



Report of the proceedings and operations of the
Local Government Commission
Mana Kāwanatanga ā Rohe
For the year ended 30 June 2016

*Presented to the House of Representatives pursuant to
clause 31 of Schedule 4 of the Local Government Act 2002.*

Minister of Local Government
Parliament Buildings
Wellington

Minister

We forward, in terms of clause 31 of Schedule 4 of the Local Government Act 2002, the report of the Local Government Commission to 30 June 2016.

Yours sincerely

The Local Government Commission

Sir Wira Gardiner	Chair
Janie Annear	Commissioner
Leigh Auton	Commissioner

Contents

	Page
Introduction	4
Membership	4
Regional conversations	4
Local government reorganisation	5
Auckland	5
Hawke's Bay Region	6
Northland Region	6
Wellington Region	7
West Coast Region	7
Representation reviews	8
The year ahead	10

Introduction

The principal roles of the Local Government Commission are to make decisions on the structure of local government and the electoral representation arrangements of local authorities. In the year ending 30 June 2016 the focus of the Commission was threefold: responding to various applications and proposals for local government reorganisation; cementing in a new way or working with councils and communities; and dealing with representation reviews.

The new way of working follows on from commitments given by the Commission in the previous year when making announcements on Northland and Wellington to return to those regions and engage with the councils and communities in them. This approach placed more emphasis on communities themselves identifying the challenges they face, the options that can address those challenges, and the development of greater consensus on the preferred approach to change. The Commission also sees its role as assisting communities to reach sufficient consensus on any changes required to the form of local government that best suits their particular needs.

Membership

On 31 July 2015 the terms of appointment of Basil Morrison as Chairperson of the Commission, and Anne Carter and Janie Annear as members of the Commission ended.

The Minister appointed members of the Commission for the period ahead as follows:

- Sir Wira Gardiner was appointed Chairperson for a term ending on 31 July 2018
- Leigh Auton was appointed a member for a term ending on 31 July 2018
- Janie Annear was reappointed as a member for a term ending on 31 July 2018

Regional conversations

During the year the Commission held conversations with local government leaders throughout New Zealand about how they see local government in their area, and the issues they face; and about how the Commission might work with them in exploring opportunities for local government. These conversations reflect the more flexible way the Commission is taking to its work with local authorities.

By the end of the year the Commission had held conversations in all regions of New Zealand other than those where engagement is, or has very recently taken place, as part of considering a local government reorganisation application.

The Commission was encouraged to hear during those conversations of the collaborative work being done between councils in many regions and remains interested in hearing more about this on future visits and interactions with local government leaders. While the Commission is able to provide information about local government and to promote good practice, it also sees its role as listening to councils and communities, helping think about options where change is being discussed, and to assist in helping overcome barriers where they exist.

Local government reorganisation

Auckland

On 30 June 2014 the Commission had determined not to assess a reorganisation application from the Northern Action Group for a North Rodney council separate from the Auckland Council. On 30 July 2014 the applicants lodged an appeal against the Commission's decision with the High Court. The High Court heard the appeal on 30 March 2015 and issued its decision on 23 April 2015.¹

The High Court found that:

- The Commission was wrong in declining to assess the application on the grounds that it was not in the public interest to do so
- The Commission was correct in requiring community support to be demonstrated over the whole of Auckland, not just the North Rodney area
- Issues relating to the adequacy of the description of the affected area could be dealt with by the Commission explaining its concerns to the applicant and providing a reasonable opportunity to remedy any deficiencies relating to the description

The Commission gave the applicant an opportunity to provide further information in respect of community support for the application and the boundaries of the proposed district. Following receipt of that additional information the Commission, in August 2015, agreed to assess the application.

On 14 April 2016, the Commission determined that the "affected area" for the application is the whole of the Auckland Council area, and not just North Rodney. It also decided there is demonstrable community support in the Auckland Council area for local government reorganisation and notified its intention to call for alternative applications.

The Commission received an application in December 2015 from a group called "Our Waiheke" for a unitary authority separate from Auckland Council comprising Waiheke Island and some surrounding islands². In March 2016, the Commission agreed to assess the application. In May 2016 it decided to consider the Waiheke application as an "alternative application" in the Auckland Council reorganisation process initiated by the North Rodney reorganisation application.

This means the applications for Waiheke and North Rodney will be treated as two applications for how local government in Auckland could be reorganised, rather than being assessed as part of two separate processes.

By the closing date for alternative applications on 24 June 2016, 38 responses had been received.

¹ Northern Action Group Incorporated v The Local Government Commission [2015] NZHC [23 April 2015]

² The larger of the surrounding islands are Ponui, Rotoroa, Pakatoa and The Noises.

The next step in the process is for the Commission to consult further on the alternative applications. This will help inform the Commission when it comes to identifying the reasonably practicable options and the preferred option. If the preferred option is not the status quo, the Commission will begin developing a draft reorganisation proposal before consulting further with the community and gauging public support for it.

Hawke’s Bay Region

On 9 June 2015 the Commission issued a final proposal for a single Hawke’s Bay Council. On 11 June a petition seeking a poll on the proposal was received from a group of electors in Rangitikei District.³ The Commission decided that a poll would be held on 15 September 2015.

The result of the poll was as follows:

Votes for the proposal 23,359

Votes against the proposal 46,318

As the majority of valid votes cast in the poll were against the final proposal the proposal was not implemented.

Northland Region

An application from the Far North District Council in December 2012 for it to become a unitary authority led to the issue of a proposal from the Commission for a Northland-wide unitary authority. In June 2015 the Commission announced it would not proceed with a proposal for a unitary council in the Northland Region. It said it would return to the community and work with it to identify major challenges and the options for dealing with them.

The Commission agreed its work should fit into the four Northland councils’ existing strategic and shared services project. Councils remain sponsors of the work streams, with the Commission looking to add value where it can. In line with this the Commission is assisting the project by funding a “four-waters” (waste, storm, potable and flood management) study and a stocktake of ICT infrastructure. Each project will assist a joint and agreed understanding of the state of the region’s, and each council’s, assets. This work is ongoing. These projects build on work already undertaken by the four councils and the New Zealand Transport Agency in establishing the Northland Transport Alliance, a collaborative arrangement announced in May 2016 for providing transport planning and roading services for Northland.

³ That part of Rangitikei District in Hawke’s Bay Region.

Wellington Region

Applications for local government reorganisation from the Greater Wellington Regional Council and the Wairarapa district councils in mid-2013 led to a proposal from the Commission for a region-wide unitary authority. In June 2015, the Commission decided not to proceed with this proposal due to lack of public support. Instead, because about 40 per cent of submissions suggested alternatives to the status quo, the Commission decided to work with councils and the community to achieve some consensus on the challenges it faced, and to collaborate in identifying possible options to address the challenges.

The Commission met with the Wellington Region Mayoral Forum, chief executives and councils to look for opportunities to strengthen the region. Together the parties agreed to progress work in five main areas:

- Wairarapa governance (with the three Wairarapa district councils and the regional council).
- Transport planning and roading
- Water
- Regional spatial planning
- Regional economic development

Of these, the most advanced is that of council organisation in the Wairarapa. As part of previous consultation work many people told the Commission that local government could be better in the Wairarapa.

During the year the Commission worked with the community and local authorities on how local government could be best organised in the Wairarapa. Detailed work was done on possible options and then the public were invited to learn more and provide feedback. An extensive engagement and public consultation process on the options began on 7 June 2016 and was to end on 8 July 2016. As part of this process residents and others with an interest in the Wairarapa were invited to take part in discussions by attending a series of drop-in sessions and community workshops and by filling in a questionnaire.

The Commission obtained expert advice and engaged with local authorities to identify options for possible changes in the way roading and public transport in the wider Wellington region are organised, and to assess whether there is a case for change in the way water services and regional economic development activities are carried out. Advice was also obtained and the views of councils canvassed on the possible advantages of instituting some form of spatial planning for metropolitan Wellington.

The next step is for the Commission to assess the feedback and to decide what options to pursue across these areas of focus. Decisions on this are expected to be made early in the 2016/2017 year.

West Coast

In August 2015 the Local Government Commission agreed to assess an application for a single unitary authority for the West Coast Region. The application was lodged by Peter Salter and Anthea Keenan. The application was accompanied by a supporting application signed by 367 residents.

As a result of this and of consultation with West Coast councils, the Commission has been engaged in two streams of work:

- consulting on the application as a first step; and,
- assisting the councils' regional efficiency initiatives, specifically their work on improving the provision of Resource Management Act services and the provision of roading.

As part of the public consultation and engagement to assess support for reorganisation, the Commission visited the West Coast during June seeking the views of the West Coast community on the issues that are important to them, and how they think local government in their area could be more effective. An extensive engagement and public consultation process began on 30 May 2016 and was to end on 8 July 2016. As part of this process residents and others with an interest in the West Coast were invited to take part in discussions by attending a series of drop-in sessions and community workshops and by filling in a questionnaire. Feedback was also sought from a number of organisations with interests in the West Coast. The next step is for the Commission to assess the feedback and to decide how to proceed and what the possible options are. Decisions on this are expected to be made early in the 2016/2017 year.

The West Coast Councils and the Local Government Commission are also collaborating on a project to look at the potential for some council services to be provided more efficiently and cost-effectively. The two initiatives being looked into are Resource Management Act processes and the provision of roading. The initiatives were selected for investigation because the West Coast Councils identified them as areas of common interest and because there are potential gains to ratepayers.

The purpose of the reports is to identify the current challenges and opportunities for delivering cost-effective and efficient roading arrangements and Resource Management processes in the region as well as a long list of possible options for change. The Commission and the West Coast Councils will then look at a range of options to investigate in greater detail, including the associated costs and benefits.

The Councils and the Commission have signed a relationship agreement to formalise the collaborative approach and have worked together to tender for contractors to prepare independent reports. The reports are being funded by the Local Government Commission. It is part of the Commission's brief to promote good-quality local government; so collaborating with the West Coast Councils on two of their Councils' regional efficiency initiatives is a tangible way the Commission can add value.

Representation Reviews

The Commission was required to consider 13 representation reviews carried out under the Local Electoral Act 2001 because appeals or objections were lodged against the local authorities' decisions or solely because, in two cases, proposed representation arrangements did not comply with section 19V(2) of the Act and for which exemptions were

sought⁴. These Commission's determinations on those reviews are summarised in the following table:

Local Authority	Number of appeals and objections	Council's proposal	Commission's decision
Christchurch City Council	25	<ul style="list-style-type: none"> Sixteen councillors elected from 16 wards (compared to the current 13 councillors elected from seven wards) Seven community boards (compared to the current eight) The Banks Peninsula Ward and the Akaroa, Lyttelton and Mount Herbert Subdivisions not complying with section 19V(3) 	Council's proposal upheld except for small boundary changes
Dunedin City Council	16	<ul style="list-style-type: none"> Fourteen councillors elected from the City as a whole (compared to the current 14 councillors elected from three wards) Five community boards (compared to the current six boards) with a number of changes to boundaries 	<ul style="list-style-type: none"> Council's proposal for the election of the council upheld Council's proposal for community boards not upheld resulting in the existing community board arrangements being retained (apart from two changes to boundaries and a change to the name of one of the boards)
Kapiti Coast District Council	-	The Otaki and Waikanae wards not complying with section 19V(3)	Council's proposal upheld
Marlborough District Council	1	<ul style="list-style-type: none"> Thirteen councillors elected from three wards The Marlborough Sounds Ward not complying with section 19V(3) 	Council's proposal upheld
New Plymouth District Council	1	<ul style="list-style-type: none"> Fourteen councillors elected from three wards Four community boards 	Council's proposal upheld
Rotorua District Council	4	<ul style="list-style-type: none"> Ten councillors (compared to the current 12) Two community boards (compared with the one existing board) 	Council's proposal upheld

⁴ Section 19V(2) of the Local Electoral Act 2001 requires a council and the Commission to ensure that the population of each ward, constituency or subdivision, divided by the number of members to be elected from each area produces a figure no more than 10% greater or smaller than the population of the district, region or community board area divided by the total number of elected members of the body concerned. This is referred to as the +/-10% rule). Section 19V(3) enables the Commission to grant exceptions if one of the criteria listed in section 19V(3) is met.

Ruapehu District Council	1	<ul style="list-style-type: none"> • Eleven councillors elected from four wards • Two community boards with members elected from subdivisions 	Council's proposal upheld except for the proposal for community board members to be elected from subdivisions
Selwyn District Council	12	<ul style="list-style-type: none"> • Eleven councillors elected from four wards • One community board (compared with the two existing boards) 	Council's proposal upheld
South Waikato District Council	1	<ul style="list-style-type: none"> • Ten councillors elected from three wards • One community board 	Council's proposal upheld
Tauranga City Council	1	Six councillors elected from three wards and four councillors elected from the City as a whole	Council's proposal upheld
Thames-Coromandel District Council	-	The Coromandel-Colville Ward not complying with section 19V(3)	Council's proposal upheld
Waimakariri District Council	3	<ul style="list-style-type: none"> • Ten councillors elected from three wards (compared with the four existing wards) • Three community boards covering the whole district (compared with the existing three community boards covering part of the district) 	<ul style="list-style-type: none"> • Council's proposal for the election of the council upheld • Council's proposal for community boards not upheld resulting in four community boards being established covering the whole district
Whakatane District Council	5	<ul style="list-style-type: none"> • Ten councillors elected from four wards • Four community boards, with two of the existing community board areas being combined into one 	Council's proposal upheld, except for an increase in the number of members of the combined Whakatane-Ohope Community Board

In addition, two councils made use of a new process in the Local Electoral Act for minor boundary alterations to be made outside of the representation review process. The Wellington City Council proposed an adjustment to the boundaries of the Tawa Community while the Gisborne District Council proposed the transfer of small areas from the Taruheru-Patutahi and Tawhiti-Uawa wards to the Gisborne Ward. The Commission approved both these sets of adjustments.

The year ahead

In June 2016 the Minister of Local Government introduced to Parliament the Local Government Amendment Act 2002 Amendment Bill (No 2). Among the changes contained in the Bill are a modified local government reorganisation process and changes to the institutional status of the Local Government Commission. Preparing for the changes proposed to be made by the Bill, if it was to be enacted, will be a key focus for the Commission in 2016/2017.

In addition to dealing with the issues raised by the Bill, the primary focus of the Commission in 2016/17 will be the following activities –

- Engaging with communities and local authorities in the Northland, Auckland, Wellington and West Coast Regions over local government arrangements for those regions to progress the reorganisation applications relating to those regions
- Responding to any other reorganisation applications or proposals made to the Commission
- Engaging with other agencies over developments and emerging trends in local government

Contact details

Local Government Commission

Street address: 147 Lambton Quay, Wellington, 6001

Postal address: PO Box 5362, Wellington, 6140

Telephone number: 64 4 460 2228

Email address: info@lgc.govt.nz

Website: www.lgc.govt.nz

