between districts. The new council would also need to revisit questions of which community facilities should be regarded as district-wide facilities and which as more local, and therefore which rate-payers should contribute to the cost of these facilities.

109. There would be no gains in relation to solid waste management given the current shared services arrangements.

110. The advantages and disadvantages/risks of the options are summarised in the table below.

Advantages	Disadvantages / Risks
<p>Existing arrangements</p> <ul style="list-style-type: none"> • no disruption to current management 	<p>Existing arrangements</p> <ul style="list-style-type: none"> • South Wairarapa and Carterton councils currently very small scale so less capacity to manage unexpected events • difficult to recruit and retain specialist staff • duplication across the three districts in service provision, management, and administration

Advantages	Disadvantages / Risks
<p>Wairarapa district council option</p> <ul style="list-style-type: none"> increased council scale will provide scope for increased capability and capacity, more specialist capability and staff resilience increased scale means better ability to provide a diverse portfolio of community facilities across the Wairarapa increased resources provide the scope for improved asset management practices and planning modest financial savings easier for funders and other stakeholders who provide public services such as tourism, sporting and cultural organisations, to coordinate with or partner with council 	<p>Wairarapa district council option</p> <ul style="list-style-type: none"> the change process will be unsettling for staff; rather than face a period of uncertainty as new organisational structures are set up, knowledgeable local staff may choose to leave the council

Purpose of local government – Regulatory services

Criteria

111. This criterion is how about well an option would result in arrangements that are able to meet the current and future needs of communities for *good quality regulatory functions*. In this context “good quality” means efficient, effective and appropriate for present and future circumstances.

Option 1 – Existing arrangements

112. Territorial authorities undertake a wide range of regulatory roles. Land use regulation through the district plan and the Resource Management Act (RMA) and building consenting under the Building Control Act are major responsibilities. Others include liquor licensing, gaming regulation, dog and animal control, prostitution, rural fire, civil defence and emergency management and environmental health.

113. Total operating expenditure across the three Wairarapa councils for these activities is \$6.4m (2015-16). Masterton has 10.2FTEs in Planning and Regulatory and 6.6 FTEs in building control. South Wairarapa has a building team of 6, and environmental health team of 5 and a planning team with 3. Carterton has 2 planners, 2 building officers, and 1 each in environmental health and animal control.

114. There has been a degree of co-operation among the councils in developing bylaws. Masterton and South Wairarapa have developed a set of consolidated bylaws, although not all parts apply fully in South Wairarapa. Carterton has its own bylaws. There remains considerable duplication at the levels of policies, bylaws and enforcement and the committee and staff structures supporting them.

Option 2 – Combined Wairarapa district council

115. Under this option a single council would be responsible for all regulatory policy decision, and a single organisation would be responsible for interpretation and enforcement of regulatory rules.

Analysis and comment

116. Over time we expect a single council would result in a single standard set of regulatory rules across the whole of the Wairarapa, and consistent interpretation and enforcement of those rules across what are currently three separate districts. By removing duplication in decision-making processes and support staffing it should result in some, although not necessarily major efficiencies.

117. Because of its greater scale the combined council would be better able to recruit and retain specialist staff in regulatory areas. Having more standard rules and more consistent interpretation of regulatory rules is likely to be beneficial to businesses and community groups that operate across the current districts and currently need to deal with multiple councils. This is also relevant to the consideration of the economic impacts of the options which are discussed further in a subsequent section of this report (see paragraph 132).

118. The advantages and disadvantages/risks of the options are summarised in the table below.

Advantages	Disadvantages / Risks
<p>Existing arrangements</p> <ul style="list-style-type: none"> • no disruption to current management 	<p>Existing arrangements</p> <ul style="list-style-type: none"> • South Wairarapa and Carterton councils currently very small scale so less capacity to manage unexpected events • difficult to recruit and retain specialist staff • duplication across the three districts in terms of regulation setting and consents, permits and licenses
<p>Wairarapa district council option</p> <ul style="list-style-type: none"> • increased council scale will provide scope for increased capability and capacity, more specialist capability and staff resilience • increased scale means better ability to manage changes in council's regulatory roles (e.g. building consent issuing requirements, RMA amendments) • modest financial savings • planning, policy and regulatory decision-making for the district will be consistent across the Wairarapa, removing the potential for boundary issues/gaps/inconsistencies created by current council boundaries e.g. different council requirements for a property that straddles council boundaries • with only one council to work with, it will be easier and cheaper for businesses and community groups that work across the Wairarapa to obtain consents and permits, and understand council fees and processes. 	<p>Wairarapa district council option</p> <ul style="list-style-type: none"> • the change process will be unsettling for staff; rather than face a period of uncertainty as new organisational structures are set up, knowledgeable local staff may choose to leave the council

Purpose of local government – conclusion

119. In conclusion, having considered factors relating to:

- democratic local decision-making and action by, and on behalf of, communities and
- the ability to meet current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions in the most cost effective manner

we advise that the option of a combined district council in the Wairarapa with the existing local government arrangements in the rest of the region is the option that will best promote the purpose of local government in the affected area.

Facilitating improved economic performance

120. The second part of the test for the preferred option is that the Commission must be able to conclude that the option would facilitate improved economic performance. The Local Government Act 2002 gives partial guidance as to how this is to be assessed, identifying efficiencies and cost savings, productivity improvements and simplified planning as elements which may be considered.

121. Because the option only changes arrangements in the Wairarapa, its impact on economic performance will be at the scale of the Wairarapa. It will have only minor impacts across the region more broadly.

122. Local government structures are only one of a range of factors influencing the economic performance in a district or region. Consideration of the economic impacts of local government tends to focus on the effective provision of appropriate infrastructure, the cost and cost effectiveness with which infrastructure and local services are provided, and the impacts of local regulation, both in terms of the content and appropriateness of regulatory rules and the cost of compliance with them.

Facilitating improved economic performance – efficiencies and cost savings

123. The assessment of Wairarapa options carried out by Morrison Low as part of consultations with the Wairarapa community included consideration of possible efficiencies and cost savings.

124. In considering efficiencies and cost savings it is necessary to take into account an assessment of the likely costs of change, and the transition to the new structures which an option envisages. In all work undertaken on this as part of the reorganisation process, a significant challenge has been estimating the costs of integrated IT for proposed new councils. The 2014 analysis suggested a very high potential cost for a possible combined Wairarapa territorial authority, but with a relatively low level of confidence. This reflected that the primary focus of that analysis was on the western part of the region. The more recent work by Morrison Low produced a revised estimate. Because these costs are material to an overall assessment of efficiencies and cost savings, further work

has been done using improved IT transition cost information. The results are reported in an addendum to the Morrison Low report and incorporated in the assessment of savings and efficiencies set out in this section.

125. The three councils are currently operating successfully and not identified as being at risk. The current and projected financial positions of the current councils are positive. Based on data from the three councils' 2015-25 long term and annual plans Morrison Low calculated the combined position of the three councils as part of a baseline status quo scenario. This identified a likely combined operating surplus of \$46.9m over the 10 years from 2016-17 to 2025-26.
126. Like many other councils, they face longer term challenges and risks. On the one hand the demands of meeting regulatory requirements, and renewing and maintaining infrastructure will increase through time, driven by public expectations of better public health and environmental outcomes. On the other hand in areas with little population growth and aging populations (and an increasing proportion of rate payers on fixed incomes), the community's ability or willingness to pay may not match the increasing infrastructure costs. In addition councils with a small rating base may have more limited ability to respond to unexpected events, or changing circumstances.
127. Morrison Low has identified a number of areas where efficiencies could be expected under a combined council and detail assumptions used in the analysis.⁹ These savings will manifest as savings to ratepayers, or the ability to deliver infrastructure and services more effectively at similar cost. In some operational areas, the potential for financial savings is limited as a result of existing shared services arrangements already having made efficiency gains.¹⁰
128. In estimating possible savings Morrison Low have identified the following:
- Savings from natural attrition of staff as staff leave and do not need to be replaced due to economies of scale within the larger council. These are expected to relate largely to corporate services areas. Based on a compound rate of attrition of 1.5 per cent over the first three years this is estimated to produce savings of \$3.6 million over 10 years.
 - Efficiencies due to reduced duplication in tier 1 (Chief Executive) and tier 2 management positions across the three councils. These have been estimated at \$15.6 million over 10 years.
 - Reduction in the number of elected members from 30 to 12 (after allowing some extra cost for an increase in numbers of community board members. Estimated at \$1.3 million over 10 years.

⁹ *Ibid* Appendix A.

¹⁰ *Ibid* Table 13, p.25.

- Rationalisation of property on an assumption that five per cent of current book value of land and buildings will be surplus and realised over a three year period and a five per cent premium will be realised suggest savings of \$6.7 million over 10 years.
- Roading and utility savings as a result of collaboration between New Zealand Transport Agency (NZTA) and the council. Savings were estimated at a total of \$4.8 million over 10 years, or approximately \$2.1 million over 10 years for the council (based on current NZTA subsidy rates).
- Audit costs. Savings of \$1.2 million over 10 years from only having one council rather than three subject to audit.

129. Any assessment of likely cost savings needs to take account of costs of transition to a new council. Specific transition costs identified by Morrison Low are:

- Redundancies relating to tier 1 and tier 2 management positions at \$1.5 million.
- Costs associated with harmonisation of salaries. Morrison Low assumed that the average salary at the council with the lowest average salary will increase to the average across all councils. This is estimated at \$8 million over 10 years.
- IT transition costs ranging from \$1.15 to 3.3 million.¹¹
- Costs associated with the establishment of the new councils covering things like HR, systems and branding, and the work of the transition body over the first two years. This is estimated at \$3.8 million.

130. Table 1 below shows that after meeting the transition cost, modest cost savings accumulate progressively into the future, resulting in \$10.1 million saving over the first ten years.

Table 1: Estimated net efficiencies due to amalgamating the three Wairarapa district councils

\$M	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Efficiencies	2.4	2.8	3.0	3.0	3.1	3.2	3.3	3.4	3.4	3.5	31.0
Transition Costs	(4.7)	(2.9)	(1.3)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.8)	(1.8)	(21.0)
Net Efficiencies	(2.3)	(0.1)	1.7	1.3	1.4	1.5	1.5	1.6	1.7	1.8	10.1

131. Table 2 below shows that the net operating result for the new council would be \$56.9M over ten years, including the \$10.1M in net efficiencies due to amalgamation. The revenue and costs are the sum of the three councils' revenue and costs from their current Long Term Plans. The net operating result represents the annual increase or

¹¹ Morrison Low (February 2017), *Update to combined Wairarapa District Council costs*.

decrease in the net worth of the council. This includes change in cash and changes in the value of assets owned and maintained on behalf of the ratepayers.

Table 2: Net operating result for the proposed Wairarapa District Council

\$M	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue	72.8	75.0	77.5	79.0	81.8	84.4	86.9	89.3	91.5	94.6	832.7
Costs	(70.6)	(73.0)	(74.0)	(75.5)	(78.1)	(79.0)	(80.6)	(83.2)	(84.5)	(87.3)	(785.8)
Net Efficiencies	(2.3)	(0.1)	1.7	1.3	1.4	1.5	1.5	1.6	1.7	1.8	10.1
Net Operating Result	(0.2)	1.9	5.2	4.8	5.1	6.9	7.9	7.7	8.7	9.0	56.9

Facilitating improved economic performance – productivity improvements

132. Clause 12(1) refers to productivity improvements “both within the local authorities and for the businesses and households that interact with those local authorities.”

133. Generally the larger scale of the organisation, and the removal of duplication in decision-making processes and decision-making support can be expected to result in productivity improvements within the council organisation. The potential internal productivity improvements are captured, in part, in the previous sections dealing with cost savings and efficiencies. There are also other productivity improvements:

- The larger council would have a more robust revenue base which, over time, would provide greater scope for discretionary spending and the potential to fund the debt-servicing cost associated with a wider capital works programme.
- There would be scope for improved procurement capacity to enhance contract compliance and performance.
- There would be more capacity to undertake advanced strategic planning and policy development leading to more integrated and simplified planning and reporting.
- The consolidated staffing pool would create improved capacity to deal with complex or unexpected change.
- There would be a wider base of organisational knowledge and improved ability to attract and retain skilled staff.¹²

134. Potential benefits for households would arise where these productivity improvements result in ratepayer households:

¹² Morrison Low (June 2016). *2165 Wairarapa Assessment of Local Government Options pp.40-51.*

- paying less in rates and charges than they otherwise might have for the same services or
- benefiting as consumers of council services by getting better quality services, or a wider range of services, at similar cost.

135. Productivity improvements for businesses are also likely to be affected by the levels of rates required to fund local infrastructure and services. Depending upon the nature of the business they may also stand to benefit from improvements that might be made in the planning and delivery of infrastructure. In a rural area like the Wairarapa transport infrastructure for instance is a significant enabler of economic activity. The greater scale of the proposed combined council will provide more secure access to the specialist capability needed for infrastructure planning and delivery. For businesses that operate across more than one district there may also be benefits from standardised regulatory requirements reducing compliance costs, and from eliminating the need to deal with more than one local council.

136. These sorts of effects are not quantifiable in the same way as the internal costs savings and efficiencies previously described but they can be identified as factors that might reasonably be expected to give rise to productivity improvements.

137. The analysis of savings and efficiencies in the previous section identifies a number of expected sources of productivity improvement in the operation of the local authority. There is potential for productivity improvements affecting households and business. The impacts of these may not be great, and for many may not be particularly material, but overall they would be likely to be positive.

Facilitating improved economic performance – simplified planning processes

138. Local authorities undertake planning both for their own operations and investments and for the district as a whole. Some of these are required by statute with specific processes set down to be followed by councils in developing them – most notably the plans under Part 6 of the Local Government Act, and the under the Resource Management Act. All councils also participate in the development of regional land transport plans under the Land Transport Management Act, which prioritise planned spending on land transport infrastructure. In addition councils often develop other non-statutory plans and strategies. Their focus can range from economic development strategies, to strategies for recreational or cultural facilities, to more local plans for neighbourhoods or main-streets.

139. Under the Local Government Act, every local authority is required to prepare annual and long term plans, and these are underpinned by number of supporting plans, policies and strategies. These are the plans that outline the intended activities of the council, how these will be funded and how the performance of the council will be measured. The processes for developing these plans require public consultation on the long term plan every three years, and on an annual plan where this proposes significant changes from the current long term plan.

140. Establishment of a single combined Wairarapa district council would significantly simplify territorial authority planning under the Local Government Act because it would result in three separate long term plans being replaced by one. There would be a single public consultation process around the development of the long term plan, and a single council decision-making process and committee structure rather than three. A corresponding reduction in the number of supporting plans, policies and strategies would flow from this.
141. There would still be separate long term and annual plans developed by Greater Wellington Regional Council that would apply across the region as a whole including the Wairarapa. Having a single Wairarapa territorial authority may simplify input into the processes for developing these plans by providing a single territorial authority advocating on behalf of the Wairarapa.
142. Plans under Resource Management Act are developed with a different focus by both territorial authorities and regional councils. These have far reaching impacts on land use and other activities and are developed through specific complex and time-consuming processes.
143. The Wairarapa is currently within the scope of a range of regional plans administered by Greater Wellington Regional Council. These include an operative Regional Policy Statement and five Regional Plans, and a Regional Pest Management Strategy. A Natural Resources Plan was notified in 2015. Creation of a single Wairarapa district council would impact on the regional plans only to the extent that it simplifies Wairarapa input.
144. In terms of district planning under the Resource Management Act, the three councils have already taken the significant step of developing a single Wairarapa Combined District Plan, and have a joint District Plan Decision Committee. Consequently some of the efficiencies in this area that might be expected from combining districts are already being captured by the joint approach among the current councils. However each council continues to administer the plan separately within its district so there is potential for different interpretations of the plan across the three districts.

Facilitating improved economic performance – economic development activity

145. Local authority activity specifically focused on regional or local economic development is undertaken as a means of facilitating economic growth. The major regional scale vehicle for this across Wellington is the Wellington Regional Economic Development Agency (WREDA). This is a council-controlled organisation owned 80 per cent by Wellington City and 20 per cent by Greater Wellington Regional Council. The Wairarapa councils have an indirect stake in WREDA through the Greater Wellington Regional Council. WREDA was established during 2014. The Commission has commissioned a report on WREDA by Martin Jenkins which contained a number of specific recommendations to the two shareholding councils.¹³
146. The Martin Jenkins report identified that alongside the regional agency, each territorial authority also undertakes a range of economic development activities. There is a diverse range of such activities, spanning economic development strategy, business development, events, and tourism promotion, with councils tending to spread relatively modest funding across a range of particular activities. Hence, despite the existence of the regional CCO, there is still a range of uncoordinated and potentially competitive activity at territorial authority level that is not necessarily aligned with regional priorities. Each of the three Wairarapa councils undertakes some activities of this sort, such as providing support to the regional tourism organisation Destination Wairarapa.
147. During 2015 the three councils, along with the Wairarapa Chambers of Commerce, Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa, established a Wairarapa Economic Development Task Force. The aim of this is to develop an economic development strategy, aligning economic development activities and initiatives across the Wairarapa as a whole.
148. A single combined Wairarapa district council would bring territorial authority local economic development activity a single council with Wairarapa-wide mandate and accountability. This would cement the focus of the Task Force on strategy for the Wairarapa as a whole. It would simplify relationships around council funding and support of Destination Wairarapa, and give the Wairarapa as a whole a stronger mandate in dealing with WREDA and its owners at a regional level. Combining the limited funding under a single council would allow the use of resources to be prioritised more effectively.

Facilitating improved economic performance – conclusion

Officials' advice, having considered the following, is that the Commission can be satisfied that the creation of a combined Wairarapa district council would facilitate improved economic performance within the Wairarapa:

- the impacts of cost savings and efficiencies
- impacts on productivity

¹³ Martin Jenkins (July 2016). *Local Government Economic Development Arrangements in the Wellington Region*.

- the scope for simplified planning processes and
- the role of specific economic development activities.

6. Development of draft proposal

149. The draft proposal based on officials' recommended preferred option is set out in Annex 1. Schedule 3 lists a series of provisions regarding the content of a draft proposal (clause 14). In developing the draft proposal, we have had discussions with representatives of each of the affected councils about some of the details of the proposal. Their feedback is included in the proposal.

Provisions in the draft proposal relating to proposed Wairarapa District Council

150. The proposed combined district's boundaries conform to the requirements of clause 17 of Schedule 3 regarding appropriate boundaries. We have proposed using the external boundaries of the three existing Wairarapa districts. If practicable, the district boundary should conform with the region's boundary. The boundary of the Greater Wellington Regional Council extends slightly north beyond the boundary of Masterton District, with a small part of Tararua District being part of the Wellington region. There is no compelling reason to alter this boundary and it will not be affected by this reorganisation proposal.

151. Representation arrangements in the draft proposal are based on the arrangements proposed in the 2013 application from the existing Wairarapa district councils, with amendments made to reflect updated population projections. However, to meet the requirements of the Local Electoral Act 2001, the boundaries of some wards needed to be moved. Please refer to Annex 2 for more detail.

152. Under clause 19 of Schedule 3, the Commission may consider whether good local government would be best promoted by a system of community boards. The creation of two new community boards and continuation of the existing three community boards, each with one fewer member was also included in the 2013 application.

153. During the 2016 consultation there was concern that community boards would be expensive and entrench parochialism in the new district. The costs of members' remuneration for the proposed five community boards have been estimated at approximately \$129,850 a year. This reflects the current costs of the three South Wairarapa District Council community boards (\$46,350), plus estimates for Masterton (\$51,000) and Carterton (\$32,500) based on current Remuneration Authority determinations for community boards of similar sizes.

154. However there was also support for the community boards, particularly in South Wairarapa District. They were seen as a way to ensure each town has its own identity within the wider district and that decisions about local place-shaping matters, such as

streetscapes, parking, street names etc., are made locally. On balance therefore, we recommend the inclusion of the five community boards proposed in the 2013 application. We have included a draft set of terms of reference for the community boards in the draft proposal. We have recommended that these terms of reference are revised and finalised with the Transition Board for inclusion in the reorganisation scheme.

155. The proposals for a Rural Standing Committee and a Māori Standing Committee also came from the 2013 application. The Rural Standing Committee is a channel for rural issues to be raised with the council. These are not likely to be picked up by the community boards, which are predominantly 'town' focused. It is proposed the Rural Standing Committee should include the rural ward councillors, and also the Martinborough ward councillor as that ward also contains a large rural area.

156. We have not suggested total membership for the Rural Standing Committee nor any detail of the terms of reference. We propose these are left for discussion between the Transition Body, the Commission and the rural community (i.e. in 2018). The committee's terms of reference would then be gazetted by the Commission and be legally binding on the new combined district council for its first term (until 2022).

157. The rationale for a Māori Standing Committee is to provide a formal mechanism for iwi/Māori input into council decision-making. South Wairarapa District Council currently has a Māori Standing Committee. The May 2013 reorganisation application from the three Wairarapa district councils included provision for Māori liaison and participation in council decision-making with "an appropriate structure to be set up as a mechanism for regular engagement with Māori on matters of mutual interest". Further consultation with Māori on the final form of the committee was foreshadowed in the application. All combined district council options presented in the Commission's June/July 2016 public consultation included a Māori Advisory Committee.

158. As for the Rural Standing Committee, we have not suggested total membership for the Māori Standing Committee nor any details of the terms of reference. We propose that these details are left for discussion between the Transition Body, the Commission, and Rangitāne o Wairarapa and Ngāti Kahungunu ki Wairarapa once the Transition Body is established (i.e. 2018). The committee's terms of reference would then be gazetted by the Commission and be legally binding on the new council for its first term (until 2022).

Plans, rates and the management of debt and assets

159. Under clause 14(3)(g) of Schedule 3, the Commission can include any other matter it considers necessary or desirable in the draft proposal. To provide a more complete picture of the proposal for the community, we recommend the Commission includes provisions relating to:

- the rating system of the proposed new district council
- the treatment of the assets and debt of the three legacy councils
- compliance by the proposed new district council with the requirements of the Local Government Act 2002 for councils to have long term and annual plans and associated policies, and

- area offices and the principal public office for the proposed new district council.

160. While it is not explicitly required, there is a strong practical imperative for a draft proposal to make the treatment of rates and debt clear so the community can make an informed response to any draft proposal. However we recommend the Commission is conscious of the risk of making decisions that could, and arguably should, be left to an incoming council of elected representatives to consider in consultation with their community.

161. To inform our approach to these issues, we obtained specialist advice on rating issues (PJ and Associates) and debt and assets (McCredy Winder), and we canvassed issues around transition and planning requirements with senior managers who were involved in the transitional process around the establishment of Auckland Council, and with the Office of Auditor-General.

162. The general conclusion arising from these reports is that the issues of rating, debt and assets and the timing of development of “integrated whole of district” plans and policies, are so inter-connected that the most effective approach is one that considers them jointly rather than separately.

163. The main reason the Commission might set one aspect of the rating system is to prevent inequity or unfairness in rating due to the creation of a new council. However, in this case, if the Commission was to specify one aspect of the future rating system as part of the reorganisation process, it would risk causing significant changes in the levels of rates paid by ratepayers, without any gains in equity or fairness.

164. For instance any move from funding major services mainly through targeted rates to funding them mainly through district-wide general rates (on either land or capital values) would likely change the levels of rates paid for the same level of services by some ratepayers. This would be likely to impact on South Wairarapa ratepayers in particular because South Wairarapa District’s share of the rateable value of the Wairarapa as a whole is greater than its share of current rates paid across the Wairarapa as a whole.

165. Similarly moving away from current differential rating systems would result in significant changes to the shares of rates paid by different groups of ratepayers (urban v rural, residential v non-residential, etc.) across all three current districts.

166. Therefore we recommend current arrangements remain in place until the proposed new council has the opportunity to consider any changes comprehensively, through normal council democratic processes involving consultation with the community.

167. When introducing new rating policies, a council can use rating “differentials” to avoid significant changes in rating incidence among rate-payer groups (e.g. rural, urban or businesses). We have included provision in the draft proposal that rating changes, due to a change in rating policies (rather than a change in services or the rating base) should not exceed five per cent per annum up or down. The five per cent limit does not apply where there are changes to services and would expire 30 June 2024. This provision could be implemented using rating differentials.

168. During our 2016 consultation, many people told us they were concerned that amalgamating the councils would result in large rates rises, citing the Auckland amalgamation. The five per cent limit on rating changes due to amalgamation would give people some certainty about their rates and thereby address their concern. However, we will be careful to note in our communications that their rates may still increase due to changes in council services or rating valuation.

Wastewater rates and debt

169. The three existing councils' net financial assets, as at 30 June 2016, are -\$38.6 million for Masterton, -\$6 million for South Wairarapa and -\$2 million for Carterton. Ten-year projected expenditure and debt figures from councils' Long Term Plans do not change the councils' relative positions.

170. While at prudent levels, the Masterton District has higher debt than the other districts. This is primarily due to the cost of the Homebush wastewater treatment system, reflecting that Masterton is at a different point in its asset cycle than the other councils. This debt is currently being repaid by a targeted rate on serviced properties, meaning, in effect, that the debt is ring fenced to those benefiting from the scheme. Debt associated with similar infrastructure in the other districts is also repaid mainly from targeted rates (100% in South Wairarapa District Council and 90% in Carterton District Council).

171. We have included explicit provisions in the draft proposal to ring fence the rates for wastewater services, at least until 2024. This means that the rate-payers continue to pay only for the scheme they are connected to and not for other schemes. During our 2016 consultation, some people were concerned about the potential inequity of contributing to paying off the debt for a service that they did not receive direct benefits from, when they were not part of the consultation/decision to take on that debt. The proposed ring fencing removes this potential inequity.

Area offices and the principal public office

172. The Commission is not required to specify the location of area offices or the principal public office at this stage in the reorganisation process. It could be left to the Transition Body. We have included recommended decisions on both in the draft proposal because the current district councils have indicated to us that they regard it as an important aspect of the draft proposal's transparency.

173. In our 2016 community consultation, we had said that the Commission would consider setting the head office for the new council. A head office implies an office where most council staff work. We now recommend against that approach, opting instead to set the area offices and the principal public office, without specifying staff numbers at each office. An area office provides at least a core of council customer services, such as paying rates. It also provides face to face advice to council customers and is an office and/or depot for council staff and equipment. The principal public office is the formal 'address for service' for the new council. Its location does not affect the new council's ability to consider how best to organise staff at each of the area offices. Its location also does not affect where the new council chooses to hold its council meetings. The location of the principal public office can be changed by the new council.

174. We recommend that the new district council be required to maintain area offices in Martinborough, Carterton and Masterton for a period of at least five years and that the principal public office is Masterton.
175. In feedback to us, councillors were concerned about the location of staff roles and the potential impact on the economic activity in the existing districts' main towns. The three recommended area offices will allow continued access to council services across the new broader district and some certainty for the community. These centres are the location of each of the current councils' offices. The five-year time period gives the new council plenty of time to consult with the community if it considers any changes to office location are needed, in conjunction with its overall service delivery programme.
176. The choice of location for the principal public office is a judgement call. It does not impact on staff number or council services but will have some symbolic importance. It could be located where the most people and businesses are located (Masterton) or the largest centre close to the geographical centre of the new district (Carterton). We recommend that the principal public office for the proposed Wairarapa District Council is located in Masterton because it is the economic centre of the new district.
177. The exact number of staff roles at each office is better decided on the advice of the Transition Body and subsequently by the new council rather than the Commission. Deciding staff numbers and functions at particular locations, determining the life span of offices and leases etc. is a level of detail beyond that appropriate for the Commission at this time. Beyond the core customer services required by an area office, the Transition Body could take several different approaches to staffing. One possible configuration is that each office becomes a centre for particular council functions – for example, parks and reserves, or roading maintenance. Other approaches could equally be appropriate.
178. Masterton District Council is currently located in several temporary buildings while it considers whether to earthquake-strengthen its premises or to take up alternative premises. The council and community will have to make these decisions before we know whether amalgamation will go ahead or not. However, by including Masterton as an area office in the draft proposal, we give the community certainty that if amalgamation was to go ahead, then an area office would be needed in Masterton. We cannot give certainty about the exact size of office needed.
179. As well as area offices, the new council can have service centres. There are currently service centres in Greytown and Featherston libraries. We expect these service centres will continue to operate, however it would be for the new council to decide.

Provisions relating to Greater Wellington Regional Council

180. As well as the proposed new Wairarapa District Council, the proposal must include a description of Greater Wellington Regional Council as it is an affected local authority. The regional council is an affected local authority because the affected area is contained within the Greater Wellington region (section 5 meaning of "affected local authority").
181. We have also included provisions for a Wairarapa Committee of the Greater Wellington Regional Council. During our engagement with the existing Wairarapa

councils over the past three years, we received the strong message that regional council decision-making was very important to the Wairarapa community. Wairarapa councillors were concerned that the Wairarapa has only one representative on the regional council and therefore the Wairarapa is not sufficiently represented. Given the Wellington region's population spread, the Local Electoral Act does not allow for another Wairarapa regional councillor. We discussed alternative arrangements to make sure the views of Wairarapa people are taken into account by the regional council. We canvassed several options, which we put to the community in June/July 2016. While the community clearly supported a combined Wairarapa district council, there was not clear support for one particular model over the others with respect to the regional council. The committee model proposed here had the most support from councillors and is similar to a committee established following the local government reforms in 1989.

182. The regional council estimates that the cost of the committee will be in the order of \$84,000 per annum, plus officer time.¹⁴

183. Under current law, the Commission can make provisions for committees for the first term of new council arrangements. Therefore this Wairarapa Committee will endure until at least the 2022 local government elections. Under the Better Local Services proposed amendments, we expect the Commission will be able to make provisions for committees that endure beyond one term. We do not yet know whether the legislation will be passed before the Commission considers issuing a final proposal for the Wairarapa. If it is passed and the Commission decides to issue a final proposal, we propose the Commission considers whether to make this committee permanent. The permanence of the committee has been a community concern echoed by Wairarapa councillors. This is partly because the Wairarapa Committee of the regional council established in 1989 was disestablished by the regional council in the early 2000s.

Provisions relating to a Transition Body

184. The draft proposal includes provisions to allow for the set-up of a Transition Body, including a Transition Board made up of an independent chair, and two elected members from each of the three existing Wairarapa district councils. The purpose of the Transition Body is set out in the Local Government Act 2002, along with its roles and functions. In short these are to assist the Commission in developing the reorganisation scheme to complete the final proposal and carry out any other action the Commission considers necessary for the transition to the new arrangements.

185. Our initial estimate of the costs of the Transition Body is about \$650,000, including the salaries of an interim chief executive for two years, two staff and a budget of \$100,000 for consulting and legal advice. If we reach the Order in Council stage, we will do a more detailed estimate and recommend how the Commission apportions these costs between the affected local authorities.

¹⁴ This is the absolute cost rather than the marginal cost. Staff to support the committee would be existing staff rather than additional staff.

7. Affected area for the new draft proposal

186. Affected area is defined in clause 2 of Schedule 3. Its definition has four parts – a to d.

187. Paragraph (a) of the definition states that the “affected area, in relation to a reorganisation application, draft proposal or final proposal means:

(a) an area that would be included in the district or region of a new local authority if local government in the area were to be reorganised in accordance with the ...draft proposal...”.

188. On this basis the districts of the three current Wairarapa district councils are clearly the affected area for a proposal to amalgamate those three districts.

189. Neither:

- paragraph (b) – relating to an area that remains in the same district but with the responsibilities of the local authority changed nor,
- paragraph (d) – which relates only to proposals to create Local Boards

are relevant in this case.

190. Paragraph (c) allows the Commission to declare a wider area than that under paragraph (a) to be the affected area in specific circumstances. The Commission can declare the whole district or region of an affected local authority to be the affected area if it considers that “the operational scale, scope or capability of the local authority would be materially affected”. An affected local authority is defined in section 2 as “a local authority whose district or region contains an affected area”.

191. In relation to a proposal to amalgamate the three Wairarapa district councils the affected area falls entirely within the region of the Greater Wellington Regional Council. If the Commission considered that the operational scale, scope or capability of the Greater Wellington Regional Council would be materially affected by the new draft proposal it could declare the whole of the Wellington region to be the affected area.

192. There is no basis for the Commission to make such a declaration. The Greater Wellington Regional Council would have the same scope and scale of responsibilities and require the same capability under the new draft proposal as at present. While the draft proposal includes the creation of a Wairarapa Committee of the Greater Wellington Regional Council, this sort of change to governance arrangements does not have a material impact on the scale and scope of the regional council’s responsibilities or the capabilities it requires. A similar committee was part of the regional council when it was set up in 1989 but was disestablished in the early 2000s. The regional council has indicated that it intends to pilot the Wairarapa Committee in 2017 and estimates its cost at \$84,000 per annum, plus officer time.

193. Accordingly the affected area for the draft proposal is the districts of the three current Wairarapa territorial authorities.

8. Advantages and disadvantages of the draft proposal

194. Clause 14 requires a draft proposal to have attached to it a full and detailed explanation of the advantages and disadvantages of the draft proposal.

Advantages

- a. There would be a stronger mandate for the mayor and councillors with respect to decisions and advocacy for Wairarapa nationally and regionally.
- b. The governance structure would be simplified, with fewer multi and single council committees, task groups and working parties. The new structure would be
 - more effective
 - more easily understood and transparent, and
 - easier for Wairarapa-wide groups and businesses to engage with.
- c. The staff time required to support political decision-making within the Wairarapa would be reduced.
- d. Spending and funding decisions could be rationalised and prioritised across the district for Wairarapa-wide issues.
- e. Planning, policy and regulatory decision-making for the district would be consistent across the Wairarapa, removing the potential for gaps or inconsistencies created by current council boundaries.
- f. With only one council to work with, there would be potential productivity improvements for the businesses and community groups that work across the Wairarapa. It would be easier and cheaper for them to obtain consents and permits, understand council fees and engage in council processes.
- g. It would be easier for funders and other stakeholders who provide public services such as tourism, sporting and cultural organisations, to coordinate with or partner with the council.
- h. There would be a reduction in Local Government Act Plans (annual and long term plans and associated plans and policies) from three sets to one set.
- i. There would be more consistent administration of the Wairarapa Combined District Plan.
- j. Better financial resilience – the new council would be in a better position to cope with unexpected change and big challenges.
- k. Increased scale would mean better ability to provide a diverse portfolio of community facilities across the Wairarapa.

- l. Increased council scale means Wairarapa local government would be better able to respond to current and future changes in regulatory standards or requirements set by central government (e.g. fresh water quality standards impacting on sewage treatment and discharges, health and safety regulation updates, financial accounting updates, NZTA updates to road funding requirements).
- m. Increased resources for improved asset management practices and planning.
- n. Roads could be managed as a single network – consistent with how they are used.
- o. It would be easier to take up the opportunity to consider a roading alliance with NZTA.
- p. Increased council scale would mean increased staff capability and capacity, including more scope for specialist staff and greater staffing resilience.
- q. Modest financial savings from amalgamating, which are estimated at about \$31 million, less \$21 million in transition costs, resulting in about \$10 million in net savings over 10 years.

Disadvantages

- a. Fewer councillors per resident than now - although the ratio would be similar to other similar-sized councils on a per population and geographic coverage basis.
- b. Reduced Wairarapa representation on regional committees and forums (e.g. the Regional Transport Committee).
- c. The change process would be unsettling for some council staff. Rather than face a period of uncertainty, staff with important local knowledge might seek employment elsewhere.
- d. The transition costs would outweigh the cost savings from merging for the first two years.
- e. The transition period could impact on council productivity.

9. Next Steps

195. The steps the Commission is required to follow are set out in clauses 13 and 20 of Schedule 3. Clause 13 deals with notification of the Commission’s decision on the preferred option, and envisages this being done separately and in advance of the development of the draft proposal. This simply requires that notice is given to the applicants and affected local authorities. Clause 20 then sets out detailed requirements for consultation on the draft proposal. This requires that the Commission:

- give public notice of the draft proposal and invite submissions (providing details of the period for submissions, and how they are to be made)
- seek the views of a range of specified government agencies, local authorities and others.

196. On all previous occasions where the Commission has issued a draft proposal the decisions on the preferred option and draft proposal have been taken at the same time, as this paper recommends. The notice requirements under clause 20 have been treated as also satisfying the requirements of clause 13.

197. Subject to your decisions we will update the draft proposal and prepare it for public release, and give the notice and seek the views required by clause 20. It is proposed that:

- the draft proposal and call for submissions will be released on 15 March 2017
- submissions will close on 3 May 2017 (seven weeks including Easter)
- hearings of submitters will be arranged for the period 23 May until 8 June 2017
- [WITHELD].

198. The issue of the draft proposal will have the effect of narrowing the current reorganisation process to the Wairarapa, which is the affected area for the proposal. There are still challenges for the Wellington region that are not addressed by the draft proposal, particularly in transport and spatial/metropolitan level planning. With the formal reorganisation process no longer covering the remainder of the region, the ability of the Commission to undertake further work on these issues will rely on use of the general powers of the Commission set out in sections 30 and 31 of the Act. These allow the Commission to “promote good practice relating to local government” and specifically to report to any relevant local authority on any matter arising from the performance of its functions or the exercise of its powers under Schedule 3.

199. In relation to the work streams on the three waters and transport the Commission is waiting for responses to recommendations that were addressed to local authorities in the reports it has commissioned.

200. In relation to spatial planning the region’s Mayors, Chair, and council chief executives expressed a wide range of views on the benefits of spatial planning when interviewed for the May 2016 Boffa Miskell report. Since then there has been more national level focus on spatial planning, particularly in relation to issues of resilience in urban areas. The Commission is continuing its work in this area with a project to explore the range of planning frameworks and approaches that might address the current and future opportunities and challenges for the metropolitan area of Wellington, particularly in relation to planning for urban development and resilience.

201. We recommend that the Commission agrees to continuing work on the functional work streams for Wellington under sections 30(2)(b) and 31(1A), which allow the Commission to promote good practice in relation to a local authority or to local government generally, and report to local authorities on matters arising from a reorganisation process.

Annex 1: Draft proposal for Wairarapa District Council

Constitution

- 1) There will be a Wairarapa District comprising the area of the existing South Wairarapa District, Carterton District and Masterton District.
- 2) The constitution of Wairarapa District Council will require the dissolution of the following local authorities (referred to in this proposal as the affected authorities):
 - a) South Wairarapa District Council
 - b) Carterton District Council
 - c) Masterton District Council.
- 3) Wairarapa District Council will come into existence on 1 November 2018 at the earliest.
- 4) The boundaries of the Wairarapa District shall be
 - a) the existing boundaries between the Masterton District and the Tararua and Horowhenua Districts
 - b) the existing boundaries between the Carterton District and the Kāpiti Coast District
 - c) the existing boundaries between the South Wairarapa District and the Kāpiti Coast District, and the Upper Hutt and Hutt Cities, and
 - d) the seaas shown on the map on [page 7 of published draft proposal].

Status

- 5) Wairarapa District Council will be a territorial authority.

First election

- 6) The first election of Wairarapa District Council will be held on 13 October 2018 at the earliest.
- 7) The first election of Wairarapa District Council will be held using the first past the post electoral system.

Area offices and principal public office

- 8) Wairarapa District Council must retain area offices in Martinborough, Carterton and Masterton for at least five years.
- 9) The principal public office of Wairarapa District Council will be located in Masterton. The council can change the principal public office in the future.

Representation

- 10) Wairarapa District will be divided into seven wards. The wards are:
 - a) Featherston Ward
 - b) Greytown Ward
 - c) Martinborough Ward
 - d) Carterton Ward
 - e) Masterton Ward
 - f) Maungaraki Ward
 - g) Te Kauru Ward

11) A map of the proposed wards is contained on [page 7 of published draft proposal].

12) Wairarapa District Council will comprise a mayor and 12 councillors.

13) The mayor will be elected at large and the councillors from wards, as follows:

- a) one councillor elected by Featherston Ward
- b) one councillor elected by Greytown Ward
- c) one councillor elected by Martinborough Ward
- d) two councillors elected by Carterton Ward
- e) five councillors elected by Masterton Ward
- f) one councillor elected by Maungaraki Ward
- g) one councillor elected by Te Kauru Ward

Community boards

14) The following community boards will be established:

- a) Featherston
- b) Greytown
- c) Martinborough
- d) Carterton
- e) Masterton

15) The boundaries of the community boards will be the same as for the corresponding five wards.

16) Each community board will have the membership set out below:

- a) Featherston – four elected community board members plus one ward councillor
- b) Greytown – four elected community board members plus one ward councillor
- c) Martinborough – four elected community board members plus one ward councillor
- d) Carterton – four elected community board members plus two ward councillors
- e) Masterton – five elected community board members plus two ward councillors

17) The role of each community board will be to carry out the statutory and delegated responsibilities of a community board.

18) For the purposes of this draft reorganisation proposal, a draft terms of reference for the community boards is set out in Schedule 1. The final terms of reference will be developed as part of the transition process on advice from the Transition Board. These terms of reference will be binding on the new Wairarapa District Council until 2025 (i.e. two council terms).

Māori Standing Committee

19) Wairarapa District Council must constitute and maintain, until at least the 2022 local government elections, a Māori Standing Committee.

20) The membership of the Māori Standing Committee shall comprise:

- a) the Mayor
- b) other councillors appointed by the council and

- c) representatives nominated by Rangitāne ō Wairarapa and Ngāti Kahungunu ki Wairarapa.

21) The role of the committee will be to:

- a) provide advice to the council on matters of interest to Māori
- b) provide advice on resource consents and
- c) monitoring of a Memorandum of Partnership between the council and iwi.

22) The committee will be an advisory body. This does not prevent the council making delegations to the committee in the future.

23) This Māori Standing Committee does not limit the council's ability to set up other mechanisms to facilitate its relationship with Māori in the Wairarapa.

24) Details of membership and terms of reference will be developed further as part of the transition process, in consultation with Rangitāne ō Wairarapa and Ngāti Kahungunu ki Wairarapa.

Rural Standing Committee

25) Wairarapa District Council must constitute and maintain, until at least the 2022 local government elections, a Rural Standing Committee.

26) The membership of the Rural Standing Committee shall comprise:

- a) Te Kauru, Maungaraki, and Martinborough ward councillors
- b) the Mayor and
- c) representatives of rural/land based industries and of rural communities appointed by Wairarapa District Council.

27) The role of the committee will be to:

- a) advise the council in relation to council strategies, policies, plans, and bylaws
- b) provide a forum for consideration of issues affecting the rural part of the district
- c) make recommendations on coastal reserves management and
- d) make recommendations to council.

28) The committee will be an advisory body. This does not prevent the council making delegations to the committee in the future.

29) Details of membership and terms of reference will be developed further as part of the transition process, in consultation with the rural community.

Greater Wellington Regional Council

30) There shall continue to be a Greater Wellington Regional Council which shall be the regional council for the Wellington region as constituted at the time of this draft proposal.

31) This proposal does not affect the

- a) boundaries
- b) representation arrangements
- c) areas of interest of iwi and hapū

- d) statutory obligations of the Greater Wellington Regional Council.

Wairarapa Committee of Greater Wellington Regional Council

- 32) Greater Wellington Regional Council (GWRC) must constitute and maintain a committee called the Wairarapa Committee.
- 33) The purpose of the Wairarapa Committee is to help ensure Wairarapa community views are taken into account in the exercise by the GWRC of its functions, powers and duties in the Wairarapa district.
- 34) The Wairarapa Committee will comprise 10 members:
 - a) four members from GWRC, including the Wairarapa constituency councillor
 - b) four members appointed on the nomination of the Wairarapa District Council, at least three of whom must be elected members of the Wairarapa District Council, and at least one of whom must have skills and knowledge of rural issues
 - c) one member appointed on the nomination of Rangitāne ō Wairarapa
 - d) one member appointed on the nomination of Ngāti Kahungunu ki Wairarapa
- 35) The committee will elect the chair and deputy chair from its members. The chair shall be one of the four members from GWRC and the deputy chair shall be one of the elected members of the Wairarapa District Council.
- 36) The committee can consider any issues relevant to the Wairarapa including but not limited to:
 - a) flood control
 - b) land management
 - c) pest management
 - d) biosecurity
 - e) biodiversity
 - f) public transport
 - g) natural resource management.
- 37) Subject to legislative limitations on council delegations, GWRC may delegate functions, powers or duties to the committee.
- 38) The committee may develop and recommend relevant council strategies, policies, plans, and bylaws.
- 39) GWRC will consider the recommendations and advice of the committee and will provide the committee with a written response as to how these have been considered and dealt with. Where there are any differences between the recommendations of the committee and the decisions of GWRC the reasons for this will be explained.
- 40) GWRC officers will provide administrative and advisory support to the committee. Wairarapa District Council officers may also provide advisory support to the committee.

Council plans and reports¹⁵

- 41) South Wairarapa, Carterton and Masterton District Councils must prepare and adopt their next long term plan by 30 June 2018 in accordance with the normal cycle.
- 42) The 2018-2028 long term plans adopted by the South Wairarapa, Carterton and Masterton District Councils will be deemed to meet the requirement for the Wairarapa District Council to have a long term plan for 2018-2028.
- 43) The transition body established under clause 54 must compile a draft annual plan for the period 1 November 2018 to 30 June 2019 based on the 2018 long term plans of South Wairarapa, Carterton and Masterton District Councils and submit the plan for adoption by Wairarapa District Council as soon as possible after 1 November 2018.
- 44) The Wairarapa District Council may amend or replace elements of those plans in accordance with the relevant provisions of the Local Government Act 2002.
- 45) The Wairarapa District Council shall develop and adopt a new combined long term plan by 30 June 2021.
- 46) The first annual report for Wairarapa District Council shall cover the period 1 November 2018 to 30 June 2019.
- 47) The final annual reports for the existing South Wairarapa, Carterton and Masterton District Councils will cover the period 1 July 2017 to 31 October 2018.

Financial matters

- 48) The rating policies of the South Wairarapa, Carterton and Masterton District Councils will continue to apply until the Wairarapa District Council adopts new rating policies in accordance with the consultation and other requirements in the Local Government Act 2002 and Local Government (Rating) Act 2002.
- 49) Any change in rates due to the adoption of new rating policies as a result of the amalgamation of the three former district councils will be limited to no more than five per cent up or down in any one year. The five per cent limit does not apply where there are changes to services, rating valuations or other normal council activities. This transitional measure expires on 30 June 2024.
- 50) Wairarapa District Council shall maintain existing targeted rates for wastewater services until at least 30 June 2024. The schemes are Homebush, Riversdale, Tinui, Castlepoint, Carterton, and South Wairarapa townships (including Featherston, Greytown, Martinborough and Lake Ferry).
- 51) Wairarapa District Council must use any development contributions (under Part 8 of the Local Government Act 2002) or financial contributions (under the Resource Management Act 1991) held or owed to the affected authorities for the purposes for which they were required by the affected authorities.

¹⁵ Dates in paragraphs 43, 46, and 47 are based on the earliest possible election date of October 2018. If an election is held after October 2018 these dates may be later.

Transition Body

52) A Transition Body will be constituted to make arrangements for the establishment of Wairarapa District Council and have the roles and functions set out in the Local Government Act 2002 (Schedule 3, clause 36(1)).

53) The Transition Body will comprise:

- a) A transition board and
- b) An implementation team.

Transition board

54) A transition board will be established and will comprise seven members as follows:

- a) an independent chair appointed by the Local Government Commission
- b) two members nominated by South Wairarapa District Council from amongst its elected members
- c) two members nominated by Carterton District Council from amongst its elected members
- d) two members nominated by Masterton District Council from amongst its elected members

55) The role of the transition board will be to:

- a) make recommendations to the Local Government Commission on matters of policy
- b) provide advice to the Local Government Commission
- c) exercise any powers and responsibilities delegated to it by the Local Government Commission
- d) appoint an interim chief executive for Wairarapa District Council.

Implementation team

56) The Local Government Commission will appoint an implementation team from among the staff of the affected local authorities.

57) The role of the implementation team will be to:

- a) give effect to decisions made by the transition board
- b) provide advice on technical and operational matters to the transition board
- c) provide support to the interim chief executive.

Schedule 1 - Draft Terms of Reference for Wairarapa Community Boards

1. Annual Submission on Expenditure

- a. Authority to prepare a board annual plan to the Wairarapa District Council (Council) for expenditure within the community, for consideration as part of the annual plan process.

2. Community

- a. Authority to communicate with community organisations and special interest groups within the community (section 52 Local Government Act 2002 refers).
- b. Authority to listen, articulate, advise, advocate and make recommendations to Council on any matter of interest or concern to the local community.
- c. Authority to work with Council and the community to establish a strategic plan.
- d. Authority to provide a local community perspective on the levels of service as detailed in the long term plan, and on local expenditure, rating impacts and priorities.
- e. Authority to receive information of Council's receipt of all non-notified resource consent applications.
- f. Authority to provide advice to the Council and its committees on any matter of interest or concern to the Community Board in relation to the sale of alcohol.

3. Community Grants

- a. Authority to allocate community-based grant funds as approved through the annual plan process or the long term plan process.
- b. Authority to consider, and either approve or reject applications by community groups to establish community gardens, in accordance with the licensing requirements under the Reserves Act 1977 and Council policy.
- c. Authority to allocate any bequests or similar consistent with the terms of the bequest by making resolution for Council ratification.

4. Parks and Reserves

- a. Authority to make recommendations to Council after reviewing existing or considering new draft Reserve Management Plans for local public parks and reserves within its area, within current Council policy or management plans and within the annual plan/long term plan budget.
- b. Authority to decide priorities for local public parks and reserves within its area and in accordance with the Reserve Management Plans.
- c. Authority to prepare development and implementation plans for local public parks and reserves within its area and in accordance with the Reserve Management Plans.

5. Roading

- a. Authority to make recommendations relating to all traffic control and signage matters, in relation to existing local roads within the community board's area.

- b. Authority to make recommendations on changes to speed restrictions on local roads.
- c. Authority to make recommendations on the need to permanently diminish or stop roads. (i.e. permanently change the size of or permanently close a road)
- d. Authority to assist the Chief Executive (through the Community Board Chairperson) to consider and determine temporary road closure applications where there are objections to the proposed road closure.
- e. Authority to determine priorities for footpath maintenance and priority locations for new footpaths.

6. Naming Reserves, Structures and Commemorative Places

- a. Authority to receive requests from the community, or put forward names, regarding specific names of reserves, structures and commemorative places for input to the staff report.
- b. Authority to approve or reject officer recommendations in respect of such names.

7. Naming Roads

- a. Authority to make recommendations on the naming for public roads, private roads and rights of way.

8. Urban Reserves, Urban Amenities and Town Main Streets

- a. Authority to make recommendations on matters relating to urban reserves, urban amenities and town main streets that meet current Council policy or management plans and fall within the annual plan/long term plan budget.
- b. Authority to decide priorities for urban reserves, amenities and town main streets within its area and that meet current Council policy or management plans and fall within the annual plan/long term plan budget.
- c. Authority to prepare development and implementation plans for urban reserves, urban amenities and town main streets within its area and that meet current Council policy or management plans and fall within the annual plan/long term plan budget.

9. Submissions

- a. Authority to make submissions to council on issues within its area.

10. Emergency Management

- a. Authority to support the development and promotion of individual and community planning for a civil defence emergency; and after an emergency event, support community response efforts.

11. Training and Development

- a. Authority to set priorities for and expend annual funding allocated by Council for the purposes of training and development.

Schedule 2

The law requires the Commission to list the names and areas of interest of iwi and hapū for each local authority proposed to be established in a draft reorganisation proposal.

The Commission has used information on the website Te Kāhui Mangai (www.tkm.govt.nz), based on advice from Te Puni Kōkiri for this purpose. Larger maps of rohe and areas of interest are available at Te Kāhui Mangai.

Iwi groups

- Rangitāne (North Island)
- Ngāti Kahungunu
- Ngāti Kahungunu ki Wairarapa - Tāmaki Nui ā Rua

The hapū identified for each are listed below.

Rangitāne (North Island)

Rangitāne hapū are:

Ngāi Tahu
Ngāti Hāmua
Ngāti Matetapu
Ngāti Mutuahi
Ngāti Pakapaka
Ngāti Parakiore
Ngāti Rangitotohu
Ngāti Ruatōtara
Ngāti Te Koro
Ngāti Te Rangiwakaewa
Ngāti Whakawehi
Te Hika a Pāpāuma
Te Kapuārangi
Hinetearurangi
Ngāi Tamahau
Ngāti Hāmua
Ngāti Hinetauira
Ngāti Mātangiuru
Ngāti Meroiti
Ngāti Moe
Ngāti Taimahu
Ngāti Tangatakau
Ngāti Tauiao
Ngāti Te Atawhā
Ngāti Te Hina
Ngāti Te Noti
Ngāti Te Raetea

Ngāti Te Whakamana
Ngāti Te Whātui
Ngāti Tūkoko
Te Hika o Pāpāuma

Ngāti Kahungunu

Ngāti Kahungunu hapū are:

(Wairarapa)

Kahukuraawhitia
Kahukuranui
Ngāi Rangawhakairi
Ngāi Tahu
Ngāi Taneroroa
Ngāi Tumapuhia-a-Rangi
Ngāti Hikawera o Kahungunu
Ngāti Hinewaka
Ngāti Kahukuranui o Kahungunu Kauiti
Ngāti Kaparuparu
Ngāti Meroiti
Ngāti Moe
Ngāti Papauma o Kahungunu me Rangitāne
Ngāti Parera
Ngāti Rākairangi
Ngāti Rangitataia
Ngāti Rangitehewa
Ngāti Tatuki
Ngāti Te Ahuahu
Ngāti Te Hina
Ngāti Te Tomo o Kahungunu
Ngāti Tūkoko
Tahu o Kahungunu
Tamahau
Whiunga
(Tamaki Nui a Rua)
Ngā Hau E Whā
Ngāti Hāmua
Ngāti Mutuahi
Ngāti Pakapaka
Ngāti Te Rangiwakaewa
Te Hika a Pāpāuma

Ngāti Kahungunu ki Wairarapa - Tāmaki Nui ā Rua

Ngā Hau E Whā
Ngāti Hāmua
Ngāti Mutuahi

Ngāti Pakapaka
Ngāti Te Rangiwakaewa
Te Hika a Pāpāuma

Annex 2: Representation

[updated following additional information presented at the Commission meeting]

Ward Arrangements

1. Clause 18 of Schedule 3 of the Local Government Act provides that in determining the representation arrangements of a local authority for a draft proposal the Commission must –
 - (a) have regard to the existing electoral and representation arrangements of the affected local authorities
 - (b) provide fair and effective representation for individuals and communities of the local authority
 - (c) comply with the requirements of the Local Electoral Act 2001 and
 - (d) take into account the responsibilities, duties, and powers of the local authority.
2. The main requirements of the Local Electoral Act 2001 relevant to this draft proposal are:
 - sections 19C and 19H(1) which set out the framework to be applied, e.g. numbers of members and the ability to elect members from wards, the district as a whole or from a mixture of both
 - section 19T(1) requiring the effective representation of communities of interest, conformity of boundaries with meshblocks and conformity of ward boundaries with community boundaries
 - section 19V requiring fair representation of electors between wards, i.e. population to member ratios falling within a range of +/-10% unless particular circumstances apply¹⁶
3. We recommend the following ward structure for the proposed Wairarapa District Council:

Ward	Population	Members	Population-Member Ratio	Difference from Quota	% Difference from Quota
Masterton	19,196	5	3,839	204	5.62
Rural 1	3,622	1	3,622	-13	-0.36
Rural 2	2,862	1	2,862	-773	-21.27
Carterton	7,979	2	3,990	355	9.75
Greytown	3,410	1	3,410	-225	-6.19
Featherston	3,276	1	3,276	-359	-9.88
Martinborough	3,275	1	3,275	-360	-9.90
Total	43,620	12	3,635		

¹⁶ Section 19V(3) permits exceptions to provide for effective representation of island and isolated communities of interest, to avoid dividing communities of interest and to avoid uniting communities of interest with few commonalities of interest.

4. Figure 1 shows the wards as proposed by the Wairarapa councils in their 2013 application. We have used these boundaries as much as possible. However, we had to move the boundaries of the Featherston and Rural 2 wards to increase the population to member ratio. These changes have been discussed with representatives of the three councils who were in agreement with the proposed changes and considered they reflected communities of interest. The changes are to transfer:
- three meshblocks from the Martinborough Ward (between State Highway 53 and Lake Wairarapa)
 - three meshblocks from the Rural 1 Ward to the Rural 2 Ward (the western side of the Whangahau River valley)
 - four meshblocks from the Martinborough Ward to the Rural 2 Ward (in the north-east of the Martinborough Ward)

Figure 1



5. These arrangements meet the requirements of clause 18 as follows:
- they have regard to existing arrangements to the extent that the proposed Masterton, Greytown, Featherston and Martinborough wards are based on existing wards
 - they provide effective representation of communities of interest by having wards based on communities of interest (either the towns and hinterlands or, in the case of the two rural wards, distinct farming types)
 - they meet the technical requirements of the Local Electoral Act
 - they take into account the responsibilities, duties, and powers of the proposed new council in that the number of members is reasonably comparable with other territorial authorities of a similar area, population and geographic configuration

6. In terms of representation, the table in paragraph 3 shows that the population to member ratio of Rural 2 does not fall within the +/-10% range.
7. We propose that the Commission agree under section 19V(3) to an exception to the rule for this ward on the grounds that compliance with section 19V(2) would limit effective representation of communities of interest by dividing communities of interest between wards. The movement of boundaries to increase the population of the Rural 2 Ward would divide the communities of interest comprising other wards, each of which has reasonably strong boundaries.
8. In testing alternative solutions we found that:
 - the transfer of further areas from the Martinborough Ward would make that ward non-compliant with section 19V(2)
 - alternative arrangements are likely to create other difficulties, e.g. cutting across community of interest boundaries and creating a mismatch with logical community board boundaries.

Names of Wards

9. We discussed with representatives of the councils more descriptive names for the proposed Rural 1 Ward and Rural 2 Ward. The names suggested were Rangitumau and Maungaraki. Discussions with the South Wairarapa Māori Standing Committee also identified Te Kauru as a name for Rural 1. These are discussed below:

Name	Alternative name	Commentary
Rural 1	Rangitumau	<ul style="list-style-type: none"> • A prominent hill (603 metres) and a highly recognisable feature from within the northern plains. • Te Rangitumau is the ancestral mountain for Māori of the central upper Ruamahanga River valley.¹⁷ • Rangitumau is a locality west of the hill.
Rural 1	Te Kauru	<ul style="list-style-type: none"> • Local Māori call the area Te Kauru which can be translated to mean 'the source'. The name refers to the upper-Ruamahanga catchment.¹⁸
Rural 2	Maungaraki	<ul style="list-style-type: none"> • The Maungaraki Range is a range of hills traversing nearly half of the length of the ward (from north to south) and is situated in both the existing Carterton and Masterton districts. • Maungaraki (531 metres) is one of the higher peaks in the range. • Maungaraki Riding was a riding of the former Carterton County.

10. We consider these names are suitable names for wards in that they relate to features of significance to the ward as a whole. We propose Te Kauru and Maungaraki are included in the draft proposal.

¹⁷ Boffa Miskell (2010). *Wairarapa Landscape Study prepared for Greater Wellington Regional Council*. p. 46.

¹⁸ Boffa Miskell (2010). *Wairarapa Landscape Study prepared for Greater Wellington Regional Council*. p. 28.