



# MASTERTON DISTRICT COUNCIL

*SERVING THE COMMUNITY*

*OFFICE OF THE MAYOR*

64 Chapel Street  
P O Box 444  
MASTERTON 5840  
DX PA 89022  
Tel: (06) 370-6300  
Fax: (06) 378-8400

3 May 2017

Local Government Commission  
PO Box 5362  
Wellington 6140  
New Zealand

Dear Commissioners

Please find attached Masterton District Council's submission on the Local Government Commission's Draft Proposal for Wairarapa District Council.

Masterton District Council supports the Commission's Draft Proposal for the amalgamation of Masterton District Council into one Wairarapa District Council subject to key changes as outlined in our submission.

We wish to be heard in support of this written submission.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Lyn Patterson', with a long horizontal flourish extending to the right.

Lyn Patterson  
**Mayor of Masterton**

**MASTERTON DISTRICT COUNCIL**

**Response to the Local Government  
Commission's Draft Proposal for a  
Wairarapa District Council  
May 2017**



## CONTENTS

	<b>Page</b>
1. Executive summary	3 - 5
2. Evaluation of LGC proposal	5 - 7
2.1 Introduction	5
2.2 Economies of scales	5-6
2.3 Improved democracy	6
2.4 Long term efficiency	6-7
2.5 Affordability	7
3. Specific changes recommended	7 - 10
4. Conclusion	10

## 1. Executive Summary

Masterton District Council (MDC) supports the Local Government Commission (LGC) draft proposal for the amalgamation of the three existing councils into a Wairarapa District Council (WDC). However MDC also supports that this decision is ultimately determined by the Wairarapa community through the provision of a poll.

MDC believes the advantages of one Wairarapa District Council outweigh the disadvantages and that the majority of residents in our district will support such an amalgamated district because they see the Wairarapa as a distinct region with consistent economic and social drivers. Furthermore MDC sees the Wairarapa as a single labour market and single catchment (Ruamahanga). Most importantly MDC sees the Wairarapa as one community of interest since:

- Many residents living across the Wairarapa work, do business, and are educated in Masterton.
- Most Wairarapa businesses see the whole of the Wairarapa as one market and support activities across district boundaries.
- Economic drivers are largely in agriculture support and tourism and all towns are largely service centres for our local economy.
- Our two iwi Ngati Kahungunu and Rangitane represent the whole of the Wairarapa.
- The Wairarapa is serviced by one District Health Board and many other community support services are provided from single area offices.
- The region has common and clear natural boundaries and transportation linkages (i.e. State Highway 2, Wairarapa passenger rail service etc).
- Residents identify strongly with regional sporting and cultural linkages (e.g. Wairarapa representative teams, common heritage etc).

MDC believes the proposed Wairarapa District Council:

- Will provide a more cost-effective way of delivering local government services for the whole region since there will be economies of scale in many areas of our business (e.g. one Building Control Authority with common regulations and interpretations).
- Will allow simplification in areas such as economic development and environmental development through increased specialisation of staff and reduction of overlap and duplication.
- Will allow employers and central government agencies to work more effectively and efficiently in avoiding duplication and ease of transaction with only one local government entity.
- Provide the region with a stronger voice politically.
- Will assist in future proofing our region through our common investment in environmental, climactic, and technology changes.

MDC has some concerns with the proposal as it stands however:

- A major concern that the proposed Transition Body is not fairly governed since unlike the proposed Council, it is not based on population. The concern therefore is that the Transition Body has key responsibilities such as determining where the new WDC

locates staff these decisions may be biased and ultimately be over-ridden by the new council.

- There has always been a principle supported by all three current councils that democracy is supported on a population basis and therefore MDC has funded many joint services accordingly (i.e. over 55%). MDC believes it is undemocratic and not consistent with the aims of the LGC amalgamation to allow the Transition Body to be dominated by less than half of the Wairarapa population south of the Masterton District. Therefore MDC advocates strongly for the makeup of the Transition Body to be population based and at very least is governed by two from our district and only one from each of Carterton and South Wairarapa (or four from Masterton and two from each of the other existing districts).
- Alternatively the Transition Body should have much more limited powers in determining important future structures such as where staff or services are located or the makeup of the interim CEO and staff. MDC is concerned that the other two districts will dominate Transition board voting and that this will be inefficient since the new Council may reverse some of those decisions.
- MDC supports ring fencing both existing debt and reserves (including depreciation reserves) largely on the basis of fairness to all. This is a much greater issue than just waste water but relates to the depreciation, maintenance, and condition of all Council assets (eg underground and above ground). There is no logical reason to treat waste water differently from other asset management.
- MDC is concerned that Maori representation is supported as it is reflected in the Treaty of Waitangi and through central government legislation (ref Resource Legislation Amendment Act 2017). MDC does not believe that the establishment of a Maori standing committee meets this test since we believe Maori should be represented fairly at the highest level of decision making (Council). Treating Maori interests in the same way as rural (i.e. through a standing committee) is an affront to Maori and contrary to the principles of the Treaty. MDC believes Maori should have the opportunity to influence all issues facing our community and be part of the final decision making, through decisions at the highest level (not solely through a standing committee recommendation or on solely Maori related issues).
- MDC supports the proposal for the principal office of WDC to be located in Masterton. Masterton is an urban service centre with over half of the entire Wairarapa population within its town boundaries. Siting the principal office anywhere else would be contrary to logic and the practice of other agencies and entities. Masterton is the commercial and retail hub for the whole of the Wairarapa. Most Wairarapa wide agencies are based in Masterton and inter-entity relationships would be hampered by siting the principal office elsewhere (e.g. Sport Wairarapa, Iwi head offices for Kahungunu and Rangitane, Destination Wairarapa, Wairarapa Rugby Union, Wairarapa Cricket, Wairarapa District Health Board, regional offices for all central government agencies (e.g. NZ Police, MSD, WINZ, Greater Wellington Regional Council etc.), regional branches for all banks, real estate, legal and accounting firms, Wairarapa Chamber of Commerce, Transit NZ, Wairarapa Building Society, as well as many other privately owned and commercial regional offices. It would make more sense to locate the WDC principal office in Masterton to enable standard business practices, networking, and help maintain constructive commercial relationships easily and efficiently. There is no precedent anywhere in New Zealand for the District Council offices to be located outside the largest urban centre (and in the case of Masterton over four times larger than the next largest town).
- MDC supports the principle of ensuring that Council staff are located in numbers proportional to the current staffing at each of the current centres (i.e. Masterton,

Carterton, and Martinborough) and acknowledges the impact on each of those local economies and employment markets of reducing current staffing complements.

- MDC supports the importance of community boards within this proposal and advocates stronger and clearer decision making powers for community boards. MDC supports investigating best practice both in New Zealand and overseas in supporting the principle of more decisions being made locally and by the community which is affected by them. While MDC acknowledges SWDC has experience in supporting community boards, MDC believes these boards in future should have more autonomy and larger and clearer budget delegations. As an example MDC believes such boards should have full authority around urban and central business development and in areas such as decisions related to parks and reserves.

## **2. Evaluation of LGC proposal**

### **2.1 Introduction**

MDC would like to acknowledge LGC in its partnership approach to the amalgamation proposal across the Wairarapa. Both the Commissioners led by Sir Wira Gardiner and the Commission staff have been extremely supportive through the process in developing the current proposal and we applaud the way they have worked with the existing councils. It has felt like a true partnership.

MDC supports the proposal for a single Wairarapa District Council.

However there are areas of detail where MDC believes the proposal would be stronger and provide better direction to both the Transition Body and the new Council (WDC) going forward.

MDC believes that LGC has tried too hard to please everybody and as a result watered down some of the opportunities for success. MDC sees success firstly in getting the proposal accepted by the people of Wairarapa and secondly by the outcome of more effective and efficient local government into the future.

### **2.2 Economies of Scale**

MDC acknowledges that the existing councils have performed very well given the limitations and constraints they face currently. However it is clear that all three councils are challenged in terms of size and ensuring the best resources and expertise are employed locally, to support each of our districts. Some of the resources currently used simply duplicate one another. An example could be through the contractual agreements each council negotiates with external providers. Negotiating and managing multimillion dollar contracts is challenging and time consuming (labour intensive). It is unclear whether contractors currently are fully held to account to ensure ratepayers are always getting value for money.

There are numerous areas where each of the three councils is not large enough to justify specialised staff with the skill sets which the Wairarapa needs and deserves. Even when specialists are employed they are often isolated and working with portfolios which are too large to be fully effective.

Supporting and maintaining three sets of governing bodies is expensive both in terms of duplication of decision making, resourcing of three Mayoral offices, inconsistencies of local decisions, reporting (e.g. Annual Plans and Annual Reports) and communications with the wider public (e.g. maintaining multiple web sites, social media sites). Advertising information in triplicate is expensive as is maintaining three regimes of fees and charges and communicating these to each of our communities. People are often confused why charges differ across our region even in those instances where there is only one contractor (e.g. council rubbish bags). Charges and subsidies are currently different across each district and this complexity adds challenge for council staff and ratepayers alike.

### **2.3 Improved democracy**

One of the requirements of the Commission is to ensure local democracy. We believe the proposal largely meets this test (other than w.r.t. the makeup of the Transition board). The people of the Wairarapa will be in control of their own local government services and their own destiny.

MDC acknowledges that there will be challenges with the large number of elected members recommended under the proposal. MDC is concerned that sufficiently well qualified and experienced leaders might not be engaged with the new WDC structure to assure the quality of governance which Wairarapa people require. Equally to keep those community leaders engaged we believe it is important that they hold significant delegations and accountabilities (including delegated budgets) to make the best decisions locally. MDC believes supporting communities to make decisions which affect their own communities is the best form of democracy and while we have some apprehension by the large number of representatives in this proposal we think it has potential as long as we get the community board model right. We recommend thorough research nationally and internationally to support this process.

### **2.4 Long term efficiency**

We accept that LGC has estimated limited cost savings through the process of amalgamation (e.g. averaging less than 2% p.a. over the next ten years). However efficiency has two aspects and only one of those is "cost". The other key element is quality or benefit to ratepayers. We believe the proposal understates the significant benefits and improved quality of services which an amalgamation of the existing councils would bring to the Wairarapa.

We encourage LGC to highlight the advantages more clearly and explicitly than currently in the draft document. MDC is happy to provide a list of activities which a combined Council will be able to provide more effectively through one strong and unified voice.

As an example of the challenges of working as three councils we can consider our combined economic development strategy. An economic development strategy was drafted over ten years ago but has failed to be adopted by any of the three councils since. Key strategies of this kind have been challenged by competing and often parochial interests (and debate and wordsmithing) to the point of losing effectiveness because of the risk of upsetting one or other of the existing councils. As a result the whole of the Wairarapa has at times lacked strategic direction and/or coordination.

This has been frustrating because the region is largely one community of interest with overlapping and similar economic drivers (e.g. common labour market, common areas of production, common environment and climate).

## **2.5 Affordability**

One of the real concerns for the Wairarapa is the issue of affordability. Across all our districts we have a significantly aging population with a growing number of ratepayers on fixed incomes. Mostly we are not an affluent community. Even amongst our working population, wages and salaries are more than 20% below the national average. Yet rates per household are quite high already and comparable to other parts of New Zealand. We are aware of the additional investments required in the future to replace our aging infrastructure and the need to improve services in areas such as sewerage to ensure we protect our environment.

While we accept that in the short to medium term a WDC will not necessarily see a reduction in rates, we believe a larger entity will provide improved quality and quantity of services in a more cost-effective way and that this is critical for our local communities and economies.

We strongly support the establishment of an effective Wairarapa Committee of Greater Wellington Regional Council (GWRC) with clearly delegated powers to ensure “fit for purpose” solutions for local challenges and constraints at a service level which is also affordable to our community.

## **3. Specific changes recommended**

As well as the commentary above we would suggest the following specific changes to the draft proposal:

### *Paragraphs 21-23*

We acknowledge the fuller list of advantages and disadvantages in Annex 2 but we believe the Proposal should be stronger in highlighting these supported by evidence from the various studies LGC has undertaken.

### *Paragraphs 27-29*

We support the ward structure. We note the large number of elected members as a total (given WDC population). We support the makeup of the new Council which is largely based on population.

### *Paragraphs 30-32*

We accept the number of Community board members but we are concerned that there may be too much governance. We encourage greater delegation to community boards to encourage the most suitable people make themselves available for election.



*Paragraph 38*

We believe this paragraph is too weak. The first sentence relates to “appointed Maori members” and should be clarified to differentiate from “elected Maori members”.

Either way MDC believes LGC should be stronger in its support of Maori representation at the highest level of decision making as we believe this best acknowledges the principles of the Treaty of Waitangi and gives effect to current legislation.

*Paragraphs 44-47*

LGC considers recommending area managers to manage each area office at least as part of the transition.

*Paragraph 48*

MDC supports the principal public office being located in Masterton not least because it will continue to be the office which has the majority of staff through the transition and to 2022. It is also noted that the Area Office for Emergency Management is co-located in Masterton currently and shifting that base would be complex since it is mostly MDC staff who have direct roles in an emergency (i.e. for the Wairarapa).

*Paragraphs 49-52*

While the exact functions of staff could potentially be determined by the Transition Body, MDC strongly recommends the current staffing FTEs in each location remain the same for the immediate future. We see this as a highly contentious and political issue and wish to ensure the transition body does not set itself up to fail (i.e. the new WDC will potentially change things back again). If the Transition Body does not have a governance makeup based on population then its powers to make decisions around functions and location of staff should be curtailed, since such decisions risk being overturned through the WDC and this would be very inefficient.

*Paragraphs 53-56*

MDC supports maintaining current rating arrangements. MDC also supports ring fencing all current debt and reserves (including depreciation reserves which are currently targeted to assets). MDC does not see this as solely an issue related to waste water. As an example MDC potentially plans to build a new Town Hall or Events Centre and Municipal Office Building and we do not anticipate ratepayers from other districts should pay for this (nor do we believe it is fair for MDC ratepayers to pay for the Carterton Events Centre or the Martinborough Town Hall refurbishment).

Furthermore the investment and cost of waste water services are intrinsically linked to water services (i.e. through reduction of infiltration) and MDC has invested significantly in recent years with respect to Masterton through our underground renewals programme. It would be unfair in having paid for these renewals locally, Masterton ratepayers would need to contribute to such upgrades in other towns. LGC needs to signal this clearly and broaden the scope with regard to ring fencing asset management.

### *Paragraph 57*

We support this paragraph but it should not only relate to debt but also special reserves and other investments (i.e. debt is only one form of funding).

### *Paragraphs 60-62*

We accept the various transition cost estimates while also acknowledging these costs can only be estimates at this point.

### *Paragraphs 64-70*

This is a key aspect of the proposal. We support the establishment of a Wairarapa Committee to the GWRC and historically a similar committee worked well. MDC is keen to ensure that the Wairarapa people have a much stronger voice (and ownership) of regional council services for the Wairarapa and which impact on much of our local economy. The aspects of balancing our economic and environmental needs (subject to local affordability) are key areas of that local ownership i.e. local solutions for local problems.

### *Paragraphs 71-75*

This is where we wish to make our strongest recommendation for change to the current draft. We recommend a Transition board which is reflective of the various district populations. If this does not occur then there is a serious risk of the “tail wagging the dog”. The majority of the Wairarapa population live in our district. If the Transition board is to have any decision making teeth then the makeup should be reflective of respective populations to prevent the two smaller councils dominating voting which could be disadvantageous to the Masterton district and/or ratepayers. If the existing suggestion of only two members from Masterton district was maintained through to the final proposal MDC would no longer be able to support this proposal since we would not believe the Transition board would act in the interests of our District’s ratepayers.

We also believe if this is not changed this will create disharmony amongst our three districts which will be difficult to recover from and will cause significant political damage to the incoming new Council (i.e. WDC will be set up to fail since the political discourse will cause fractious behavior and distrust for many years to come. We would like to point to the re-siting of the BoP Regional Council’ offices as an example of such parochialism and long term relationship damage).

We therefore recommend a Transition board with two members for our district but only one member from each of the two smaller councils (or alternately four members from Masterton and two each from Carterton and South Wairarapa districts). We also recommend that the independent chair lives outside of the Wairarapa to assist in preventing the perception of bias.

### *Annex 1*

Changes to Annex 1 should be consistent with the changes suggested above. Particularly under the composition of the Transition board - Point 54.

MDC also recommends Maori representation on the Transition board – Point 55.

MDC is unclear how the Implementation team will be resourced. If as stated it is planned to use existing council staff then these positions will need to be backfilled (this may prove challenging especially if these are Tier 1 or 2 staff who may be considering looking for new jobs elsewhere). Clarity around these roles is important (i.e. appointments or secondments) – Point 56.

## 4. Conclusion

In this submission MDC supports the LGC proposal for the Wairarapa District Council but with a strong proviso. If there is to be a Transition board as part of the final proposal LGC must ensure the members of that board are representative of the Wairarapa population fairly (i.e. number of board members represent current districts according to population). If this is not reflected in the final proposal MDC withdraws its support unequivocally, since it cannot see how such a Transition board will act in the best interests of Masterton District or its ratepayers.

MDC sees the amalgamation of the three districts as both far reaching and future focused. It has the opportunity to remove long standing parochialism and petty politics from local government in the Wairarapa. However it also has the potential of inflaming them. The changes suggested by MDC in this submission we believe will assist in the former. The alternative will lead to distrust and a future Wairarapa District Council hamstrung by small town politics and on reversing Transition board decisions. This may negate many of the benefits of amalgamation and/or potential service level improvements.

MDC does not believe that local government per se plays a particularly large part in shaping the identity of towns. Communities shape towns. MDC supports the concept of strong and decentralised community boards with devolved decision making capability and control, and commensurate budget oversight. MDC encourages LGC to look offshore for the best examples of how community boards can and do work effectively in other jurisdictions (e.g. UK).

MDC supports strongly the location of the principal public office in Masterton alongside virtually all other Wairarapa based organisation head offices. For effective partnering and networking alone this is critical. However MDC does not see the need for a single Council Chamber. Council and committee meetings can easily rotate evenly around the three service centre area offices (Masterton, Carterton, Martinborough) without the need for a formal Chamber.

Finally, but not least, MDC supports Carterton's position (ref CDC Position Statement LGC Draft Proposal for Wairarapa District Council 3 April 2017; page 4) that we ask the Commission, through the transition period, ensures the current Councils do not enter into long term contracts that might preclude alternate options being adopted across the Wairarapa. MDC sees this important point as equally valid for outsourcing relationships as we do for long term property leases and/or relocations.