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# **Northland Regional Council**

## **Additional/Tabled Items**

**Extra-ordinary Council Meeting**

**Tuesday, 9 April 2013  
at 11.30 am**

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**NORTHLAND REGIONAL COUNCIL**

**Additional/Tabled Items**

For extraordinary meeting to be held in the Council Chamber,  
36 Water Street, Whāngārei, on Tuesday 9 April 2013,  
commencing at 11.30am

**Recommendations contained in the council agenda are NOT Council decisions.  
Please refer to council minutes for resolutions**

**Item**

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|----------------------|--|
| 3.1 Attachment<br>A1 | <b>Northland Local Government Reform<br/>Outcomes of Community Engagement Meetings held in<br/>Kaitaia, Kerikeri and Mangawhai 2-4 April</b>                       |
| 3.1 Attachment<br>D  | <b>Alternative application for local government<br/>reorganisation:<br/>Seven local boards supported by a single council<br/>(unitary authority) for Northland</b> |

**ISSUE: Tabled Additional Material for Extraordinary Council Meeting Agenda 9 April 2013****ID:** A307737**To:** Extraordinary Council Meeting, 9 April 2013**From:** Council Secretary Chris Taylor**Date:** 9 April 2013**Summary** The purpose of this report is to place before council additional materials relating to Item 3.1 of the published agenda :

- Outcomes of community engagement meetings on local government reform held in Kaitaia, Kerikeri and Mangawhai, 2-4 April
- A draft alternative application for local government reorganisation

The report concludes with the recommendation that the additional material be received.

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**Report:**

As outlined in the primary officer report I (Item 3.1) of the published council agenda for the extraordinary council meeting of 9 April 2013, the following material is tabled for the council's consideration.

- Outcomes of community engagement meetings on local government reform held in Kaitaia, Kerikeri and Mangawhai from 2 to 4 April 2013
- A draft alternative application to the Local Government Commission for local government reorganisation in Northland

it is recommended that the additional tabled material be received:

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**Recommendation:**

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That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987, additional materials as follows:

- Outcomes of community engagement meetings on local government reform held in Kaitaia, Kerikeri, and Mangawhai from 2 to 4 April 2013
- A draft alternative application to the Local Government Commission for local government reorganisation in Northland

be received.

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# **Northland Local Government Reform**

## **Outcomes of Community Engagement Meetings held in Kaitaia, Kerikeri and Mangawhai 2-4 April**

Date: 8 April 2013  
Author: Shireen Munday – Programme Manager Corporate Planning and Strategy  
Version: Version 1

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# Background & Summary

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## Background

When council originally resolved to proceed with the community engagement programme on local government reform at the council meeting in December 2012 phase one of the programme was designed to be held in three locations across Northland, being Whangarei, Kaikohe and Dargaville. This engagement was to be led by an independent facilitator. Subsequent occurrences, being the Far North District Council application for a unitary authority and the associated Local Government Commission process led council to the decision that additional public meetings in three other locations across Northland would be appropriate. These three public meetings were held between 2 and 4 April 2013 in Kaitaia, Kerikeri and Mangawhai. This report summarises the outcomes of those three meetings and should be read in conjunction with the report commissioned by the council from Tattico Limited which outlines the outcomes of the seven meeting held between 25 and 27 March in Whangarei, Kaikohe and Dargaville.

## Process

The meetings were two hours long and were held in the evening between six and eight pm. They were run in the same fashion as the evening sessions held the previous week but were facilitated by the Chief Executive Officer as the independent facilitator had prior commitments. Set out below is a summary of attendees at each public meeting.

Location	Number of attendees
Kaitaia	9
Kerikeri	14
Mangawhai	17

## Key Outcomes

Participants were asked to comment on the options for local government in Northland. They were also asked to identify their two most and two least preferred options. The combined results of this are set out below. They are subject to the following qualifications:

- Not all participants chose to indicate a preference.
- Some people stated they considered they didn't have a preference for any of the options presented.
- Some people indicated a preference on the cusp between two unitary authorities and one unitary authority. This was on the basis that more information was needed on how these options would be structured. These preferences have not been recorded in the tabulated results that follow.

## Preferences on local government options

Options	Most Preferred		Least Preferred	
	First	Second	First	Second
One regional council, three district councils (status quo)	17	12	1	
One regional council, two district councils	5	3	2	
One regional council, one district council	1	1		2
Three councils (unitary authorities)			18	1
Two councils (unitary authorities)	1	2		15
One council (unitary authority)	11	3	5	

These outcomes should only be used to give an indication of general trends or opinion, but do largely align to the outcomes as detailed in the Tattico report, with the preferred option generally split between the status quo and one unitary authority. Participants also echoed the key points raised in the Tattico report. That is that a unitary authority requires good local representation as well as that the status quo option is considered the preferred option as long as it is enhanced to provide greater collaboration and co-operation between the councils.

## Effective Maori representation

Due to time constraints the discussions on Maori representation was limited at the meetings, however the key comments as provided for in the Tattico report were reflected in the feedback received.

# Commentary on public responses to the engagement programme

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In contrast to the normally low level of engagement that local government engenders, questions regarding reform are high on the public agenda. Considerable media coverage and commentary via ‘Letters to the Editor’ indicate many Northlanders are both interested in and have strong opinions about the issue. The regional council’s engagement programme has generally been supported, with several commentators remarking favourably on the informative and unbiased approach it has used to solicit public opinion. At the time of writing this report, staff are aware of one alternative application already having been made to the Commission by a Northland based individual.

## Combined results

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In total 167 people were recorded as attending the ten meetings held in six locations across Northland. For completeness the table below collates the preferences indicated across all meetings held over the engagement period between 25 March and 4 April 2013.

Options	Most Preferred		Least Preferred	
	First	Second	First	Second
One regional council, three district councils (status quo)	49	39	12	3
One regional council, two district councils	7	11	8	6
One regional council, one district council	7	7	8	19
Three councils (unitary authorities)	3	4	18	12
Two councils (unitary authorities)	6	5	4	31
One council (unitary authority)	52	29	11	4



# Kaitia meeting

## What local government in Northland currently does and does not do well

The comments and observations from these discussions are set out below. These comments do not necessarily represent the consensus of majority view of all participants.

What local government in Northland currently does well	What local government in Northland currently does not do well
FNDC Representation	Staff attitude on occasion of enquiring re local govt.
NRC work with Forestry Industry explanation of RMA.	Personality driven/power of Mayor.
Regional Council current size plus scale is right for Northland.	Insufficient emphasis in District Council long term plan for the environment.
Environmental education opportunities provided.	Inconsistent advice between regional council plus District/Consents based (Building/Land use resource consent/Regional plan), no LIM/ PWN report at regional level.
Watchdog – checks plus balances.	

## Preferences

Participants were generally split between the status quo, one regional and two district councils and one unitary authority as their most preferred option. Where one unitary authority was the preferred option a strong local representation was seen as very important, however commentary was also in favour of local representation to be provided for in the status quo model.

Options	Most Preferred		Least Preferred	
	First	Second	First	Second
One regional council, three district councils (status quo)	2			
One regional council, two district councils	2			
One regional council, one district council				
Three councils (unitary authorities)			4	
Two councils (unitary authorities)	1	1		3
One council (unitary authority)	4		3	

## Comments on Options

Some comments on the options are set out below. They do not necessarily represent the consensus or majority view of all participants.

### **One regional council, three district councils (status quo)**

This option retains the Northland Regional Council and the current Kaipara District Council, Whangarei District Council and Far North District Council. It retains the ability to establish community boards.

<b>Likes</b>	Separation of powers Retains Northland focus through regional council presence Keeps the Far North
<b>Dislikes</b>	Information gaps Requires goodwill for collaboration Kaipara is too small to continue Amount of properties is too low to sustain the assets and core infrastructure
<b>Preferred local representation</b>	
<b>Other comments</b>	

### **One regional council, two district councils**

This option retains the Northland Regional Council. It amalgamates the current Kaipara District Council, Whāngārei District Council and Far North District into two district councils. It retains the ability of the district councils to establish community boards.

<b>Likes</b>	Separation of powers Retains Northland focus through regional council presence Some rationalisation of asset management
<b>Dislikes</b>	
<b>Preferred local representation</b>	
<b>Other comments</b>	

### **One regional council, one district council**

This option retains a regional council and amalgamates the current three district councils into one district council. It retains the ability of the district council to establish community boards.

*No comments were provided on this option.*

### Three councils (unitary authorities)

This option establishes three unitary authorities for Northland. Each has the powers and functions of a regional and district/city council. This option has:

- One unitary authority for the Far North
- One unitary authority for the Whāngārei area
- One unitary authority for Kaipara

<b>Likes</b>	One stop shop for the district
<b>Dislikes</b>	No longer 'Northland' council Not financially viable
<b>Preferred local representation</b>	
<b>Other comments</b>	

### Two councils (unitary authorities)

This option establishes two unitary authorities for Northland. Each has the powers and functions of a regional and district/city council.

<b>Likes</b>	One stop shop for the district Keeps \$\$ in far north Some rationalisation of asset management
<b>Dislikes</b>	No longer 'Northland' council Population and rating base too small Small voices compared to whole of northland/other regions
<b>Preferred local representation</b>	
<b>Other comments</b>	

## One council (unitary authority)

This option establishes one unitary authority for Northland, which has the powers and functions of a regional and district/city council.

<b>Likes</b>	One stop shop for the district Consistent regulations Levels of Services across Northland Equity issues could be resolved Combined rating base Core infrastructure assets centrally managed Starts with a blank sheet of paper Maintains the regional council as one authority Northland organisations presence can speak with one big voice
<b>Dislikes</b>	We'll get lost in the bigger unit Need certainty re representation and powers Needs real accountability to communities
<b>Preferred local representation</b>	Local community boards
<b>Other comments</b>	Community boards could bring local issues to the unitary authority – what decision making powers? Needs to be permanent , elected and accountable to the community with real responsibilities. . Unitary council should meet in various places around the region on a rotation basis.

# Kerikeri meeting

## What local government in Northland currently does and does not do well

The comments and observations from these discussions are set out below. These comments do not necessarily represent the consensus of majority view of all participants.

What local government in Northland currently does well	What local government in Northland currently does not do well
There are some positive examples.	Criticism of timeframe, re: RMA. (Eg. Boardwalk).
In-house experts Regional (Environment).	Small populations vs. large geography. (Resources and funding capacity).
Independent watchdog.	? 100m debt
Local council has been financially prudent.	User pays
Civil Defence (Regional Council).	Why the need for change. Told in 1989 cost reduced, staff reduced, but opposite happened. How much money due to central government.
NRC done things well, good knowledge – help plus advice and good listeners.	FNDC small rating base (economies of scale).
Pest-control (good helpful response)	Lots of different voices. (Re: Leadership).
NRC – leadership/ communication (Re: Emergency situations/extreme events).	Cost associated with small council, rates have been increasing
Watchdog aspect of Regional Council.	Lot of 'town' focus and rates used to support this
Culture at Regional Council is good.	Not clear what rates being used for
Present system connects better to the individual communities.	Could have better communication. (Website has too much information).
Community boards are good for the Far North)	Not enough Co-operation and communication between Regional and District Councils.
Good to have access to council offices in Far North	District Councils driven by voters. Resistance to increase the rates equals less environmental compliance.
Environmental compliance – separation between rc and dc good	Community boards toothless and useless
	Lack of focus at the smaller communities as part of the greater entity.
	Four councils equals four plans – Not co-ordinated enough – charging for submitters and a costly process.

	Too many district plans.
	Regional Council taking District Council to court is silly. Doubles (?) ratepayers funds
	Culture at FNDC not good

## Preferences

Participants were generally split between the status quo and one unitary authority as their most preferred option, with a somewhat higher preference for the status quo once second preferred options are included. Where one unitary authority was the preferred option a strong local representation was seen as very important.

Options	Most Preferred		Least Preferred	
	First	Second	First	Second
One regional council, three district councils (status quo)	5	6	1	
One regional council, two district councils	1		1	
One regional council, one district council		1		
Three councils (unitary authorities)			9	1
Two councils (unitary authorities)				12
One council (unitary authority)	3	3	2	

## Comments on Options

Some comments on the options are set out below. They do not necessarily represent the consensus or majority view of all participants.

### One regional council, three district councils (status quo)

This option retains the Northland Regional Council and the current Kaipara District Council, Whangarei District Council and Far North District Council. It retains the ability to establish community boards.

<b>Likes</b>	Working reasonably well Checks and balances familiar Not broken
<b>Dislikes</b>	Representation very town based Lots of scrapping Inefficiencies (4 councils) Lack of effectiveness Small population- large area Current structure does not support govern candidate Not sure about the efficiencies
<b>Preferred local representation</b>	Community lacks expertise for governance Community boards ok as long as delegations exist Community boards need clout
<b>Other comments</b>	Needs to be 'enhanced' status quo

### One regional council, two district councils

This option retains the Northland Regional Council. It amalgamates the current Kaipara District Council, Whāngārei District Council and Far North District into two district councils. It retains the ability of the district councils to establish community boards.

<b>Likes</b>	Keeps Kaipara debt away from Far North
<b>Dislikes</b>	Representation town based. Cost implications Messy middle ground Who inherits Kaipara debt
<b>Preferred local representation</b>	Community boards need clout
<b>Other comments</b>	

## One regional council, one district council

This option retains a regional council and amalgamates the current three district councils into one district council. It retains the ability of the district council to establish community boards.

<b>Likes</b>	Economies of scale Separation of function Some merit if roles changed
<b>Dislikes</b>	Cost implications – Kaipara 2 entities Too big an area
<b>Preferred local representation</b>	Community boards need clout
<b>Other comments</b>	

## Three councils (unitary authorities)

This option establishes three unitary authorities for Northland. Each has the powers and functions of a regional and district/city council. This option has:

- One unitary authority for the Far North
- One unitary authority for the Whāngārei area
- One unitary authority for Kaipara

<b>Likes</b>	
<b>Dislikes</b>	Crazy idea Can't see it working Too small
<b>Preferred local representation</b>	
<b>Other comments</b>	

## Two councils (unitary authorities)

This option establishes two unitary authorities for Northland. Each has the powers and functions of a regional and district/city council.

<b>Likes</b>	
<b>Dislikes</b>	Crazy idea Don't split regional council \$\$ Lack of control and environmental compliance
<b>Preferred local representation</b>	
<b>Other comments</b>	



## One council (unitary authority)

This option establishes one unitary authority for Northland, which has the powers and functions of a regional and district/city council.

<b>Likes</b>	Consistency Collective, together Reduces overlap of functions Financially most efficient Economies of scale Simple Would benefit assets management and investments Potential savings
<b>Dislikes</b>	Big area to service Size of wards Loss of watchdog Too big
<b>Preferred local representation</b>	Has to be robust local representation to work Community boards need clout
<b>Other comments</b>	Are the promised efficiencies achievable

# Mangawhai meeting

## What local government in Northland currently does and does not do well

The comments and observations from these discussions are set out below. These comments do not necessarily represent the consensus of majority view of all participants.

<b>What local government in Northland currently does well</b>	<b>What local government in Northland currently does not do well</b>
Local representation is available.	Not enough people look at government as a business – needs to live within budget.
Regional Council work on the ground eg. Fencing and land management	Need to work better to share skills.
Co-operative approach - working with communities.	It depends on the people at the top – both management and politicians. (Need good governance).
Working with communities on the harbour. (Kaipara).	Not enough co-ordination and support between each local authority.
Good to have access to council offices in the Far North.	Kaipara so far in debt.
Watchdog is good	District councils undermine Regional Council
Monitoring role of NRC. (Good as long as it's done well).	Proposed RPS, Landscape and relationship to land management and the people who work the plan.
RMA does "some" things well, like Environmental Court and monitoring harbour.	Middle management not good at doing things on the ground / communicating with people.
Population in district and close to Auckland.	Don't feel listened to and no influence over decisions, people disenfranchised.
Generally responsive to communities, good track record in environment.	Don't feel bureaucracy serves the people.
	Over governed in relation to size.
	Split of Environmental responsibilities not helpful – should be done at a single look. (Government level), shouldn't require watchdog function.
	Not an area served well by NRC, water quality and coastal marine area work in relation to development activates.
	Lack of individual community input Getting involved in activities that could be achieved by individuals (eg commercial style ventures).
	Northland too dispersed to allow for adequate community input - streams of communication limited.

	Issues around endowment funds / equity and resources
	Mangawhai is changed due to Geographic location and proximity to all boundaries and demographics / socio-economics
	Local Government is spreading itself too thin – needs to focus on core infrastructure, including (?) / Parks.
	Generally responsive to communities, good track record in environment.
	Lack of community voice.
	Communication and lack thereof i.e. Monitoring did not talk to land owner.
	Physical problems with location of councils i.e. KDC Dargaville.
	District Council doesn't work for community (20 plus years).
	Breakdown of communication.
	89 small communities - lost voice, lost assets.
	Constituents have different opinion of its own council. Is not responsive.

## Preferences

Participants were mostly in favour of the status quo, with one unitary authority as their second most preferred option. Where one unitary authority was the preferred option a strong local representation was seen as very important.

	Most Preferred		Least Preferred	
Options	First	Second	First	Second
One regional council, three district councils (status quo)	10	6		
One regional council, two district councils	2	3	1	
One regional council, one district council	1			
Three councils (unitary authorities)			5	2
Two councils (unitary authorities)		1		
One council (unitary authority)	4			

## Comments on Options

Some comments on the options are set out below. They do not necessarily represent the consensus or majority view of all participants.

### One regional council, three district councils (status quo)

This option retains the Northland Regional Council and the current Kaipara District Council, Whangarei District Council and Far North District Council. It retains the ability to establish community boards.

<b>Likes</b>	Is known/familiar Existing knowledge and governance Watchdog function of NRC Small is beautiful – KDC could have worked KDC not got enough ratepayers for area Representation available locally Regional approach to major issues
<b>Dislikes</b>	Inefficiencies due to population size KDC can never attract appropriate staff No need for separate councils Lacks co operation
<b>Preferred local representation</b>	Community Councils
<b>Other comments</b>	Modifies status quo required Community Boards did not work well in the past Enhancements require political will and management

### One regional council, two district councils

This option retains the Northland Regional Council. It amalgamates the current Kaipara District Council, Whāngārei District Council and Far North District into two district councils. It retains the ability of the district councils to establish community boards.

<b>Likes</b>	Regional approach to major issues
<b>Dislikes</b>	Don't want to amalgamate with Whangarei Unknown
<b>Preferred local representation</b>	
<b>Other comments</b>	Still needs more local representation

## One regional council, one district council

This option retains a regional council and amalgamates the current three district councils into one district council. It retains the ability of the district council to establish community boards.

<b>Likes</b>	
<b>Dislikes</b>	Unknown
<b>Preferred local representation</b>	
<b>Other comments</b>	

## Three councils (unitary authorities)

This option establishes three unitary authorities for Northland. Each has the powers and functions of a regional and district/city council. This option has:

- One unitary authority for the Far North
- One unitary authority for the Whāngārei area
- One unitary authority for Kaipara

<b>Likes</b>	
<b>Dislikes</b>	No regional approach to big issues Duplication of regional functions and expertise
<b>Preferred local representation</b>	
<b>Other comments</b>	

## Two councils (unitary authorities)

This option establishes two unitary authorities for Northland. Each has the powers and functions of a regional and district/city council.

<b>Likes</b>	Better size-wise
<b>Dislikes</b>	Not in best interest of Northland Regional approach to big issues Duplication of regional functions and expertise Not reflective of catchments
<b>Preferred local representation</b>	
<b>Other comments</b>	

### One council (unitary authority)

This option establishes one unitary authority for Northland, which has the powers and functions of a regional and district/city council.

<b>Likes</b>	One stop shop function Regional approach to regionally important issues
<b>Dislikes</b>	Dictatorial All empowering Geographic size of unit Lacks local representation No relationship in other parts of Northland
<b>Preferred local representation</b>	Community councils Well-equipped local representation
<b>Other comments</b>	Would need very strong community councils

## Effective Maori representation

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### Key Messages – all meetings

Participants were asked for their comments on options to ensure effective Maori representation in Northland's local government. Key comments were as follows.

- Maori representation at the local level should be guaranteed
- The current system is sufficient for Maori to ensure they have representation in local government
- It is for Maori to determine what kind of representation model would be best

### Preferred Option

Due to time constraints the debate on Maori representation issues was limited and the results recorded provides no data on any preferred options indicated.



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Whāngārei 0148; Phone 09 470 1200, Fax 09 470 1202.

**DARGAVILLE:** 61B Victoria Street, Dargaville; Phone 09 439 3300, Fax 09 439 3301.

**KAITĀIA:** 192 Commerce Street, Kaitāia; Phone 09 408 6600, Fax 09 408 6601.

**ŌPUA:** Unit 10, Industrial Marine Park, Ōpua; Phone 09 402 7516, Fax 09 402 7510.

**Freephone:** 0800 002 004 | **24/7 Environmental Hotline:** 0800 504 639

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**Twitter:** [www.twitter.com/NRCExpress](http://www.twitter.com/NRCExpress)





## **Alternative application for local government reorganisation:**

## **Seven local boards supported by a single council (unitary authority) for Northland**

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**Submitted by Northland Regional Council**

36 Water Street  
Private Bag 9021  
Whāngārei 0148

15 April 2013

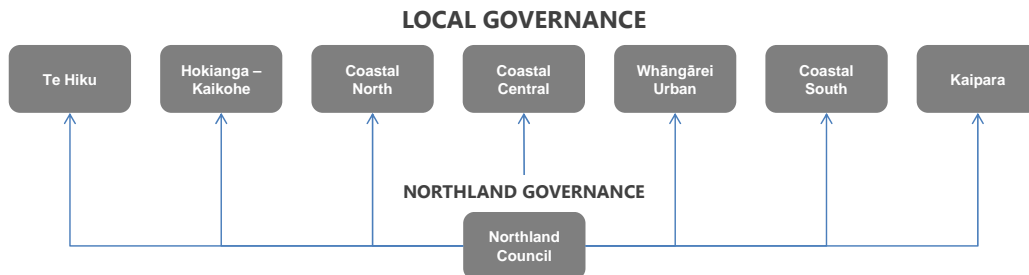
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## Executive summary

The Northland Regional Council welcomes this opportunity to submit its preferred option for local government reform, for a structure of seven local boards supported by a single unitary authority for Northland.



After careful analysis of the possibilities, we believe this option will provide the best opportunity for the communities of Northland to build on their strengths, and to secure the representation and participation in local government they deserve.

We acknowledge this proposal will require either a change to current law or special legislation for Northland, but we believe there are compelling reasons to justify it. It's been over 20 years since substantial reform of local government in Northland occurred. The rationale for the current structure is no longer relevant. ~~Much has changed in that time, so understandably reform is a question that's reverberated loudly in more recent years as central government has developed its reform programme.~~ While we agree current arrangements aren't in the best interests of Northland, we don't think that change within the currently limited available options will prove to be any more successful ~~and we know from our community engagement that Northland's communities think so too.~~ We therefore recommend that, unless or until this model of local boards supported by a single unitary authority for all of Northland can be achieved, the status quo be maintained.

Northland is large and diverse. We believe change must be designed to meet the specific needs and requirements of Northland –for its economy and its communities.

There is a better way to structure and deliver local government services in Northland. This application sets out how seven local boards and a unitary authority across Northland will provide:

- Decision-making being made at appropriate levels;
- Stronger, more effective leadership;
- More effective representation of communities of interest, including Māori
- Simplified planning processes;
- Infrastructure that is appropriate and affordable;
- Greater efficiency and cost-savings through economics of scale, streamlined planning, and better customer service;
- More integrated economic development.

Our application provides information about the issues faced by all councils in Northland for delivering effective, efficient, good quality services, and the limitations the current structure imposes on our communities. It suggests fundamental principles we think should form the basis by which any reform proposal should be evaluated. It outlines the key options that have featured in the Northland debate, and notes what community views on these options are. The current status and trends for Northland in terms of its population, and economy are described, along with the current structure of local government. It then sets out our proposal for reorganisation in more detail, identifying suggested representation arrangements, division of responsibilities, and

financial management. Finally, we outline the benefits of this proposal and the evidence we have of the community's support for it.

CONFIDENTIAL DRAFT

## Improving the performance of Northland

No one denies the challenges Northland faces. Its socio-economic profile reveals a spectrum of issues that successive governments, both central and local, have found difficult to address, much less remedy. Northland has and is projected to continue to have a small population. Northland is rural and becoming more rural. Many indicators show negative trends into the future. Reversing these requires a concerted, collective, well-informed effort, and a willingness to explore different solutions to those tried in the past.

More detailed information about these indicators is provided in the next section to illustrate the context in which Northland's local government operates. Northland's challenge won't be remedied by local government reform alone, but more efficient local government will provide the framework, impetus and clarity that's needed to build on Northland's strengths and address the significant challenge posed by a very small population (and therefore very few ratepayers) in a vast geographic area. Hence the focus of our application is on the matters where local government can have the greatest influence to deliver cost-effective infrastructure and services, strong leadership for its unique communities, and contribute not only to the growth of Northland's economy but also, ultimately, to the nation's.

## Delivering great governance

In developing this proposal, we examined a range of options. Each option was evaluated for the degree to which it would uphold the following principles of good governance. We believe local government must be:

- Be prudent and financially sustainable – it must be efficient, cost-effective, affordable and equitable to its ratepayers and residents. and be able to meet the current and future needs of communities.-
- Be representative of its local communities and reflect the diversity of the community.
- Encourage participation from elections through to the setting of policies, plans and service levels.
- Transparent and accountable to its communities – we need to know where we are going, why, and how we will get there, and report clearly on what has been achieved with ratepayer money.
- ~~Able to meet the current and future needs of communities.-~~
- Be flexible and capable of adapting to local and changing circumstances and needs.
- Structured so that decision-making is made at the appropriate level, and devolved as much as possible at the community level.

## What are the issues?

From a local government perspective, Northland and its districts share a number of common challenges:

- The scale and scope of councils isn't aligned to the services and functions they deliver – for example, the costs of building and operating efficient and effective infrastructure exceeds the councils' (their ratepayers') ability to pay. But for distinct communities, these councils are also too remote for them to effectively engage with.

- Each local authority has a comparatively small rating base and a population demographic that is contracting within the age groups most relevant to driving our economy.
- There is a perception that governance isn't reflective of our distinct communities.
- There are different policies, processes and standards across Northland. These cause confusion and can make Northland a less attractive place to do business. There is a perception that tensions exist between the regional and territorial authorities' leadership, leading to a lack of unity.
- There is a low level of Māori engagement and representation, despite Māori making up about one-third of Northland's total population, and in some local communities, significantly more than that.
- Our connection to Auckland is not maximised.
- Some ratepayers think they are over-governed but engagement in local government is low.
- There is confusion over the different councils' roles and responsibilities.

## **What are the options?**

Much has changed since the reorganisation of local government in 1989. Understandably, then, reorganisation has become a question that's reverberated loudly in more recent years as central government has developed its reform programme. In Northland, many options have been part of the reform debate and it's from this array we evaluated and (and in discussion with communities throughout Northland) arrived at our preferred option for seven local boards supported by a single unitary authority across Northland. The following section provides a brief overview of the key outcomes of this analysis. We acknowledge that many of the observations made during the analysis of each option could also apply to other options, and further note that some assumptions (e.g. on boundaries, delegations, and so on) have been made which necessarily affect the views expressed.

**Comment [KR1]:** This doesn't seem like the right term – common themes from our community engagement?

### **One regional council, three district councils (status quo)**

- Four authorities representing a small population seem out of proportion to need or affordability. There are duplications in services, resources, staff, etc., that create costs for ratepayers without delivering tangible benefits. The low population limits the ability of councils to rate for necessary services and infrastructure and limits the available governance and management expertise. and (Since this structure requires a lot of elected members, it's prone to poor governance.)
- Parochialism runs high across the four councils and causes fragmentation, but is an aspect of Northland culture that demonstrates how many distinct communities of interest it encompasses.
- This structure offers a high level of representation (i.e. in number of people elected to office) but the communities of Northland aren't well represented – e.g. Māori, women, isolated or smaller communities.
- Kaipara's debt is a lot for a small district to bear, although anticipated future growth in Mangawhai may offset this.
- For some, accountabilities aren't clear in this current structure. There's confusion for some about which councils do what. On the other hand, the structure has been around for a long time, so is familiar and known to some.
- This structure helps keep councils honest – there are checks and balances between regional and district councils. It deals very well and transparently with this.
- The opportunity to establish Community Boards is only exercised in the Far North, but they have no real power, and are subject to representation reviews.
- There are opportunities for the four councils to work together to improve service delivery and performance, and when this happens it works well – but many

opportunities aren't taken up. It's clear different councils have different priorities but it's not clear that communities do. For example, some feel the regional approach to transport isn't working as well as it should.

- This structure doesn't encourage the councils to find holistic solutions for the big problems that affect all of Northland, e.g. economic development.
- If this structure is retained, it needs to be enhanced through rationalisation of duplicated services, better procurement, planning and improved electoral arrangements.
- Changing the structure of local government will take time and money; retaining the current structure will be the cheapest option, at least in the short term.
- The current councils are familiar with needs of their communities, including required services and infrastructure. There's concern a new structure would lose this insight and knowledge.

### **One regional council, two district councils**

- Although this structure would reduce the total number of local government organisations in Northland from four to three, this still seems like too many for an area with a small population.
- It's not clear where the boundary between the two district councils would go; there's not immediate recognition of distinct, district communities.
- This structure, though it would rationalise the delivery of some services and functions, and potentially reduce the number of elected members and staff, would not provide the structure for Northland to deal collectively with big issues, like economic development. While there would be some opportunities for costs savings, these are likely to be few. In addition, the Far North might lose on growth opportunities to Whāngārei and Mangawhai.
- This option would keep checks and balances between the authorities in place, i.e. it would retain an environmental "watchdog" role at the regional level.
- Potentially this option could create better solutions to deal with Kaipara debt. It could help Kaipara's finances, but the debt would not be welcomed by non-Kaipara district ratepayers. In addition, Kaipara's distinct identity could be lost.
- Potentially this organisation would result in a better opportunity for the councils to be good neighbours.
- The district councils could – and many think should – establish community boards in this model. On the other hand, some perceive that district councils' influence over boards would be too high and local engagement would not be assured.
- The district councils would be even bigger than they are now, so issues about community representation and affordability could get worse rather than better.

### **One regional council, one district council**

- There's no precedent for this structure in New Zealand, so no evidence to show how two organisations representing the same ratepayers (and a small population) will work better or worse than any other option.
- This structure could bring benefits to the management of the Kaipara Harbour through better integrated programmes between fewer authorities than now.
- Potentially the clear mandate of the two organisations would lead to more accountability, better integration and collaboration, fewer plans and better interaction with central government. Service delivery could be more streamlined and result in some cost savings, but there's also potentially the diminution of local knowledge, particularly at the district council level.
- There's concern this structure could lead to a bias towards greater populated areas, unless there were careful electoral subdivisions.

- Many like the retention of the checks and balances that exist between a regional and district council. On the other hand, this option is a major reconfiguration and local identity could be lost without the addition of community boards or another mechanism – geographically, it's just too big an area to govern effectively. However, it could provide a better chance for Northland to speak with a unified voice.
- There's a sense that this structure might just as well be one organisation, rather than maintaining the concept of separating the functions of "regional" and "district". Many see the potential for conflicts to arise between the two organisations, although it would reduce conflicts that can occur between the district councils now.

### **Three councils (unitary authorities)**

Very few participants in this debate have identified any benefits in this structure, other than it would retain the "local" flavour of government in Northland. Concerns expressed have included

- It's not feasible, sustainable or affordable for the small population of Northland to support three separate unitary authorities.
- There's no opportunities for economies of scale.
- It doesn't address current issues about duplicated services and costs – it simply makes it worse.
- There would be no 'environmental watchdog'.
- There would be multiple planning documents required – at considerable cost and with no promise of planning commonalities where these are appropriate.
- It's not immediate clear how catchment management could be effectively achieved by three separate organisations
- This option could potentially split the Northport shares (and other regional assets) into three minority holdings
- It could be impossible to reach an agreement between the three entities, and individual councils would be too small to get across all their issues, high skilled staff, etc.

### **Two councils (unitary authorities)**

- This structure would recognise distinct difference between north and south, east and west, which is particularly relevant for northern communities.
- It would allow for greater effectiveness and costs savings, while retaining local access, focus and democracy. Others however were not convinced that there would be efficiencies through economies of scale at this grade of reorganisation
- It's not clear where the boundary between the two entities would be drawn. Some people think that combining Whāngārei and Kaipara districts into a single authority would achieve a good scale, but questioned whether there's sufficient commonality between the two areas. Kaipara could be subsumed. Others expressed the view that the Far North would not be of sufficient scale or have the resources to support a unitary authority.
- There would be no 'environmental watchdog'.
- This option raises issues about the split of regional asset shares, and the impacts this could have on majority shareholdings (e.g. Northport). However, it's possible other solutions could be explored, e.g. a trust structure.
- Depending on future growth, this structure could ultimately lead to an urban\rural split, i.e. a unitary authority for each. There were mixed views on whether this was a good thing or not.
- This model recognises a strong call in the Far North for greater autonomy, but raises questions about whether its rating base is viable.
- For effective catchment management, this option would need careful boundary adjustments.



- Similarly, there would need to be a careful plan to address existing debt across the current district councils, and how this would be repaid.
- There would need to be a mechanism for local decision-making that affects smaller communities of interest – e.g. Community Boards, or local boards, which would be more resilient if created by statute, with elected members who have financial powers and are closer to the people that councillors would be. Concerns were also expressed that the scope of matters councillors would be required to know would be too broad.
- Some felt this option would exacerbate, rather than ameliorate, current issues around effective governance relationships between multiple organisations.

### **One council (unitary authority)**

- This structure, of all the options, notionally offers the greatest costs savings (particularly for staffing, IT, corporate costs), efficiencies and economics of scale. It recognises the region is too poor to have multiple councils. However, there's no guarantee of huge cost-savings, and a big organisation like this could become too 'big business friendly'. How would smaller local contractors fare in this model?
- It could provide consistency of service - one approach and greater collaboration.
- Similarly it could result in more coordination between policy, planning and strategy, better integration of plans, and fewer of them. It would create a one-stop-shop and reduce the current confusion caused by so many plans, different systems, and so on.
- It would get Northland speaking with one voice, which many felt was important for unity and strength.
- One council for all of Northland would help attract the right people for the job
- This structure loses the checks and balances provided by having an environmental watchdog, i.e. an regional council. Who would maintain an overview?
- Some people felt this options raises risk of political involvement in the resource consenting process.
- Some said a single organisation is just too big to transition to and would cause total disruption, taking years to sort out.
- There's concern Northland is too big for one council, and there's risks posed to democracy and representation. Without some form of local decision-making or electoral solutions, the councillors would be too distant from constituents, and electors could be disenfranchised. There were also concerns about providing for Māori representation.
- A solution for this would be to create community boards – or better, statutory local boards/community councils so parent council cannot disestablish them (although there was also some concern that community councils could also be too big). The voices of isolated, rural communities need to be heard. Service delivery within communities needs to reflect local preferences and affordability.
- There were concerns the headquarters for a single unitary authority would default to Whāngārei, and be seen as Whāngārei -centric. However, location wouldn't be important if local matters are decided locally.
- If amalgamation is the way things are headed, then this structure appears to be logical
- A single unitary authority could work with other regional entities
- It would allow catchment-based work to continue
- It would allow for equity/subsidisation across the region
- In terms of representation, it would broaden the number of people to choose fewer leaders from
- The question of debt needs to be answered – who pays for what?

## About Northland

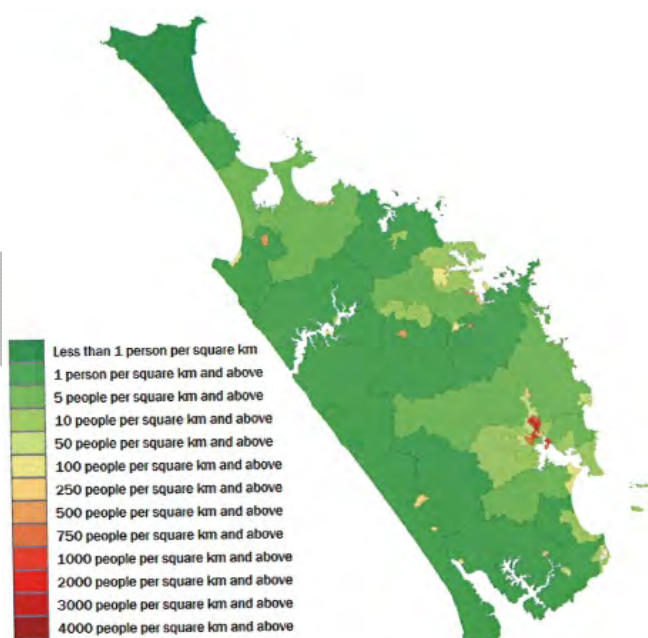
### Our people and our communities

Northland is remarkable amongst New Zealand's regions for the diversity of its communities. Within the region, population densities, cultural diversity, household incomes, health and education differ widely. Many of these differences are acutely felt in rural areas in the north and west of our region, and at the very local level. We have some communities that really need assistance, and that are unable to afford in isolation a range of services and infrastructure.

Nonetheless Northlanders share strong associations as a people, bound by a common affinity for the region's land and sea, its beaches, history, harbours and forests.

Northland is home to just over 158,000 people, which is 3.6% of New Zealand's population. We live on a land area of 12,450 square kilometres. This means that a relatively small population is spread over a large area, as the population distribution map<sup>1</sup> illustrates.

According to the latest regional population projections published by Statistics New Zealand, Northland's population is estimated to be 173,500 in 2031, an increase of around 15,000 persons<sup>2</sup>. This increase represents an annual growth rate of 0.5%, which is the same pace at which the national population living outside of Auckland is projected to increase. However, the rate of population growth is not evenly spread across the region. At the district level, the population of Whāngārei is expected to increase by 12,000 persons or 15% by 2031. This is considerably faster than the population increase forecast for the Far North and Kaipara districts which are projected to increase by just 2,000 (3%) and 1,000 (4%) respectively. Moreover, 20 of the 33 area units (61%) located in the Far North district and half of the 20 area units in Kaipara are projected to experience a population decline between 2006 and 2031. In comparison only 7 of the 41 area units in Whāngārei are projected to decrease<sup>3</sup>.



Northland has a relatively low proportion of persons of working age (i.e. those aged between 15 and 65 years) – about 61% compared to 66% at the national level. Furthermore, within the working age population, Northland has the lowest proportion of persons aged 15-39 years. This reflects the fact that many young people move out of the region once they have finished secondary school for tertiary education and training. While all three districts currently have a

<sup>1</sup> From Northland District Health Board's Health Services Plan 2012-2017

<sup>2</sup> Subnational Population Projections: 2006(base)–2031 (October 2012 update)

<sup>3</sup> Area unit population changes were based on Subnational Population Projections: 2006 (base)–2031 (February 2010 update)

similar proportion of their population within the working age bracket, the working age population is projected to represent just 51% of Kaipara's population by 2031 compared to 53% in the Far North and 55% in Whāngārei.

The population trends noted above are further amplified if just the working age population is considered. The working age population of Northland is projected to decrease by 6,000 or 6% by 2031. However, the working age population of Whāngārei district is projected to increase by 200 persons but decrease by 14%(1,700 persons) in Kaipara and 12% (4,400 persons) in the Far North. Eight of the ten area units in Kaipara and 29 of the 33 (88%) in the Far North are forecast to experience a fall in their working age population. Less than half the area units in Whāngārei ( 19 of the 41) are projected to decrease. Consequently, while all three districts currently have around 61% of their population within the working age bracket, the working age population is projected to represent just 51% of Kaipara's population by 2031 compared to 53% in the Far North and 55% in Whāngārei.

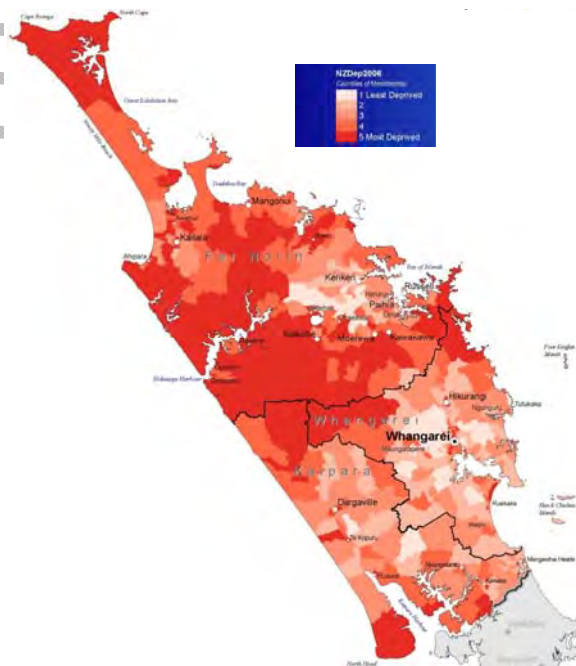
With a high of proportion our people living in rural areas (49%, compared with the national average of 14%), Northland is the most rural of New Zealand's 16 regions. And wWe are becoming more rural – over the last ten years we have had higher growth rates in rural areas than urban areas. We also have significant differences at the district level. For example, just over 75% of the Kaipara district population is rural.

Of the 51% of people living in urban areas, the majority (65%) are located in Whāngārei, with 25% located in our major towns of Kaitiāia, Kerikeri, Kaikohe and Dargaville. The remaining 10% live in village communities like Kawakawa, Moerewa, Paihia, Russell and Taipā Bay-Mangōnui.

At least one-third of Northland's population is Māori. This ranges from about 45% of the population of the Far North District, to about 25% in the Whāngārei District, and about 22% in the Kaipara District.

At least 50% of the population identifies as Māori in each of the following areas - North Cape (91%), Moerewa, Kaikohe, Otangarei, Kawakawa, Hokianga North, Hokianga South, Ngapuhi-Kaikou, Omapere and Opononi, Kaitiāia East, Awanui, Kaitiāia West, Rawene, Raumanga East, Ahipara, Raumanga West, and Kaeo (50%)<sup>4</sup>. There are nine iwi in Northland.

Deprivation<sup>5</sup> varies widely throughout Northland, with significant areas of the Far North falling behind. However, deprivation is sporadic throughout the region, e.g., along the East coast (particularly near Mangōnui) and in Whāngārei.<sup>6</sup>



<sup>4</sup> Statistics New Zealand 2006 Census, Ethnic Groups (Grouped Total Responses), for the Census Usually Resident Population Count

<sup>5</sup> Deprivation is a measure socio-economic levels, based on Census data for car and telephone access, receipt of means-tested benefits, unemployment, household income, sole parenting, educational qualifications, home ownership, and home living space. The index ranges from 1 to 10. A score of 1 indicates that people are living in the least deprived 10 percent (decile) of New Zealand. A score of 10 indicates that people are living in the most deprived 10 percent of New Zealand.

<sup>6</sup> DHB Maps and Background Information from the Atlas of Socioeconomic Deprivation in New Zealand NZDep2006, June 2008, ISBN

Northland currently underperforms nationally in both health and education indicators. In 2011, 67.8% of school leavers in Northland obtained a NCEA level 2 or higher compared with 71.8% nationally. Life expectancy is also lower in Northland; 76.3 and 81.2 for men and women respectively between 2005-2007 against 78.0 and 82.2 nationally. Effective infrastructure may be one factor. For example, accessing quality educational and health facilities in western parts of the region is currently difficult. Improving regional access to, and the breadth of, local higher educational / vocational opportunities, for example building on North Tec, is important if we are to develop a skilled and desirable local labour force, to retain talented youth and to attract new business to the region.

The District Health Board is planning an expansion of Whāngārei Hospital over the long term. The District Health Board is also promoting 'models of care', developing community based services particularly in maternity care, paediatrics and mental health. With mental health services, three sub-acute units are being developed in Kaitiāia, Kaikohe and Whāngārei.

## **Our economy**

The Northland economy, when measured in terms of Gross Domestic Product (GDP), was valued at just over \$4.8 billion in the year ended March 2012, equivalent to 2.3% of New Zealand's GDP.

Our economy is structured differently to that of the national economy. Primary industries – agriculture, fishing, forestry and logging, and mining – account for 13% of Northland's GDP compared with only 6.5% nationally. Service industries account for just 47% of Northland's GDP (compared with 58% nationally).

The Northland economy grew by 4.2% in the year to March 2012. This was higher than the overall growth rate for the New Zealand economy of 2.3%. The strong performance of the dairy and forestry industries contributed significantly to the higher rate of growth. This contrasts markedly with the previous four years during which the Northland economy shrank by 0.1% per annum. In addition to the impact of the global financial crisis, Northland's economic performance in recent years has been constrained by climatic events, a major flood in 2007 and a drought in 2010.

### Average annual GDP and employment growth rates (EGR) in Northland, Auckland and New Zealand

Region	Year ended March							
	Last year		Last 2 years		Last 5 years		Last 10 years	
	2011 to 2012		2010 to 2012		2007 to 2012		2002 to 2012	
	GDP	EGR	GDP	EGR	GDP	EGR	GDP	EGR
Far North	3.8% (7)	-1.0% (8)	0.2% (7)	-1.6% (9)	-0.2% (8)	-1.1% (9)	1.8% (6)	0.8% (6)
Whāngārei	3.6% (6)	-0.9% (8)	1.9% (5)	-1.0% (8)	1.3% (5)	-0.4% (7)	2.1% (5)	1.4% (4)
Kaipara	9.6% (3)	0.0% (6)	4.1% (2)	1.4% (3)	0.6% (7)	0.4% (5)	1.5% (7)	0.8% (6)
Northland	4.2% (4)	-0.8% (12)	1.5% (7)	-0.9% (13)	0.8% (11)	-0.5% (14)	1.9% (9)	1.1% (12)
Auckland	3.2% (6)	3.5% (1)	2.4% (3)	2.9% (1)	1.4% (6)	1.1% (2)	3.0% (3)	2.3% (1)
New Zealand	2.3%	1.2%	1.2%	0.9%	1.1%	0.4%	2.3%	1.6%

**Note:** The numbers in brackets for the three Northland TA indicates their decile ranking among the 66 district councils of New Zealand, e.g. a ranking of 6 places Northland in the sixth growth decile. The numbers in brackets for Northland and Auckland indicate their respective rankings among the 16 regions of New Zealand for that time period.<sup>7</sup>

Economic activity is not evenly spread across the region. Around 60% of Northland's GDP is produced within the Whāngārei district compared to 30% in the Far North and 10% in Kaipara. Furthermore, economic and employment growth rates in the three districts of Northland have become more divergent over the last five years as compared to the previous five years. While the Northland economy grew by 0.8% per annum over the five years 2007 to 2012, the Far North economy shrunk by -0.2% per annum and the Whāngārei district grew by 1.3% per annum. Moreover, there is significant variation in annual growth rates between the districts, with the smaller the district, the greater the annual variation in economic activity.

While economic activity has improved, the number of people employed in Northland continues to fall. Since 2007, the number of persons employed in Northland has fallen by 1,700, with major job losses occurring in the manufacturing, construction and services to consumers (retail, accommodation and food) sectors. This compares with the period between 2002 and 2007 when 8,500 new jobs were created. Northland's unemployment rate is the highest among the 12 regions for which unemployment rates are calculated (at 9.5% in December 2012 compared to the New Zealand average of 6.9%).

As a consequence of a relatively low working age population, together with a low participation rate and high unemployment, Northland households are relatively poor. Northland has the second lowest GDP per capita among the 16 regions, 35% below the national average. Moreover, Northland has the highest proportion of low-income households in New Zealand at 37% of households in June 2011, compared to the New Zealand average of 27%.<sup>8</sup>

## Our infrastructure and services

The table on the following page (to come) provides an overview of the district councils' key utility infrastructure in Northland. It's acknowledged there's difficulty in presenting a clear overview of Northland's infrastructure resources. This is partly because there's been no comprehensive stocktake, and partly because councils have varying levels of information about their assets. There's also not an agreed standard in the way information is recorded.

<sup>7</sup> Source: Infometrics Regional Database

<sup>8</sup> Measured by the proportion of all households with household income below a constant value threshold equivalent to 60% of the 2002 national median household income adjusted each year with the Consumer price Index.

Nonetheless, it is clear that all the district councils face challenges in the delivery, operation, and maintenance of infrastructure. Common issues cited include:

- The large geographic spread of the network, low population density, and uneven distribution/expansion of population growth decreases affordability to provide and maintain infrastructure and services.
- Lack of strategic planning and poor asset management (although the Whāngārei District Council has made considerable progress in recent years to prepare robust asset management plans and growth strategies).
- Central government subsidy shortfalls.
- There are difficulties attracting and retaining appropriately skilled personnel, which reduces the ability to maximise funding assistance and consistently deliver good quality work on time and at the right price.
- There are limited sources of good quality road aggregate.
- Increasing operating costs (power, fuels, chemicals) means increases in maintenance and construction costs, increases costs of external contracts, possible lowering of service levels and increased risk of failure due to deferred maintenance
- Lack of anticipated funding from development contributions has led to decreased funds available for infrastructure construction

In addition, Northland is experiencing more weather extremes, from droughts to flood events. Droughts limit our access to water for rural production activities, put significant pressure on our domestic water supply infrastructure and affect productivity in our primary industries. Floods have the potential for loss of human life, damage to property, destruction of crops, loss of livestock and damage to essential infrastructure such as communication links, power generation and supply, roads and bridges. This can significantly affect individuals, communities, and businesses and brings with it economic, social, community and health effects.

The region's geology impacts on infrastructure costs, particularly roading. Underlying soil types such as Onerahi Chaos significantly add to the initial construction costs and also often require more maintenance and repair than other regions. The unstable geology and terrain of Northland and the resulting landslides and soil compaction (especially in severe weather events) affects the security of a number of routes in the region leading to delays and uncertainty.

## **Transport**

Northland's current roading network extends over 6,610 kilometres, of which just 749 kilometres is managed by the New Zealand Transport Agency. The network is considerably underdeveloped when compared to many other regions, with 60% of the local road network unsealed. District councils' operating expenditure on roading as a portion of their total operating expenditure in 2011 is significant – 33% in the Far North district (\$30.5 million spent), 44% in the Kaipara district (\$20.4 million spent) and 27% in the Whāngārei district (\$32.2 million spent).<sup>[2]</sup>

The Far North District Council is responsible for 2,543 kilometres of a 3,000 kilometre network with over 1,600 of its roads unsealed. The district has over 700 bridges (which its council acknowledges pose a risk as there's limited data on their load-carrying capacity). Much of the Kaipara's District's roading network is very basic, narrow and winding, with over 72 per cent unsealed. Demand for roading there continues to be driven by primary production but is being influenced by changing land use i.e. from pastoral to forestry. In Whangarei, urban congestion and capacity issues remain a concern. Flood events and storm damage works have impacted on the council's ability to achieve some targets. Funding constraints have affected the delivery of sealed pavement maintenance and renewals programmes, with a decrease in central government subsidies and greater allocation of funding to wastewater priorities.

<sup>[2]</sup> Statistics New Zealand - Total operating income and expenditure by activity by local authority



Northland has one key road into and through the region, State Highway 1. This route contains accident black spots and has significant route security issues in places such as the Brynderwyns and Te Hana Bridges. When events cause the road to be closed in these locations, the diversion routes are insufficient for the class of road they replace. In one case, the Te Hana Bridges, there is no viable alternative route. The west coast of Northland is less accessible by road than the east.

Freight transported on Northland's roads is from forestry, dairy products, livestock, fertiliser, horticulture products, aggregates and other general freight. These primary resource industries and supporting secondary manufacturing industries form an important component of the Northland economy. Freight within Northland is expected to double by 2031<sup>9</sup>. Often the primary resource industries are located a significant distance from the manufacturing or processing plant. This has been challenging for the district councils to manage the pressures on the roading network – for example, forestry harvested in the Far North is trucked through the road network to the main port in Northland, Northport, -outside Whāngārei.

In terms of rail, Northland is limited to one freight line into the region through Auckland and a subsidiary line to Dargaville. KiwiRail has signalled the freight line from Auckland (the North Auckland Line) is being considered for mothballing. While Northport is not connected to this rail network, substantial work in securing a potential rail corridor to link to the North Auckland has occurred (the regional council and KiwiRail have formed a joint venture and secured the designations and resources consents for the construction of this corridor). This link would help safeguard the North Auckland Line as well as greatly increasing the attractiveness of the port for bulk movement of freight. However, construction funding remains uncertain.

### Water, Wastewater, & Stormwater

Many of Northland's water, wastewater and stormwater networks are aging, leading to increased operation costs, system failures, stymied growth and development and environmental risks. For example:

(more to come)

- Major pressure is evident on wastewater systems as a result of growth. The pressure is most evident in the Ruakaka area where major work is in progress to build a new wastewater treatment plant and reticulation systems to cater for in excess of 20,000 cubic metres per day of waste, compared to present day flows of around 600 cubic metres per day. There are also known problems with some existing wastewater infrastructure as demonstrated by incidents of (untreated) sewage flowing into watercourses after storm events.
- In Whangarei City centre sewers were laid during the early 1900s. These pipes have an estimated average design life of 50 to 80 years. Comprehensive condition data on these pipelines is not available although the available inspection and maintenance records indicate that a number of sewers are at, or near, design capacity.
- This has been exacerbated by the overloading of the sewerage reticulation system during peak wet weather resulting in overflows during extreme events. In short, an upgrade to the city sewer and wastewater treatment plant is needed to cope with high rainfall events and projected population growth within the catchment.
- Stormwater is not generally treated or screened after it enters the district councils' network. What goes down the drain goes to the harbour and out to sea. There are ongoing issues with stormwater reticulation. Whangarei CBD is already vulnerable to flooding, and any increased flows from catchments which ultimately discharge through the urban streams into the upper harbour will add to the risk in that area.

<sup>9</sup> National Freight Demands Study

- Stormwater disposal remains a problem throughout Northland. Many areas are prone to flooding and land instability. High intensity rainfall and small catchments tend to increase flooding problems and slip damage. Erosion and sedimentation of waterways is problematic as is pollution from both agricultural and urban sources.

Effectively funding the maintenance of existing and the development of new water, stormwater, and waste water infrastructure to service growth, fix known issues, and accommodate climate variability is therefore crucial.

### **Power generation**

There is very little electricity produced in Northland (only 3% of the region's electricity need). The only generation schemes of significance are the Wairua dam, which produces 11MW output, and the Ngāwhā geothermal power station near Kaikohe, which has recently been increased from 10MW output to 25MW output (still only approximately 3% of the peak load for Northland). There is significant potential for the development of further renewable electricity sources, for example, biofuels, wind, wave and solar generation. However, recent proposals for wind power (Poutō) and tidal generation (Kaipara Harbour) have not yet been developed.

There is only one high capacity transmission line (220KV) through Auckland serving Northland (Henderson to Otahuhu). Whilst its capacity is sufficient to meet the needs of those it serves, it is a risk to rely on only one route through Auckland (which is particularly difficult to access and repair). A programmed upgrade will be in place by 2014. There are increasing energy demands from the northern east coast (including the Bay of Islands and Kerikeri) due to growth, which necessitates upgrading of the transmission line network owned by Top Energy. Top Energy is currently developing plans to address this through an additional medium capacity transmission line to Kaitiāia via Taipā.

### **Solid waste management**

The generation of solid waste is closely linked to growth and industrial and commercial development. Northland is enjoying benefits of past Whangarei District Council investment in waste management, e.g. despite population growth over the last five years there has been a 42% reduction in the total waste tonnage and a 23% reduction in waste to landfill in the Whangarei District. The opening of a new regional landfill at Puwera near Whāngārei has relieved pressure on Northland's smaller landfills. The landfill has capacity for 4 million cubic metres over 35 years with the possibility of additional capacity for a further 10 years. This has eliminated the need to truck waste down to Redvale in Auckland as had been the case in recent years.

The remaining cubic capacity of refuse, cleanfill and cover of the Far North District Council's two current sites as at 30 June 2012 are:

Ahipara – 13,000 cubic meters Russell – 15,500 cubic meters

The estimated remaining lives are:

Ahipara – 2-3 years Kaikohe – nil

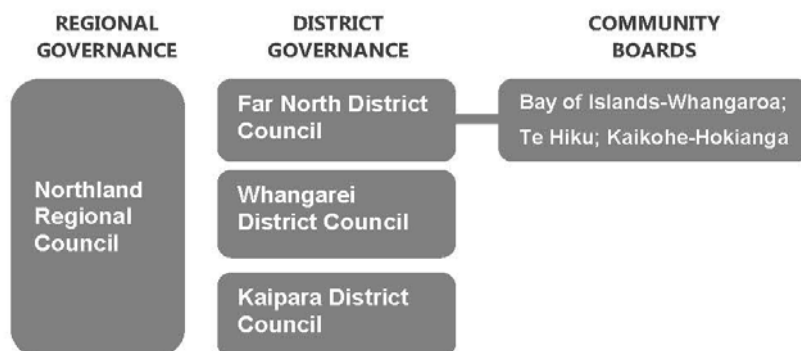
Russell – 24 years Whangae – nil

However, at present there is no real co-ordinated approach to waste minimisation within Northland.



## Present local government structure

The current structure of local government is illustrated below.



In total, there are currently 50 elected members (Kaipara District Council's 9 elected members have been replaced with commissioners.) – 2 mayors, a regional chairperson, 28 councillors and 19 Community Board members. The 2012 determination for elected members remuneration<sup>10</sup> sets nearly \$1.8 million to be paid to members for the year from 1 July 2012 (however, alternative arrangements have been made for the remuneration of Kaipara's commissioners.)

**Comment [KR2]:** This para needs a rewrite to be a bit crisper. Perhaps a table would be better?

Each council has established a number of committees that are delegated responsibility to oversee the council's performance in respect of specific functions. The degree of responsibility each committee has ranges from full-decision-making powers to simply making recommendations to the council. There are some commonalities: for example, each council has a finance committee to monitor its financial position. Each has a sub-committee to review the performance of its chief executive. In total, there are approximately 13 standing (or 'major') local government committees throughout the region, operating across of range of local government activities, drawing on the efforts of a total combined membership of 85 people-councillors. (The number engaged in committee work is much larger than the number of elected councillors, as some committees – particularly those of the regional council - include stakeholder and community representatives. The Regional Transport Committee and the Environmental Management Committees are two such committees. They demonstrate that where there is a political will to provide for local representation and community and stakeholder views around the committee table that it can be done, from primary industries and stakeholder groups).

Resource management planning, reporting, consenting and monitoring processes are handled differently around Northland, depending on which district or activity is concerned. Collectively, Northland's four councils have produced a total of eight-seven resource management planning documents under the Resource Management Act 1991 consisting of an operative Regional Policy Statement, a proposed Regional Policy Statement, three regional plans (air, water and soil, and coastal), and a district plan for each of the three districts (Far North, Whāngārei, and Kaipara). While the most recent proposed Regional Policy Statement aims to achieve more integrated planning in future, perceptions about inconsistency, overlaps and gaps in planning frameworks have been expressed, and are likely to continue if current arrangements continue. The councils all have their own resource consent processing and monitoring responsibilities and each employ staff and contractors to fulfil these functions.

**Comment [KR3]:** Needs to be more comprehensive and cover consenting and monitoring too. Also this and next para seem to split the narrative on representation. Perhaps move to the end if they remain.

Each district council is also responsible for a range of regulatory functions from dog control, (including adopting dog control policies, maintaining the dog registration system in its district and

<sup>10</sup> Local Government Elected Members (2012/13) (Certain Local Authorities) Determination 2012

enforce the Dog Control Act 1996, they also have to provide and maintain a public pound) to freedom camping, and inspecting campgrounds. They issue exemptions under the Food Act 1981, and developing policies on gambling machines (whether they are allowed and if so where they can be located). They are responsible for enforcing aspects of the Hazardous Substances and New Organisms Act 1996 and improving, promoting and protecting public health within its district under the Health Act 1956 including appointing staff, inspecting their districts, and taking steps to abate nuisances or health hazards. They are also District Licensing Agencies under the Sale of Liquor Act 1989 and appoint inspectors to monitor compliance with liquor licences. They are road controlling authorities and must take "reasonable steps" to ensure compliance with the Fencing of Swimming Pools Act 1987's fencing requirements within their district. They are required under the Burial and Cremation Act 1964 to establish, maintain and regulate cemeteries (where sufficient provision is not otherwise made), must report on drinking water quality within their districts as required by the Director-General or Medical Officer of Health.

Similarly each district council has regulatory functions for local bylaws, many of which are required by central government – e.g. for dog control, liquor bans, prostitution, and gambling. These bylaws allow for regulation to be tailored for local communities, but each is required to go through the same administrative process of development, consultation, implementation, enforcement and review.

The regional council has some specific functions and carries out regional activities across Northland that are not duplicated by the district council.

Each council also maintains staff and contractors to carry out back office functions such as human resources, legal advice, information management and technology, finance etc.

**Comment [KR4]:** Insert standalone functions e.g. harbor master, hydrology, flood risk reduction etc

Councils differ in their approach to providing opportunities for Māori to contribute to the decision-making (i.e. as required by s. 81 of the Local Government Act 2002) At present, the Whāngārei District Council has a formal mechanism (Te Karearea) established for this purpose. However, it is not a standing committee and has not been delegated to make decisions. The Northland Regional Council has ~~iwi~~ "cultural" representatives appointed to its Regional Transport Committee and Environmental Management Committee (although the use of cultural is under review as the position is filled by expected to Maori rather than a wider definition of culture that may embrace notions of the arts etc). ~~as-~~ It has also set up subcommittees well as a number of its for catchment management groups and river liaison, which involve iwi and hapu representation. For many Māori in Northland, therefore, the opportunities to participate in local government in a manner consistent with Section 81 are few.

## Recommended reorganisation

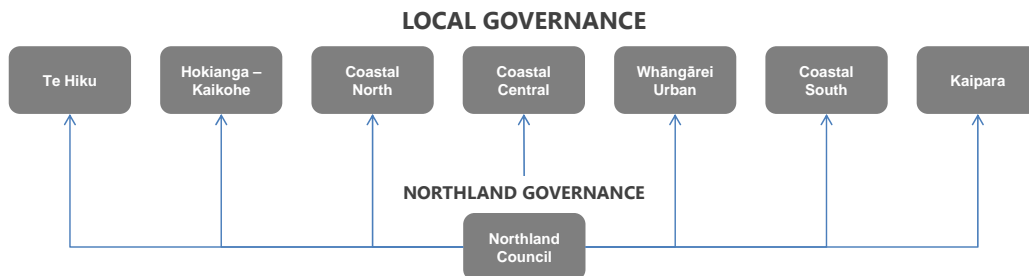
We submit as our preferred option for local government reform, a structure of seven local boards supported by a unitary authority across Northland.

Our proposal is founded in the firm belief that local government in Northland can – and must – do better than it has in the past to deliver value to its residents and ratepayers. The perception that tensions exist between the regional and territorial authorities is, in fact, a reality. But this is only a part of the reason why local government hasn't performed as well as it could have, and addressing this would only be part of the solution. Other significant issues involve:

- structure
- service delivery mechanisms
- effective representation of our many communities of interest.

We believe the new representation arrangements for the election of regional councillors provides a solid basis for the areas that should be represented by a local board in Northland's new local

government. (The recent Local Government Commission determination is for seven wards that more accurately reflect the communities of interest in Northland.)



Northland needs regional vision, a regional voice and advocacy, regional policy and standards, and partnerships with others – especially central government. Northlanders need the benefit of a wider rating base than current restrictions of district council boundaries allow, and the critical mass that permits economies of scale to provide basic infrastructure. They need coherent, strategic planning for and delivery of local government services.

The communities of Northland would benefit from greater participation in decisions that affect delivery of their local services. They also deserve to have a better opportunity to engage with local government at a local level – not with a remote organisation.

In a nutshell, the issue with local government structure in Northland right now is this: For the big, expensive, common needs of Northland – like efficient and effective infrastructure, bold economic development programmes, and resource management planning – the current four councils are either too restricted in scope, or have too small a rating base to deliver on their own. For more local needs - like footpaths, streetlighting, parks, libraries and local bylaw rules – the current three district councils are too big to allow individual communities to develop their own unique “sense of place”.

Some perceive that Northland is too large to be effectively governed by one entity. This proposal addresses this via the establishment of local boards with a high level of delegation. And advances in technology in Northland, particularly the roll-out of broadband, now means the “tyranny of distance” is largely a thing of the past.

## Composition of Northland Council

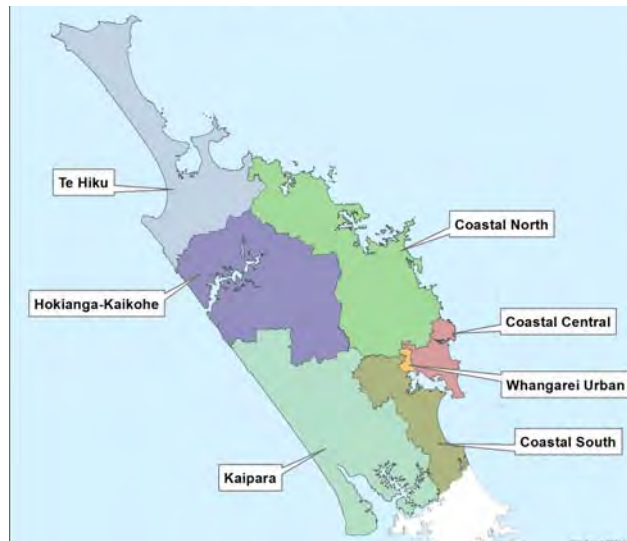
We propose a single unitary council for all of Northland, made up of 9 councillors plus a mayor elected at large.

Electoral law allows for a council membership from 6 to 30 members. On balance, we believe a total council of 10 is the most practical for a working group - too few, and constituents can be disenfranchised; too many, and consensus decision-making processes can take too long.

## Ward representation

We propose 9 councillors be elected from 7 wards. We believe the new wards determined in April 2013 by the Local Government Commission as part of the regional council's most recent representation review provide a sound basis for the electoral subdivisions of the new council.

The ward based approach is favoured over electing councillors at large, since it enables local communities to elect their own representatives. These new electoral subdivisions are admittedly a major departure from those used in the past throughout Northland, at either regional or district level. However, we believe they more accurately represent a practical, sensible grouping of communities of interest than any other alternative yet considered. In providing for elections at this grade, it is far more likely that those elected will be reflective of, as well as representative of, the communities that elected them.



[Please refer to our section on 'Communities of Interest' on page 4038 for more information on how this proposal will more effectively and fairly represent Northlanders, increase their engagement and participation in local government, and result in greater accountability and transparency in its decision-making.](#)

## Māori representation

The council acknowledges that the creation of dedicated Māori seats and/or other mechanisms for improving Māori participation and engagement in local government is beyond the ambit of the Local Government Commission's purview for local government reorganisation. Determining the appropriate mechanisms - whether dedicated seats on the council, local boards, special advisory committees, or co-governance arrangement - should be a matter for the new council to consider in consultation with its communities.

However, we believe this is a matter of significance that the new council must be required to address as a matter of priority once the transition to a new structure is underway. Māori have an important position in Northland- for example as a significant percentage of the population, and as Treaty partners. There are two statutory acknowledgements currently in place (with Te Uri o Hau and Te Roroa), and significant Treaty settlements have either just been agreed (with three of the five Te Hiku iwi) or are underway (Ngapuhi). Māori development and Northland's development are intrinsically linked, and cannot be separated. Irrespective of what form local government reform takes, this central fact must be acknowledged through better opportunities for Māori to participate.

In addition to electoral options (i.e. via the first representation review), the new council should be required to consider options to facilitate and uphold the kaitiaki role of Māori, particularly in the areas of fresh and coastal water management. The Northland Regional Council has already had some success in its establishment of river liaison and catchment management committees with iwi / hapu / mana whenua representation. We believe this model of engagement could be extended successfully to other council activities.

We think catchment management committees should be established by the new council at reasonable thresholds throughout the region – that is, each committee could oversee a number of geographically close catchments. These committees would benefit from the appointment of Māori representing any iwi hapu from within the geographic area.

We also believe the new council should be encouraged to meaningfully promote the transfer of powers as permitted under the Resource Management Act 1991 where it would result in increased efficiencies and/or effectiveness in achieving resource management objectives (as provided for in the Proposed New Regional Policy Statement for Northland).

## Local boards

We propose seven local boards as the community tier of decision-making. We propose the boards be co-terminous with the new council's seven wards, and that each board be further subdivided (i.e. into ridings) to ensure community representation from throughout the board's area. We envisage that each board would be comprised of 5 or 6 elected members, along with an appointed ward councillor. We intend to do more analysis and propose appropriate subdivisions for local board elections in due course.

We acknowledge this proposal is a radical departure from the options provided in current law. In arriving at the need for local boards, we examined the full range of options, including advisory committees, community boards, ward committees, and community councils.

~~At the heart of our proposal is the steadfast belief that Northland's communities have been ill-served by local decision-making bodies in the past. Too few opportunities exist for local areas to influence service delivery and expenditure. Since reorganisation in 1989, only the Far North District has maintained a second tier of decision-making, and in more recent years both the number and influence of their Community Boards has progressively been reduced. Even today, Northlanders refer to the former county and borough councils, and catchment boards, as effective means by which engagement in local government was facilitated by a structure that was reflective of the communities they served, and put constituents into more regular contact with their elected representatives.~~

The establishment of local boards will provide certainty and longevity to address these current shortcomings. The distinct disadvantage of committees and community boards is the level of discretion the new council could exercise: changes to the delegation of powers, duties or functions can be achieved simply by a council resolution. Committees can similarly be disestablished at any time, while Community Boards would remain vulnerable to the six-yearly representation review, during which a council could propose to abolish or reconstitute them.

## Division of responsibilities

The division of responsibilities is a critical issue in local government performance.

We believe the new council for Northland should focus on the strategic issues and make decisions important to the region as a whole. ~~For example, - Given the infrastructure issues for Northland as a whole, we also consider transport and energy should also be strategically planned.~~ We believe local boards should focus on improving the well-being and prosperity of their communities in a way that retains and supports the special character and identity of each board area.

We see the relationship between the two tiers to be largely "non-hierarchical" - that is, each would have clearly expressed responsibilities for decision-making. In practice, we acknowledge many local government activities have both components for both tiers. There are some components that will be more cost-effective when decided at a council level. Equally, other components will be more appropriately decided at a local level. As much as possible, we believe decision-making should be devolved to boards, where it is cost-effective and appropriate to do so.

For example, the council may have responsibility for deciding the location of stock effluent disposal sites, in a way that best suits the needs of multiple communities (i.e. assuming not every

board area would require one). However, once this decision was made, the local board in the site's area would be responsible to oversee the management of the service.

We believe the council's primary functions would include:

- Setting regional policy for significant resource management issues (including air quality, biosecurity, water management, and coastal environment and development);
- Managing the effects of using freshwater, land, air and coastal waters;
- Integrated strategic planning for significant public infrastructure, including roading, passenger transport, civil defence, flood control, and the "three waters";
- Services that can be delivered at a generally common standard across Northland, where it is cost-effective to do so (e.g. potentially waste management, bio-diversity, pest management strategies, harbour navigation and safety, building regulation, roading, water and water care, waste water, airports, oil spills and other marine pollution);
- Centralised services to support local government administration, e.g. rating, procurement, democracy services, financial management.

We envisage general responsibilities of local boards would include:

- Making decisions about non-regulatory local matters, including negotiating or setting the standards of services delivered locally ~~Provision of local~~ – this could include standards above the regional minimums that have been set – as well for specific initiatives and projects for local infrastructure and local improvements including community facilities such as pools and libraries, parks and recreation facilities, cemeteries, transport and roads, and water, sewerage, stormwater, roads, parks and reserves
- Environmental safety and health, e.g. public health, food hygiene inspections, liquor licensing, parking enforcement, building control, civil defence preparedness, etc.
- Developing and overseeing the implementation of a local board plan, including budget responsibilities for specific activities.
- Identifying and overseeing activities specific to a local area that are subject to a targeted rate.
- Community engagement and local leadership
- Identifying specific areas for bylaw regulation, e.g. liquor bans.
- Receiving views of local people on regional strategies, policies and plans and communicating these views to the council.

**Comment [KR5]:** I'd put this one and the next one after the two bullets below.

In addition, we believe the unitary council could delegate decision-making responsibility for some regulatory activities to local boards.

We understand the Commission is happy to receive additional information from us while it is going through the process of identifying reasonably practicable options and considering its preferred option for local government reform. We therefore intend to provide a more detailed analysis of the appropriate division of responsibilities as soon as possible.

## Council controlled organisations

The current councils of Northland have the following range of non-exempt council organisations.

Far North District Council	CCO	Te Ahu Charitable Trust (exempt)
	CCO	Roland Wood Trust (exempt)
	CCTO	Far North Holdings Ltd
Kaipara District Council	nil	
Whāngārei District	CCO	Whāngārei District Airport
		Local Government Funding Agency (together with 18



Council		other local authorities)
		Whāngārei Art Museum Management Group (exempt)
		Springs Flat Contractors (exempt)
		Whāngārei Waste Ltd (exempt)
		Northland Event Centre Trust (exempt)
	CCTO	Northland Regional Landfill Limited Partnership
Northland Regional Council	CCO	Northland Inc
		Regional Software Holdings Limited (together with 5 other local authorities)

Council Controlled Organisations are widely considered to be able to provide a coherent and focussed approach to the management of local government owned assets and facilities<sup>11</sup>. Currently the CCOs and CCTOs of the 4 councils within Northland are mainly focussed on the management of various commercial assets such as airports and landfills. Different authors have expressed different views as to what activities of a local authority should be operated via a CCO or a CCTO. In the report on Wellington Region's local government review, the authors favour the CCO model primarily for high commercial activities whereas the McKinlay Douglas report stated that there is great merit in establishing CCOs for infrastructure management and the provision of regulatory services.

There has also been much debate on the perception that CCOs operate 'at arms-length' from council, and whether this means councils are limited in their ability to control and influence their CCOs. This debate has been underscored by recent experiences in Auckland, where the establishment of seven 'substantive' CCOs has generated much discussion about the way the CCOs were established<sup>12</sup>, as well as on the extensive range of activities that are now provided through CCOs.

Northland Regional Council has in the past investigated the possibility of establishing a CCTO to act as a vehicle for the development of infrastructure in Northland, which had as its basis a regional capability review undertaken in 2006. Northland Regional Council considers the issues and options provided in the review are still relevant to Northland today. In conjunction with the issues faced by Northland as outlined elsewhere in this document, the consideration of one or more CCOs and their ability to focus on technical efficiencies and cost minimisation as well as a region-wide approach to service provision is considered to be a key task for a new authority.

We believe our application offers opportunities to rationalise the CCOs\CCTOs throughout Northland in a more effective, efficient manner. We further believe there is considerable value in reviewing local authority functions that are currently provided 'in-house', with a view to creating one or more CCOs\CCTOs that would allow for more effective and efficient service delivery.

For example, Whāngārei District Council's economic development activities are currently provided in-house, as are Kaipara District Council's, whereas Far North District Council delivers this activity both in-house and via Far Northland Holdings Ltd. At the regional level, economic development activities are a mixture of those delivered through Northland Inc as well as some in-house functions. A full review of all activities in this area, with the aim of combining CCO/CCTOs and/or creating a new 'fit-for-purpose' entity is considered vital to allow for improvements in the delivery of economic development related activities for Northland.

<sup>11</sup> "Future Wellington – Proud, Prosperous and Resilient", Wellington Region Local Government Review Panel, October 2012; and "Local Government Options for Northland", McKinlay Douglas Ltd, February 2010

<sup>12</sup> "Auckland's CCOs: The Death of Democracy, or Genuinely Council Controlled?", Peter McKinlay, Director, Local Government Centre, AUT University, Auckland, New Zealand

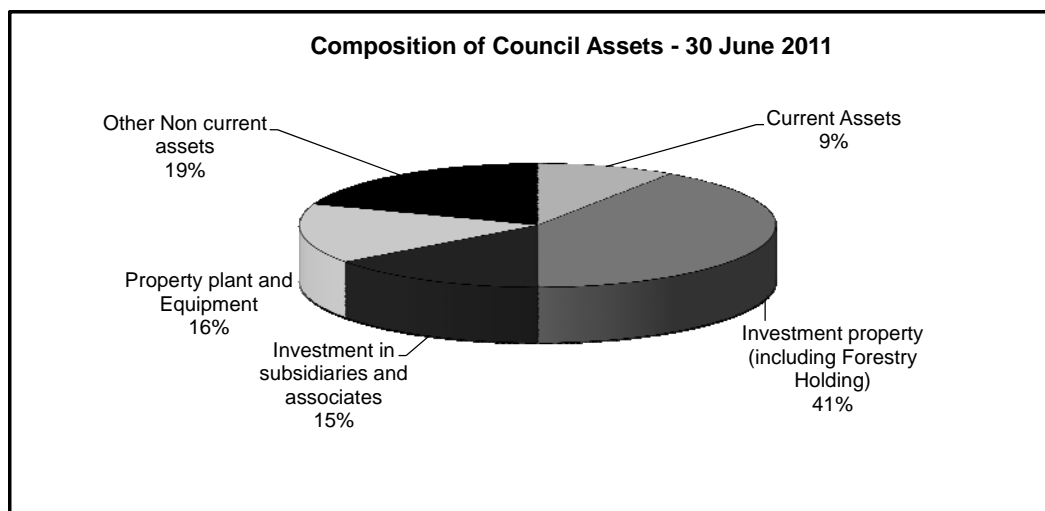
## Assets

Each of the Northland councils has a variety of assets and liabilities that must be considered in a reorganisation proposal.

### Northland Regional Council

The Regional Council has a range of assets, the most significant of which (other than investments in our subsidiaries and shareholdings, which is addressed specifically below) are property, plant and equipment. Property, plant and equipment include infrastructure assets (river management schemes), owner-occupied land and buildings, plant and equipment, vessels, dredging equipment and navigational aids and vehicles.

The Regional Council is currently a net investor – it has not borrowed from external sources. Council's investment assets include: cash, bonds and convertible notes; land and properties (including a forest); investment in the Community Investment Fund (formerly called the Northland Regional Council Community Trust Fund); and a 53.61% shareholding in Northland Port Corporation (NZ) Limited.



Traditionally the Regional Council's investment income has been used to reduce general funding (i.e., it subsidised the Targeted Council Services Rate and the Targeted Land Management Rate requirement). Until 2011/12 all of the Regional Council's investment income helped fund Regional Council operations, providing a rates subsidy of about 20%.

Following public consultation for the 2011/2012 Annual Plan, the council decided to redirect its investment income into the Northland Regional Council Investment and Growth Reserve. The redirection started in July 2011 and is being phased in over the ten years of the 2012/2022 Northland Regional Council Long Term Plan. During the transition period investment revenue not transferred to the Investment and Growth Reserve is be applied as general funds and is used to reduce the rating requirement.

The current rates subsidy could be negatively affected by any local government reorganisation in Northland that does not maintain the current investment returns, for example changes in the investment mix or shareholding in the Northland Port Corporation (NZ) Limited.

The only infrastructure asset currently held by the Regional Council is the Awanui River Management Scheme – which council considers is a strategic asset.



The council is also holds a 100% shareholding in Northland Inc. for strategic policy purposes.

### **Port Shares**

The Regional Council owns the majority shareholding in Northland Port Corporation (NZ) Limited. (It owns 22 million of the 41.3 million shares (53.61%) at a notional market value of as much as \$51M.) This gives the Regional Council effective control and the ability to pass ordinary resolutions, including appointed and removing the directors. Northland Port Corporation (NZ) Limited is deemed to be a strategic asset and the Regional Council is an investor in Northland Port Corporation (NZ) Limited with strategic motivations rather than purely financial motivations.

The current strategic investment objectives of the Regional Council for the Northland Port Corporation (NZ) Limited shareholding are:

- To provide an income stream to be available for projects that contributes towards economic wellbeing for Northland.
- To hold an investment asset on behalf of and for the benefit of Northland.
- To recognise and optimise both the strategic and economic significant that the Port contributes to the region.
- To optimise the Port's activities with the economic structure of the Northland region.
- The Local Government Act 2002 classifies a local authority's shareholding in a port company as a strategic asset.

The Regional Council has a targeted return from this investment of greater than \$1.4 million.

Because Northland Port Corporation (NZ) Limited is an NZX listed company, it is always "in play". The options for some of the 'players' in the market are limited, amongst other things, by the necessity to deal with the Regional Council as majority shareholder.

Splitting the Regional Council shareholding in Northland Port Corporation Limited has been seen by some, and as evidenced in the Far North District Council application to become a Unitary Authority, as way to spread the return on investment and a potential way to pay down debt. There is of course no guarantee that at any division would be evenly spread if the regional council ceased to exist and / or if Far North became a unitary authority exercising regional council functions. Successor authorities might be allocated shares based on population, rating values (a combination thereof) and/or taking into account the basis of the historic vesting of investments and property that occurred in 1989.

What is clear is that splitting the shareholding carries risk. It would likely lead to loss of local control, which would have a negative effect on the value of the holding (which could affect the return Northland currently gets from this investment), open up the potential for a call for equity capital from the shareholders (i.e. money from the councils that have the shares) and could trigger takeover provisions.

During the Regional Council's community engagement process and the Whangarei District Council's public meetings, the question of the port shares has been raised. Members are concerned that anything other than a regional entity (i.e. the Regional Council or a single unitary council for Northland) maintaining the Regional Council's current shareholding will mean that that strategic value of the investment will be lost. This concern has precedent. Auckland local authorities with the smaller holdings did not retain the Auckland International Airport limited shares long term.

If a reorganisation of local government in Northland lead to a division of the shareholding, a local authority with a need for money could take the view that a minority position gives it no real influence, or that continued ownership is not necessary, since the benefits of a local port to a local community can be obtained without local authority control. It could also take the view that the investment is a risk that the local authority is not prepared to bear because the returns

depend on local economic conditions and / or that the risk of the company seeking further equity capital from the council as a shareholder would be too much for the ratepayers to bear.

Shareholdings in the 20-50% range for listed companies are generally not permitted by the Takeovers Code, and trigger takeover offer obligations. So there is a real risk that if only two local authorities, for example two unitary authorities, emerged from the reorganisation process with equal shareholdings (or one with more than 19.9% shareholding) that without special legislation (as was the case for the new Auckland Council's 22.8% shareholding in Auckland International Airport) takeover obligations would be triggered.

### **District council assets**

#### **Whangarei District Council**

Whangarei District Council valued its assets (as at 30 June 2011 at \$1.26 billion) in its 2012/22 Long Term Plan. \$1.1 billion (87%) of those assets related to Whangarei District infrastructure i.e. the roading network, water systems, wastewater and drainage, and parks and recreation facilities. Infrastructure assets require maintenance and renewal expenditure, and often this is significant, which is why asset management plans are prepared. (The issue of course is keeping to the plan and spending the necessary money on maintaining the asset or renewing it at the appropriate point to ensure cost effectiveness is achieved.)

Subsidiaries accounted for 1% of the value of the Whangarei District Council's assets, operational assets were 3% and investments were 4% of the total. (Like the Regional Council the operational and investment assets include property and small forestry blocks.) "Direct equity investments in CCO/CCTOs and other shareholdings (in the form of land, buildings, airport assets and artwork) make up the remainder of Council's assets." (WDC LTP 2012-22)

#### **Far North District Council**

Far North District Council does not present its public information about its assets in its Long Term Plan in the same way as Whangarei District and the Northland Regional councils. To gain a picture of the assets and income it is necessary to visit their Annual Report. (The following information is taken from the 2011/12 Report. It is by no means comprehensive.)

Like other council's Far North District Council maintains equity investments and other minor shareholdings, property investments, and forestry assets (as long-term investments).

Far North District Council has a 100% investment in Far North Holdings Limited. "Far North Holdings Limited has loans of \$10,290,000 (2011 - \$9,320,000). Land and buildings to a value of \$20,888,000 (\$20,508,000 in 2011) have been given as security for the term loans."

#### **Kaipara District Council**

Kaipara District Council is a net borrower. In addition to its operational assets, community housing, parks and reserves and infrastructure assets, Kaipara District Council owns "a number of forestry assets which are held as long term investments" and investments in property. It has an objective "to own only property that is necessary to achieve its strategic objectives. As a general rule we will not maintain a property investment where it is not essential to the delivery of relevant services".

Kaipara District Council does not hold financial assets for trading / at fair value through profit or loss, nor does it hold any "held to maturity investments". The Kaipara District Council is budgeting \$105,000 of interest and dividends for investments for the 2013/14 year and lower amounts for the eight years following that. (Draft Kaipara District Council Annual Plan 2013/14)

The Commissioners of the Kaipara District Council have completed their initial scan of the non-core assets held by that council. "This review has highlighted that there is limited opportunity to make quick financial gains in this area. A more comprehensive review has been scheduled for 2013/2014." (Draft Kaipara District Council Annual Plan 2013/14)

### **The opportunity presented by a single council for Northland**

The investments held by the various councils of Northland are held for a variety of reasons, e.g. to maximise returns and long term commercial value, to advance strategic policy outcomes, and to enhance the efficient delivery of services and activities. Where these investments are currently held with an expectation of a commercial return amalgamation would offer an opportunity for these to be held in a single council controlled organisation with commercial disciplines applied under one professional board of directors with significant governance expertise and independent, specialist skills available to it.

As can be seen above, some of investments held are generating significant returns for ratepayers and as a result there are opportunities to advance strategic outcomes as a result, such as regional economic development and regional rates subsidisation in the case of the port dividends. The benefits of a single council maintaining the majority shareholding far outweigh the risks that are described above should the shareholding be divided.

There are also opportunities to rationalise and coordinate the operational assets and infrastructure assets of the region and for the governance entity to take a strategic view of all investments to ensure they are providing an appropriate level of return, considering the paying down of debt from investment and where appropriate the sale of some investments to reduce debt. (The amalgamation of investments would allow the consideration of a potentially more equitable, offsetting of debt servicing costs within the region than is currently possible.)

## Benefits of reorganisation

We consider that providing a community/unitary structure for Northland will

- promote democracy and local accountability;
- promote the identification of community needs and values and local programmes and services to address them through community based planning;
- ensure decisions are made closest to the communities they impact on/serve;
- enable an efficient relationship with central government;
- enable efficient and effective strategic planning and implementation including service commissioning across all of Northland;
- [provide greater local influence on setting service levels aligned with local affordability](#) -

A mixed community/unitary structure will promote good governance in Northland, allowing decisions to be made at the right geographical, catchment and population based "level" and also assist in delivering equitable and affordable solutions for Northlanders. It would enable strategic, co-ordinated and integrated decision making and also streamline Northland's planning documents such as those produced under the Resource Management Act 1991 and the Local Government Act 2002. It would enable Northland's resources to be more sustainably managed - balancing use and development with [environmental](#) protection - and would promote catchment based flood management and improving our overall water quality and protecting the values of outstanding water bodies and wetlands, as identified in Northland Water, the regional council's programme which includes Northland's implementation programme for the National Policy Statement for Freshwater Management. It would also facilitate a collective Northland voice and a central point of contact for our stakeholders and central government, while maintaining local place shaping ability.

[As noted earlier, we believe any reform proposal should be evaluated against some key principles. This section explains why we believe our proposal has the greatest likelihood of delivering on these, and also will satisfy criteria set out in the Local Government Act 2002 for good government and beneficial reform.](#)

## Efficiencies, cost savings & productivity improvements

[Our proposal will result in local government in Northland that is prudent and financially sustainable. It will be efficient, cost-effective, affordable and equitable to its ratepayers and residents.](#)

The geographical scale of local government operations in Northland is currently large and divided between four entities. Adding to this challenge is that many of the communities served are small. We believe a single council would in the medium to long term deliver efficiency and cost savings through economies of scale, more efficient service delivery and avoid some of the duplication and waste that exists currently.

Studies support that "local authorities with a small client population are likely to reap efficiency gains on administrative costs by reorganising into a larger unit or by sharing back office functions".<sup>[1]</sup>

For example a single council would be responsible for all operations, assets and staff. There would be one Chief Executive and all corporate services, such as human resources, financial services and rates collection, legal advice, would be provided by the single administration. There

<sup>[1]</sup> Rhys Andrews and George Boyne "Size, structure and Administrative Overheads: An Empirical Analysis of English Local Authorities" 2006 46(4) Urban Studies, p.17

are current examples of Northland's local authorities working together, combining resources or performing activities in a coordinated manner – such as the arrangements between the Northland Regional Council and Whāngārei and Kaipara District Councils for civil defence staff, and between the regional council and Whāngārei for human resources advice, and laboratory services, which have led to efficiencies. The benefit of these savings and efficiencies could be shared on a more uniform basis across the region if they came within the single council administration.

Streamlined plans and processes would avoid the current duplication that occurs across all three districts and the regional council, be better for those who need to comply with those plans reducing their compliance costs as well as the costs on the councils (and ratepayers) of complying with central government requirements for those plans, e.g. audit, plan changes, multiple consultations.

There are also anticipated savings through more efficient and effective delivery of key infrastructure, which should occur because of the economies of scale involved in their provision across the whole region (e.g. for roading maintenance, waste, water and wastewater infrastructure), more integrated planning, better prioritisation of resources and a greater pool and depth of expertise.

## Simplified and coherent planning

The reality is that for a rural region such as Northland, the status quo is not achieving and is unlikely to achieve the increased technical and governance capability and capacity needed, nor lead to better integrated, more cost effective simplified planning across the whole region. Past proposals to collaboratively plan have not had the political buy-in necessary to succeed.

We are convinced that our proposal offers significant opportunities for considerably simplifying Northland's current policy and planning processes for (and reducing the resulting number of) statutory and non-statutory plans. For the Northland region there are four long terms plans, three district plans, plus three regional resource management plans and a Regional Policy Statement, a 30 Year Transport Strategy, a Regional Public Transport Plan and Land Transport Programme, multiple growth and economic development strategies and district and sub district spatial plans, a plethora of infrastructure development and asset management programmes and plans (for parks, libraries, roads, water and wastewater community halls, stormwater, flood management and drainage).

However better planning is not just about getting the number of plans down, or creating them quicker or at less cost. To get the right outcomes and right practices it is essential that there is policy capability (within governance and staff), good planning - based on good evidence - and effective implementation. Too often there is insufficient political will within Northland's councils to drive proposals for better collaborative planning and delivery of services for and across Northland. As noted in earlier research:

*"There is a need for institutional arrangements which minimise incentives for differences at the political level and underpin the potential for Northland's Councils to collaborate effectively in service delivery and in working with external stakeholders."*<sup>13</sup>

The current institutional arrangements and behaviours unfortunately perpetuate differences and have not, despite the existence of Triennial Agreements, a Mayoral Forum and joint and "collaborative" committees, led to a culture of effective collaboration.

<sup>13</sup> McKinlay Douglas Limited, February 2010, *Local Government Options for Northland*

## Long term strategic view

Currently there are four long term plans for Northland, each with their own activity and asset management plans supporting them, and their own rating systems and rates collection (although collection for the Northland Regional Council is done through the district councils under a contractual arrangement). Each council has developed a unique set of funding and financial policies, including direct user charges and fees.

Each council has prepared forecasting assumptions and financial strategies that illustrate the financial and other challenges the region will face over the ten years of the plans. There is significant pressure to meet the changing demands in services levels, and local authority activities, maintaining the affordability of plans and meeting the costs associated with new or the renewal or upgrade of essential infrastructure services.

Northland's small rating base (and its socio economic statistics) means Northland is highly susceptible to significant cost and rate increases. Currently there is also significant variation in council service delivery between the districts i.e. in community access to services, the services delivered and the standards of delivery and given the fiscal environment significant challenges if Northland is to improve the overall minimum standards of service delivery.

A single long term plan for Northland focusing on key issues and priorities with a single rating policy and system, offers opportunities to get a better balance between rates, user charges and fees and the services and activities delivered (and the standards they are delivered to).

## Resource Management

The resource management function of councils in Northland is significant. We note that nationally, the time taken to progress first generation resource management plans from initial conception, to public notification and through the Resource Management Act (RMA) first schedule process to operative status took on average 8.2 years at an average cost of \$1.9 million per plan.<sup>14</sup> (In today's dollars the Ministry for the Environment estimates this to be \$2.4 million.) It should be noted that these costs are just the council's costs and do not include the costs borne by submitters or any other economic, social, cultural and environmental costs that occur due to the delays in getting a new plan or policy statement operative.

Plan preparation stage	Mean time for local authorities producing plans across 77 Councils	Proportion of total time	Mean cost across 49 Councils where data was available	Proportion of overall mean costs
Research, drafting, consultation through to notification	2.5 years	30.3%	\$673,469	37%
Notification through to close of further submissions	0.6 years	7.3%	\$646,042	36%
Close of further submissions through to hearings	0.6 years	7.3%		
Hearings	0.7 years	8.5%		
Hearings to release of Council decisions	0.5 years	6.1%	\$599,00	27%
Release of decisions to plans becoming fully operative	3.3 years	40.5 %		
<b>TOTAL (Average) Time and Cost</b>	<b>8.2 years</b>	<b>100%</b>	<b>\$1,919,151</b>	<b>100%</b>

<sup>14</sup> Brown and Pemberton Planning Group Ltd. 2008 Analysis of timeframes for the development of policy statements and plans under the Resource Management Act. Prepared for the Ministry of the Environment, Wellington.

Recently the Government has cited the Far North District Council experience with its District Plan, which took nearly 10 years to become operative, to demonstrate the need for a change to speed up the RMA process.<sup>15</sup> While the outcome of the long process in Far North is a workable plan, the costs and timeframes involved are significant for councils, communities and stakeholders involved and this is a significant issue given Northland's demographics. The following table illustrates the overall timeframes and approximate costs for Northland's first generation statutory plans to go through the process of pre-notification drafting and the statutory process to become operative. (Unfortunately at the time it was compiled, the district council expenditure was unavailable.)

Time and costs for Northland planning documents.

<u>Northland Plan or Strategy</u>	<u>Approximate time taken to reach operative status</u>	<u>Approximate Cost to develop plans and gain operative status</u>
Regional Policy Statement for Northland	8 years	\$1.5 million
Regional Water and Soil Plan for Northland	11 years	\$1.9 million
Regional Coastal Plan for Northland	12 years	\$2.5 million
Regional Air Quality Plan for Northland	10 years	\$0.3 million
Whāngārei District Plan	16 years	Unavailable
Far North District Plan	18 years	Unavailable
Kaipara District Plan	6 years	Unavailable

Based on the values above, the total cost of developing Northland's regional plans and policy statement is approximately \$6.2 million at an average cost per plan of \$1.5 million. Again these are the council's costs and do not include the costs of submitters and appellants (which could be in the same order of magnitude as the council's costs).

Consistent with Ministry for the Environment's analysis of the planning regime<sup>16</sup>, the first set of Resource Management Act 1991 plans prepared in the region adopted a wide variety of approaches and management options for similar issues. In August 2009 the Northland Regional Council conducted a review and comparison of Northland's planning documents.<sup>17</sup> The review found:

- Generally, the Far North District Plan (FNDP) provisions contain a higher level of environmental protection than the Whāngārei District Plan (WDP) and Kaipara District Plan (KDP). For example, the FNDP places significantly stricter controls on land use effects on landscape values, managing impacts on wetlands and water bodies, and heritage protection. Both the WDP and FNDP provide development incentives for permanent protection and restoration of natural or heritage features.
- The FNDP frequently uses assessment criteria while the WDP and the KDP rely more on the objectives and policies of the plan to guide plan users and decision makers.
- All three district plans use different formats in relation to rules and policies and there are various definitions for the same terms.

Consistent application of the same standards between councils, whether it is in the area of resource management, liquor licensing, food hygiene, or building control should be the norm. We accept that there are good reasons for some standards to vary between councils based on local conditions – e.g. local objectives, explicitly recognised local values or local conditions. One solution that has been identified by the Productivity Commission at the national level to overcome

<sup>15</sup> Ministry for the Environment. 2013. Improving our resource management system. A discussion document. Wellington: Ministry for the Environment

<sup>16</sup> Ministry for the Environment. 2013. Improving our resource management system. A discussion document. Wellington: Ministry for the Environment

<sup>17</sup> (August 2009), Resource Management Planning Documents in Northland – An analysis of possible future options. (Since this review occurred Kaipara District council has substantially progressed the schedule 1 RMA process for a new District Plan. Therefore the Kaipara specific information may no longer be relevant.)



these inconsistencies is that the different approaches adopted by councils should be discussed and analysed and good practice should be identified and shared.

Due to the individual approaches taken to the review of district plans (rolling / comprehensive) and the timeframes for review and the competing priorities of individual councils, there is limited co-operation and collaboration between the districts (and between region and districts) in preparing plan changes. The potential for unnecessary duplication of effort and expense is obvious. There are also additional compliance costs for those wanting to carry out activities across Northland and its multiple plans. For example, where duplication between regional and district management of activities, such as earthworks vegetation clearance, and mineral extraction (for example quarrying) exists or where small businesses, such as those in the construction industry, are working across more than one district and there are different rules, definitions or interpretations.

Despite the inconsistencies, one of the major criticisms of the current system is not about plan content but consistent administration of the plans by council staff (e.g. going to the council and getting an answer, and then getting a different answer/interpretation at a later date). This issue probably has more to do with staff retention and training than the plans themselves. There are difficulties recruiting professional staff to Northland and to small rural councils in particular. We acknowledge that it is difficult to recruit the policy, planning and technical skills and experience required to address complex resource management issues and provide career development opportunities within small organisations such as ours. This is true in other areas such as engineering and infrastructure asset management, procurement etc.)

Aside from inconsistencies in content and administration, there are challenges associated with responding to key resource management issues such as water quality, the demand for freshwater, hazard management, managing biodiversity and special areas. (For example the Whangarei District Council currently does not have any outstanding landscapes identified on private property, and it did not proceed to define the coastal environment for political reasons. This has led to a level of uncertainty for those wishing to carry out activities in these areas and even case law<sup>18</sup>.

The review and comparison of Northland's planning documents concluded that keeping the status quo, i.e. separate plans was likely to be the most costly and time consuming option in the long-term – e.g. each council may need to carry out similar plan changes to implement national directives and give effect to the Regional Policy Statement once it becomes operative. Under the status quo, inconsistencies, overlaps, gaps and integration issues remain and there is the greatest potential for local 'politics' to influence plans. The current system also perpetuates the situation where councils are seen to be at odds with each other as they submit on each other's plans and there is a high cost to the community to participate in the plan development/change process because multiple plans leads to multiple processes.

Conversely simplified planning in the region should allow for more effective investment decisions by both council and others, better use of existing and new infrastructure, better integration and ability to deal with significant resource management issues, such as water quality and quantity, land use, transport, energy, water, wastewater and stormwater infrastructure.

The review and subsequent report provides an analysis of the options available for combining the various resource management plans in Northland and assessed the respective advantages and disadvantages of each option from a resource management planning perspective. The analysis also included an assessment at a high level of the advantages and disadvantages of each option for the four 'well beings' (economic, cultural, social, and environmental). Key criteria for assessing each option were grouped under the following headings: User friendliness; Integration; and Cost/timeframes.

<sup>18</sup> See Longview Estuary Estate vs Whāngārei District Council



The overall conclusion was that developing a new 'one plan' (combined Regional Policy Statement, regional plan, and district plan) for Northland, together with a suite of user-friendly 'smart' technologies, would be the best option for Northland. However for

*"this option to be entertained, and before such a process is embarked upon, it is critical that all four councils have 'buy-in' to the journey, particularly at a political level. Continued political support for such a project is paramount to its success and any political discontent between any of the four councils during the process could be disastrous and could render much of the previous work worthless."*

During 2009 and 2010 the Northland Regional Council initiated efforts to embark on this process. However, the four Northland councils could not agree to work together and develop a new 'one plan' (a combined regional policy statement, regional plan and district plan) for Northland. There was also no political will for the district councils to work together to achieve one combined district plan. The Northland Regional Council had, through its 5 and 10 year effectiveness and efficiency reviews) identified a number of key regional resource management issues that needed attention and decided that it could not wait for a change in political will, which was unlikely to be forthcoming, before commencing work on drafting the new Regional Policy Statement for Northland.

There has been a degree of co-operation and co-ordination between the districts and the regional council on the development of the new Regional Policy Statement for Northland (the regional council set up a specific committee to oversee its development made up of representatives of both the district councils and the region). However the district councils nonetheless all submitted on the Proposed Regional Policy statement when it was notified (including on matters like the timeframes for them preparing their district plan changes to give effect to the Regional Policy Statement) and are preparing to support their submissions at hearings. This represents a cost to the individual district councils, and their ratepayers, as well Northland Regional Council and all of Northland's ratepayers.

The Northland Regional Council is taking a paper to the Mayoral Forum this month on how simplified, integrated planning might be best achieved, particularly in the context of the latest wave of RMA reform proposals. However, while there is some informal commitment to work better together in future on implementation of the new Regional Policy Statement- for example on the planning rules for outstanding landscape, natural character and natural features - experience suggests that collaborative working will be difficult to achieve within the current political environment and council structures.

### **Poacher turned game-keeper**

Ensuring the transparency of decision making is of paramount concern. There is significant public opinion that amalgamation of the regional council functions for resource management into a unitary council / multiple unitary councils in Northland will effectively put the "fox in charge of the hen house".<sup>19</sup> Currently Northland's regional and district councils have powers and responsibilities that mean that resource consents are required for activities they wish to undertake. For example, the regional council has obtained resource consents under its own and district plans for the building of new infrastructure such as a flood alleviation scheme or detention dam and dredging in the coastal marine area. In cases where the regional council is also the consent authority the council employs independent hearing commissioners to hear the resource consent application, maintaining the separation of powers and responsibilities. A further example is the regional council has employed independent commissioners to hear submissions on the

<sup>19</sup> Northland Local Government Reform - Outcomes of Community Engagement by the Northland Regional Council

Proposed Regional Policy Statement, recognising that there may be perceived conflicts of interest in the council developing the Proposed RPS and also hearing submissions on it.

While we acknowledge a unitary authority does mean there is an increased risk that the lines between environmental management (regulatory) functions, asset management, and service delivery functions of the organisation can become blurred or conflicts of interest arise, it does not have any evidence to suggest that the 'poacher and gamekeeper' power is being used inappropriately or irresponsibly by the existing New Zealand unitary authorities. The Parliamentary Commissioner for the Environment has found that the existing:

*"Unitary authorities are strongly aware of the need to separate environmental management (regulatory) functions from asset management and service delivery functions to avoid conflicts of interest where the authorities may be both the regulator and the regulated."*<sup>20</sup>

These types of checks and balances can be put in place in all areas of council at governance and management levels, for example

- separating asset management and service delivery functions within the organisational structure
- implementing policies that limit or do not permit elected representatives to sit on both regulatory committees / planning and policy committees and works and engineering committees.

Experience both in Northland and throughout New Zealand is that with robust processes, the integrity of the regulatory role can be maintained. This is supported by the PCE's findings that in each unitary council the

*"unitary authorities recognise that an appropriate committee and management structure, clear and appropriate delegations of responsibility, staff capability and transparent decision-making processes are key components contributing to the proper administration of their wide range of responsibilities."*<sup>21</sup>

## **Transport**

The transport planning, funding, allocation of responsibilities and decision making processes are complex and there is often a misalignment between the aspirations of local communities and the funding that is available from rates, grants, subsidies and central government.

The Regional Transport Committee is the statutory body established to provide a regional forum for the development of the Regional Land Transport Strategy and Regional Land Transport Programme. However each local authority committee member is an individual approved organisation and they each apply to the National Land Transport Fund and rate their own ratepayers to fund their own transport programme needs.

However the current central government focus on Roads of National Significance, state highways, congestion in large cities, and Christchurch means Northland is struggling to get a look in. While regional co-ordination has worked well for road safety initiatives and regional passenger transport and total mobility, because each member council is understandably parochial in wishing to promote their local community's / communities' transport infrastructure needs, there has been limited cooperation and therefore limited ability to implement a truly regional vision for transport or to deliver regional initiatives or adequately fund Northland's transport needs. Northland's councils have not taken a one network approach, nor have they embarked on cooperative shared

<sup>20</sup> Local Government Environmental Management A Study of Models and Outcomes, p.30  
[http://www.pce.parliament.nz/assets/Uploads/Reports/pdf/local\\_govt.pdf](http://www.pce.parliament.nz/assets/Uploads/Reports/pdf/local_govt.pdf)

<sup>21</sup> Local Government Environmental Management A Study of Models and Outcomes, p.31.

services for maintenance and operations, asset management or improved procurement. This is despite the significant proportion of Northland's rates being spent to roading.

Retaining skilled staff in the transport sector is a common issue for local government, but it is further exacerbated in Northland by the having the transport responsibilities spread across three relatively small district councils and the regional council.

In light of the above, we see considerable benefits accruing to Northland through the creation of a single entity supported by local boards. Rationalisation of duplicated services and functions, including planning, by a single administration is not only likely to result in cost savings but also efficiencies and productivity improvements, and be more transparent and accountable to its communities.

## Resources commensurate with responsibilities

### Rates revenue

Among the four Northland councils, the largest percentage increase in real rates revenue per person since 2003 has been received by the Northland Regional Council<sup>22</sup>. One reason for this is the decision by the Northland Regional Council to gradually redirect investment income away from subsidising rates and into an Investment and Growth Reserve to promote economic activity and jobs. Despite the large increase in rates revenue, the level of rates revenue per person charged by the Northland Regional Council remains below the regional council average<sup>23</sup>. Only the Otago and Taranaki regional councils have a lower rate level per person.

### Rates revenue and operating expenditure by council, year ended June 2011

Council	Rates revenue					Operating expenditure				
	Total \$million	Per person <sup>7</sup> \$	Real per person increase since 2003	As a share of earnings from employment <sup>8</sup>	As a share of operating income	Total \$million	Per person <sup>7</sup> \$	Real per person increase since 2003	As a share of GDP	
			%	%	%			%		
Northland Regional Council	13	84	185%	0.5%	52%	26	162	77%	0.6%	
Small regional councils <sup>1</sup>	49	89	59%	0.4%	45%	108	196	27%	0.5%	
All regional councils <sup>2</sup>	350	128	46%	0.6%	50%	657	240	38%	0.6%	
Far North District Council	61	1,051	26%	7.7%	64%	92	1,572	41%	6.3%	
Provincial-Rural councils <sup>3</sup>	232	998	38%	5.1%	62%	394	1,696	49%	4.3%	
Whāngārei District Council	66	822	69%	4.2%	70%	120	1,494	40%	4.5%	
Large Provincial councils <sup>4</sup>	399	808	26%	3.7%	62%	678	1,373	31%	3.1%	
Kaipara District Council	18	963	40%	6.6%	46%	46	2,425	54%	10.3%	
Medium Rural councils <sup>5</sup>	171	1,070	32%	6.0%	60%	296	1,858	32%	5.4%	
Combined Northland local authorities	159	1,008	50%	6.0%	62%	284	1,797	45%	6.2%	
Unitary Authorities <sup>6</sup>	198	1,063	51%	5.4%	63%	321	1,720	42%	4.6%	
All local authorities	4,356	989	29%	2.7%	60%	7,834	1,779	40%	3.9%	

1. Small regional councils are those with a population less than 200,000 persons. These are Hawke's Bay, Northland, Southland, Taranaki and West Coast.
2. All regional council data excludes Auckland Regional Council and unitary authorities.
3. Provincial Rural councils are Ashburton District, Far North District, Matamata-Piako District, Southland District, South Taranaki District, Waitaki District and Whakatane District.
4. Large Provincial councils are Hastings District, Invercargill City, Napier City, New Plymouth District, Palmerston North City, Rotorua District and Whāngārei District.

<sup>22</sup> The year ended June 2003 is used as the base period for considering changes over time because since that financial year local authorities have been operating under the Local Government Act 2002.

<sup>23</sup> Values on a per person basis are used to allow comparisons in the total level to be made over time and between councils. While expressing values per rating unit may be more appropriate, rating unit data for all councils and over time are not readily available

5. Medium Rural councils are Central Hawke's Bay District, Central Otago District, Clutha District, Gore District, Grey District, Hauraki District, Kaipara District, Rangitikei District, Ruapehu District and Tararua District.
6. Unitary Authorities are Gisborne District, Marlborough District, Nelson City and Tasman District.
7. Values on a per person basis are used to allow comparisons in the total level to be made over time and between councils. While expressing values per rating unit may be more appropriate, rating unit data for all councils and over time are not readily available.
8. Earnings from employment include both wages and salaries received by employees and an estimate of self-employed income, both measured before tax.

### **Sources**

Statistics New Zealand: Local Authority Financial Statistics, Consumer Price Index, Estimated Residential Population for Regional Councils and Territorial Authorities, Linked Employer-Employee Data (LEED) quarterly statistics and Business Demographic Statistics; Infometrics Regional Database; all accessed 28 February 2013.

Among the three district councils in Northland, real rates revenue per person has grown the fastest since 2003 in Whāngārei, with an increase of nearly 70% over the eight-year period. This is considerably faster than the rate of increase for other large provincial councils (26%) and in relation to Kaipara and the Far North districts which have experienced increases of 40% and 26% respectively<sup>24</sup>. However, the level of rates revenue per person is highest for the Far North District Council, followed by Kaipara and then Whāngārei district councils. When measured on a per person basis, the level of rates in all three districts is similar to the comparative council grouping average.

A measure of rates affordability is to compare rates revenue with earnings received from employment<sup>25</sup>. Rates revenue as share of earnings from employment is higher in each of the three district councils in relation to their comparative councils' groupings. In particular, rates revenue received by the Far North District Council represents around 8% of annual employment earnings in the district while it is almost 7% in Kaipara. Only four territorial authorities have a higher proportion of rates revenue to district employment earnings than the Far North District. While rates revenue represents a much smaller portion of earnings from employment in Whāngārei (4.2%), this is still much higher than the national average for all local authorities in New Zealand (2.7%).

Overall the cost of local government relative to what people earn is high in Northland, with local government rates revenue equivalent to 6% of the region's earnings from employment. Consequently, the priority that must be placed on the good governance principal of prudence and financial sustainability is even greater.

The importance of rates revenue within total operating income for the Northland Regional Council, Far North District Council and Whāngārei District Council is similar to that of like councils. In comparison, Kaipara District Council is less reliant on rates revenue than other medium rural district councils.

<sup>24</sup> There is no agreed system of council classification in New Zealand based on defined parameters. This analysis uses the classification system developed by the Department of Internal Affairs in their report, *Observations on the use of debt by local government in New Zealand*, Local Government Information Series 2011/01. This system is designed to enable differences between more urbanised and more rural councils to be more easily recognised. It is based on population size, population growth, the percentage of urban population and the relative proximity to a large urban centre.

<sup>25</sup> Data on household income at the district council level is not available on an annual basis. In order to obtain an indication of the cost of rates relative to household income an estimate of before tax earnings from employment has been calculated. This estimate is based on total earnings from wages and salaries at the district level obtained from Statistics New Zealand's Linked Employer-Employee Data (LEED) quarterly statistics. This is adjusted upward to account for self-employed income using an estimate of the number of self-employed in each region based on the proportion of sole-operators in the Business Demography Statistics. It is assumed that in each district that the average earnings of self-employed person is equal to that of the average wage and salary earner in each district. Income from non-employment sources such as government transfers and returns from investments are not included.

### **Operating expenditure**

Kaipara District Council has a higher level of operating expenditure when measured on a per person basis than the Far North or Whāngārei district councils, and in comparison to other medium rural district councils. The operating expenditure of the Kaipara District Council is also much higher in relation to the district's GDP than for the Far North or Whāngārei district councils, with council expenditure equivalent to over 10% of the Kaipara district's GDP. In general, medium rural (and small rural) district councils operating expenditure represents a larger portion of district GDP than other district council groupings. This may reflect higher per unit costs for providing services to rural communities as opposed to urban communities.

Operating expenditure of the Far North and Whāngārei district councils is at about the same level on a per capita basis (about \$1,500) and has grown on average at a similar rate since 2003 (around 40%). While the level of operating expenditure per person for the Far North District Council is lower than other provincial-rural councils, it represents a higher proportion of GDP. Whāngārei District Council's operating expenditure is higher than other large provincial councils on both a per person basis and as a share of GDP.

Operating expenditure of the Northland Regional Council has increased at a faster rate than other regional councils but remains below the regional council per person average and represents a similar portion of regional GDP.

As for rates revenue, the combined operating expenditure of the four Northland councils is very similar to that of unitary authorities when measured on a per capita basis and over time. However, operating expenditure does represent a larger share of GDP in Northland. This is because of the lower level of GDP per capita in Northland.

The proposed unitary authority will provide a much broader and more stable economic base from which to finance operations through rates revenue. As noted earlier, economic activity has varied considerably between districts in Northland over the past five years in comparison the proceeding five years in response to both the global financial crisis and climatic events. This is placing pressure on smaller councils to maintain current level of service without increasing the burden on ratepayers.

### **Capital expenditure**

Capital expenditure is much higher for district/city councils as compared to regional councils because of their responsibilities for activities such as roading, water and waste management. By its nature, capital expenditure can be relatively bulky and vary much more from year to year than operating expenditure. Consequently, eight year averages have been used to smooth out any large fluctuations that might have occurred in any one year.

Over the eight years ended June 2004-2011, Northland's three district councils spent a larger amount per person on capital expenditure than their other comparative council groupings on average. The Far North District Council spent about 20% more, the Whāngārei District Council 30% more and the Kaipara District Council almost 70% more.

On average, all councils in New Zealand spent about 4% of the value of their fixed assets on new capital each year during 2004-2011. The Far North District Council spent a similar amount in comparison to their asset base, while the Whāngārei and Kaipara councils spent slightly more.

### **Capital expenditure, debt and finance cost by council, year ended June 2011**

Council	Capital expenditure <sup>8</sup>			Debt				Finance cost	
	Total \$million	Per person <sup>7</sup> \$	As a share of fixed assets %	Total \$million	Per person <sup>7</sup> \$	Real per person increase since 2003 %	Debt to rates Ratio	Total \$million	As a share of operating income %
Northland Regional Council	4	24	15.8%	0	0	-100%	0.0	0	0.1%
Small regional councils <sup>1</sup>	16	30	4.3%	14	26	54%	0.3	1	0.7%
All regional councils <sup>2</sup>	78	30	3.2%	154	58	33%	0.4	8	1.2%
Far North District Council	59	1,040	3.8%	109	1,891	157%	1.8	6	6.5%
Provincial-Rural councils <sup>3</sup>	195	857	3.4%	306	1,339	321%	1.3	18	4.7%
Whāngārei District Council	65	879	5.5%	148	1,909	231%	2.2	8	8.5%
Large Provincial councils <sup>4</sup>	314	670	3.8%	626	1,304	72%	1.6	40	6.2%
Kaipara District Council	25	1,348	5.8%	83	4,474	670%	4.5	4	10.2%
Medium Rural councils <sup>5</sup>	126	800	2.4%	172	1,093	144%	1.0	10	3.6%
Combined Northland local authorities	153	1,022	4.8%	340	2,213	233%	2.1	18	7.2%
Unitary Authorities <sup>6</sup>	147	833	3.1%	249	1,383	102%	1.3	14	4.5%
All local authorities	3,394	837	3.9%	7,592	1,796	182%	1.7	508	11.7%

1. Small regional councils are those with a population less than 200,000 persons. These are Hawke's Bay, Northland, Southland, Taranaki and West Coast.
2. All regional council data excludes Auckland Regional Council and unitary authorities.
3. Provincial Rural councils are Ashburton District, Far North District, Matamata-Piako District, Southland District, South Taranaki District, Waitaki District and Whakatane District.
4. Large Provincial councils are Hastings District, Invercargill City, Napier City, New Plymouth District, Palmerston North City, Rotorua District and Whāngārei District.
5. Medium Rural councils are Central Hawke's Bay District, Central Otago District, Clutha District, Gore District, Grey District, Hauraki District, Kaipara District, Rangitikei District, Ruapehu District and Tararua District.
6. Unitary Authorities are Gisborne District, Marlborough District, Nelson City and Tasman District.
7. Values on a per person basis are used to allow comparisons in the total level to be made over time and between councils. While expressing values per rating unit may be more appropriate, rating unit data for all councils and over time are not readily available.
8. Eight year average for the years 2004-2011.

### Sources

Statistics New Zealand: Local Authority Financial Statistics, Consumer Price Index and Estimated Residential Population for Regional Councils and Territorial Authorities; Infometrics Regional Database; all accessed 28 February 2013.

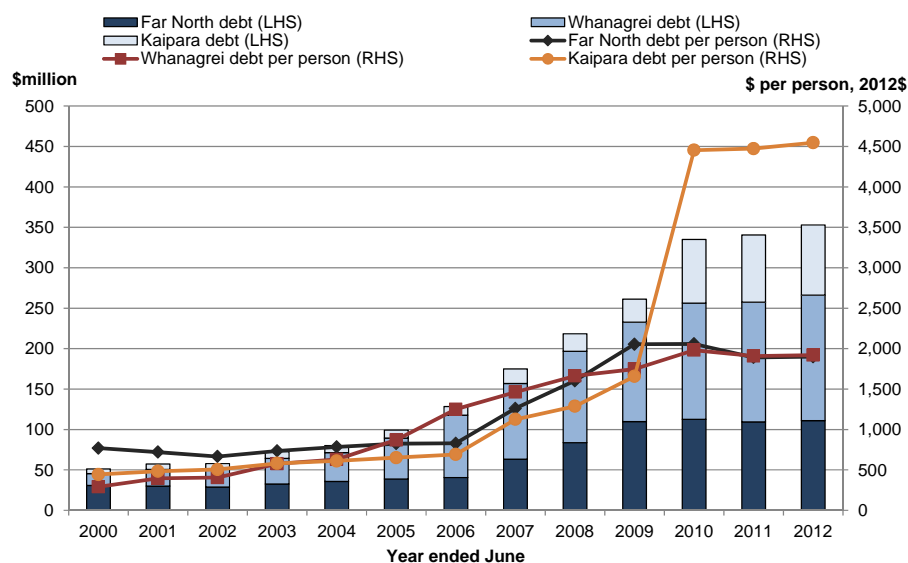
### Debt

Debt levels per person have risen in all three Northland district councils. The increase has been most dramatic for Kaipara, with a 670% increase since 2003. Debt levels in Whāngārei have risen by 231%, faster than the increase for other large provincial councils. The rate of increase in Far North debt levels has been slower compared with Kaipara and Whāngārei, and other provincial-rural councils. The Northland Regional Council has currently no external debt, having paid back the little it owed in 2003.

District council debt levels per person are very similar in the Far North and Whāngārei – at around \$1,900 per person. In both cases, debt levels per capita are over 40% higher than the average for their comparative council groupings. The debt level per person in Kaipara is more than double this level at close to \$4,500 per person, four times higher than the average for medium rural councils.

Kaipara District Council's debt level represents over four times its annual rate revenue. The debt to rates ratio for the Far North and Whāngārei districts is about twice the annual rates revenue collected.

### Debt and real debt per person by district council in Northland, 2000 to 2012



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### Interest expenditure

As a consequence of rising debt levels, the share of operating income used to repay external debt in the form of interest has increased during the period. Interest expenditure represents 7-8% of operating income in the Far North and Whāngārei districts, up from 3-4% in 2003. Over 10% of operating income is now being used to pay back debt in Kaipara, up from 2% in 2003. All three Northland district councils use a much larger portion of their operating income to pay interest than their comparative council groupings.

A much larger share of operating income is used to pay interest in Northland than compared to all unitary authorities. However, it is lower than the average for all local authorities. A major reason for this is the relatively high proportion of operating income used to pay interest by the Auckland Council.

How best to deal with the debt situation is a complex matter. There is a strong equity argument for ring-fencing current debt levels and rating each district separately for its repayment on the basis that those benefiting from the infrastructure built with the debt should pay for the investment. This would result in higher rates being charged to Kaipara residents, all other things being equal. Attempts to alter this situation will result in winners and losers. Adding complexity to the situation is the fact that cost of financing debt differs significantly between councils reflecting among other things differences in credit ratings.

For example, the "simple" alternative of equalising debt and finance cost per ratepayer across the region reduces the burden on Kaipara ratepayers. The average finance cost per ratepayer in Kaipara would have fall by \$70 from \$293 to \$222. In comparison, the average finance cost per ratepayer in the Far North and Whāngārei increases; from \$201 to \$222 for the Far North and from \$218 to \$222 for Whangarei. The increase in the average finance cost per ratepayer in the Far North (10%) is not as large as the increase in debt per ratepayer (13%) because Far North rate payers benefit from a new lower average financing cost to debt level.

<sup>26</sup> Source: Statistics New Zealand, Local government authority statistics for 2000-2011, District council Annual reports for 2012.



### **Impact of spreading current debt and finance costs evenly across the region**

	Far North	Whāngārei	Kaipara	Total
No. of ratepayers <sup>1</sup>	34,891	39,205	12,620	86,716
<b>Current situation (Year ended June 2012)</b>				
Debt (000)	\$111,006	\$155,077	\$86,850	\$352,933
Debt per ratepayer	\$3,182	\$3,956	\$6,882	\$4,070
Finance cost (000)	\$7,024	\$8,534	\$3,701	\$19,259
Finance cost per ratepayer	\$201	\$218	\$293	\$222
Finance cost to debt	6.3%	5.5%	4.3%	5.5%
<b>Impact of equalising debt and finance costs across the region on a rate payer basis</b>				
Debt (000)	\$142,006	\$159,564	\$51,363	\$352,933
Debt per rate payer	\$4,070	\$4,070	\$4,070	\$4,070
Finance cost (000)	\$7,749	\$8,707	\$2,803	\$19,259
Finance cost per ratepayer	\$222	\$222	\$222	\$222
Finance cost to debt	5.5%	5.5%	5.5%	5.5%
Change in debt per ratepayer	\$888	\$114	-\$2,812	\$0
Change in finance cost per ratepayer	\$21	\$4	-\$71	\$0

The example given assumes that there is no change in finance cost to debt. It is possible, based on the different credit ratings and therefore finance costs paid by district councils in Northland, that amalgamation along the lines suggested in this proposal could deliver a lower cost of capital for some of the debt, reducing the financing cost of debt for the region as a whole. This is because a larger, more financially sound organisation would potentially have a better credit rating and a greater ability to access a broader supply of creditors, including off-shore financiers. Based on current debt levels, every 0.1% (10 bps) reduction in finance costs that can be secured for the combined debt of the region, the finance cost per ratepayer would reduce by \$4 on average.

However, looking at external debt in isolation does not provide a complete picture regarding the obligations being transferred. As well as external debt, attention should be given the current condition of the infrastructure assets and any degradation associated with them. External debt can be artificially capped by reducing renewal and maintenance expenditures. This is effectively borrowing against these assets as eventually the shortfall will need to be 'repaid' in the form of extensive rejuvenation works. To equitably assess the commitment an individual TA brings to a Unitary Authority both external debt and deferred maintenance/asset replacement should be dealt with jointly.

Consequently, any decision on how best to deal with existing district council debt and the associated interest expenditure will be best left to the decision makers of the new institution. In addition to using rates, that council may also wish to use existing current and fixed assets to pay back debt at a faster rate. Again, there will be winners and losers depending on how this is done. If assets currently held by NRC are used to reduce Kaipara's debt then residents in Whāngārei and Far North lose because the level of equity they hold in the new entity will reduce. It will not affect them as directly as increasing their rates to pay Kaipara's debt but nevertheless it does impact on them over the long-term as it reduces the asset base of the organisation.

<sup>27</sup> Source: District council annual reports



## Communities of interest

At the heart of our proposal is the steadfast belief that Northland's communities have been ill-served by local decision-making bodies in the past. Too few opportunities exist for local areas to influence service delivery and expenditure. Since reorganisation in 1989, only the Far North District has maintained a second tier of decision-making, and in more recent years both the number and influence of their Community Boards has progressively been reduced. Even today, Northlanders refer to the former county and borough councils, and catchment boards, as effective means by which engagement in local government was facilitated by a structure that was reflective of the communities they served, and put constituents into more regular contact with their elected representatives.

As noted earlier, the regional council recently completed a representation review which has seen the number of regional wards increase from three to seven. The identification of additional communities of interest arose from careful profiling which considered matters such as

- A sense of "community identity" and affiliations between towns and settlements;
- Similarities in demographic, socio-economic and /or ethnic characteristics;
- River catchments and distinctive topographical features;
- Land use and local history of the area;
- Similarities in economic or social activities carried out in the area; and
- Shared facilities such as schools, marae, shops and recreational facilities

As a result of this assessment, the regional council identified four distinct community types, which were further broken down into geographic areas as follows:

1. Large urban, commercial hub of region (Whāngārei)
2. Coastal recreation/lifestyle:
  - lower east coast (Mangawhai to Whananaki)
  - middle east coast (Russell/Paihia/Kerikeri)
  - upper east coast (Takou to Doubtless Bay)
3. Rural farming:
  - central/south (Kaipara, around Whāngārei)
  - central/north (Far North/Kaitiaki/Kaikohe)
4. Māori/DOC/forestry lands (west/top Far North)

We believe these seven wards can also form the basis of the new local government structure for Northland, because: -

- They were identified as part of a comprehensive, recent review of representation arrangements. Considerable support for the changes was expressed via the submissions process – in other words, there appears to be a high level of agreement that a finer grade of electoral subdivision more accurately reflects the communities of interest in Northland than present arrangements recognise.
- While there are unquestionably more than seven communities of interest in Northland, this grouping of multiple communities achieves an appropriate, practical and workable balance between commonalities and distinctions.
- To a certain extent, the new seven communities recognise historic identities and allegiances that hark back to local government prior to reorganisation in 1989, and to the regional constituencies that were in place for a time immediately afterwards. There is a strong sense for many Northlanders that these smaller areas more effectively represented their communities and reflected the diversity of their communities.
- Election of councillors from seven wards, and local board members from electoral ridings within each board area, will reduce the current disenfranchisement caused by larger geographic subdivisions.

- Greater engagement at a local board level, coupled with decision-making being devolved as much as possible at the community level, will improve accountability and transparency

We believe that with the addition of co-terminous local boards elected by ridings, these subdivisions will also reflect key local communities of interest at a scale that appropriately acknowledges their similarities and distinctions. We intend to do further analysis to suggest suitable ridings to ensure community representation from throughout each board's area.

The proposed new constituencies will provide a further opportunity to strengthen relationships with Tāngata Whenua. Māori are a significant demographic and economic group in Northland, and the proposed changes will provide an opportunity for increased involvement in council decision-making.

Profiles of each of the seven communities is provided below.

### **Te Hiku Community**

This community extends on the west coast from near the northern side of the Whāngāpē Harbour northwards to Cape Rēinga. On the east coast it includes the Karikari Peninsula and south to Taipā, Mangonui Harbour and Hihi. Moving inland it includes the settlements of Kenana, Fern Flat, Mangataiōre, and Takahue. It includes the towns of Kaitiāia, Ahipara, Awanui and Mangonui.

#### **Age of residents**

40% of the people who live in the Te Hiku community are aged between 35 and 64 years. The next largest age group is young people aged under 15 years, who make of 25% of the population. This is the second highest % in the region in the under 15 year's age group after the Hokianga-Kaikōhe community. 20% are aged between 15 and 34 years, and 14% of Te Hiku residents are of retirement age.

#### **Ethnicity and country of origin**

43% of Te Hiku residents identify themselves as Māori, which is the 2<sup>nd</sup> highest after the neighboring community of Hokianga-Kaikōhe. 9% of the people who live in Te Hiku were born in a country other than New Zealand.

#### **Employment**

39% of this community aged 15 years and over are engaged in full time employment and 14% are employed on a part time basis. 5% are unemployed which is the second highest rate after Hokianga-Kaikōhe. Of the people who are working, the majority (65%) are paid employees, 15% are self-employed with no other employees and 9% are employers themselves. 6% indicate that they are an unpaid family worker, which is the third highest in the region after the Hokianga-Kaikōhe and Kaipara communities.

#### **Industry**

Of the people employed in this community, 16% are employed in primary industries, 17% in goods producing industries and 58% in service industries.

#### **Educational qualifications**



33% of this community aged 15 years and over have no educational qualifications, which is the highest in the region, closely followed by the Kaipara community. 26% of this population have a secondary school qualification while 19% and 6% have either a post school diploma or degree respectively.

#### **Total household income**

35% of households in the Te Hiku community have a total income of less than \$30,000 per annum, the highest proportion for this income bracket for all communities in Northland. A further 28% of households receive a total income of between \$30,000 and \$70,000. 14% have a household income of over \$70,000, which is the second lowest in the region after the Hokianga-Kaikohe community.

#### **River catchments**

The Te Hiku community includes all catchments north of the Mangamuka / Herekino ranges, including those of Pārengarenga, Houhora, Rangaunu, Mangonui and Herekino Harbours, plus the economically important Aupouri aquifers. The area contains the major Awanui River catchment including the Awanui/Kaitiāia flood management scheme.

#### **Hokianga – Kaikohe Community**

The Hokianga-Kaikohe community's south west boundary matches the Far North District Council boundary at Waipoua Forest and extends north to include all of the Hokianga and Whāngāpē Harbours. Extending eastwards, the community includes Mangamuka, Rangiahua, Waihou Valley, Ōkaihou and Oromahoe. Extending southwards, the settlements of Pakaraka, Matawaia, Kaikou, Pipiwai, Moengawahine and Opouteke are included. The town of Kaikohe is situated in this community.

#### **Age of residents**

39% of the people who live in the Hokianga-Kaikohe community are aged between 35 and 64 years. This constituency has the highest proportion of young people aged under 15 years in the region – making up 28% of its population. 12% of Hokianga-Kaikohe residents are of retirement age, which is the lowest proportion in the region.

#### **Ethnicity and country of origin**

57% of Hokianga-Kaikohe residents identify themselves as Māori, which is the highest of all the communities in Northland. 6% were born overseas, which is the lowest rate in the region.

#### **Employment**

33% of this community aged 15 years and over are engaged in full time employment and 12% are employed on a part time basis. 6% are unemployed which is the highest in the region. Of the people who are working, 65% are paid employees, 14% are self-employed with no employees and 6% are employers themselves. 8% indicate that they are an unpaid family worker, which is the highest in the region and six times the percentage found in the Whāngārei Urban community.

#### **Industry**

Of people employed in this community, 19% are employed in primary industries, 13% in goods producing industries and 57% in service industries.

#### **Educational qualifications**



30% of this community aged 15 years and over have no educational qualifications. A further 24% have attained a secondary school qualification (which is the lowest in the region). 17% and 5% have either a post school diploma or degree respectively.

#### **Total household income**

32% of households in the Hokianga-Kaikohe community have a total income of less than \$30,000 per annum, slightly higher than the regional average of 30%. A further 26% receive a total income of between \$30,000 and \$70,000. Only 10% have a total income of over \$70,000 per annum, which is lowest proportion across all the communities.

#### **River catchments**

The proposed Hokianga-Kaikohe community includes the catchment of the Hokianga Harbour including Lake Ōmāpere, as well as the Waipoua River, the upper Kaihū and Opouteke Rivers.

#### **Coastal North Community**

The Coastal North community begins south of Doubtless Bay and extends south along the east coast to include the coastal settlements at Taupo Bay through to Matauri Bay, Takou Bay and Taronui Bay. It includes the town of Kerikeri and all of the Bay of Islands including Paihia, Opuā and Russell. Continuing down the east coast, it includes the coastal settlements of Oakura, Helena Bay down to Whananaki South. Extending westwards, it includes Marua and Hikurangi. Further west it includes Matarau and Purua and northwards to include Motatau, Otiria, Waimate North, Mangapa, Otangaroa and Oruaiti. The towns of Moerewa and Kawakawa are included in this community.

#### **Age of residents**

44% of people who live in the Coastal North community are aged between 35 and 64 years. The next largest age group is young people aged under 15 years, who make up 23% of the population. A further 20% are aged between 15 and 34 years, and 13% are of retirement age, which is second highest behind Whāngārei Urban.

#### **Ethnicity and country of origin**

26% of Coastal North residents identify themselves as Māori. 10% identify themselves as other than European or Māori, the highest proportion in the region. Just over 16% of residents indicate that they were born overseas which, along with Coastal Central, is highest of all communities and over double that found in Hokianga-Kaikohe.

#### **Employment**

45% of this community aged 15 years and over are engaged in full time employment, and 15% are employed on a part time basis. 3% are unemployed, which is amongst the lowest in all communities. Of the people who are working, 61% are paid employees, 20% self-employed with no employees, (a very close second to Kaipara which has 21%), and 11% are employers



themselves. 5% indicate that they are an unpaid family worker, which is about average for the region.

### **Industry**

Of people employed in this community, 15% are employed in primary industries, 19% in goods producing industries and 59% in service industries.

### **Educational qualifications**

23% of this community aged 15 years and over have no educational qualifications. 29% of this population have a secondary school qualification, while 24% and 9% have either a post school diploma or degree respectively.

### **Total household income**

26% of households in the Coastal North community have a total income of less than \$30,000 per annum, the second lowest proportion in the region behind Coastal Central. A further 31% of households have a total income between \$30,000 and \$70,000. 22% have a total income of over \$70,000, which is over double that found in the neighbouring community of Hokianga-Kaikohe.

### **River catchments**

The Coastal North community includes the catchments of the north-east and central east coast including the Whangaroa Harbour, the Bay of Islands and the major Kaeo, Rangitāne, Waipū and Kerikeri River catchments. It also includes the Waitangi and Kawakawa rivers, the catchments flowing east of the eastern ranges and the west flowing Wairua river catchment including the Hikurangi swamp.

### **Coastal Central Community**

The Coastal Central community includes the area north of the Whāngārei Urban community, east to Glenbervie and further south adjacent to Riverside and extending to Onerahi. The community then follows the northern side of Whāngārei Harbour out to the east coast. It includes Ocean Beach, and extends north to include Pataua, and the Tutukākā Coast settlements of Ngunguru, Tutukākā, Matapouri and Sandy Bay.



### **Age of residents**

About 43% of people who live in the Coastal Central community are aged between 35 and 64 years. A further 22% are young people under the age of 15 years and 20% are aged between 15 and 34 years. 14% of residents are of retirement age which is about average over the region.

### **Ethnicity and country of origin**

Just under 20% of this community identify themselves as Māori which is amongst the lowest in region. 16% indicate that they were born overseas.

### **Employment**

46% of persons aged 15 years and over in this community are engaged in full time employment, with 15% employed on a part time basis. A further 4% are unemployed, which is the third lowest in the region. Of the people who are working, 71% are paid employees, 15% self-employed with



no employees and just under 9% are employers themselves. Only 2% indicate that they are unpaid family workers which is around one third of what you find in the Te Hiku and Hokianga-Kaikohe communities.

### **Industry**

Of people employed in this community, 5% are employed in primary industries, 21% in goods producing industries and 69% in service industries.

### **Educational qualifications**

24% of this community aged 15 years and over have no educational qualifications. 28% of this population have a secondary school qualification. 27% have a post school diploma or certificate, which the highest rate in the region. 11% hold a degree qualification or higher, which is also the highest in the region.

### **Total household income**

27% of households in the Coastal Central community have a total income of less than \$30,000 per annum, slightly below the regional average of 30%. A further 32% of households receive a total income of between \$30,000 and \$70,000. 25% have a total income of over \$70,000, which is second highest in region behind the Coastal South community.

### **River catchments**

The community Coastal Central community comprises the north east side of the Whāngārei Harbour catchments including the rural Hātea River and the catchments of the Pataua and Horahora estuaries.

### **Kaipara Community**

The Kaipara community includes Poutō Peninsula and the northern area of the Kaipara Harbour and extends northwards to meet the Far North District Council boundary at Waipoua Forest. It extends eastwards to include Waimatenui, Kaihu, Titoki and southwards to include the settlements of Waitotara, Omana, Parahaka and south to Maungaturoto. This community also includes the towns of Ruāwai and Dargaville.

### **Age of residents**

41% of the people who live in the Kaipara community are aged between 35 and 64 years of age. A further 23% are young people under the age of 15 years and just under 21% are aged between 15 and 34 years. 14% are of retirement age which is about average over the region.

### **Ethnicity and country of origin**

22% of this community indicate that they are Māori. Just under 10% indicate that they were born overseas which is the lowest in region behind the Te Hiku and Hokianga-Kaikohe communities.

### **Employment**

45% of the people aged 15 years and over who live in this community are engaged in full time employment and 15% are employed on a part time basis. 3% are unemployed which is the second lowest in the region behind the Coastal



South community. Of the people who are working, 58% are paid employees, 12% employers and 21% are self-employed without employees which the highest in the region - with Coastal North and Coastal South very close behind. 6% indicate that they are unpaid family workers which is higher only in the Hokianga-Kaikohe community.

### **Industry**

Of people employed in this community, 30% are employed in primary industries, 17% in goods producing industries and 46% in service industries. The proportion employed in primary industries is the highest among the proposed communities, more than double the regional average.

### **Educational qualifications**

32% of this community aged 15 years and over have no educational qualifications. 30% of this population have a secondary school qualification, while 20% and 5% have either a post school diploma or degree respectively.

### **Total household income**

32% of households in the Kaipara community have a total income of less than \$30,000 per annum, slightly above the regional average of 30%. A further 33% of households receive a total income of between \$30,000 and \$70,000, which is the highest proportion in this income bracket among the proposed communities. 17% have a total income over \$70,000 per annum, the third lowest proportion in the region behind Te Hiku and Hokianga-Kaikohe.

### **River catchments**

The Kaipara community includes the lower reaches of the Kaihū and major Wairoa River catchments flowing to the Kaipara Harbour, and the iconic Kai Iwi Lakes and Poutu dune lakes.

### **Whāngārei Urban Community**

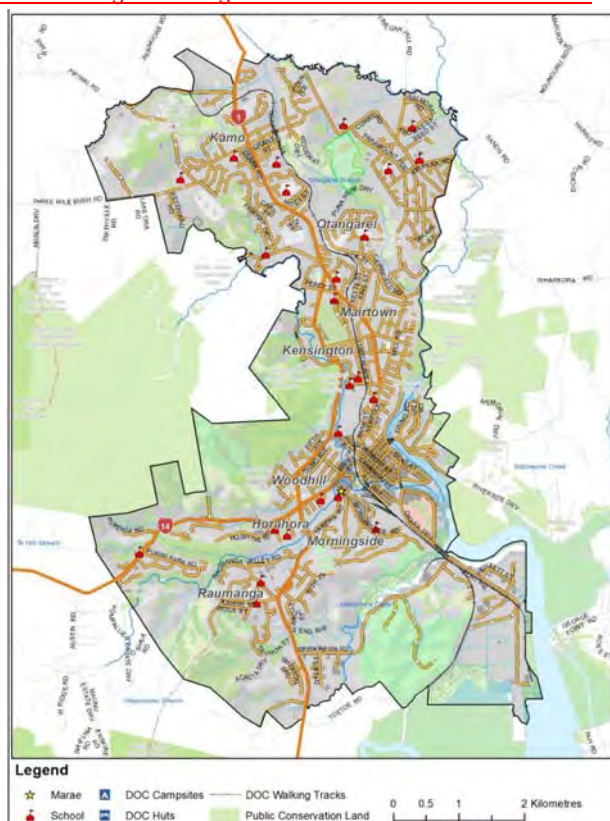
The Whāngārei Urban community includes the northern Whāngārei suburbs of Kamō, Whau Valley, Tikipunga and Otangarei. It extends through Kensington to Riverside and westwards to Woodhill through to Maunu ending before Barge Park. The southern border of this community is just north of Toetoe Road and it also includes the area known as Port Whāngārei.

### **Age of residents**

36% of the people who live in the Whāngārei Urban community are aged between 35 and 64 years. A further 25% are aged between 15 and 34 years and 23% are young people under the age of 15 years. The Whāngārei Urban community has the highest proportion of retired people, making up nearly 17% of the population.

### **Ethnicity and country of origin**

Just under 30% of this constituency identify themselves as Māori and 13% indicate that they were born overseas – both of which are about average for the region.



### **Employment**

41% of the people aged 15 years and over who live in this community are engaged in full time employment and 12% are employed on a part time basis. A further 4% are unemployed. Of the people who are working, just over 80% are paid employees, which is the highest in region. Only 6% are employers themselves and 9% are self-employed with no employees – both being the lowest rates in the region.

### **Industry**

Of people employed in this community, 3% are employed in primary industries, 21% in goods producing industries and 71% in service industries. The proportion employed in service industries is the highest among the proposed communities.

### **Educational qualifications**

28% of this community aged 15 years and over have no educational qualifications. 28% of this population have a secondary school qualification, while 22% and 8% have either a post school diploma or degree respectively.

### **Total household income**

32% of households in the Whāngārei Urban community have a total income of less than \$30,000 per annum, slightly above the regional average of 30%. A further 30% of households receive total income of between \$30,000 and \$70,000 per annum, and 19% have a total income of over \$70,000 per annum.

### **River catchments**

The Whāngārei Urban community includes the Whāngārei city central urban catchments flowing to the upper Whāngārei Harbour.

### **Coastal South Community**

The Coastal South community includes the southern fringes of Whāngārei from Toetoe extending westwards to include the settlements of Maungatāpere, Kokopu, Whatitiri, Tangihua and Maungakārama. It extends south to include the settlements of Waipū Caves, Brynderwyn and Kaiwaka before extending eastwards to just south of Mangawhai Heads. This community also includes the towns of Mangawhai, Waipū and Ruakaka.

### **Age of residents**

45% of the people who live in the Coastal South community are aged between 35 and 64 years. A further 23% are young people under the age of 15 years. Just over 18% are aged between 15 and 34 years, which is the lowest in the region in this age bracket. 14% are of retirement age which is about average over the region.

### **Ethnicity and country of origin**





15% of this community indicate that they are Māori - by far the lowest in the region, and less than half that found in the Te Hiku, Hokianga-Kaikohe and Whāngārei Urban constituencies. 15% indicate that they were born overseas.

### **Employment**

47% of people aged 15 years and over who live in this community are engaged in full time employment, which is the highest in the region closely followed by and Coastal Central and Coastal North. Just over 15% of people are employed part time, which is the highest along with the Kaipara community. A further 3% are unemployed which is lowest in the region and less than half the rate found in the Hokianga-Kaikohe community. Of the people who are working, 62% are paid employees, 11% are employers and 20% are self-employed with no employees. This self-employed rate is the second highest (equal with Coastal North) in the region behind Kaipara. 5% indicate that they are an unpaid family worker.

### **Industry**

Of people employed in this community, 16% are employed in primary industries, 22% in goods producing industries and 57% in service industries. The proportion employed in goods producing industries is the highest among the proposed communities.

### **Educational qualifications**

24% of this community aged 15 years and over have no educational qualifications. 30% of this population have a secondary school qualification, while 26% and 9% have either a post school diploma or degree respectively.

### **Total household income**

27% of households in the Coastal South community have a total income of less than \$30,000 per annum, slightly below the regional average of 30%. A further 32% of households receive a total income of between \$30,000 and \$70,000. 26% of households in the Coastal South community have a total income of over \$70,000, which is highest in the region ahead of Coastal Central.

### **River catchments**

The Coastal South community includes the south Whāngārei Harbour catchments, the important west Whāngārei volcanic aquifers and the catchments flowing east from the divide to Bream Bay and Mangawhai Harbour, including the Ruakaka and Waipū River catchments.

## Infrastructure

(to come)

## Flood management

Catchment-based flooding management is an important matter to be considered in any reorganisation process, but particularly in Northland, which is unique for its highly complex catchments (see map on next page). We believe our proposal offers the best option for ensuring future efforts in respect of these activities builds on recent progress, fulfils central government's objective for integrated freshwater management, and ensures Northland has the necessary resources in expertise and funding base to deliver the best outputs.

Other applications for reorganisation have suggested current flood management is flawed. However, such claims don't withstand scrutiny. The current management regime by the regional council has ensured that:

- Since 2007 there's been significant developments in flood management, with investment in the development of River Management Plans for the most at risk catchments (completed for 27 catchments in Northland which included flood hazard mapping), notably 16 of which are located within the Far North District, and developing solutions with communities to address local flooding issues.
- The region follows good practice (NZS 9401:2008 Managing Flood Risk – A Process Standard) to ensure that appropriate solutions and standards are met. Using an agreed method of establishing an order of priority for river management investigations and works, the council successfully prioritised catchments for flood management including expensive capital works.
- Necessary work has been completed in the Kaeo catchment since the 2007 floods, including annual channel maintenance to the Kaeo River, development of flood warning and monitoring systems, development of a flood risk reduction strategy and development of physical works proposals for the Kaeo Township. For example, significant works have been undertaken to remove trees and gravel from critical locations throughout the river, where engineers have assessed the benefit of the works to be efficient and effective.
- \$500,000 was secured in funding from central government to reduce flood risk and secure a significant funding contribution from Ministry of Education for the proposed Kaeo flood scheme. These funding contributions will see significant savings to local Kaeo ratepayers, and would not have been achieved if good practice (NZS 9401:2008 Managing Flood Risk – A Process Standard) was not followed.
- River-flood management liaison committees have been established for Awanui, Kaeo-Whangaroa, Waitangi, and Kerikeri-Waipapa, allowing local communities to contribute and participate in decision-making

Good progress in flood risk reduction is being made, and this is occurring in accordance with good practice (NZS 9401:2008), backed up by a thorough analysis of the flood risk and mitigation options that are available.

However, flood and water management have not always been so well managed. An example of this is the Awanui Flood Management Scheme which the FNDC managed until 2005 when NRC took ownership of the Scheme from the FNDC. It soon became clear that very little management had been done to the scheme and virtually all maintenance had been deferred by FNDC up to 2005. Since the NRC took ownership of the scheme, the following work on 18 km of river was undertaken up until February 2008:

- 210,000 m3 of earthworks
- Removal of 440 large trees and 1850 small trees

- Mulching of the vegetation on both embankments of the river
- Installation/Replacement of the 60 culverts
- Replacement of 40 floodgates

This work has been on-going since 2008 to ensure that the scheme assets are maintained at an agreed level of service. Since then an Asset Management Plan and database of scheme assets have been developed that provides a basis for the management of the scheme assets. In addition to this, staff are undertaking a detailed survey to assess the condition of the stopbank and channel assets, as to enable improved prioritisation and forecasting decisions to be made of the expenditure associated with the maintenance and renewal of scheme assets.

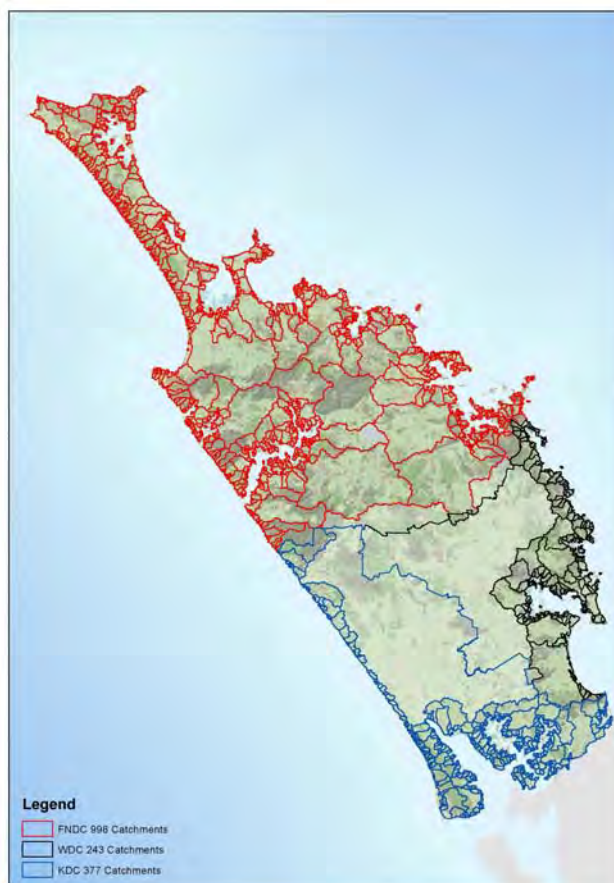
This section illustrates the simple fact that the system is not broken and does not require fixing. The regional council currently undertakes flood and water management across Northland in order to minimise and prevent damage by floods and erosion. To date, the council has adopted an integrated approach to flood hazard management, involving:

- hazard identification and risk assessment;
- risk reduction by undertaking flood mitigation works; and
- risk avoidance by controlling development on flood-prone land, or authorising only development that can withstand flooding.

We think the proposed new council should continue with the current flood management works that the regional has been undertaking and continue to investigate river management issues, undertake surveys and flood modelling where necessary, prepare management plans, establish funding systems and gain resource consents for river schemes.

## **Water management**

Managing the supply and quality of freshwater is a major resource management concern for Northland. As with catchment-based flood management, Northland has had some challenges associated with the impacts of development and industry on our natural water resources. In addition, Northland's weather during the period 2007 to 2013 has been influenced by a series of extreme rainfall events and severe droughts.



To address this situation, the regional council has developed a comprehensive water quality and water management improvement project known as Waiora Northland Water. This project integrates many of the council's work programmes relating to water quality and management as

well as collaborations with other stakeholders and their related activities. This project is a priority project for the council and it includes the council's programmes for the implementation of the National Policy Statement for Freshwater Management. It is also the delivery mechanism for integrating recommendations from the recent Land and Water Forum report.

The regional council is required to balance demand for water resources with the need to safeguard the life-supporting capacity of aquatic ecosystem, protect the natural character of water bodies, and provide for other important environmental bottom lines. It is therefore important that NRC regularly monitors water quantity across the region and has built a network of 110 hydrometric sensors that capture continuous real-time data of river flows, rain gauges, plus a webcam in Kaeo. Groundwater quality is monitored at 57 bore sites and water quality is measured in 35 rivers, 5 estuaries, 28 lakes and 5 harbours.

The region has invested in significant infrastructure to ensure clean water is supplied to urban areas, but in some districts the maintenance of this infrastructure has been problematic. For example, during the drought in 2009, there were problems with a toxic algal bloom in Kaitia's alternate water supply, rendering many millions of litres of water in the Kauri dam useless for town supply. Public and private businesses' supplies were restricted and local communities affected.

Community engagement is high in Northland because the regional council has undertaken to set up catchment committees that are involved with setting values, limits and objectives for water in their catchments. The ultimate goal of this engagement is managing the wellbeing of communities and their water needs.

Northland INC, the regional economic development agency, is determining the region's economic value of water so that business and industry uses of water are balanced with NRC's environmental concerns for water quality and management.

Water allocation for all uses is an important issue in Northland especially with large areas of horticulture (requiring bore permits) and dairy farming (permitted water takes). The RMA allows for fresh water to be taken and used "as of right" for stock drinking water and domestic purposes provided the take or use does not, or is not likely to, have an adverse effect on the environment and it is a "reasonable" volume.<sup>28</sup> This is reflected in the Regional Water and Soil Plan for Northland, which allows for a small volume of water to be taken per water user. However, identifying areas of high water allocation helps prioritise catchments for the establishment of freshwater objectives and the setting of associated water quantity limits required by the National Policy Statement for Freshwater Management 2011.

Priority catchments for water management have been identified by NRC and include Whangarei, Waitangi, Mangere and Doubtless Bay. The value and uses in these catchments are being evaluated by councils in collaboration with businesses (e.g. DairyNZ), community, iwi and special interest groups. This initiative is supported by all councils.

The regional council has an Environment Fund that is available to anyone who would like to improve Northland's environment including targeting dairying and clean stream accord targets, dry stock exclusion from waterways and similar projects within recreational bathing site catchments, e.g. fencing to exclude stock from waterways and riparian enhancement.

It is important for the health and development of Northland this work continue in the integrated, collaborative, and cohesive manner in which it started. Our proposal will ensure this.

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<sup>28</sup> RMA, section 14(3)(b)

## Support for change

We held a series of public community workshops, public meetings and a regional stakeholder workshop between 25 and 27 March 2013 in Whangarei, Kaikohe and Dargaville to canvass community views on options for local government reform in Northland. A total of 127 people attended seven sessions.

Participants were asked to comment on the various options available for local government in Northland. As a general trend, two options are preferred:

- The status quo was a preferred option for many of the participants. It is familiar, keeps the separation of regional and district functions with the associated checks and balances, and retains regional assets in the ownership of the regional council. However, the status quo does need to be enhanced through, for example, greater collaboration and co-operation between the councils.
- One unitary authority was preferred by many because it is seen to provide economies of scale, consistency of service, policy and planning, and a single Northland voice when working with central government. For this option to be effective though, participants stressed the need for good local representation through either local boards or community councils that have real decision-making power and are properly funded.

On balance, participants slightly favoured the option of one unitary authority over the status quo. The option of three unitary authorities was the least favoured option.

Participants were also asked to consider options for ensuring effective Māori representation in Northland's local government. No clear trends emerged in terms of preferred options. The following are some of the comments made at the sessions:

- Māori representation is critical to any form of local government.
- Māori need to be the key driver and decision-maker for the model used
- Some views were expressed not supporting Māori wards
- Concern was expressed that the status quo does not deliver effective representation
- The needs of urban and rural Māori are different so the mechanism for involvement may be different
- It is important to use mechanisms that engage all Māori, not only the elite
- It needs to do more than just tokenism
- There needs to be a greater emphasis in involving Māori in the decision-making.
- Having goodwill in the process is also important
- Treaty settlement entities must be accommodated

In summary, the overarching message emerging from the community engagement is that some form of change is required, even if the status quo is retained. As well, there are two clear options (the status quo and the option of one unitary authority with strong local boards or community councils) that the community would like to see kept on the table and considered further at this stage of the local government reform process.

A full report on the outcomes of this consultation process appears in the Appendices.

## Appendices

- [Community Focus Groups Outcomes Report](#)
- [Supporting Information for Community Focus Groups](#)
- [Whangarei District Council minutes of public meetings](#)

CONFIDENTIAL DRAFT



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