



Report of the proceedings and operations of the
Local Government Commission
Mana Kāwanatanga ā Rohe
For the year ended 30 June 2017

*Presented to the House of Representatives pursuant to
clause 31 of Schedule 4 of the Local Government Act 2002.*

Minister of Local Government
Parliament Buildings
Wellington

Minister

We forward, in terms of clause 31 of Schedule 4 of the Local Government Act 2002, the report of the Local Government Commission for the year ending 30 June 2017.

Yours sincerely

The Local Government Commission

Sir Wira Gardiner	Chair
Janie Annear	Commissioner
Geoff Dangerfield	Temporary Commissioner
Brendan Duffy	Temporary Commissioner

Contents

	Page
Introduction	3
Membership	3
Local government reorganisation	3
Auckland	3
Northland Region	4
Wellington Region	5
West Coast Region	6
Representation reviews	6
Local Government Act 2002 Amendment Bill (No 2)	7
The year ahead	7
Appendix 1 Duties and functions of the Local Government Commission	8

Introduction

The principal roles of the Local Government Commission are to make decisions on the structure of local government and the electoral representation arrangements of local authorities.¹ In the year ending 30 June 2017 the focus of the Commission was on dealing with initiatives for local government reorganisation.

In dealing with reorganisation proposals the Commission has continued to engage with the councils and their communities. The Commission's approach places emphasis on communities themselves identifying the challenges they face, the options that can address those challenges, and the development of greater consensus on the preferred approach to change. The Commission also sees its role as assisting communities to reach sufficient consensus on any changes required to the form of local government that best suits their particular needs.

Membership

At the beginning of the year the Commission comprised:

- Sir Wira Gardiner (Chairperson) with a term ending on 31 July 2018
- Janie Annear with a term ending on 31 July 2018
- Leigh Auton with a term ending on 31 July 2018

Leigh Auton resigned from the Commission with effect from 29 April 2017. His position remained vacant at the end of the year.

During the year the Minister of Local Government appointed two temporary members under clause 5, Schedule 2 of the Local Government Act 2002. They were:

- Geoff Dangerfield, who was appointed for the period 22 August 2017 to 23 February 2018, principally to help with consideration of reorganisation in Auckland
- Brendan Duffy, who was appointed for the period 1 March 2017 to 28 February 2018, principally to deal with local government reorganisation in the Wairarapa

Local government reorganisation

Auckland

The Commission has continued its consideration of applications for the reorganisation of local government in Auckland. This process had been triggered by receipt of an application for a North Rodney council separate from the Auckland Council. A subsequent application was received for a Waiheke council. In April 2016 the Commission called for alternative applications and by the closing date for alternative applications on 24 June 2016, 38 responses had been received.

¹ A complete list of the Commission's functions is contained in Appendix 1.

From September through to December 2016 a public engagement process was undertaken to help the Commission come to a view on the challenges and opportunities perceived by those communities for local government in Auckland. That process included public meetings, drop in sessions, an on-line survey and meetings with organisations having an interest in North Rodney or Waiheke or local government in Auckland generally. A summary of feedback from the public engagement program was released in March 2017.

In February 2017 an independent report was commissioned to provide a financial and technical analysis of a number of potential options. This will feed into decision-making for the next steps of the process, along with other investigations the Commission might want to undertake.

The next steps for the Commission are to identify the reasonably practicable options and then a preferred option. It is intended that a decision on the preferred option will be made in the second half of 2017. If the preferred option is not the status quo a draft proposal for public consultation will be prepared.

Northland Region

In June 2015 the Commission announced it would not proceed with a proposal for a unitary council in the Northland Region. It said it would return to the community and work with it to identify major challenges and the options for dealing with them.

The Commission decided its work, at least initially, should fit into the four Northland councils' existing strategic and shared services project. Councils remain sponsors of the work streams, with the Commission looking to add value where it can. In line with this the Commission decided to fund a "four waters"² study and a stock-take of ICT infrastructure. Each project was to assist a joint and agreed understanding of the state of the region's, and each council's, assets. These studies were completed and provided to the local authorities of the region in September 2016.

Since then the Commission has continued to meet with the councils' chief executives and the Northland Mayoral Forum to liaise over the councils' broader shared services arrangements.

² Potable water, wastewater, stormwater, and flood management

Wellington Region

Wairarapa

The Commission continued to work with the three Wairarapa councils (Carterton, Masterton and South Wairarapa) and their communities on the optimal local government structure for the area. Following a series of engagements with councils and the community on options for local government arrangements a single combined district council for the area was identified as the preferred option. Technical analysis showed that merging the councils has significant potential to increase local government effectiveness in the Wairarapa. The engagement and technical analysis resulted in a draft proposal for a combined district council being released in March 2017.

The draft proposal was subject to a further round of community engagement. Approximately 1200 submissions were received, hearings of submitters were held, and a telephone opinion survey was carried out. The survey indicated 60 per cent support for a single Wairarapa District Council and 27 per cent opposition. A final proposal was to be released in July 2017, taking into account feedback on the draft proposal. Following the issue of the final proposal electors of the three existing districts would have the opportunity to request a poll on whether the final proposal should be implemented.

Wairarapa residents were also surveyed about their awareness and satisfaction with the Commission's process in the Wairarapa. The results showed high levels of awareness of the Commission's work in the Wairarapa at 87 per cent of the respondents. Just under half of the survey respondents agreed that the process had been carried out as fairly as possible; 15 per cent disagreed. Trust in those organising the process was slightly lower at 42 per cent agreement and 24 per cent disagreement. Of the Commission's written material, 48 per cent had read the summary pamphlet and 57 per cent of readers found it useful. Sixteen per cent had read the detailed report produced by the Commission and 66 per cent found the report useful.

Council services across the region

Work in the rest of the Wellington region has been focused on improving the effectiveness of council services. Several technical reports were commissioned, making recommendations to councils on possible options for improving the outcomes for land transport management, three waters³, regional spatial planning and regional economic development.

Significant progress has been made by councils as well as Wellington Water Ltd on implementing the recommendations for the three waters. This will help improve the resilience of the three waters network and reduce long-term costs for rate-payers.

A substantial indicative business case for transport was released by the Commission in October 2016. The business case was developed closely with councils, involving mayors, councillors and council staff as much as possible. A report on integrated planning was released in July 2016 and highlighted the opportunities to be gained by the region's metropolitan councils from implementing an integrated spatial or similar plan.

³ Potable water, wastewater and stormwater

Informal indications from councils are that their preference is to continue with the status quo rather than any of the structural change suggested in the transport business case or integrated planning report. However, the issues evidenced in these reports remain live. The next step for the Commission in the Wellington services work is to prepare a formal report making recommendations to councils to respond to, highlighting the unresolved issues.

West Coast

In August 2015 the Commission received a reorganisation application seeking the constitution of a unitary authority covering all of the West Coast.

In July 2016 the Commission completed an intensive community engagement programme on the West Coast, involving a series of face-to-face meetings and widely available community survey, seeking community views on local government arrangements. The Commission subsequently agreed, as it was required to do under clause 8 of Schedule 3 of the Local Government Act, that it was satisfied there was sufficient evidence of demonstrable community support in Buller, Grey and Westland districts for local government reorganisation on the West Coast.

The Commission called for alternative reorganisation applications and more general proposals for change in early 2017 and received 23 responses to this invitation.

The Commission is currently in the process of identifying the reasonably practicable options for local government on the West Coast and is planning to identify its preferred option towards the end of 2017.

To inform these decisions an independent report was commissioned to provide a financial and technical analysis of a number of potential options. The outcome of that work will be considered alongside a study of communities of interest the Commission is preparing, and any other investigations undertaken.

In parallel with the reorganisation process, the Commission is also working with the four West Coast councils to investigate potential efficiencies to be gained by combining services regionally. As a result of this work, two priority areas were identified relating to resource management planning processes and regional transport arrangements.

The Commission helped fund expert reports on these two service areas and the West Coast councils are presently considering options for achieving associated regional efficiencies. The completed reports were provided to the councils in February 2017. They identify challenges and opportunities for delivering more cost-effective and efficient services along with options for change.

Representation Reviews

The Local Electoral Act 2001 requires the Commission to issue guidelines identifying factors and considerations for local authorities to take into account when making decisions on representation reviews. New guidelines have been prepared and were issued in June 2017. These will be able to be used by local authorities carrying out representation reviews in 2018.

Local Government Act 2002 Amendment Bill (No 2)

In June 2016 the Minister of Local Government introduced to Parliament the Local Government Amendment Act 2002 Amendment Bill (No 2). Among the changes contained in the Bill are a modified local government reorganisation process and changes to the institutional status of the Local Government Commission. As at the end of reporting year the Bill was still being considered by Parliament.

The year ahead

Preparing for the changes proposed to be made by the Bill, if it was to be enacted, will be a key focus for the Commission in 2017/2018.

In addition to dealing with the issues raised by the Bill, the primary focus of the Commission in 2017/18 will be the following activities –

- Engaging with communities and local authorities in the Northland, Auckland, Wellington and West Coast regions to progress the reorganisation applications relating to those regions
- Responding to any other reorganisation applications or proposals made to the Commission
- Engaging with other agencies over developments and emerging trends in local government

APPENDIX 1**DUTIES AND FUNCTIONS OF THE LOCAL GOVERNMENT COMMISSION****Local Government Act 2002**

Under this Act the Commission has a number of responsibilities. These are:

- (a) under section 16, to provide advice to the Minister of Local Government when a local authority has sought a binding ruling from the Minister on significant new activities proposed by a regional council;
- (b) under section 26, to consider, and where appropriate, make determinations amending the provisions of a final reorganisation scheme where it is satisfied that either-
 - (i) some further or other provision is necessary to enable, or better enable, the intention of the scheme to be put into effect; or
 - (ii) some provision of the scheme is no longer relevant or appropriate to the intention of the scheme;
- (c) under section 27, to consider and determine applications from territorial authorities wishing to be called a city council or a district council;
- (d) under section 30, if considered appropriate, to provide information about local government and to promote good practice relating to a local authority or to local government generally;
- (e) under section 31(1), of its own volition or at the request of the Minister of Local Government, to report on, and make recommendations to the Minister and any relevant local authority, on matters relating to a local authority or local government;
- (f) under section 31(1A) to report on and make recommendations to the Minister and any relevant local authority on any matter arising from the performance of its functions;
- (g) sections 48R and 48S provide for the Commission to determine certain disputes between the governing body of unitary authorities (outside Auckland) and local boards;
- (h) under Schedule 3, to assess reorganisation applications for the union, constitution, and abolition of districts and regions, and creation of unitary authorities, boundary alterations, and transfers of responsibility;
- (i) under Schedule 3, clause 53, to be an arbiter on the apportionment of assets and liabilities between local authorities, following implementation of a reorganisation scheme, where there is disagreement;
- (j) under Schedule 6, to consider and determine appeals where a territorial authority declines a request from a group of electors for the constitution of a community.

Local Government Act 1974

Under this Act the Commission has two responsibilities:

- (a) under section 318, to determine, where requested, the vesting, control, construction, and maintenance of a road which forms the boundary between districts; and
- (b) under section 517T, to hear and determine objections regarding proposals for the transfer of ownership and administration of local authority land drainage and water race schemes.

Local Government (Auckland Council) Act 2009

Section 98 provides for the Commission to determine certain disputes between the Auckland Council's governing body and local boards.

Local Electoral Act 2001

Under this Act the Commission has three responsibilities:

- (a) under section 19R, to consider and determine appeals and objections relating to a local authority's representation proposals for the next triennial local elections;
- (b) under section 19V, to consider decisions of local authorities to not comply with the fair representation requirement of section 19V (2);
- (c) under sections 19JA and 19JB, to make minor alterations to the boundaries of electoral areas; and
- (d) under section 19ZI, to issue guidelines identifying factors and considerations for local authorities to take into account when undertaking their representation reviews.

Auckland Regional Amenities Funding Act 2008

Section 29 of this Act provides that if the Auckland Council does not approve a levy recommended by Auckland Regional Amenities Funding Board, and the Council and Board cannot agree on an arbitrator, the Commission must appoint an arbitrator.

Electoral Act 1993

Section 28 of this Act provides that the Chairperson of the Local Government Commission is to be a non-voting member of the Representation Commission.

Museum of Transport and Technology Act 2000

Section 20(10) of this Act provides that where the Museum Board and the Museum's Electoral College cannot agree on an arbitrator to determine the amount of the Museum's levy, the arbitrator is to be appointed by the Local Government Commission.

New Zealand Public Health and Disability Act 2000

Clause 20 of the Second Schedule to this Act provides that the Minister of Health may request the Minister of Local Government to refer to the Local Government Commission for inquiry and report, any question relating to the union, reconstitution, or alteration of the boundaries of any district or constituency of a district health board.

Port Companies Act 1998

Section 2A of this Act provides that the Commission may determine any matter where a regional council and a territorial authority are unable to reach agreement in respect of any function, power, duty, property, right or undertaking of a former harbour board transferred to them.

Sale and Supply of Alcohol Act 2012

Sections 304, 337 and 363 empower the Commission to review the boundaries of licensing trust districts and wards, and of community trusts to ensure they conform with the boundaries of meshblocks.

Contact details

Local Government Commission

Street address: 147 Lambton Quay, Wellington, 6001

Postal address: PO Box 5362, Wellington, 6140

Telephone number: 64 4 460 2228

Email address: info@lgc.govt.nz

Website: www.lgc.govt.nz

