

Elector-initiated proposal for the abolition of the Kaikoura District and its inclusion in the Hurunui District

Summary of submissions on proposal

Purpose

1. This paper summarises submissions on the proposal to abolish the Kaikoura District and include it in the Hurunui District ('the proposal'). Its purpose is to:
 - condense information and views presented in submissions
 - assist the Commission's consideration of the proposal
 - provide background material to the hearing of submitters scheduled for 2 and 3 December 2008.
2. This paper is not a substitute for the submissions made to the Commission.

Overview of submissions

3. A total of 152 submissions on the proposal were received. Of these, approximately:
 - 111 express opposition to the proposal
 - 37 express support for the proposal
 - four express a neutral position on the proposal.
4. Six additional submissions were received after the closing date. The Commission has chosen to consider these submissions as part of its inquiries.
5. In general terms, submitters for the proposal suggest there are sufficient indicators to justify the Commission obtaining additional impartial advice, in particular regarding the operational and financial implications of the proposal.
6. In general, submitters opposed to the proposal suggest there is very little basis for proceeding with it, and that existing local council arrangements provide for proven local government effectiveness and efficiency that is appropriate to Kaikoura's distinct geography, history, and sense of residents' identity.

Key issues

Community of interest

7. Te Rūnanga o Kaikōura is the modern day tribal council for the Hapū of Ngāti Kuri. The takiwā of Te Rūnanga o Kaikōura extends from Te Pari Nui o Whiti north, south to the Hurunui River, inland to the Main Divide and seaward as far as the eye can see. It includes parts of two district councils (Kaikoura, Hurunui), a regional council (Ecan) and a unitary authority (Marlborough). Te Taumanu o Te Waka a Maui (the thwarts of the canoe of Maui or “the Kaikoura Peninsula”) is well known for its depth of history and associated proliferation of archaeological sites of Māori origin concentrated in a relatively small geographical area. Te Rūnanga o Kaikōura is one of 18 Papatipu Rūnanga of Ngāi Tahu Whānui recognised in the First Schedule of the Te Rūnanga o Ngāi Tahu Act 1996.
8. Submitters opposed to the proposal state that the Kaikoura District is isolated by its distance from other settlements and its topography. They suggest that the location of the existing boundaries is logical and uses the land form to prevent cross boundary issues arising. The District stretches from south of the Haumuri Bluffs to a point just north of the settlement of Kekerengu. The natural features of the Clarence River, Inland Kaikoura Ranges and the Pacific Ocean form the western and eastern boundaries.
9. Submitters opposed to the proposal stress that these boundaries contain a type of landform that is distinct from neighbouring areas. The land is literally “where the mountains meet the sea”. This geographical uniqueness creates a range of distinct issues for addressing sustainable community well-being.
10. Within the Kaikoura District there are a number of communities of interest: Oaro, Kaikoura, Clarence and Kekerengu, all of which are linked together by their coastal environment. This creates commonalities of interest that are distinct from communities south of the Hunderlee Hills or north in Marlborough. Some submitters highlight their belief that communities in the Hurunui District are generally more inland focused.
11. Submitters opposed to the proposal maintain that there has historically been very little change to local government boundaries affecting the Kaikoura area. This reflects its distinct topography and location.
12. Submitters opposed to the proposal suggest that these geographical and topographical features contribute to residents’ distinct values, knowledge, and sense of identity. Many discuss a sense of containment, self-reliance, independence and uniqueness.
13. One submitter (a Council employee) refers to the existence of a distinct value system based on recognition and protection of a unique Kaikoura environment, and recognition of social and cultural assets, while still enabling tourism development to take place. The submitter suggests that

this environmental focus is embedded in the Council and in the community.

14. Some submitters suggest that the proposal would have the following damaging effects on community life, in that it:
 - would lead to restructuring and loss of jobs and skilled people would leave the district
 - may lead to a loss of financial support for community groups
 - would lead to a loss of employment and training opportunities for students in their home town.
15. Submitters opposed to the proposal suggest that Kaikoura shares community of interest connections with the Marlborough area, particularly in respect of relationships with professional people and key central government agencies, and for the organisation of most sports competitions.
16. Submitters for the proposal generally acknowledge that the Kaikoura District is geographically distinct from areas north and south of it and that the District boundaries align with landscape and topographical features that reinforce a sense of the District's self-containment. They acknowledge that the District may infrequently become isolated from other areas.
17. However, submitters for the proposal point out that the inland road (Highway 70) also connects the Kaikoura and Hurunui Districts. One submitter points out that the boundary of the Hurunui District already extends well into one of the geographically difficult and hilly areas on the southern boundary of the Kaikoura District. These boundaries suggest commonalities of interest, in particular between farming-oriented communities.
18. Many submitters for the proposal suggest that a Kaikoura-Hurunui shared community of interest is particularly evident in relation to tourism with the 'Alpine Pacific Triangle' marketing initiative, which combines the key visitor attractions within the Hurunui and Kaikoura Districts. They suggest that problems of serving large tourist numbers from a small ratepayer base are common to Hamner Springs and Kaikoura. They argue that the identity and strengths of the Kaikoura area do not depend on the structure of local government to the degree suggested by some.
19. The Concerned Citizens group lists a set of services and organisations that support or have close links with Kaikoura, but come from and/or are administered from the Canterbury Region.

Governance

20. Submissions for and against the proposal tend to suggest that the Council decision to develop and own a new council office building has been an important motivation for the proposal. Some submitters express dissatisfaction with this decision and elements of the decision-making process. Similar concerns are expressed in relation to an associated issue relating to the inclusion or otherwise of the library building from the Council's strategic asset list. The Concerned Citizens submission discusses these processes at length.
21. Some submitters for the proposal suggest that the Council has demonstrated a lack of capability in complying with the decision-making and consultation requirements and principles contained in Part Six of the Local Government Act 2002 (the Act):. The Concerned Citizens group, for example, perceives that:
- the processes employed by the Council often lack openness, transparency, and do not always provide sufficient opportunity for participation in the democratic process
 - there have been failures to adequately respond to matters raised in submissions to draft plans and policies
 - there have been inconsistencies in the Council's application and enforcement of by-laws
 - there is a lack of clarity in the relationships between the Council, Council committees, and Council-community groups
 - there has been a failure to act on advice provided by the Office of the Auditor-General in respect of its investigation and 3 October 2007 advice to the Council regarding staff involvement in resource consent applications.
22. Other critical comment includes:
- "Being a small unit of local government, there has been a tendency to drift into tunnel vision over development of the town and a consequent disregard for the needs of the ratepayers – the town is being over-developed towards tourism, there is a lack of attention to footpaths and rubbish collection."
 - "The Council sometimes demonstrates a defensive attitude to public comment, regarding criticism as hostility toward itself."
 - "The Council sometimes represents its consultation with selected stakeholders as consultation with the community".
23. Other submitters suggest that 'you can't please all of the people all of the time' and point out that specific decisions made by the Council do not necessarily indicate systemic failures in the processes generally employed by the Council.

24. The Council (in addition to residents and community groups) submits that it demonstrates high regard for, and historical commitment to, the purpose and principles of local government (as contained in sections 10 and 14 of the Act), and that its decision-making and consultation practices and processes reflect good governance and the decision-making and consultation principles and requirements contained in Part Six of the Act. It states that:

- It regularly forms working parties with non-elected people.
- It seeks feedback from specific communities affected by potential decisions and meets regularly with appropriate community groups.
- It uses the special consultative procedure regularly.
- The vast majority of its Council and committee decisions are made in open meetings.
- It operates a public forum session at the beginning of its Council meetings.
- It surveys its residents and seeks feedback through its website.

It supports these statements with examples.

25. Many submitters suggest that the community of interest factors above (i.e. its distinct geography, history, residents' sense of identity, and social and cultural requirements) affirm the need for distinct governance arrangements.

26. Some submitters opposed to the proposal state that the District's isolation requires the Council to play a necessary and important role in the coordination of social services. These roles may include providing financial and human resources, coordinating, and facilitating inputs both from within the community and by external agencies. Megan Pfeifer (Council Community Development Officer) lists a series of social, cultural, and environmental projects and initiatives that the Council is involved with.

27. Some community groups and service provider organisations within Kaikoura characterise their relationships with the Council as inclusive, transparent and supportive. These submissions tend to suggest that a strong shared community governance model applies within the District.

28. The Council, Te Rūnanga o Kaikōura, and its parent body, Te Rūnanga o Ngāi Tahu, each submit that the working relationship developed over many years between these bodies is identified within the Ngāi Tahu community as an example of how such relationships can and should be developed and maintained. Important components of this relationship include:

- demonstrated and ongoing commitment to open engagement and support at staff and elected member levels

- runanga representatives appointed to various Council committees with delegated authority
 - Council adoption of the Runanga's environmental management plan (Te Poha o Tohu Taumati).
29. The Council and other submitters highlight distinctions in its governance structures compared to the Hurunui District Council, including:
- Kaikoura operates a social services committee and a tourism and development committee, both comprising councillors, community, business, rūnanga, and central government agency members.
 - Kaikoura operates an airport committee, comprising councillors, rūnanga representatives, and airport user and Aero Club representatives.
 - Kaikoura district plan review committee and resource consents and review committee consists of councillors, rūnanga and community representatives.
 - Kaikoura is more involved in environmental issues, including active participation in a number of projects and events (listed in submission).

Representation

30. Submitters opposed to the proposal argue that it would combine very distinct communities and shift decision-making power away from the distinct Kaikoura communities in terms of:
- *democratic representation* - councillors elected from the Hurunui area would not understand distinct community interests, concerns, and desired outcomes, nor hold the same level of commitment to the district as would councillors elected from the Kaikoura area
 - *residents' ability to participate in Council processes* - it would be hard for residents of Kaikoura to travel 120 kilometres to a Council meeting in Amberley. The proposal would result in a need for significant travel and enlarged carbon footprint.
31. They argue that, in 2007, the Kaikoura District had good turnout rates in local elections, which is a democratic endorsement of those who are elected.
32. Submitters opposed to the proposal suggest that values such as a sense of intimacy and connectedness to local governance arrangements would be undermined by creating an additional 'higher' level of ultimate decision-making power. They suggest that the proposal would result in a slowing down of governance and consultation/participatory processes.
33. Some submitters opposed to the proposal perceive democratic benefits deriving from the relatively small population and geographic size of the district. These values are expressed in such statements as:

- “the local input, reasoning, and reaction to situations is a valuable and immeasurable advantage to our district”
- “the flow of knowledge from the community to Council staff will be lost if the proposal proceeds”
- “we know who every councillor is and the Council’s door is always open”.

34. The Council also highlights that it has a need (partly as a consequence of size and location) and a responsibility (under section 14 of the Act) to collaborate and cooperate with other bodies in order for it to achieve its priorities and desired outcomes and make efficient use of resources. Various examples of effective collaboration are highlighted in its submission. It argues that communities within Kaikoura require and benefit from distinct representation at a national political level.

35. The Kaikoura Branch of Federated Farmers submits that rural representation on the Hurunui District Council tends to be reasonably representative of the proportion of rural residents. The present at-large voting system that operates for the Kaikoura District elections makes it difficult for rural candidates to be elected because of the small rural population base.

36. One submitter for the proposal suggests that “sometimes in a small district it is good to get an outsider’s perspective. In small districts, councils can become small and narrow-minded and forget that not everyone is on sufficient salary to pay for their grandiose, think-big ideas.”

37. The Concerned Citizens group suggests a combined council should be called the Hurunui-Kaikoura District Council.

38. All submitters for the proposal suggest that the whole of the Kaikoura District should be made a ward of the combined council district, electing between two and four councillors to this council (subject to the requirements for fair and effective representation as set out in the Local Electoral Act 2001).

39. All submitters for the proposal suggest that a Kaikoura community board should be established. The Concerned Citizens group suggests that such a community board should have the following powers and responsibilities:

- “to preside over the implementation of a discretionary funding allocation (subject to being consistent with any policies or standards adopted by the Council)
- to make decisions relating to roads such as names, signs, road markings, road restraints, road crossings, etc.
- to appoint a member of the board to appear and be heard regards the Sale of Liquor Act

- to make submissions on behalf of the Council on applications for resource consents to other territorial authorities, or the Canterbury Regional Council, where the application is of particular concern to the local community
- decision-making power over parks and reserves such as design plan approval granting leases or licenses to plant, maintain or remove trees, temporary usage licenses, etc.
- decision-making authority in relation to (existing Kaikoura District) Council-owned housing property and the library (similar budget to that existing for the Kaikoura District).
- to assess all development plans in the Kaikoura District through a design and beautification committee. This would make recommendations in accordance with guidelines established at the time of reorganisation.”

Financial sustainability

40. Submitters for the proposal highlight indicators that they believe raise questions about the financial sustainability of the Kaikoura District. These are:

- the relatively small rating base
- increases in staff and associated remuneration costs, particularly over the last 10 years
- the need for borrowing and the community’s ability to sustain the costs of the Council’s planned capital developments and associated operating costs
- the ability and security of funding to support tourism infrastructure
- concern that subdivisions and the growth in the number of rateable properties is, or will not be, matched by growth in population. Submitters point out that Statistics New Zealand predictions indicate very flat population growth for the Kaikoura District.

41. The Concerned Citizens group acknowledge that there would be initial costs associated with implementing the proposal, but suggest there would be cost savings attributable as follows:

- a reduction in the number of staff required in Kaikoura
- disestablishment of the chief executive position
- a reduction of costs resulting from less elected members (at least four plus mayor (currently there are seven councillors and a mayor)
- a reduction in overheads and potential benefits of greater purchasing power through a bigger council
- no need for a new Council office

- a reduction in the borrowings needed to enable the Council to build new offices.
42. Submitters for the proposal suggest that it would reduce perceived duplication of staff roles and provide more scope for effective and efficient corporate management. They cite increased responsibilities and added pressures placed on small councils by the Local Government Act 2002.
43. Some submitters suggest that the proposal would result in an enlarged council better equipped to compete for regional and central government funding.
44. Submitters for the proposal suggest that these factors strongly indicate the need for an independent expert financial and operation review to inform the reorganisation process.
45. The Council submits a series of summary figures and graphs highlighting that:
- its total equity has moved from \$29 million in 1998 to \$124 million in 2007
 - it has gone from a \$560,000 deficit in 1998 to a \$3.4 million surplus in 2007
 - its total revenue has increased from \$3.5 million in 1998 to \$9.25 million in 2007 [noting that this should be compared with the total rates revenue which shows rates have increased from \$1.85 million (53% of total revenue in 1998) to \$3.55 million (38 % of total revenue in 2007)]
 - its total rates revenue has grown from \$1.85 million in 1998 to \$3.55 million in 2007. However, combined with the growth in the number of rateable properties from 1,830 in 1998 to 2,632 in 2007, the accumulated rate of increase in individual rate levels has only been a compound 3.22% per annum
 - the growth in the number of rateable properties has grown steadily since 1998
 - average rates per household have only increased 3.22% per annum
 - its term debt has remained relatively static
 - it has, over the last few years in particular, managed to keep up a positive capital works programme
 - net working capital is negative due to the current portion of term liabilities, which are refinanced when they mature and do not actually affect liquidity in any way
 - the Council has gone from \$154,000 in available cash in 1998 to \$2.91 million in 2007
 - special funds and reserves have grown from \$361,000 in 1998 to \$2.8million in 2007.

46. Differing perspectives are offered about recent rates increases and the likely impact of the proposal on the rates demand. Sheryl Poulson (Council Office Manager) provides some useful background comments regarding the process of setting rates for the 2007/08 financial year.
47. Submitters opposed to the proposal suggest that expenses associated with the proposal will not justify future savings. They suggest that, in both the short- and long-term, there are a range of costly changes that would need to be made to the Council's district plan and long-term council community plan. The Hurunui District Council submits that this would put further demand on already stretched resources, and in the ongoing management of these. Submitters also highlight additional costs of travel if a combined council were created.
48. Both affected Councils question the scope for economies of scale, given the size of population and geography of the two districts.

Service delivery

49. As with questions about the potential implications of the proposal on rates demands, submitters for and against the proposal suggest there is a lack of evidence and information about how the proposal will affect the range and levels of service currently provided for by local government.
50. The Concerned Citizens group express concerns about the Council's ability to adequately maintain infrastructure assets, and to meet community expectations in relation to levels of service. It suggests there are sufficient grounds to justify further independent investigation. It highlights issues associated with:
- management and the standard of the landfill and recycling centre
 - maintenance and upgrade of roads, bridges and footpaths.
51. The Council submission provides information about the generally healthy state of its infrastructural assets and reinforces this information with reference to:
- central government agency assessments
 - community satisfaction surveys.
52. The Council submits that, partly as a consequence of its size and resource base, it uses a range of vehicles for service delivery to meet desired community outcomes. These include using in-house staff, contractors and volunteers, and working jointly with neighbouring councils, central government agencies, rūnanga, and developers.
53. Some submitters point out that economies of scale will be different for different council functions. Some suggest that efficiencies may be better achieved through shared services or other collaborative arrangements and that these need to be developed over time.

54. At least one submitter suggests the proposal would lead to a loss of institutional knowledge and professional relationships established between Council staff and consultants.
55. Submitters opposed to the proposal point to inefficiencies in functions relating to development (inspections, access to plans and LIM reports) if the proposal were to proceed and the Council's main office shifted to Amberley. Some submitters suggest that recent storms highlight the need for locally-based administration, particularly in regard to civil defence functions.
56. The Hurunui District Council suggests that the proposal may create an issue about where to house a main Council office. Currently, Amberley remains its preferred location, enabling the Council to attract staff from Rangiora and Christchurch. Some submitters suggest an ability to attract a wider range of human resource skills is an advantage of the proposal.
57. Submitters for the proposal suggest that, if the proposal proceeds, a service centre should be maintained from the existing Council office building.

Planning for environmental sustainability

58. Submitters for the proposal raise a number of environmental concerns relating to rubbish on the coastline, leaks from a slipway used for fishing boat maintenance, waste problems associated with freedom camping, and management of the Kaikoura landfill. Some suggest that better environmental planning could be achieved by creating a larger area in which to balance and plan for social, cultural, economic and environmental values.
59. The Council submits that it has demonstrated a strong understanding of, and commitment to, environmental sustainability, evident in a series of examples in its submission.
60. Further, the Council points out that it is committed to an internationally recognised programme of evaluation through 'Green Globe' benchmarking.

Possible modifications to the proposal

61. Generally, submitters suggesting possible modifications state that, if the Commission were to proceed with the proposal, the Clarence and Kekerengu areas should be transferred to the Marlborough District.