

20 July 2011

The Chief Executive Officer
Local Government Commission
PO Box 5362
Wellington 6145

Dear Sir

SUBMISSION ON THE PROPOSAL FOR THE UNION OF NELSON CITY AND TASMAN DISTRICT

The Tasman District Council thanks the Local Government Commission for the opportunity to make this submission on the proposal for the union of Nelson City and Tasman District. It is in two parts. Part A is Council's submission in opposition to the proposal. Part B is its submission addressing aspects of the Draft Reorganisation Scheme as presented. This submission was adopted by the Tasman District Council at its Full Council meeting of 11 August 2011.

PART A
OPPOSITION TO THE PROPOSAL

The Tasman District Council (by majority) opposes the implementation of the draft reorganisation scheme for the union of Nelson City and Tasman District as released by the Local Government Commission, dated 13 June 2011.

It does so, on the basis that the proposed union:

- 1 Will not better represent the nature and interests of the diverse communities within the Nelson-Tasman area. The draft scheme promotes a one size fits all model that

is a backwards step for the communities currently represented by the two existing Councils.

- 2 Unnecessarily promotes a single approach to community decision making and action across the Nelson and Tasman regions. Tasman District Council submits that such a new approach is not required to efficiently and effectively address key issues facing the two regions of Nelson City and Tasman District. Both councils already have effective processes to deal with any inter-regional issues.
- 3 Will not improve the efficiency and effectiveness of Council decision making and action as it is currently achieved. Instead the draft scheme promotes a large and cumbersome 17 person council, a number of additional community boards in communities that do not necessarily want them, and a single cumbersome bureaucracy.
- 4 Will not improve the participation in the planning and development of the regions by their communities and other stakeholders. The draft scheme risks reduced participation at a local level due to the remoteness of the single decision making body. It also has the potential to adversely impact on the role and funding of community associations.
- 5 Will not improve the representation of, and accountability to the residents of an existing district and an existing city. A single council dominated by urban interests will disenfranchise the various rural interests spread across the expanded district.
- 6 Will not enhance the level of advocacy which is available to the two unitary councils working together. Two mayors properly representing their communities speak louder than one when advocating to central government and other nationally or internationally based organisations. It also provides for differences of viewpoints when issues may be beneficial for the Tasman district yet detrimental for a city area and vice versa.

Before proceeding to endorse any final scheme for a union of the two existing councils we expect the Commission to establish, on the basis of firm evidence, that

- there will be improved financial advantages to ratepayers by the union, and
- the various communities of interest in both the city and the district will be better served by a union; and
- overall the proposed union will result in better local government for the combined region.

The Tasman District Council submits that no such case has been established.

We cannot see sound evidence of any financial benefit to ratepayers. Despite a range of unsubstantiated claims from the petitioner and others there is no empirical evidence or research to justify claims of savings for ratepayers. The Commission's sole justification for financial savings lies in the Strateg.Ease Ltd report, using flawed and misleading logic.

On the basis of Strateg-Ease report, a likely financial 'benefit' seems to lie in an increased capacity to borrow. However, there is an inevitable cost to this. Combining the two councils' assets and borrowing more money will be no more affordable as it still has to be serviced by the same number of ratepayers. The other key benefit identified in the Strateg-Ease report is a reduced operating cost through management and staff savings. This is commented on elsewhere in the submission (pages 12 to 13) but we question the reliability of these perceived benefits. At the same time the Commission appears to have overlooked or ignored the extensive evidence that demonstrates the current high level of shared services between the two existing councils and the public commitment to continue to actively pursue further savings in those remaining areas where there could be economies of scale or improved critical mass. No union is required to make those savings.

The various regional communities of interest will not be better served by the union. The Commission's report does not provide evidence of failure or missed opportunities as a result of having two councils instead of one. On the contrary, there is firm evidence that the present joint Regional Economic Development Strategy is working well with the BERL survey (and the Tasman District Council Communitrak survey) showing that the separate councils are succeeding in economic terms, with better than average growth rates and high rates of public approval.

The region is doing well, with the city looked after by a city council, and the district looked after by a district council, with each reflecting the priorities of their own communities and working together on inter-regional priorities.

In such circumstances the Tasman District submits that the Commission must conclude that the draft scheme will not improve local government in either the city or the district, and that the draft plan should be withdrawn.

DEALING WITH SPECIFIC ISSUES:

Representation of Communities of Interest

The Tasman District Council does not agree that the draft scheme better reflects the nature of the distinct communities within the Nelson-Tasman area and the relationship between these local communities. It is Council's view from discussions with our community and its understanding of the Nelson community, that the needs and preferences of the Nelson residents and ratepayers are different to those of the Tasman residents and ratepayers. The two existing Councils currently represent the nature and interests of their separate communities well. Indeed Council believes that the draft scheme will have a harmful effect on these communities and the relationships between them as they lose representation at the council level, where the significant district-wide decisions affecting their present and future well-beings will be made. Those small communities will perceive that they have become increasingly marginalised from a much larger centralised local government unit.

The Tasman District Council does not believe that the incorporation of more community boards throughout the combined region will compensate for the reduction in direct representation. The Commission must recognise that three of Tasman's five wards, and the communities within those wards, have consistently rejected the notion of community boards. Informal reaction to the Commission's Draft Scheme from those three wards confirms that their views are unchanged. They have clearly indicated that they prefer to rely on their existing, non-statutory "Community Association" structures to meet their needs as well as have direct contact with their Councillors.

Tasman District Council has also moved immediately to provide the two existing Community Boards with the delegated powers set out in the Commission's Draft Scheme. Those Community Boards are now 'empowered' to a level that is at least equivalent to that which would occur under the Commission union scheme.

The Tasman District Council has further indicated that, in the future, it could consider additional delegations if appropriate, including adjustments to the existing level of delegation. This flexible situation, which also allows us to respond to the differing delegation requirements of the two community boards, is superior to anything proposed in the Draft Scheme.

Accordingly, the Council considers that nothing in the union proposal improves current representation of local communities of interest.

At the same time it is clear under the Draft Scheme that representation at the Council table will be significantly reduced for those same communities.

| <u>Ward</u> | <u>Present Councillors</u> | <u>Proposed Councillors</u> |
|--------------------|-----------------------------------|------------------------------------|
| Golden bay | 2 out of 13 | 1 out of 16 |
| Lakes/Murchison | 1 out of 13 | 1 out of 16 |
| Motueka | 3 out of 13 | 2 out of 16 |
| Moutere/Waimea | 3 out of 13 | 2 out of 16 |
| Richmond | 4 out of 13 | 3 out of 16 |
| Nelson | 12 out of 12 | 7 out of 16 |

As a result, Council is of the view that the proposed combined Council would not "better represent" those communities.

Wider regional opportunities

The Commission has questioned whether the existing two Councils can effectively focus on and plan to address what are described as “regional issues and opportunities”. The Commission seems to have been influenced in this conclusion by a number of submitters and anecdotal comments. Some submitters made broad statements to this effect, without providing any specific examples of non-performance or failure of the existing two Councils’ strategic and resource planning regimes.

It appears to Council that several of the submitters have been unhappy with decisions that have been made by the Councils (or by commissioners on behalf of the Councils) largely because they have not received the decisions they have wanted, rather than a failure to address regional opportunities. There has also been an unrealistic expectation stated by some submitters that all planning rules would be the same under an amalgamated council, without consideration for the need to have different rules in coastal areas vs. urban areas, residential areas vs. industrial areas, commercial areas on a State Highway vs. commercial areas in a residential area and so forth.

In fact there are many examples of the two Councils working well together on wider community and environmental matters, for example the Nelson South / Richmond East plan changes recently introduced.

Many submitters commented non-specifically on economic development. While critical of the present situation no specific evidence was produced. The reality is that Tasman District and Nelson City Councils have successfully worked together to address economic development issues in their combined regions since their constitution in 1992, and particularly over the recent past.

Specifically:

- They both jointly fund an economic development agency.
- They have recognised the geographical constraints in Nelson City affecting Nelson City Council’s ability to provide land for industrial development. As a result, Tasman District Council in consultation with Nelson City Council, identified suitably sited and contoured land within its district (Richmond West Development Area), initiated a zone change over

it to provide for some 235 hectares of business, industrial and residential land. This provision is estimated to meet the land demand for industry in the joint region for the next 50 years.

- The independent assessment of Regional Economic Performance Indicators by BERL published in February 2011, which has already been made available to the Commission, indicates that both Councils seem to have a good track record as far as economic performance is concerned. In essence, the indicators show that in the last five years Tasman District moved from 71st to 22nd in the rankings (inside the top quartile) and Nelson City from 66th to 31st. Given that some years ago, both Councils were near the bottom of the rankings, this is an objective indication of the success of the both Councils' economic development initiatives and responses.

Tasman District Council submits that no evidence has been produced to identify existing or even recent past constraints which have resulted from having two Councils instead of one, which have impaired economic development over the joint regions. In the absence of such evidence, the Commission cannot make general assertions that a problem exists requiring the union of the two local authorities to overcome it.

Non-economic opportunities have also been addressed under the present two-council regime. For example the two Councils collaborated to:

- adopt a combined Arts Strategy,
- agree a Regional Facilities Agreement,
- agree a Joint Memorandum of Understanding to guarantee funding to the Nelson regional Museum,
- form with Marlborough District Council and NZTA, a "Top of the South Transport Liaison Committee".¹

It is Council's submission that there are no wider regional opportunities at present or in the foreseeable future which should be, but are not, being addressed by local government in

¹ There has been comment about the regional transport network and the 'Southern Link'. These matters have been dealt with collaboratively. There is no disagreement between Councils over the portion of the network within Nelson City, especially in relation to the 'Southern Link'. Tasman District Council is publicly committed to supporting whatever solution Nelson City Council decides on.

the Nelson and Tasman regions. Until specific examples are detailed and proven, the Commission should acknowledge that change is not necessary to address this matter.

Regional Governance Issues versus Local Governance

All parties have emphasised the need “to keep the local in local government”. Tasman District Council believes that the present two Council arrangements do just that.

However, the Commission has stated that “a more regional approach to planning is required in order to promote community well-being and the present arrangements, in many respects, represent a missed opportunity” and that “current initiatives on shared services have been and are likely to continue on a limited case-by-case basis and their success is dependent on coordinated decision-making by the two councils to fully realise potential benefits”.

Yet no specific evidence is produced to demonstrate any failure to promote community well-being. No examples of “missed opportunities” are recorded. In a similar manner no examples are recorded to justify a failure to fully realise potential benefits from shared services.

Despite this failure to define and prove the existence of any problems that cannot be addressed by a shared service agreement, the Commission solution is to impose a single Council to address the perceived wider regional governance concerns, with community boards being relied upon to provide local governance to communities.

The claim that there needs to be one regional policy statement and one regional land transport plan overplays any advantages these planning processes would bring. Their advantage would normally lie in ensuring a regional council, and the constituent territorial authorities work to consistent purposes. A unitary authority does not have these concerns and only has to address common issues with its neighbour, which is done in this case.

The consequence of relying on community boards to provide local governance is also overstated. The likely result of the proposal is that local communities in both Tasman and Nelson will be even more removed from the decision making process at the Council table, as those communities will suffer a reduction in the number of councillors. The Commission

argues that this loss of representation will be more than offset by the establishment of more Community Boards in Tasman. Strangely, only a shared Community Board with Richmond is suggested for Nelson.

To further justify this “solution” the Commission has determined the degree of delegated powers that it believes is appropriate for these community boards. The reality is that the Commission itself recognises that, with ultimate responsibility always lying with the full Council, the Community Boards powers need to be primarily restricted to those of advocacy and recommendation.

While the move by the Commission to more fully define what it expects of Community Boards is helpful, the Commission’s delegations serve only to emphasise that under its proposed single council, local decision making has been shifted even more to the centre. The “enhanced” Community Board powers are no substitute for loss of local councillor representation.

Tasman District Council submits that the alleged problems at a regional level are not proven, and that an imposed solution of a large single central council with community boards in Tasman but not in Nelson, is detrimental to good local government.

Financial Capacity

The Tasman District Council does not accept that a union of the two unitary Councils will provide a significantly greater financial capacity than the Councils separately. The data on which the Commission depended to come to this conclusion was based on an assumption by its Strateg.Ease consultants that a more liberal borrowing policy would be adopted by the new single council.

The consultant’s logic was that a merged single council would wish to increase borrowing capacity. No evidence was produced to show any problem with present borrowing, nor was any evidence produced to show any possible borrowing problems for either existing Council. Despite this, Strateg.Ease concluded that the single region would be better off by having an increased borrowing capacity of \$177.4 million.

Firstly, this conclusion appeared to be a classic case of a solution searching for a problem that does not exist.

Secondly, the supposed increased borrowing capacity is based on false logic. The reality is that the borrowing capacity of a single council is exactly the same as the combined borrowing capacity of the two individual Councils. The only thing that has changed is that the consultants (for reasons that are neither explained nor justified in their report) have changed the debt/equity ratio from being no greater than 20% to a new increased figure of no more than 25%. This is an illusory benefit.

Without a union, Tasman District Council could still “increase its financial capacity” by adopting a more liberal borrowing policy (such as increasing its debt/equity ratio maximum from 20% to 25%) and get the same “benefit”. The Council currently has no need to do so, nor has it any current intention of so doing and there is no public appetite for this move either. Tasman District Council is adamant that the present constraints which are impacting on the speed at which it addresses matters specifically raised by the Commission, (such as water supply issues in its rural hinterland), are not the result of a lack of existing financial capacity within its own district.

Contrary to the assumptions made in the Strateg.Ease report, Council has budgeted in its Ten Year Plan 2009-2019 to meet the statutory requirements in the New Zealand Drinking Water Standards. Council has completed activity management plans for its infrastructure assets over a 20 year period, rather than the usual 10 year period. Subsequently Council has programmed its infrastructure provision to meet the needs identified through its extensive growth planning work. It is not correct to conclude that water problems are the result of financial constraints that could be resolved by a union. There are wider issues, including the views of the potentially benefiting communities and the potential availability of government subsidies, which are influencing its decision to delay proceeding with improvements in these areas. The Council is well aware of other central government imposed time constraints to achieve specified improvements and is on track to comply with them. The union proposal is irrelevant to progress on these matters.

Organisational Capability

Tasman District Council does not accept that its communities suffer as a result of lack of Council organisational capability or as a result of a shortage of designated specialist positions.

The Council is deeply concerned that no specific evidence was presented to the Commission which indicated that so called “regional outcomes” were unable to be achieved. On the contrary Tasman District Council notes that it has available to it, either by directly employed staff or, as and when required, specialist consultants, all the expertise it requires to discharge its responsibilities to provide good local government to its district/region having regard to cross boundary matters and the needs of the Tasman and Nelson ‘region’ . Shared services arrangements where Tasman provides hydrological and biosecurity services to Nelson, are good examples of where capacity and capability is adequately addressed.

For some years Tasman District Council has adopted a “preferred employer” policy and has not experienced any meaningful problems attracting and retaining quality staff. Research indicates that councils reach their critical mass when their populations reach about 40,000 people.² A union would offer no demonstrable benefits in the long term, yet incur unnecessary short term costs.

Net Cost Savings

Tasman District Council does not accept that the Commission’s proposal fairly reflects the costs and benefits of the proposed amalgamation. It does not believe that, on the basis of a superficial ‘desk research’ review of needs for the proposed new merged authority, that the savings predicted in the consultant’s report exist.

The Commission makes generalised and vague references to savings that could be achieved in procurement and combination of some services if a union proceeded. As

² Local Government New Zealand Mythbusters – Examining Common Perceptions about Local Government in New Zealand – LGNZ September 2010.

already pointed out in this submission, where opportunities exist, those savings can be (and are being) achieved by way of shared services involving not just Nelson City Council but other councils as well. The Commission's apparent belief that savings can only occur with a union is factually incorrect.

The only specific savings included in the Commission's documents relate to staff reductions. Council is concerned that the Commission and members of the public assume that rates will be reduced by eliminating 68 positions to produce gross savings of \$4.7m.³ The reality is that this represents a claimed ability to do away with one in eight present positions, with no loss in output or capacity.

This extraordinary conclusion is justified by comparing the staffing levels in the proposed new single council to those of other existing councils, notably Dunedin, Palmerston North and Tauranga. Strateg.Ease concluded that the staffing levels at Tauranga provided the best comparison. Tauranga staffing levels are then compared to what Strateg.Ease has concluded are appropriate for a single new merged Nelson/Tasman council, and that the relative similarity justifies the claimed gross savings of \$4.7m.

The reality is that Strateg.Ease Ltd has mistakenly compared two existing unitary councils with one single territorial authority. The exercise should have been a comparison between the staff of the two existing unitary councils and the staff of Tauranga City and Bay of Plenty Regional Council. This comparison would have instead produced a larger staff complement that covers the full range of functions required by a unitary authority.

This is a significant error which misinforms both the Commission and the public.

The consultants have qualified the gross savings of \$4.7million by suggesting that a new council may choose to allocate some of the savings to increasing staff capacity in some selected areas of the new council. This qualification does not alter the fact that the gross claim of \$4.7 million only occurs if 68 staff are made redundant. Tasman District Council does not believe that this is possible.

³ Strateg-Ease Ltd report page 68 Table 7.3.2

The consultants also appear to have doubts about the practical reality of achieving the gross cost savings within some loss of capacity or output. At pages 6 and 7 of their report the consultants note that a new Council may decide to maintain or even increase staff numbers in some areas. The consultants go on to say “If current staff numbers are sustained in both Council main service activities, potential cost savings would reduce by about \$1 million to \$3.7 million per annum. Provision for additional staff in any service area would further reduce this figure.”

Tasman District Council also notes that the Commission was careful to avoid any specific commitment to a value of staff savings and instead restricted itself to only quoting the Strateg-Ease report as having ‘identified potential efficiency gains from a union through management and staff savings.’⁴

Council submits that the consultant’s dependence on broad brush comparisons, based only on budget and populations of geographically small cities, is erroneous. The staffing calculations specifically ignored the fact that the new authority would be a unitary authority with regional council functions to be discharged over its significant rural hinterland. The two comparators were cities with minimal rural hinterland; both relying on separate well resourced and staffed regional councils to deal with the regional functions.

This matter cannot be left without noting that a proper comparison demonstrates that Tasman District Council in particular has extremely low staff ratios, reflecting its reputation as an effective and efficient council that “just gets on with the job”.

While a union would inevitably rearrange staff positions the research evidence is that the new single bureaucracy is more likely to have increased staff numbers as “larger local authorities tend to be less efficient than medium sized or small authorities.”⁵ At the same time, the supporting reports and thus the Commission’s analysis is somewhat superficial in dealing with the potential costs of a merger, including:

⁴ Paragraph 63, page 15, Local Government Commission Decision on the Proposal for the Union of Nelson City and Tasman District.

⁵ Page 80 Local Government Structure and Efficiency. McKinlay Douglas. October 2006.

- the transition costs of joining two organisations together, particularly in light of the Auckland experience with IT costs and integration of various systems (e.g. rating systems)
- the additional costs of an increased number of elected members and the extra support and infrastructure they will require
- the additional costs in servicing five community boards, compared to the existing two
- the potential other costs or loss of income (e.g. 2% reduction in New Zealand Transport Agency funding)
- the cost of integrating planning documents, bylaws, long term plans, etc.
- the short term loss of quality staff who seek more secure employment elsewhere
- redundancies
- cost of a poll of ratepayers at around \$89,000 for each Council

Where costs are dealt with, the reports appear to imply that all the costs fall in the first year but savings continue on into the future. However, national and international experience indicates that many of the transition costs may be significant and may continue on into the future.⁶

Rating Impact

The draft scheme proposes one rating system for the new council. To do otherwise, would be illogical. That system is the capital value system which is already the basis of the Tasman District Council's rating. Nelson City currently uses a land value based system, with differentials which load the commercial sector rates in order to provide some relief to the residential ratepayers. Tasman District has no such differentials. The two rating systems are markedly different. Changing to a new single system will be complicated and raise serious equity questions.

The operating costs of both existing Councils are similar, yet Tasman District's capital value is higher than Nelson City's capital value. On this basis alone, ratepayers of what is

⁶ Local Government Structure and Efficiency. McKinlay Douglas. October 2006. Pages 20-23 Consolidation in Local Governments. ACELG. May 2011. Ref 1.5.3, para. 11-13

now Tasman District would be expected to pay a higher proportion of the rate levied for the new Nelson/Tasman district. It is therefore inevitable that Tasman District residents and its businesses will see an increase in their general rates, unless there is some form of intervention.

Tasman Council assumes that in directing that the new rating system for the unified council will be based on capital values, the Commission is following Recommendation 9 of the 2007 report of the Local Government Rates Inquiry. If so it could be expected that the new unified council will also implement Recommendation 8 of the same report. That is, that rating differentials be removed from 1 July 2012.

Under this scenario there is likely to be large rate increases for Nelson residential ratepayers if the Nelson City Council differentials on commercial land are removed.

Nelson's commercial sector produces 25% of the Council's general rates revenue. As a result of the imposition of differentials, the relatively small pool of commercial ratepayers currently receive a general rates bill that is 2.31 times bigger than the rates bill for a residential property of the same land value. If that differential is removed that excess quantum of rates will transfer to the residential ratepayers.

If a union proceeds, Nelson residential ratepayers risk facing a "correction" that will significantly increase their rates bills.

Conversely, the only winners are likely to be those in the commercial sector in Nelson City, where their general rates bills are likely to be more than halved after a union.

Notwithstanding the comment above, there is the possibility that in the interim, the new merged Council could continue with some form of differential rating, thus continuing to shift the incidence of rates from residential to commercial in the area of the former Nelson City. A new urban dominated merged Council may even extend that arrangement to the former Tasman District in order to ensure there is some consistency/equity across its district.

In that scenario, the commercial ratepayers in the former Tasman district will have significant rate increases as result of a merger.

The net result is that there is a high risk that Tasman ratepayers, residential, rural, commercial and industrial, will be paying more rates, and that there is unlikely to be much ongoing relief from that situation.

Tasman District Council considers that the proposed Draft scheme with its single sentence determination that “the rating system in the Nelson-Tasman district shall be the capital value system” fails to provide sufficient information.

A major concern for some ratepayers is the effect that a union would have on their rates. The scenarios above illustrate that the effects could be significant and variable. While some may gain others will face increases.

The Tasman District Council submits that in this regard the union proposal does not demonstrate any improvement on the present status quo. Should this scheme proceed to a Final Plan, and a poll of electors, the Commission should accept the responsibility to make more detailed rating decisions that will be binding for the first six years of the new single council. The Commission should then produce examples of the effects of those rating decisions.

Voters must be made aware of the potential consequences on their rates under different scenarios. It is not acceptable for the Commission to avoid this critical issue.

Comment on the Supporting Reports

These reports were considered by the Commission to be so integral to the proposal that they were issued at the same time as its decision and, in particular, the draft reorganisation scheme on which this submission is made. These two reports are the Strateg.Ease report entitled “Report for the Local Government Commission on Financial and Service Delivery Matters Relating to the Proposal for a Union of Nelson City and

Tasman District” dated May 2011 (“the yellow report”) and the Commission’s staff report entitled “Background Report on Communities of Interest and Planning in Relation to Proposal for Union of Nelson City and Tasman District” dated 13 June 2011 (“the blue report”).

The Tasman District Council’s concern particularly relates to the more objective aspects of the yellow report which contains statements or implications which are wrong in fact and in particular, spreadsheets which have significant errors of fact in relation to the financial statistics which appear to have formed a significant basis for the Commission’s decision in this matter. Council’s initial concern in this regard was dealt with in our open letter to the Commission of 19 July 2011.

Since then the Council has been visited by representatives of both the Commission and Strateg.Ease Ltd. Suffice to say that while some mistakes in the report have been acknowledged “we have agreed to disagree” on others. Council’s continued concern is that the manner in which these reports are presented creates a cumulative effect designed to justify the need for a single merged council. The report repeatedly infers problems in Tasman that it claims can only be remedied by a union. Tasman District Council continues to maintain that the basis for the bulk of the inferences is incorrect and misleading. The ‘Addendum’ report published on July 28 2011 does little to alleviate Council’s view that the Strateg-Ease Ltd report is a flawed document.

SUMMARY

The Tasman District Council has achieved much since 1989. The district unitary model is now proven and reliable for provincial New Zealand. In a similar manner Nelson City will claim that it has been successful. Both existing Councils are more than ‘sustainable’ in their present form. Solid evidence (such as the BERL surveys) has been placed before the Commission to confirm the success of the existing local government model.

The Commission’s Draft Reorganisation Scheme that states that a union will address unspecified “missed regional opportunities” puts all that success at risk.

There has to be proven evidence to substantiate a need for change from the status quo.

The Draft Scheme and its supporting documents do not provide such evidence. In the few areas where specific detail has been used by the Commission to justify its conclusion that a union is needed, that evidence does not stand up to scrutiny. In other areas such as regional planning and shared services, the evidence of numerous examples of positive outcomes appear to have been discounted or ignored. The suggested additional borrowing capacity is academic, while the claimed staff savings calculations are shown to be based on inaccurate comparisons.

The Draft Scheme is not evidence based, and it should therefore be withdrawn.

DRAFT

PART B

THE DRAFT REORGANISATION SCHEME ITSELF

Having stated its opposition to the proposal to unify Nelson City and Tasman District; Tasman District Council now wishes to address the draft reorganisation scheme itself, in the event that the Commission determines to proceed to issue a final scheme. Nothing in the comments below should be interpreted as support for the proposed scheme. The draft reorganisation scheme is defective in a number of respects. Part B of the submission has the unanimous support of the Tasman District Council.

One Ward for the Former Nelson City

Tasman District Council is concerned that the draft scheme proposes only one ward for the whole of the area of the existing Nelson City. It notes that the 'blue report', recorded that Nelson City staff had observed that individuals and local community groups within the city tended to form "Communities of Interest" around particular issues, and that these communities were not necessarily ongoing. Tasman District Council believes that an improved vertical and horizontal integration of communities of interest in the area of the existing Nelson City would be better achieved by dividing that area into a number of wards; noting that in 1989 the then Local Government Commission did just that, in establishing four wards for Nelson City. Council suggests that any new scheme should reintroduce the original four wards, or alternatively establish three new wards covering Stoke/Tahunanui, Nelson Central and Nelson North. Either approach would ensure more appropriate coverage. The existence of such wards would focus electors on the needs of geographical communities, rather than special issues or interest groups, or party politics.

Council considers that individual communities of ratepayers and residents within wards are more likely to have closer contact with those elected by the ward. This means, therefore, that the elected members are often more aware of issues in their wards and better able to represent their views.

Also, it makes it easier for voters to vote for a smaller number of elected members from a smaller number of candidates. Voting for a large number of elected members from a long list of people who electors do not know can be a deterrent to voting.

Council also believes that use of a ward system lowers the financial commitment required to effectively campaign for a councillor position, thereby encouraging local democracy.

Tasman District Council believes that the single Nelson ward, as proposed in the draft reorganization scheme, with seven members elected 'at large', will be so much larger than any other ward, that it may also encourage the development of a hierarchy of wards within the proposed new Nelson-Tasman District Council.

Nelson-Richmond Community Board

Council cannot support the establishment of the very large proposed Nelson-Richmond Community Board to represent the "community of interest" of all of the area of the existing Nelson City and the proposed Richmond ward, for similar reasons as those traversed above. More specifically, given the mandated roles for the community boards as set out in the draft scheme, that very large community board, representing so many people whose only community of interest would be the fact that they are largely urban dwellers, and who are widely diverse from a social, economical, environmental and even cultural basis, would struggle to be effective.

The proposed Nelson-Richmond Community Board, representing as it would, some 66% of the population of Nelson/Tasman would be perceived as a "city" within the Nelson-Tasman region by many whose expectations as to its role and responsibilities are likely to be frustrated by the reality of its deliverables.

Richmond is its own geographical area and it should have its own Community Board. It is a clearly distinct community of interest and is a township in its own right; it is not and has never been a suburb of Nelson. The urban areas of Richmond and Stoke are separated by an industrial area to the west and the greenbelt of Saxton Field to the east.

Council is also concerned at the difference in the size of the proposed Nelson-Richmond Community Board compared to the other proposed boards. It is possible that a board representing such a large proportion of the proposed district's population could have an inappropriate level of influence with the new Council, which could disadvantage the other boards. However, the make-up of the proposed Nelson-Richmond Community Board with 4 Nelson and 2 Richmond members (plus 2 ward Councillors) could tend to favour projects/decisions within the former Nelson City area.

Council proposes that to maintain consistency and equity, at least four community boards be established, one for Richmond ward and one each for the three or four proposed "Nelson" wards. These community boards could then truly represent a specific geographical community of interest and serve and be supported by the relevant communities.

Other Community Board Matters

Council questions why there will be more elected members (Council and Community Board) for the Motueka ward, than for what is currently the Richmond ward, which has twice the population of the Motueka ward.

Council questions the appropriateness of having community boards across the whole district. There are definite communities of interest in Golden Bay and Motueka that justify community boards. However, it is difficult to see how such boards will work in wards like Moutere-Waimea and Lakes-Murchison. For example, Moutere-Waimea comprises a number of very distinct and different communities and settlements. It is possible that a community board in this area would be dominated (due to population size) by people from the larger population centres. The same situation is likely in the Lake-Murchison ward. If the Commission decides to proceed with Community Boards across the whole district, we request the Commission to consider the possibility of having electoral wards within community board areas to ensure a fair and wide representation of the many and varied views within them.

Council submits that if the reasoning to establish multiple community boards is valid then the Commission must realistically acknowledge the additional costs. Currently the two councils have a total of 27 councillors and 8 community board members, giving a total of 35 elected members.

Under a consistent reorganisation scheme, with wards in Nelson as well as in Tasman, the number of elected representatives is likely to be significantly higher. Even if only three new Nelson and one new Richmond community boards are established, the total number of elected representatives rises to 48 at least, assuming four elected community board members per ward.

In total there could be eight community boards, each with delegated functions and powers as per the Commissions Draft Scheme. These “empowered” boards will have to be remunerated and supported at considerable cost. The full cost will not be less than \$50,000 per board and could be higher depending on the activity level of each board. Conservatively it is estimated that this second tier of local government will cost rate payers an additional \$500,000 per annum.

Continued Existence of a Lakes/Murchison Ward

In its draft scheme, the Commission has recognised the need for continuance of a separate Lakes/Murchison ward, despite the fact that it falls significantly outside the ‘+/- 10%’ rule. The degree of exception has been softened to some extent by the proposed enlargement to a 17 person council. Tasman District Council is concerned that any reduction in the size of that 17 person council would make the exception untenable. Tasman District Council also believes that, under any merged council arrangement, there is no guarantee that the separate ward will be maintained in future representation reviews, as there is likely to be an inevitable pressure from an urban-based council to reduce numbers of councillors and the perceived costs of running a large 17 person council.

Transition Committee Issues

Tasman District Council notes that clause 14(1) of the draft scheme proposes that the affected local authority must unite in appointing a Transition Committee. No date has been specified by which time this must be done. If it is intended that the new Council be ready to operate the day after the election on 13 October, sufficient time and clarity of powers is essential. There is little direction on matters such as servicing and funding of the committee.

We note there are many references to 'the Council' contained in sections 19(a) through to (h) and a reference to 'Community Boards' in 19(i). The context requires that these references are to entities that will not come into existence until the day after the declaration of the results of the election for them by the Electoral Officer.

In particular the Tasman District Council notes that the functions and powers of the Transition Committee are poorly stated and will not efficiently lead to the new Council being ready to conduct business from day one if the proposal proceeds. In particular there are a range of recommendations that have to be made by the Transition Committee to the new council. Tasman District Council presumes that these will not, and indeed cannot, be considered, adopted and implemented until such time as the new Council has been established and would like the Commission to clarify this if it issues a final scheme

Council notes that 19(a) requires the Transition Committee to make arrangements for a person to be the Acting Chief Executive of the new Council. That also would not be able to become legally effective until the day that the new Council is constituted.

The functions set out in #19(c) to (h) also confer responsibilities on the Transition Committee to make recommendations to the new Council. Tasman District Council notes, however, that most of these recommendations, which presumably will be in the form of reports, culminating in the recommendation, will require investigations, reporting and decision-making by the Transition Committee prior to the date on which the new Council is established.

As a joint Committee of the two Councils one presumes that any costs committed by the Transition Committee will be shared equally. No budgets exist for such an event.

Previous Local Government reorganisations, particularly that in 1989, were implemented through schemes which were quite specific on some of these matters, including not only the appointment of an Acting Chief Executive by the Transition Committee, but also provision for funding the Transition Committee, and so on. Tasman District Council seeks assurance that these matters will be attended to, should this scheme proceed to a final scheme. As the Commission should appreciate there will be a lot to organise to implement in any union; IT transition, records management and transfer, new rating systems, accommodation, staff appointment and transfers (including union negotiations), contract assignments, even new logos, forms and processes etc. These matters will take time to implement.

Clause 19(c) directs the Transition Committee to make recommendations to the Council on the management and administration structure of, presumably, the new Council. Tasman District Council seeks clarification as to how that role will sit with section 42(2) (c-h) of the Local Government Act 2002, which appears to mandate such roles and decision-making to either the Acting Chief Executive, or the Chief Executive of the new Council. While it would be expected that such a Chief Executive would consult with the new Council on some of the broader aspects of the management and administration, ultimately he/she would make the decision and be accountable to the Council for the establishment and performance of those structures in meeting the terms of his/her employment contract. But this will not easily happen if the Acting Chief Executive's appointment is not effective until the new Council is constituted in October 2012. Such a situation could cause difficulties for the operation of the new Council and delivery of services to the communities, in its early days.

Given the complications outlined above, Council questions the appropriateness of the Commission's proposal that elections for the proposed new Council be brought forward to October 2012.

Instead it is suggested that any elections be held at the normal date of October 2013. In the period between any vote establishing the union of the two Councils and the elections of councillors, an Auckland “Super City” style independent interim transition committee should be established under a Commissioner.

Provisions for Existing Staff

Tasman District Council on behalf of its staff seeks the Local Government Commission’s assurance that clause 67 of schedule 3 of the Local Government Act, referred to in Section 23 of its draft scheme, and in particular the references in that clause to ‘contracts’ includes employment contracts that staff currently have with the Chief Executive, and indeed the employment of the Chief Executive. If that is not the case, the draft scheme is silent on such issues and it would mean that all the staff were redundant on the last day of the existing Councils, and there would be no staff, apart from the Acting Chief Executive, on the first day of the new Council.

New Council’s Headquarters and Rating Systems

Tasman District Council supports the provision that the new Council’s headquarters would be in Richmond, and that the existing service centres be maintained for at least five years. It also supports the adoption of the capital value system of rating for the combined Council, noting that it made such a decision 21 years ago, when it merged the various rating systems from the pre-amalgamation authorities.

Long Term Plans and Long Term Council Community Plans

Clause 20 of the draft reorganisation scheme states as follows:

20. Long-term council community plans

The long-term council community plans prepared by the Nelson City Council and the Tasman District Council continue in force in respect of their areas until a new long-term plan is made by the Council.

Under the Local Government Act 2002 both existing Councils have to have new Long Term Plans in place by 30 June 2012. As the election for the new Council is after this date, clause 20 is incorrect. The current long-term council community plans of the two Councils will not exist in October 2012. The clause needs amending to state that "The long-term plans 2012-2022 to be adopted by Nelson City Council and Tasman District Council by June 2012 will continue in force in respect of their areas until a new long-term plan is made by the Council."

The Tasman District Council wishes to be heard in support of this submission.

Yours sincerely

Richard Kempthorne
Tasman Mayor