

# **Deliberation on the draft Wairarapa local government reorganisation proposal**

Record of Commission decisions and officials' advice  
Local Government Commission  
*Mana Kāwanatanga ā Rohe*

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# Record of Commission decisions

On 16 June 2017, Commissioners resolved that the Commission:

## *Procedural matters*

- (a) Notes and accepts the table of amendments to the paper
- (b) Notes that Commission members had received copies of all submissions

## *Consultation*

- (c) Notes the requirements in the Local Government Act for the Commission to consult on the draft Wairarapa reorganisation proposal and seek the views of interested parties have been met through letters, public notices, leaflet drops and newspaper articles inviting submissions and views on the draft proposal released in March 2017 and consideration of the submissions and views received (clause 20 refers)
- (d) Notes that staff have received and presented to Commissioners 1191 submissions from individuals and organisations (some of whom represent large numbers of people) on the draft proposal
  - 824 opposed the draft proposal (including 11 organisations)
  - 356 supported it or supported it with some amendments (including 17 organisations)
  - 11 neither supported nor opposed it (including eight organisations)
- (e) Notes submitters commented on a range of issues including:
  - support for the current council arrangements as submitters were happy with their council as it is now and saw no reasons to change
  - support for the draft proposal because it would create a stronger mandate for the council to advocate for the Wairarapa as a whole and there would be only one council to deal with
  - proposed changes to the draft proposal including
    - greater, lesser or different representation arrangements
    - strengthening the community boards support, delegations and resourcing
    - increasing iwi, hapū, marae and Māori representation
    - nominating a head office, with most who mentioned this suggesting it should be in Carterton
    - more or less ring-fencing of council debt and assets when the new council is formed
    - changing the transition board's responsibilities and/or membership
- (f) Notes some submitters requested that the Commission bring this process to a conclusion as swiftly as possible because of the stress the uncertainty has caused council staff over the last few years

## *Decision on draft proposal: Which option under clause 21(1)?*

- (g) Notes the Commission must now do one of the following in relation to the draft Wairarapa reorganisation proposal (clause 21(1) refers):
  - (i) issue the draft proposal as a final proposal
  - (ii) issue a modified draft proposal as a final proposal

- (iii) identify, under clause 11, another preferred option as the basis for a new draft proposal
  - (iv) decide not to issue a final proposal and give public notice of the decision and the reasons for it
- (h) Notes the Commission must consider the submissions, views and other information received under clause 20 when making a decision under clause 21(1) (clause 21(2)(a) refers)
- (i) Notes the Commission must have regard to the following when making a decision about how to proceed (clause 21(2)(b) refers):
  - (i) the matters specified in clause 12 of Schedule 3 which relate to the option that best promotes the purpose of local government (set out in section 10) and facilitates improved economic performance
  - (ii) the scale and scope of the changes proposed
  - (iii) the degree of community support for the draft proposal already demonstrated to the Commission
  - (iv) the potential benefits and disadvantages of modified proposals and alternative options
  - (v) the desirability of early certainty about local government organisation in the affected area
- (j) Notes that submissions raised alternatives to the draft proposal and also information on its benefits and disadvantages but did not include any new information that warrants revisiting previous decisions on the reasonably practicable options or the preferred option
- (k) Agrees:
  - (i) not to identify another preferred option; and
  - (ii) not to decide not to issue a final proposal;
 for the reasons set out in this paper including:
  - (i) that a combined Wairarapa District Council would better promote the purpose of local government and achieve improved economic performance over the status quo and
  - (ii) the level of community support for a combined Wairarapa territorial authority demonstrated over the last two years
- (l) Agrees to instead consider the current draft proposal further with a view to whether a modified draft proposal should be issued as a final proposal
- (m) Note a number of submissions raised potential modifications to the draft proposal that would improve the proposal's ability to promote good local government
- (n) Agrees, noting the requirements of clauses 21(2)(a) and (2)(b), that the following changes would improve the proposal's ability to promote to good local government:
  - (i) reducing the powers of the transition board to ensure that, among other things, it does not make any major changes to staff work locations; any such decisions would be made by the new council
  - (ii) providing for iwi representation on the Transition Body, including two iwi representatives on the Transition Board

- (iii) strengthening the requirements on the new council to develop a comprehensive approach to involving iwi in council decision-making and hapū involvement in community board decision-making, particularly the naming of reserves and streets
- (iv) revising the community board terms of reference that the transition board would use as a starting point for developing the final terms of reference for inclusion in the reorganisation scheme, in order to clarify the delegations
- (v) making a more explicit expectation on the Transition Body to consult with interested parties and the public on the terms of reference for the community boards, Māori Standing Committee and Rural Standing Committee
- (vi) making minor changes to the terms of reference of the GWRC Wairarapa committee
- (o) Agrees the Commission is satisfied it has sufficient information on the views of the persons referred to in clause 20(1)(c) to proceed under clause 21(1)
- (p) Agrees, under clause 21(1)(b), to issue a modified draft proposal as a final proposal including the modifications identified in paragraph (n) above

#### ***Likely demonstrable community support***

- (q) Notes before proceeding to a final proposal the Commission needs to comply with clause 21(6) relating to likely demonstrable community support for the final proposal in question in the district of each affected territorial authority
- (r) Notes the evidence for demonstrable community support in South Wairarapa, Carterton and Masterton Districts as described in this paper and supporting documents, including the 2017 UMR poll showing 55 per cent support in South Wairarapa, 46 per cent in Carterton District and 67 per cent in Masterton District (+/-5.5% per cent or less) for a combined Wairarapa District Council
- (s) Agrees the Commission is satisfied there is likely to be demonstrable community support for the final proposal in the district of each affected territorial authority

#### ***Issuing a final proposal***

- (t) Agrees to the legal description of the detailed modified proposal attached as Annex 3 being issued as a final proposal for the Wairarapa
- (u) Notes that the detailed modified proposal set out in Annex 3 complies with clause 21(4)
- (v) Notes that the final proposal must have attached to it an explanation of how the proposal will promote the purpose of local government and facilitate economic performance, and a balanced assessment of the proposal's advantages and disadvantages (clause 21(2) refers)
- (w) Notes that staff will develop drafts of these attachments based on the Commission's February 2017 decision paper on the draft proposal, this paper and information from consultation and these will be provided to Commissioners for comment in the coming weeks
- (x) Authorises the Commission's Chief Executive Officer to make any minor editorial changes to the final proposal document (that do not materially affect its content or conclusions) prior to its release

#### ***Inclusion of additional clause in Wairarapa final proposal***

On 29 and 30 June 2017, Commissioners resolved to include the following additional clause in the Wairarapa final proposal:

"No reorganisation applications relating to matters identified in section 24 of the Local Government Act 2002 for the Wairarapa District may be made before 31 October 2024".

# Officials' advice

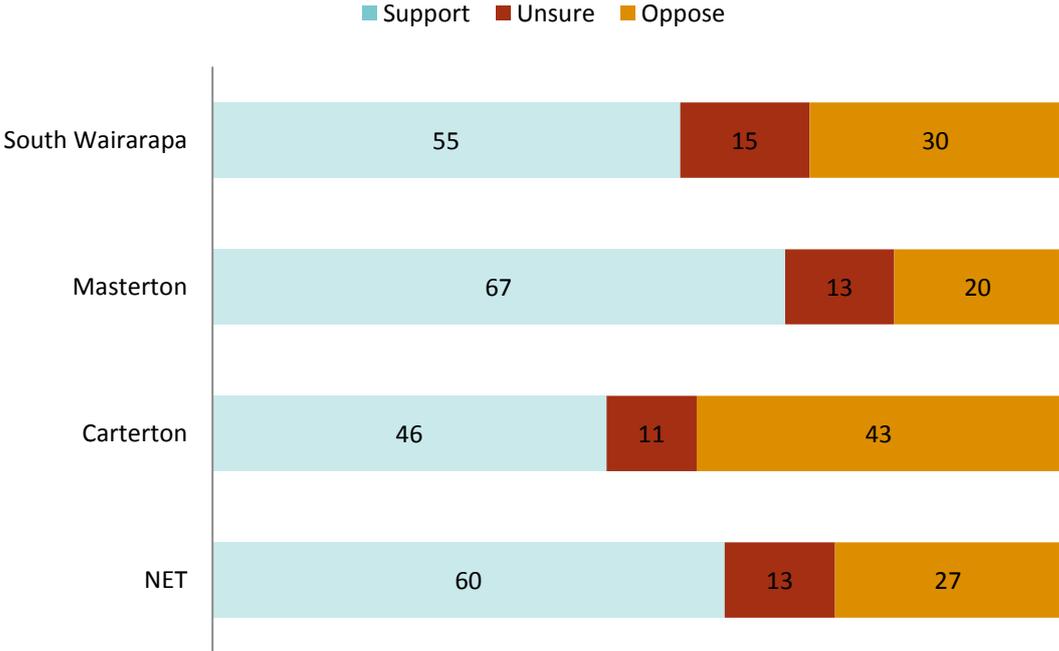
## Consultation on the draft proposal

1. Officials advise that the consultation undertaken on the draft Wairarapa reorganisation proposal has met the requirements set out in clause 20 of Schedule 3 of the LGA.
2. Public notices, leaflet drops, information days and newspaper articles were used to encourage Wairarapa people to make a submission on the draft proposal released in March 2017. We also sought the views of the interested parties listed in clause 20(1)(c) with letters, information and follow up enquiries where necessary (See Annex 1).
3. The views of submitters and interested parties who made submissions are included in the Summary of Submissions in Annex 2. These include the applicants/affected councils, affected iwi and Māori organisations, community boards and Wellington Water. Only a few other clause 20(1)(c) parties made comments on the proposal and these are described in Annex 1.
4. We received a total of 1191 submissions. Of the three districts, the largest proportion of submissions came from people who lived and/or paid rates in the Carterton district (461). This was followed by South Wairarapa with 363 and Masterton with 304. The Masterton submissions numbers were disproportionately low compared with their population. Ten organisations represented cross-Wairarapa interests and a further eight were from outside the Wairarapa.
5. Of the 824 submissions in opposition to the draft proposal, the most common reason given for opposing the proposal was that people were happy with their council as it is now and saw no reason to change and/or considered that there are other ways to improve efficiency under the current three-council model.
6. Of the 356 submissions in support of the draft proposal, the most common reason given for supporting the draft proposal was that it would create a stronger mandate for the council to advocate for the Wairarapa as a whole. Other reasons were that there would be only one council to deal with, staff would be spread less thinly, a bigger council would be able to attract more specialist staff, and the new council would have a stronger financial base.
7. Thirty-six submissions were identified as from organisations, including affected councils and iwi. Of these 17 supported the draft proposal, some with amendments, 11 were opposed and eight neither opposed nor supported the draft proposal. Several of these organisations represent large numbers of people: for example, the Wairarapa Chamber of Commerce has a membership of around 200; Ngāti Kahungunu ki Wairarapa represents up to 7000 people and Rangitāne ō Wairarapa about 2000. There has been no attempt to take account of this by weighting the views of membership organisations against those of individual submitters.
8. Many submissions made suggestions as to how to improve the proposal. These are described in detail in the Summary of Submissions. In brief, changes suggested included:
  - greater, lesser or different representation arrangements
  - strengthening the community boards support, delegations and resourcing
  - increasing iwi, hapū, marae and Māori representation
  - nominating a head office, with most who mentioned this suggesting in Carterton
  - more or less ring-fencing of council debt and assets when the new council is formed
  - changing the transition board's responsibilities and/or membership
9. For a full summary of the submissions, please see Annex 2.

# Other information gathered - results of UMR telephone survey

- 10. As well as calling for submissions, we commissioned UMR Research to design and conduct a telephone survey of 1,000 Wairarapa residents, which took place during the period 4 May to 10 May 2017. The purpose of the survey was to help inform the Commission’s understanding of the wider community’s views on the draft proposal for a combined Wairarapa District Council and community awareness of our work.
- 11. The survey was designed such that the age distribution of respondents represented the Wairarapa population aged 18 years or older from the 2013 census. The survey did not distinguish between ratepaying and non-ratepaying residents. The full survey is attached as Annex 5.
- 12. The survey showed there was a good level of awareness of the draft proposal at 87 per cent across the Wairarapa, and 85, 90 and 87 percent in South Wairarapa, Carterton and Masterton respectively. While 77 per cent of respondents were aware that they could make a submission to the Commission, only 16 per cent did.
- 13. Chart 1 shows the survey results by district and overall, weighted by population distribution (‘net’) in response to a question about support or opposition to combining the three councils.

**Chart 1: Support or opposition to forming a Wairarapa District Council**



- 14. The margin of error at a 50 per cent figure with 95 per cent confidence is:
  - South Wairarapa district +/- 5.5 per cent
  - Carterton district +/-5.5 per cent
  - Masterton district +/- 4.8 per cent
  - Net/Overall +/- 3.1 per cent
- 15. The survey results confirm that the consultation process has been undertaken comprehensively. They also confirm that there is a level of community support for a combined Wairarapa District Council in each of the three Wairarapa districts. Community support is discussed further below.

## Decision on the draft proposal

16. Having met the consultation requirements of clause 20, as set out in detail in Annex 1, the Commission is now required under clause 21(1) to do one of the following:

- Issue the draft proposal as a final proposal
- Issue a modified draft proposal as a final proposal
- Identify another preferred option as the basis for a new draft proposal
- Decide not to issue a final proposal and give public notice of the decision and the reasons for it.

17. In making this decision, the Commission must:

- Consider the submissions, views and any other information received under clause 20
- Have regard to:
  - the matters specified in clause 12 which relate to the option that best promotes the purpose of local government and facilitates improved economic performance
  - the scale and scope of the changes proposed
  - the degree of community support for the draft proposal already demonstrated to the Commission
  - the potential benefits and disadvantages of modified proposals or alternative options
  - the desirability of early certainty about local government organisation in the affected area.

18. Commissioners have received all submissions on the draft proposal, along with the responses provided by the parties specified in clause 20(1)(c). You have available to you the detailed report on the content of those submissions and responses (Annex 2). You also have received the results of the UMR survey conducted in the three Wairarapa districts (Annex 5).

19. Consideration of the options now in front of the Commissioners must be made in light of the submissions, views and other information received under clause 20. The analysis in the following sections draws on that information.

20. The analysis below concludes that there are benefits to be achieved by releasing a modified draft proposal as a final proposal, for reasons of better promoting the purpose of local government and achieving improved economic performance, and also given the level of community support for a combined Wairarapa territorial authority demonstrated over the last two years.

21. In light of this, we do not recommend that the Commission decide to end the reorganisation process at this stage i.e. decide to not issue a final proposal (the clause 21(d) option). We do not recommend that the Commission identifies a new draft proposal (the clause 21(c) option) given this would prolong the period of uncertainty for both the people of the Wairarapa and the councils, and the marginal benefits of such an option are far from clear. Given the benefits of modifications to the draft proposal, we also do not recommend the Commission releases the draft proposal unmodified as a final proposal (the clause 21(a) option).

22. Instead we recommend that Commissioners consider releasing a modified draft proposal as a final proposal. The detailed reasons and underlying analysis for our recommendation follow.

### *Submissions, views and any other information*

23. In February 2017, the Commission decided to release a draft proposal for a combined Wairarapa District Council. In its decision-making, the Commission decided to restrict the extent of its identification of reasonably practicable options to only those options
- For which there is evidence of sufficient community support for a proposal to stand a reasonable chance of success at a poll of affected electors and
  - Which will provide certainty about local government arrangements.
24. The only option that satisfied these criteria is a combined Wairarapa District Council.
25. The Commission then considered the status quo against the Wairarapa District Council option and concluded that the change option was its preferred option because:
- It was the reasonably practicable option that best promotes the statutory purpose of local government and
  - It will facilitate improved economic performance, including efficiency and cost savings, productivity improvements and simplified planning processes.
26. In this section of the paper we discuss whether there are any changes to the status quo or any information provided to the Commission through the consultation process that suggest you should revisit the February assessment of the reasonably practicable options or the preferred option of a Wairarapa District Council (as described in the draft proposal).
27. About 130 submitters suggested models other than the draft proposal. These included a unitary authority, and various forms of what were regarded by submitters as improvements on the status quo including more co-operation between the existing councils and increased use of shared services.
28. In agreeing its first draft proposal in 2014, the Commission assessed the Wairarapa unitary authority option as not being a reasonably practicable option. This reflected its consideration of the requirement in clause 11(5)(a) that the Commission must be satisfied that any local authority proposed to be established under a proposal “will have the resources necessary to enable it to carry out effectively its responsibilities duties and powers”.
29. In 2016, the Morrison Low report<sup>1</sup> assessing options including a unitary authority, confirmed that the Wairarapa would struggle to have adequate resources to take on regional council functions, even with large rates rises and a reduction in environmental services. The Commission’s consultation in 2016 also demonstrated that this option was not widely supported in the community.<sup>2</sup> The most recent submissions do not change this nor did they include information that would cause the Commission to revisit its assessment of the unitary authority option.
30. About 100 submitters suggested various forms of what they regard as an enhanced status quo, such as sharing council staff and sharing services, as an alternative to amalgamation. The Commission noted in its documentation that the councils do share some services and have a single district plan.
31. Under the current reorganisation legislation, the Commission cannot propose an enhanced status quo as a reasonably practicable option. Sharing of services or similar would not constitute a ‘reorganisation’ under section 24 of the Act.

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<sup>1</sup> Morrison Low, June 2016. *Wairarapa local government: Assessment of options*.

<sup>2</sup> Local Government Commission, July 2016. *Wairarapa local government arrangements; Summary of community feedback*.

32. However, if the Commission either decides to not release a final proposal or decides to release a final proposal that then fails at a poll, the Commission should consider whether to make recommendations to the three councils to consider sharing services and staff resources. Some submitters noted barriers to the councils making progress on shared services, such as complicated and cumbersome governance arrangements. These barriers are likely to persist into the future without structural change, which is likely to make implementing such recommendations difficult.
33. Consideration of other models proposed by submitters, such as merging just Carterton and South Wairarapa or merging Carterton with Masterton, would require the Commission to return to the community with a new draft proposal. There is not enough evidence of support for these options compared with the current draft proposal, to warrant this step. Further submissions from several organisations (Carterton District Council, Wairarapa Chamber of Commerce, and the PSA) and individuals were concerned at the continued uncertainty this process has caused and asked the Commission to bring it to a conclusion as soon as possible.
34. One submitter was concerned that the Commission had assessed the draft proposal against a status quo that did not include the Wairarapa Committee of the GWRC, currently being piloted by the regional council. Even without the GWRC committee, the draft proposal would have advantages over the status quo. In addition, its inclusion in the draft proposal remains appropriate, as the idea for the committee came from the reorganisation process and having the committee's terms of reference included in the proposal gives all parties some certainty.
35. In conclusion, the information from submissions on other models for local government reorganisation in the Wairarapa do not give rise to the need to revisit officials' advice and Commissioners' decisions on reasonably practicable options and the preferred option taken in February 2017.

***Matters specified in clause 12 – 'good local government' and improved economic performance (clause 21(2)(b)(i))***

36. Information from submissions and hearings does not give rise to the need to revisit officials' advice and the Commission's February 2017 decisions on the matters specified in clause 12 of the Act.
37. The matters specified in clause 12 relate to the promotion of good local government. As noted above, the Commission considered the status quo and the Wairarapa District Council option. We compared the benefits and disadvantages of the two options under the criteria in the Act:
  - the statutory purpose of local government, including
    - democratic local decision-making and action by and on behalf of communities, and
    - meeting current and future needs of communities for good quality local infrastructure, local public services and the performance of regulatory functions in a way that is most cost-effective for households and businesses and
  - improved economic performance, including efficiency and cost savings, productivity improvements and simplified planning processes.
38. Officials' February 2017 advice concluded that the option of a combined Wairarapa District Council would best promote the purpose of local government in the affected area when compared against the status quo and would also facilitate improved economic performance within the Wairarapa.

39. A large group of individual submitters and Wairarapa Voice were not convinced that the benefits of the proposal outweigh its disadvantages; some were not convinced there are any benefits. Some individuals and organisations agreed with the benefits outlined in the proposal, giving specific examples from their agency's experience (e.g. Creative New Zealand, Destination Wairarapa, Wairarapa Chamber of Commerce). MDC and SWDCs' submissions emphasised the benefits of the amalgamation, and encouraged the Commission to articulate them more clearly. CDC's submission and some individual submissions included additional advantages and disadvantages for Commissioners' consideration.
40. While perhaps not explicit in the draft proposal document, the relevant additional benefits and disadvantages raised by submitters are within the scope of the points considered by the Commission in February 2017 when it adopted the draft proposal. Therefore they do not alter the assessment of the options made by officers and Commissioners at that time.
41. About 30 submitters were concerned about the transition costs and the IT transition costs in particular being too low in the draft proposal document. These concerns are noted. However, the professional independent estimate by Morrison Low carried out in February 2017<sup>3</sup> is the best current estimate of IT costs possible at this time. It is therefore appropriate to use it in the assessment of the costs of the transition to the new council. The Morrison Low estimate is a conservative one, including appropriate contingencies. The fact that the councils have the same IT systems for many services means the transition cost is expected to be much lower than would otherwise be the case.
42. However, the benefits of merging outweigh the disadvantages, even if you consider the much higher IT transition cost used in Morrison Low 2016 report<sup>4</sup>. The case for amalgamation does not rest on council cost savings as the wider economic benefits are strong.
43. Some submitters disagreed that economies of scale from amalgamation is a benefit. However, the submission from the Chief Executives of SWDC and MDC and some individuals were of the view that their councils currently do not have enough economies of scale to be economic and that merging the councils would provide that scale.
44. In conclusion, the information from submissions and hearings does not give rise to the need to revisit officials' advice and Commissioners' decisions on reasonably practicable options and the preferred option taken in February 2017, including in relation to the matters in clause 12. A number of the submissions did however identify points that would improve on the contribution of the draft proposal to good local government (see paragraphs 63- 112).

#### ***The scale and scope of the changes proposed (clause 21(2)(b)(ii))***

45. While open to the Commission to consider changes of a different scope and scale, we recommend continuing with consideration of a combined Wairarapa territorial authority involving the three Wairarapa district councils. As noted in the previous sections, smaller scale changes, such as a merger of the two southern Wairarapa councils, do not have a body of community support and therefore should not be pursued. In addition such changes would require issuing another draft proposal, which would delay resolution of this reorganisation process for another year at least.

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<sup>3</sup> Morrison Low, February 2017. *Update to combined Wairarapa District Council costs.*

<sup>4</sup> Morrison Low, June 2016. *Wairarapa local government: Assessment of options.*

**Degree of community support already demonstrated (clause 21(2)(b)(iii))**

- 46. The LGA does not provide specific thresholds for the necessary levels of community support at this or any other point in the reorganisation process. However, the LGA makes it clear that community support need not be majority support (clauses 21(7) and 8(3)(b) refer). On the other hand, it would be difficult to argue that the support of only a very small number of individuals within a community, constituted “community support”. Accordingly the Commission is required to make a judgment about what level of community support is sufficient in the context of each decision in the reorganisation process.
- 47. In practical terms this judgement can be about whether the Commission considers the level of community support demonstrated is sufficient to justify continuing the reorganisation process to the next stage. At the current stage of clause 21 decision-making, the next step is the decision whether or not to issue a final proposal. The immediate consequence of issuing a final proposal is to trigger the right for electors to petition for a poll on the proposal, which is the ultimate step for measuring community support.
- 48. This being the case, the judgement to be made is whether the level of community support appears sufficient for a final proposal to have a ‘reasonable chance of success’ at a poll. In the absence of such a level of support it would be difficult to justify continuing the process, and the cost and uncertainty about future local government arrangements that it inevitably entails (including the cost of the poll which has been estimated at about \$100,000).
- 49. Community views on local government structures in the Wairarapa have been discussed and collated via meetings, workshops and surveys over the past nearly two years, along with two opportunities for written submissions. Key engagement results over this period are summarised in:
  - the 2017 submission and hearings process on the draft proposal (Annex 2)
  - the 2017 UMR survey on the draft proposal (Annex 5)
  - the 2016 questionnaire on reform options<sup>5</sup>
  - the 2016 UMR survey on reform options<sup>6</sup>
- 50. The two UMR surveys of randomised samples of electors in each district give insight into community views generally. The questionnaire and submissions are more indicative of the views of those who feel strongly enough about the issue to participate on their own initiative.
- 51. The table below provides a summary of support overall and in each district for a combined Wairarapa District Council, as recorded by the above engagement activities.

**Percentage support for a combined Wairarapa District Council**

	Overall	South Wairarapa	Carterton	Masterton
Written submissions May 2017	30	25	15	55
UMR Survey May 2017	60	55	46	67
Consultation questionnaire June 2016	65	61	57	74
UMR Survey June 2016	52	49	45	56

<sup>5</sup> Local Government Commission, July 2016. *Wairarapa local government arrangements; Summary of community feedback*. Combining option B,C and D together.

<sup>6</sup> UMR Research, July 2016. *Wairarapa council organisation: Telephone survey*. Preferred option table p10.

52. This evidence indicates a sufficient degree of community support for a combined Wairarapa District Council to justify putting the (modified) proposal out as a final proposal for the community to decide on its benefit at a poll.

***Benefits and disadvantages of modified proposals or alternative options (clause 21(2)(b)(iv))***

53. Submitters on the draft proposal suggested a number of changes which they believe would enhance the draft proposal. These are described (and their advantages and disadvantages assessed) later in this under 'Proposed modifications to the draft proposal'. Of the modifications proposed, we recommend that if the Commission decides to proceed to a final proposal, it agrees to modifications to enhance iwi/Māori participation, a range of issues concerning the tasks and membership of the transition board, and a more explicit statement of the role and powers of community boards.
54. There are benefits in addressing further the representation and participation of iwi/Māori in both the process for establishing the new council and in its ongoing operation. The principal benefit would be to better reflect responsibilities under the LGA to provide opportunities for Māori to contribute to local authority decision-making processes. There are no disadvantages to this modification.
55. In addition to Māori representation and participation, some further modifications in relation to the Transition Body were also suggested to limit its powers so it does not make any changes to staff work locations and that these decisions be made by the new council. The benefits of the recommended modifications are that the role of the transition board would be more limited, leaving more up to the elected and directly accountable council, or at least to the chief executive who would be directly responsible to the new council. A more limited set of responsibilities for the Transition Body would enable it to prioritise tasks more easily to ensure their completion before the new council came into existence. Given the relatively short time for transition, there are no disadvantages to this modification.
56. It is further recommended that the terms of reference for the community boards, which are proposed to be used as the starting point for final terms of reference to be developed by the transition board, be revised. The revision would be undertaken to ensure the community boards' role and responsibilities are clearer. This will have the benefit of providing more comfort to local communities that meaningful decision-making would be undertaken by community boards and that the new council will not be a large centralised organisation dominated by Masterton interests as feared by some submitters. There are no disadvantages to improving this clarity.

***Desirability of early certainty (clause 21(2)(b)(v))***

57. The reorganisation process for the Wellington Region as a whole has been running since April 2013. It has consumed considerable resources and involved a significant period of uncertainty about local government arrangements in the region including the Wairarapa. Several submitters requested that the Commission progress the proposal as quickly as it can to a conclusion (either way). Some submitters reported that this process has been very stressful for potentially affected council staff.
58. Given the years of process to get to this point, we recommend that the Commission should give weight to this matter and either, proceed to issue a (modified) final proposal, or decide not to issue such a proposal, and bring the process to an end.

### ***Conclusion on clause 21(1) options***

59. The Commission must now, having considered the information received and taken the factors above into account, make a decision on whether to proceed to a final proposal (with or without modifications to the draft proposal), identify another preferred option as the basis of a new draft proposal, or decide not to proceed to a final proposal.
60. For reasons discussed above of better promoting the purpose of local government and achieving improved economic performance, and also given the level of community support for a combined Wairarapa territorial authority demonstrated over the last two years, we recommend Commissioners release a modified draft as a final proposal (the clause 21(1)(b) option).
61. We do not recommend that the Commission decide to end the reorganisation process now i.e. not issue a final proposal (the clause 21(1)(d) option). We also do not recommend that the Commission identifies a new draft proposal (the clause 21(1)(c) option) given the scale of the recommended modifications is not large, and this option would prolong the period of uncertainty for both the people of the Wairarapa and the councils in circumstances where the benefits of such an option are far from clear.
62. Given the benefits of the recommended modifications to the draft proposal, we also do not recommend the Commission releases the draft proposal (unmodified) as a final proposal (the clause 21(1)(a) option). The modifications proposed by submitters and those recommended by officials are discussed below.

## **Proposed modifications to the draft proposal**

63. Submitters suggested a range of changes to the draft proposal in their written submissions and at the hearings on the draft proposal. We recommend some modifications to the draft as a result. Submissions also raised suggestions which are not within the Commission's power to implement. These are also discussed below.
64. In summary, we recommend that the draft proposal be amended in the following ways, as these changes would improve the promotion of good local government:
  - reducing the powers of the transition board to ensure that, among other things, it does not make any major changes to staff work locations; any such decisions would be made by the new council
  - providing for iwi representation on the Transition Body, including two iwi representatives on the Transition Board
  - strengthening the requirements on the new council to develop a comprehensive approach to involving iwi in council decision-making and hapū involvement in community board decision-making, particularly the naming of reserves and streets
  - revising the community board terms of reference that the transition board would use as a starting point for developing the final terms of reference for inclusion in the reorganisation scheme, in order to clarify the delegations
  - making a more explicit expectation on the Transition Body to consult with interested parties and the public on the terms of reference for the community boards, Māori Standing Committee and Rural Standing Committee
  - making minor changes to the terms of reference of the GWRC Wairarapa committee
65. We also recommend strengthening the narrative and clarifying issues in the final proposal in the following areas where a number of submitters considered we had not explained issues adequately or which were misunderstood by some submitters:
  - The overall economic benefits of the proposal
  - More explicit and detailed benefits and disadvantages

- Putting the council’s cost saving in better perspective with the benefits and costs that can’t be quantified
  - Implementation risks for the new council as part of advantages and disadvantages
  - Highlighting for the new council the importance of adequate support and financial delegations to the community boards
  - That the principal office is just an address for service and has no inherent bearing on where staff are located
66. We note that some submitters raised issues beyond the scope of the Commission’s legal powers, including:
- Requiring an ‘enhanced status quo’ instead of a merger
  - Establishing Māori wards for the new council
  - Changing the number of GWRC councillors who represent the Wairarapa
  - Establishing council committees for beyond one council term
  - Permanently ring-fencing debt and assets, providing for a rating cap, and requiring area offices to exist – rather having these measures as a transitional measures
  - That councils, rather than the Commission, appoint the transition implementation team
  - Setting the budget for the community boards

## ***Representation***

### ***Basis of election and number of councillors***

67. Some submitters requested changes to the number of councillors and changing to ‘at large’ representation with a view to getting more rural representation or to address ‘parochialism’.
68. Many submitters were concerned about local identity, particularly in Carterton. Having fewer or no ward representatives would run counter to this local identity concern. It would be possible to increase the number of councillors, as suggested by some submitters, but we have some concerns at the cost of such a proposal and do not recommend it as part of the proposal. As outlined in the draft proposal, the Wairarapa District Council would have one elected member (including community boards) for every 1,282 people, which is a high ratio. We do not recommend reducing the numbers of representatives as suggested by other submitters, as the geographical area for some of the wards is already large.
69. It will be open to the incoming council to address these issues in its representation review process for the 2022 election, or further in the future, should it wish to do so.

### ***District and ward boundaries***

70. A few submitters had concerns about the proposed wards and boundaries, including a suggestion to extend the new Wairarapa District to include Eketahuna. Extension of the proposed district boundary would require the Commission to identify a new preferred option under clause 21(1)(c) after assessing whether such a proposal was reasonably practicable. For reasons identified earlier in this report, we do not recommend this option.
71. Earlier work done on the ward boundaries by Commission officials, in discussion with council representatives, highlighted the fact that there are relatively few options open to the Commission with respect to ward boundaries, given the population spread of the Wairarapa, and the requirements of the Local Electoral Act 2001.

72. Changing ward boundaries in line with submitters' suggestions is likely to result in "unfair" representation under the Local Electoral Act (beyond the +/-10 percent ratio of members to population for the district as a whole). One proposed ward, Maungaraki, is outside this ratio as an approved exception so its councillor would represent fewer people than other Wairarapa District Council councillors. Further changes to boundaries would further skew the representation.
73. The new council will be required to review council representation arrangements after two terms. If there are significant population changes in the meantime, it could consider a review after one term.
74. Rangitāne Tū Mai Rā Trust recommended that that the wards should each have Māori names reflective of the history of the area, or at least a Pākehā and a Māori name. While there is precedent for dual Pākehā/Māori ward names, it would be a significant change at this point in the process without further consultation. We advise against making this change in a modified draft/final proposal and do not consider this is an issue which warrants the Commission returning to the community with another draft proposal, particularly given submissions encouraging the Commission to deliver early certainty for the Wairarapa. Dual or Māori ward names can be part of the new council's first representation review.

### ***Māori representation***

75. The inclusion of Māori and iwi representation in the proposal was supported by many, at least in principle. However, iwi organisations were generally of the view that the Commission's proposal was a reduction in their involvement in council decision-making, compared with what occurs now with the MDC. Suggestions to increase iwi and Māori representation include iwi-nominated voting members on council committees; a Mana Whakahono a Rohe committee, as required under recent changes to the Resource Management Act 1991; and Māori wards.
76. The approach taken by the Commission in the draft proposal with respect to Māori representation is to set out a minimum as a starting point for the transition body and new council to build on. This was to enable to parties involved to work on the practical expression of their relationship. We recommend that iwi-nominated voting members on council committees be left to the new council to consider, along with other mechanisms. These mechanisms should include the routine, informal relationship meetings presently undertaken at MDC, and support from council staff dedicated to facilitating iwi involvement in council decision-making and increasing the understanding of the Māori world view by councillors and council staff.
77. The recent Resource Management Act 1991 changes are an existing requirement on councils and do not need to be required by the Commission to occur. The Commission does not have the legal power to introduce Māori wards.
78. The South Wairarapa Māori Standing Committee and SWDC raised a concern the proposal did not include a mechanism for hapū and marae, as opposed to iwi, to be involved in council decision-making. Iwi groups alternatively suggested that this was not necessary. We recommend that the community boards be required to work with their local hapū and marae, particularly on naming of reserves and streets. With the community boards' intended role in local place shaping, local hapū and marae should be part of the decision-making at that level. We also agree with the proposal that the Māori Standing Committee have a role in naming of reserves and roads. However, we expect that some of those decisions will be delegated to community boards, hence the suggested involvement of hapū and marae in those decisions.
79. We agree with submissions that iwi should be on the Transition Body (see below).

### **Rural representation**

80. The draft proposal includes a Rural Standing Committee. This was supported by some, and opposed by a few others. Alternatives proposed include a Rural Community Board, and additional resources and support for the rural ward councillors, particularly given the large area they would represent.
81. We do not consider that a Rural Community Board is necessary. While the rural area of the proposed Maungaraki area is large, the population is not. As noted above, the ward councillor for this area has fewer constituents than the other councillors. The proposed Rural Standing Committee should allow for sufficient consideration and support for rural issues at council, without going to a full community board model. However, it is open to the new council to propose a Rural Community Board if it wishes at its representation reviews.
82. Federated Farmers asked for specific consultation on the terms of reference for this committee. We have made it clear in the proposal that the Transition Body is obliged to consult with interested groups and the public on its terms of reference. Some submitters noted the need for a close relationship between the Rural Standing Committee and the Wairarapa Committee of GWRC discussed below. We agree and recommend this is explored during the transition as part of considering the Committee's terms of reference.

### **Community boards**

83. Community boards were largely supported and seen as a strength of the proposal, provided the boards are well supported with staff and funding, and have appropriate delegations. However they were opposed by some individual submitters, due to their cost and potential to add to 'parochialism' and complicate local governance.
84. We do not recommend removing the community boards from the proposal. While they do add some cost and complexity to governance, the governance arrangements overall would be less complicated than the status quo arrangements (particularly shared service governance).<sup>7</sup>
85. The concern that community boards would create divisions rather than unity across the new district needs to be balanced with the views that local place-shaping needs to continue to occur at the local level.
86. Concerns about Masterton dominating the council were raised by some Carterton and South Wairarapa residents, despite the Masterton urban area having only five out of the 12 councillors and despite councillors being elected to serve the whole Wairarapa – not just their ward residents. The proposal includes community boards with delegations for local place shaping purposes specifically to address these concerns. These boards are intended to allow the smaller communities to have representation to reflect their particular needs and preferences, while promoting the interests of all communities in the Wairarapa by having a combined council (clause 12(2) refers).
87. The draft proposal contains a recommended draft terms of reference for the transition body to use as a starting point in its development of a final terms of reference for community boards, in consultation with the community. The final terms of reference would be included in the Order in Council implementing the reorganisation scheme, and would therefore be binding on the council for six years.
88. CDC, MDC and several individual submitters were either concerned that the draft terms of reference in the proposal do not give the community boards enough authority, or considered that they could be strengthened.

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<sup>7</sup> Morrison Low, June 2016. *Wairarapa local government: Assessment of options*.

89. Officials consider that the draft terms of reference could be clearer as to the distinction between the proposed delegations and recommendatory roles. We agree that the terms of reference would be strengthened by adding in a purpose statement, similar to that proposed by Carterton District Council. The new draft terms of reference is set out in Annex 4.
90. One submitter was concerned that having the terms of reference for the community boards locked down for six years would be too inflexible to allow the new council to learn from experience and improve on community board delegations. However, we note the importance of the community boards' delegations to the proposal, as shown by submissions. Therefore we consider that the benefits of certainty on these terms of reference outweigh the risks created by inflexibility.
91. In response to concerns about the staff support and financial delegations to the community boards, we recommend adding text to the commentary in the final proposal to strengthen the Commission's recommendations to the Transition Body in these respects. However, the Commission does not have the power to set the budget for the community boards as requested by some submitters.

### ***Head office and area offices***

92. The draft proposal does not specify a head office for the new council. It does specify Masterton as a 'principal public office' which is the address for service for the new council. It has no bearing on where council staff or services are located.
93. The question of whether the Commission should include a head office in the proposal attracted comment from a group of submitters, most of whom considered that it should be located in Carterton. We continue to be of the view that the Commission should not make the decision about where a new council's staff are located, including whether a specified 'head office' is needed at all. We are inclined to support the view of the Wairarapa Chamber of Commerce and others that the 'head office debate' is a second order issue behind whether amalgamation should occur or not.
94. Submissions in relation to the area offices generally supported their retention, in one case asking the Commission to extend the five year requirement to keep these offices longer. The Commission can only set up 'transition measures' of this nature, not permanent ones. Five years is a reasonable time for a new council to make a detailed assessment of its office needs and consult with the community on the office and service delivery arrangements into the future.

### ***Debt, assets and liabilities***

95. Concerns about taking on MDC's debt were raised by several submitters. Wastewater investment and debt is presently markedly different between the three councils<sup>8</sup>, and the debt should be ring-fenced in the proposal for equity reasons across the districts. Future equity is a particular consideration as the smaller councils start to tackle their own wastewater projects. Some requested that the Commission put in place permanent ring-fencing. However, as noted above, the Commission can only set up transition measures and cannot permanently ring-fence debt or assets.

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<sup>8</sup> McGredy Winder, December 2016. *Local authority assets and debt – Options for the treatment of council debt and assets in a reorganisation of the Wairarapa district councils.*

96. We are not persuaded by submissions to ring-fence existing council debt and assets beyond wastewater. As SWDC and other submitters noted, the inflexibility of ring-fencing would make it more difficult for a new council to develop and maintain its own equitable rating system into the future. However, should one of the councils enter into a major project during the next 12 to 18 months, ring-fencing may need to be revisited.
97. CDC requested that the Commission impose prudential limits on the new council. We do not recommend this change. This is a level of detail appropriate for the new council to address as part of its overall financial and asset planning, and not for the Commission to set in a reorganisation proposal. The Office of the Auditor General and others already closely monitor council financial performance.
98. One submitter proposed a rating cap of 10 per cent rather than the proposed five per cent as the five per cent cap would “prolong the agony of change for some ratepayers for many years”. The five per cent rates cap is on top of other rating changes, due to changes in services etc. Given this, we regard the five per cent cap as appropriate.

#### ***Wairarapa Committee of Greater Wellington Regional Council***

99. Many people made submissions about the relationship between the Wairarapa and GWRC. There was also much concern about GWRC raised at the hearings. Written submissions included support for the Wairarapa Committee and others making requests to strengthen its role, give it delegated decision-making and make it permanent.
100. Much of what submitters requested is beyond the Commission’s legal mandate. The Commission cannot make the committee permanent under current legislation and cannot add another Wairarapa ward councillor to the GWRC. The Commission is limited in its ability to set delegations to that committee, given it is a committee of the regional council, working under the regional council’s legal obligations.
101. It was questioned by some submitters whether the iwi representatives on the committee have voting rights. We can confirm that they do.
102. GWRC requested some wording changes to the terms of the committee set out in the proposal and to “make it clear that GWRC will be responsible to specify the committee’s terms of reference.” We disagree that GWRC is responsible for the terms of reference for the committee. While the GWRC may set additional terms of reference for the committee, they cannot be in conflict with the terms set out in the final proposal. These terms were developed through negotiations with the Commission and councils over a period of 18 months.
103. GW also requested clarifying that it should only be GWRC officers who provide advice to the committee. During the negotiations on the terms, it was important to the Wairarapa that their officers also be able to provide advice to the committee. There may be legal issues with this as raised by GWRC, but it is quite possible for Wairarapa District Council officers to present information to the committee, while not being the ‘advisers’ to the committee. We propose removing the wording altogether from the proposal and leave it to the parties to develop a solution/protocol as necessary.
104. Concerns about GWRC performance raised by submitters are not a matter for the Commission in considering this draft proposal. The relationship between GWRC and the Wairarapa community is an element of the status quo, and does not appear to have changed markedly since February 2017. We have forwarded the information on to the GWRC for its consideration.

## *Transition body*

105. MDC raised a concern in its submission that the transition board is not representative of the Wairarapa, given that Masterton District is 55 per cent of the population but under the proposal would have only two out of the six council members on the board (not counting the independent chair). This was also raised by Sustainable Wairarapa and individual submitters. MDC suggested at the hearings that, alternatively, the transition board should have more limited powers so that decisions on future structures (e.g. staff and service location) are not dominated by the other two districts. MDC and CDC also noted in their oral presentations that the time for the transition may not be long enough for these major processes in any event.
106. Four iwi organisations, the Martinborough Community Board, South Wairarapa and Masterton District Councils, and the Wairarapa Chamber of Commerce proposed that there be representation from groups other than councils on the transition board. MDC also considered that iwi should be represented on the board.
107. The PSA requested that it be able to nominate a representative, with experience in change management, to the implementation team. Rangitāne Tu Mai Rā Trust also requested iwi representation in the implementation team.
108. With respect to the transition board's powers, officials agree with MDC and CDC that the transition period will likely be too short to implement any major reconsideration of staff and service locations, except at Tier 1 and Tier 2 level. Officials recommend that decisions about most staffing be left to the new council and the task during the transition in this respect be limited to Tier 1 and Tier 2, and transferring other staff to the new council (on their existing employment conditions and in their current work locations). It will be the Interim Chief Executive (and permanent chief executive) rather than the transition board or new council who will make operational decisions about staff roles. However the policy direction set by the new council could impact on operational decisions of the Interim (and permanent) Chief Executive.
109. With respect to transition board membership, officials agree that there should be representation from the iwi on the board, in recognition of the principles and requirements in the LGA that are intended to facilitate participation by Māori in local authority decision-making process.
110. We do not recommend adding other representatives to the transition board. Without making the board very large, it would be difficult to have appropriate representation from all important community groups. We propose instead to make the obligations on the transition body as a whole (i.e. the board, implementation team and Interim Chief Executive) to consult with the community more explicit.
111. Some submitters asked that the transition board be required to consult with interested parties and the public on the terms of reference for the community boards and Rural Standing Committee. While consultation is standard practice in local government, officials propose amending the proposal to make this an explicit requirement on the transition board for the avoidance of doubt.
112. The implementation team, which is appointed by the Commission, could include a representative nominated by PSA either as a member or adviser and similarly, an iwi adviser. During their submission, the PSA described the importance and successful outcomes created by union and worker representation on the team from the earliest stages of an amalgamation. We recommend that union/worker and iwi are both included in the team and suggest noting this in the final proposal narrative as an indication of the Commission's intention in this regard.

## Detailed requirements for issuing a final proposal (clause 21(3) and (4))

114. Before deciding to issue a final reorganisation proposal, the Commission must meet specific requirements set out in clause 21(3) and (4).
115. Under clause 21(3), the Commission must be satisfied it has sufficient information about the views of the persons referred to in clause 20(1)(c). Annex 1 sets out the steps taken to seek the views of the persons set out in clause 20(1)(c), including follow-up letters as required, and the responses received. Officials advise that Commissioners can be satisfied that all reasonable steps have been taken to ascertain the views of the specified persons and that the views of those who wished to comment are known by the Commission and included in the Summary of Submissions and/or Annex 1.
116. Clause 21(4) requires a final proposal to comply with provisions describing a number of specific details including such matters as the name and type of the local authority, its boundaries, representation arrangements and community boards; and the roles, powers and composition of the transition board (clauses 14(2) to (5)(a) and clauses 16 to 19). The attached final proposal complies with these requirements.

## Likely demonstrable community support in district of each affected territorial authority (Clause 21(6))

117. Before deciding to issue a final reorganisation proposal, the Commission must be satisfied that the final proposal “is likely to have demonstrable community support in the district of each affected territorial authority” (i.e. Masterton, Carterton and South Wairarapa Districts).
118. As noted above, the Act does not provide specific thresholds for the necessary levels of community support at this or any other point in the reorganisation process. However, the Act makes it clear that community support need not be majority support (clauses 21(7) and 8(3)(b) refer). On the other hand, it would be difficult to argue that the support of only a very small number of individuals within a community, constituted “community support”.
119. We have two legal opinions on what the threshold or level of support is necessary for these community support tests. One opinion concludes merely that “The level of support can be less than 50 per cent but should be more than negligible or a few lone voices”. The other suggests that “demonstrable community support in the district of each affected territorial authority means support that can be shown or proved to exist from 10 per cent or more of the community in the district of each affected territorial authority.”
120. While the clause 21(6) requirement is additional to that prescribed in clause 21(2)(b)(iii) relating to community support *already demonstrated* to the Commission, the support identified under that clause is still seen as useful in assessing *likely future* support for a final proposal.
121. Accordingly the information sources in paragraphs 46 to 52, particularly the most recent UMR survey, may be seen as providing an indication of likely future community support in each district for the final proposal. This survey showed 55 per cent support in South Wairarapa, 46 per cent in Carterton and 67 per cent in Masterton. The 2017 UMR results are also largely consistent with the two previous soundings of community views in 2016, which all suggest that across the community as a whole views were close to evenly divided.
122. While all soundings of community opinion have shown lower levels of support for a combined Wairarapa District Council in Carterton than in the other districts, support is still at levels sufficient to be regarded as demonstrating the presence of community support.

123. If changes are made from the draft proposal to address some of the issues raised in submissions, this may increase the level of community support (as shown by the support for those modifications in the submissions process) or, at the very least, is unlikely to result in a reduction in the level of community support.
124. In summary, we consider there is sufficient evidence for the Commission to conclude that there is likely to be demonstrable community support in each of the Carterton, South Wairarapa, and Masterton districts for the final proposal based on the draft proposal, modified as discussed above.

## **Decision to issue a modified draft proposal as a final proposal**

125. As set out in this paper, the Commission has met the consultation requirements of clause 20 in respect of the draft Wairarapa reorganisation proposal. The consultation has not resulted in any new information to invalidate or change the basis for the decisions taken by the Commission in respect of the draft proposal.
126. However, a number of net beneficial changes to the draft proposal have been identified as a result of the consultation. Officials have prepared a modified proposal reflecting these changes (Annex 3). We recommend that the Commission agrees, under clause 21(1)(c), to issue the modified draft proposal as a final reorganisation proposal for the Wairarapa.
127. In agreeing to issue the modified proposal as a final proposal, the Commission can be satisfied that the requirements of clause 21(3) have been met and that the proposal meets the requirements of clause 21(4). The Commission can also be satisfied there are sufficient grounds to believe that the modified proposal is likely to have demonstrable community support in Masterton, Carterton and South Wairarapa Districts as required by clause 21(6).
128. We further recommended that the Commission's Chief Executive Officer be authorised to make any minor editorial changes to the final proposal document that do not materially affect its contents or conclusions, prior to it being issued.

## **Next steps**

129. If the Commission decides to issue a final Wairarapa reorganisation proposal on the terms recommended in this paper, we estimate it would take about three to four weeks to prepare and finalise the required final proposal document for public release.
130. The final proposal must have attached to it an explanation of how the proposal will promote the purpose of local government and facilitate economic performance, and a balanced assessment of the proposal's advantages and disadvantages (clause 21(2) refers). We will develop drafts of these attachments based on the Commission's February 2017 decision paper on the draft proposal, this paper and information from consultation and we will provide them to you for your comment in the coming weeks.
131. The Commission is required, as soon as practicable after issuing the final proposal, to give public notice of the final proposal including where copies may be inspected. It must also take any action it considers necessary to inform the persons and organisations who made submissions or provided views on the draft proposal, of the final proposal.
132. The public notice of the final proposal must include information that 10 per cent or more of the electors in any one of the three affected districts may demand a poll on the final proposal. Any demand for such a poll must be received within 60 working days of the first public notice.

133. If a valid demand for a poll is received, a poll over all three districts in the Wairarapa would be conducted pursuant to the requirements of the Local Electoral Act. This means the poll would be conducted 89 days after advice of the valid poll demand was given to the electoral officer conducting the poll.
134. If no poll is demanded, or a poll supports the proposal, the next step required is for an Order in Council to be prepared for submitting to the Executive Council. This must be passed before the transition body may meet for the first time.

## Annex 1: Consultation requirements and actions

1. This Annex sets out the steps taken by the Commission to meet the requirements in clause 20 of Schedule 3 of the LGA relating to consultation on the draft Wairarapa proposal, and to inform itself of the views of the affected communities and other interested parties.
2. Officials advise that the consultation undertaken on the draft proposal has met all the requirements set out in clause 20.

### Consultation requirements and powers

3. Clause 20 sets out requirements for the Commission to meet as soon as practicable after completing a draft proposal. These are
  - give public notice of the draft proposal including specified information (clause 20(1)(b))
  - seek the views of particular specified parties (clause 20(1)(c)).
4. In addition, the Commission is required to take whatever action it considers necessary to ensure that the persons, bodies, and groups who may be interested in the draft proposal are informed of the proposal (clause 20(1)(a)).
5. There is a particular requirement that the Commission must grant the opportunity to meet and be heard by the Commission to:
  - the affected local authorities
  - each local authority whose district adjoins an affected local authority
  - the applicant (clause 20(4)).
6. The Commission must consider each submission received and may hold hearings or meet with submitters (clause 20(3)). It also has discretion to undertake whatever other enquiries and consultations it considers appropriate (clause 20(5)).

### Actions taken

#### *Public Notice*

7. The public notice was published in:
  - the Dominion Post on 15 and 18 March 2017
  - the Wairarapa Times Age on 15 and 18 March 2017
  - the Wairarapa News on 15 and 22 March 2017.
8. The public notice invited submissions and specified that the deadline for submissions was 3 May 2017, and that:
  - submissions could be made by:
    - using the postage-paid form provided in the Commission's public information leaflet that was delivered to 21,000 Wairarapa addresses and was available at council offices and libraries
    - mailing or emailing individual letters to the Commission
    - downloading an online submission form available on the Commission's website and emailing or posting it to the Commission.

9. These steps meet the requirements of clause 20(1)(b).

### ***Public information***

10. The Commission is also expected to take further steps it considers necessary to ensure interested parties are informed of the proposal (clause 20(1)(a)). The Commission has taken a range of steps to do this. These are summarised below. (All dates refer to 2017 unless otherwise stated.)

- In order to inform the affected communities about the proposal and invite submissions the Commission published:
  - a draft proposal document
  - an information leaflet explaining the draft proposal. This included a suggested (but not mandatory) submission form and provided further required information about how to make submissions.
- The Commission met with a combined meeting of the affected local authorities the day prior to the formal release of the proposal. It presented the proposal, answered questions and provided copies of the proposal document and public information leaflets.
- Copies of the draft proposal document and leaflets were made available at council offices and libraries, and were able to be downloaded from the Commission's website. In addition 21,000 copies of the leaflet (including the postage paid submission form) were distributed to Wairarapa households as an insert in the 15 March 2017 edition of the Wairarapa News.
- An OpEd by the Commission Chair about the proposal was published in the 15 March edition of the Dominion Post, 16 March edition of the Wairarapa Times-Age and the 22 March edition of the Wairarapa News. The release of the draft proposal was reported on the front pages of all three newspapers on 15 March.
- Commission staff attended a series of public information stalls at 10 locations in the Wairarapa over the weekends of 31 March to 2 April and 7 to 9 April where they were available to answer questions and provide copies of the proposal document and leaflet. The times and locations where staff were available were advertised in the Wairarapa Times-Age and Wairarapa News and three radio stations, Hits, ZB, and More FM.
  - A leaflet drop was also undertaken at railway station park-and-ride facilities on Friday 7 April with approximately 400 leaflets distributed.
  - Over the 2 weekends staff distributed approximately 600 copies of the leaflet and had substantive discussions with 130 people.
- Overall around 700 copies of the proposal document and around 24,000 copies of the leaflet were distributed.
- In addition advertisements were taken in the Wairarapa Times-Age on 26 and 29 April and 1 May, and Wairarapa News on 26 April and 3 May to remind members of the public of the approach of the 3 May deadline of submissions to further encourage them to make submissions. An OpEd by the Commission's Chair similarly encouraging submissions was published in the Wairarapa Times-Age edition of 26 April.

### ***Views sought from interested parties***

11. Clause 20 requires the Commission to seek any views on the proposal from a range of interested parties specified in clause 20(1)(c) and any others who the Commission considers appropriate.

12. Letters were sent on 15 March to a wide range of potentially interested parties enclosing copies of the proposal document and the public information leaflet. Addressees were invited to make submissions. They included all the specified parties required to be consulted under clause 20(1)(c) plus a number of others the Commission considered it appropriate to include (under 20(1)(b)(xiii)).
13. A follow-up letter was sent on 19 April prompting responses from those of the clause 20(1)(c) parties with whom the Commission had not had contact in relation to the proposal by that time. In addition those of the clause 20(1)(c) parties from whom no responses had been received were followed up by phone or email over the period 18 May to 6 June to ensure that the Commission was aware of any views these organisations may have wished to put forward. Arising from these efforts meetings were held with representatives of the Inland Revenue Department (IRD). These steps meet the requirements of clause 20(1)(c).
14. In addition letters were sent to 12 individuals and groups who had provided alternative applications in 2013. Three of these individuals made submissions on the draft proposal. Most of the remainder came from parts of the region that are no longer part of the affected area for the draft proposal as a result of the Commission's decision in February 2017 to narrow the focus of the project to the Wairarapa.
15. The affected councils (clause 20(1)(c)(i)) are:
  - South Wairarapa District Council
  - Carterton District Council
  - Masterton District Council
  - Greater Wellington Regional Council
16. The applicants at the start of the reorganisation process were the same four local authorities that are now the affected local authorities. The views of the applicants/affected councils, affected iwi and Māori organisations, community boards and Wellington Water are included in the Summary of Submissions.
17. The Commission received responses from the following agencies, all of whom had no comment to make:
  - the Auditor-General
  - Parliamentary Commissioner for the Environment
  - Secretary for the Environment
  - Chief Executive of Te Puni Kokiri
  - Secretary of Internal Affairs
  - The Ministry of Primary Industries
  - The Ministry of Justice
  - New Zealand Transport Agency
  - Horowhenua District Council
  - Tararua District Council
  - Porirua City Council

18. The Commissioner of IRD noted that officials had met to discuss the potential tax policy implications that could arise from the draft proposal. IRD advised that the general tax policy approach to local government reorganisation is to ensure that reorganisations are undertaken on a tax neutral basis.
19. The Office of Treaty Settlements and Post-Settlement Commitments Unit of the Ministry of Justice note the proposal does not raise any issues for impending settlements with Rangitāne ō Wairarapa or Ngāti Kahungunu ki Wairarapa. It involves reorganisation of district council functions and therefore does not impinge on the natural resource arrangements for Wairarapa Moana that principally involve GWRC. The three current district councils have seats on the proposed joint committee for the Wairarapa Moana but this arrangement will not be affected because if the reorganisation goes ahead those three seats will be assigned to the new council. They also note the proposal for a Wairarapa Committee of Greater Wellington Council and confirm this does not impact on any settlement redress. Provision for seats on that committee for Rangitāne ō Wairarapa and Ngāti Kahungunu ki Wairarapa “seems progressive” but is a matter for those iwi and is independent of Treaty settlement redress.
20. Horizons Regional Council was generally supportive of the proposal as it may well lead to better economies of scale for the delivery of services to the community. That said the council is respectful that the ultimate determination on the merits of the proposal should sit with those most affected – namely the ratepayers and stakeholders in the proposal area.

## Hearings

21. The Commission held hearings of submissions for those submitters who indicated they wished to be heard. Hearings were held on:
  - 23 May in Martinborough
  - 24 May in Masterton
  - 31 May in Carterton
  - 1 June in Greytown
  - 6 June in Wellington.
22. A total of 55 individuals and organisations appeared at the hearings.

## Iwi and hapū workshop

23. As well as meeting Wairarapa iwi and hapū representatives to brief them on the draft proposal on 6 April 2017, the Commission arranged a facilitated workshop to help them clarify their positions in relation to the draft proposal. The outputs of the workshop were reflected in several submissions, including Te Patukituki O Wairarapa, the submission from the workshop attendees.

## **Annex 2: Summary of Submissions**

See [www.lgc.govt.nz](http://www.lgc.govt.nz) Wairarapa resources page

## **Annex 3: Legal description of the Modified Final Proposal**

See [www.lgc.govt.nz](http://www.lgc.govt.nz) Final proposal for a Wairarapa District Council

## **Annex 4: Recommended draft terms of reference for Wairarapa Community Boards**

See [www.lgc.govt.nz](http://www.lgc.govt.nz) Final proposal for a Wairarapa District Council

## **Annex 5: UMR Report**

See [www.lgc.govt.nz](http://www.lgc.govt.nz) Wairarapa resources page

## **Acronyms**

CDC	Carterton District Council
GWRC	Greater Wellington Regional Council
MDC	Masterton District Council
LGA	Local Government Act 2002
SWDC	South Wairarapa District Council
PSA	Public Service Association