

# Application for Unitary Authority Status



Far North District Council



December 2012

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## Executive Summary

The Far North District Council makes application under section 24 (1)(f) of the Local Government Act 2002 to assume the powers of Northland Regional Council (NRC) in relation to the Far North District.

The Far North District Council (FNDC) supports the Government's agenda to build a more competitive and productive economy and to improve the delivery of public services. This application highlights the fact that the Far North district is unique and faces many social, cultural and economic challenges that have placed it on the bottom of many deprivation measures.

FNDC considers that the challenges faced by this District are of such a serious nature that special consideration should be given to this proposal that would improve these indicators.

The current two-tier local government framework imposes convoluted processes that are a barrier to efficiencies that prevent the Far North from achieving its visions.

The Far North needs its own voice in negotiations with central government and about what services and initiatives it values for our distinct community. We need our Council and Mayor to be the single voice for local government in the Far North, empowered to speak for our District. We also need a more direct relationship with Central Government agencies so our concerns can be more effectively articulated and better understood.

FNDC believes that regardless of the strategic direction adopted by other Councils in the Region, its application is self-sustaining, viable and should be implemented immediately.

## Far North Profile

This application demonstrates how the Far North's profile is very different to the Whangarei/ Kaipara area, why this Community of Interest is distinctly different from those of Whangarei and Kaipara, and why FNDC's bid for Unitary Status therefore deserves serious consideration.



Figure 1: Northland population, 2006 Census

Compared to national statistics, the Far North district is characterised by:

- ♦ a higher proportion of people in the labour force earning less than \$20,000 p.a.;
- ♦ a higher unemployment rate (particularly among youth and Māori);
- ♦ a smaller working population than the national average;
- ♦ a significantly lower proportion of households with access to internet, mobile or fixed-line telephones, cars and public transport;
- ♦ a significantly higher percentage of people over 15 years without a formal qualification;
- ♦ a lower resident population growth rate (people who live in the district on a permanent basis);
- ♦ an older population and more people aged under 15 years;
- ♦ a greater proportion of the population who are Māori;
- ♦ a lower rate of dwelling growth;
- ♦ a higher proportion of unoccupied dwellings (eg; holiday homes and batches).

The Ministry of Health's Atlas of Socioeconomic Deprivation in New Zealand (NZDep2006) shows that the Far North has more deprived communities than the national average and has a significantly greater area in the lowest quintile than its Northland cohorts. These results are largely the product of rural Māori deprivation and reflect low housing standards and lack of access to 'essential' services such as telephone<sup>1</sup>.

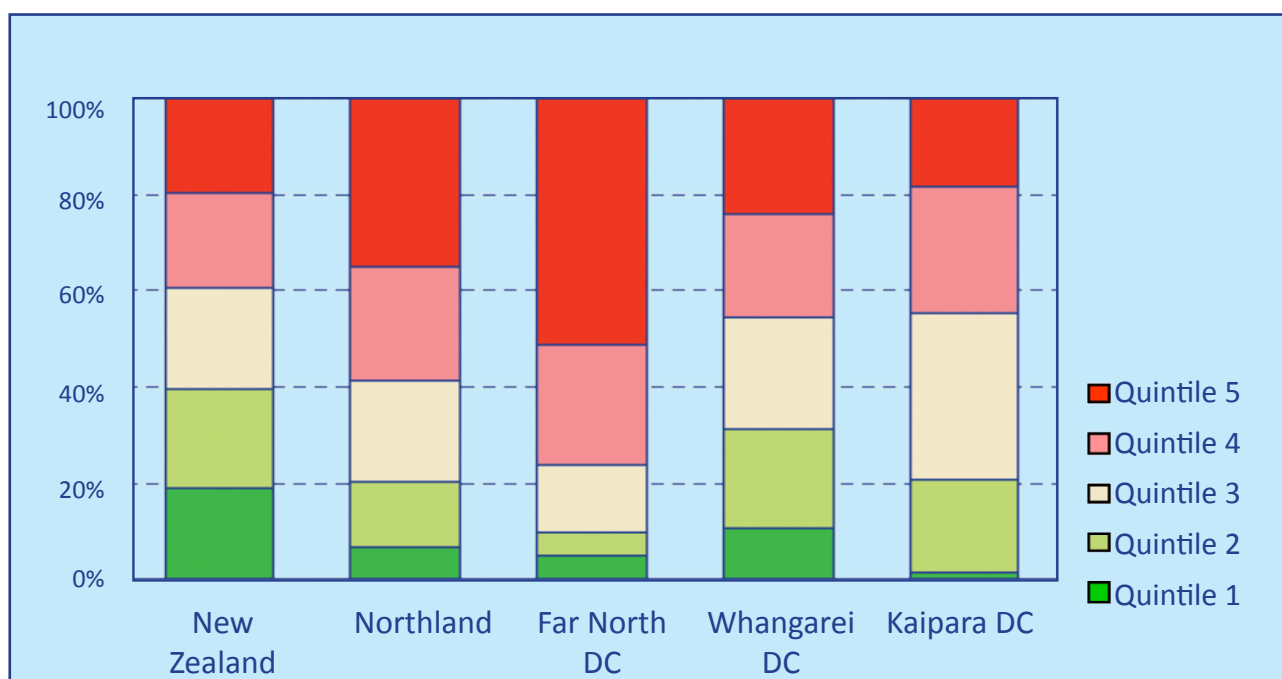


Figure 2: Deprivation by Area; NZ, Northland and its District Councils – Quintile 5 being most deprived and Quintile 1 being least deprived (extracted from Northland District Health Board 2012/2013 Annual Plan).

This graph shows that the Far North community has some of the most alarming social and economic indicators in the country. These reflect the failure of current policy in these areas and underscore the need for changes and initiatives of specific benefit to the Far North.

<sup>1</sup> Degrees of Deprivation in New Zealand NZDep 2001 p. 22

Communities across the District demonstrate vastly different characteristics than those in Whangarei and across the rest of Northland, with higher rates of unemployment creating lower levels of income and wealth distribution.

Despite being the second-largest district in the North Island, the Far North includes large areas of land that are either un-rateable, such as Department of Conservation land (17 percent of the District's land area), or where the collection of rates is difficult, such as multiple-owned Māori land (18 percent of the District's land area). This affects the amount of rates Council can collect and impacts on the provision of infrastructure and services. Increasing the productivity of Māori freehold land is a challenge for the District that can be addressed through the new partnership with iwi. Increased land productivity will lead to increased support for the payment of rates.

The Far North's distinct socio-economic characteristics warrant a concentrated approach to local government that is best served by a single Far North Unitary Authority concentrating on the needs of our community without the distractions of managing growth in the Whangarei area.

### **Iwi/Māori aspirations and support**

Māori make up nearly 44 percent of the Far North District's population, well above the national average of 16.6 percent. The size of the Māori population in the Far North makes it crucial that FNDC progresses its drive for Unitary Authority in collaboration with, and with the support of, iwi.

Iwi are already major players in the Far North's economy in terms of land ownership and the delivery of social and health services in the District. They have, and are developing, capabilities and resource management interests that make them essential partners alongside, and in, local government.

They are also poised to control major economic resources when Treaty claims are settled in this region. The realisation of iwi/Māori aspirations as a result of treaty settlements are linked to the overall development of a Far North wellbeing and economic strategy that will bring with it improved outcomes for all communities in the District, and this can only be of advantage to Northland as a whole.

The proposal and support for a Unitary Authority is viewed by iwi/Māori as being a key vehicle to achieving these outcomes.

*"If people want hope for a better economy, they need Māori to prosper because that it where any economic recovery will come from"* - **Robert Willoughby, Ngati Kuta**

FNDC views this reorganisation proposal as a realistic opportunity for self-responsibility and determination by giving the community the ability to move forward together and cement the goodwill, relationships and partnerships that the Treaty process has sought to deliver.

Having Māori seats in Council will make it easier to build broader consensus around decision-making and will show leadership from all sides towards progressing the positive future sought for the Far North. Additionally, Far North Iwi leaders want to work in partnership with FNDC to align each others' strategic documents and to ensure that they are adding value through partnership. This, in itself, is a major step forward together.

*"We crave local decision-making for local solutions. The ability to paddle our own waka"* – **Rangitane Marsden, Te Taitokerau Iwi Leaders Forum representative**

## Suitability for Unitary Status

The Far North is the second-largest District Council in the North Island, by area, and is certainly large enough to stand alone as a Unitary Authority.

It's also one of the two largest Districts in New Zealand in terms of the number of rateable properties it contains. The Far North (34,300) and Whangarei District (36,786) are larger than many cities such as Napier, Nelson, Palmerston North and Porirua. Only the large metropolitan areas have larger rateable property bases (**Appendix 10**).

The FNDC believes that its rateable base (and that of Whangarei District Council) strengthens its proposal for two Unitary Authorities in Northland. Rateable properties provide the majority of funding that Council needs to deliver services effectively and efficiently for the benefit of the community.

A Far North standalone Unitary Authority would be bigger in land area, rateable properties and population than some other proposed local government reorganisations already in progress or being considered such as Carterton/Masterton/South Wairapa.

The FNDC already operates within a large District and has well-distributed systems and infrastructure in place such as:

- ◆ Technical staff spread across the District
- ◆ A model of governance and community engagement that is right for our District
- ◆ A CCTO (Far North Holdings) that can focus on economic development, similar to ATEED
- ◆ Service Centres/Libraries at strategic locations to service communities.

The FNDC believes it already has synergies with the new Regional roles and responsibilities; such as maritime, environmental policy and flood protection. A Far North Unitary Authority would provide a simplified planning and monitoring system that would improve productivity of staff and reduce consent timeframes and costs for business and householders. The 'one-stop shop' proposed would simplify local government and create a more efficient organisation with better services for the public and business.

The Far North and its communities are totally committed to the proposal of having two Unitary Authorities as opposed to only one Unitary Authority for the entire Northland region. FNDC believes that a Far North UA model is sufficiently robust that it could be developed and implemented regardless of whether WDC and KDC proceed now or delay the implementation of their UA application while KDC issues are resolved. The reasoning for this belief is that compared with other proposed reorganisations the Far North proposal would be a relatively seamless transition to a Unitary Authority.

However without being able to control our share of the Regional assets and resources that creates other income streams rather than rates we would fall short of enabling economic change that would lead to improved economic and social outcomes.

## Interim Arrangements

FNDC is aware that the applications for the two proposed UAs are unlikely to be lodged concurrently. For this reason FNDC has considered the likely effects on WDC, KDC and NRC remaining unchanged while the FNDC reorganisation proposal proceeds. With this in mind, FNDC would in the first instance enact the following transitional arrangements for an interim period:

FNDC would seek to contract services directly from NRC where they have the resources in-house. FNDC understands that NRC often does not itself have internal expertise for some monitoring or policy development functions and in these instances FNDC would seek the advice of the ACC to determine the best direct provider for these deliverables, as NRC does now. An example is river management where NRC contracts GHD to carrying out studies and management options.

The risk of this transitional arrangement is reduced because FNDC and WDC have almost equal rateable properties. This means that each Council will have sufficient funding to undertake their roles (whether just district roles or district/regional roles) during any interim period. The change is that FNDC will no longer collect funding on behalf of a third party to deliver the regional roles.

When Whangarei/Kaipara also becomes a UA and delivers the wider regional functions, FNDC would develop service level agreements and share contracted services for expertise where this is a more cost effective solution.

**Notwithstanding the compelling argument to have two unitary authorities for Northland, this submission is for FNDC to be a Unitary Authority in its own right. The proposal is totally sustainable and cost effective and is not reliant in any way on whether or not the NRC, WDC or KDC ever form a second Unitary Authority at some time in the future.**

## Options - Two UAs or One

FNDC believes two Unitary Authorities in Northland would make the Region a better place to live, a place where people would be connected well to local government, where communities would be more strongly empowered, and where the drivers of Regional prosperity would be more effectively controlled by people with local community interests at heart.

It would result in two separate Councils being empowered to speak unequivocally for two very different communities; two Councils with a track record of prudent financial management, investment in affordable infrastructure, and protection of their distinctively different environments.

*“If you ask me if one unitary authority for Northland would be good I would say no”*  
- **Mike Sabin, Northland Parliamentary representative (National).**

Unlike the Auckland governance restructure this proposition is a relatively uncomplicated proposal. There are no cross-over issues such as urban growth between WDC and FNDC, and no disputes around the sharing or development of key infrastructure such as roads, water and waste facilities, or cultural and sporting facilities. Services and river catchments are independent of each other and do not rely on neighbouring local authorities for funding or support.

FNDC believes that the creation of a proposed Far North Unitary Authority, with full District and Regional local government powers, would create an environment conducive to sustained economic growth. It would reduce red tape, minimise the rates burden on households and businesses, limit debt and enable the Far North to deliver cost effective and good quality infrastructure.

It would create a clear and united voice to central government on issues and developments impacting this well-defined Region with its own very specific challenges and aspirations. It would enable the performance of regulatory functions in a way that is most cost-effective for households and businesses.

A Far North Unitary Authority would better enable the Region to provide an environment that supports economic activity by:

- ◆ Creating an environment for local businesses and industry to emerge and grow, and for communities to flourish
- ◆ Improving productivity and increasing employment
- ◆ Improving economic benefit across the District, resulting ultimately in better levels of social wellbeing

### ***Our way, not Whangarei***

- ◆ The Far North supports Māori aspirations for participation in decision-making in a way that is fundamentally different to the Whangarei proposal
- ◆ The Far North would like to continue to have local representation undertaken by Community Boards in a way that is very different to the Whangarei proposal
- ◆ The Far North is very different to Whangarei/Kaipara in ethnicity and its urban/rural mix and it has its own distinct issues
- ◆ A city/rural model (Whangarei) will not work for the Far North (predominantly rural with no city). Local solutions, coupled with local decision-making and governance at ward level is the model expected and preferred by our communities.



- ◆ FNDC wishes to be frugal and to minimise debt levels while WDC has a desire to increase its debt levels to build a number of community projects such as the Hundertwasser Arts Centre and the Hatea River Bridge crossing.
- ◆ There is no benefit in changing economies of scale for our service delivery, or for making changes to our communication model with local communities.
- ◆ The Far North would be better placed and better able to prioritise opportunities for supporting economic development in our District. For example, while the BERL report recommended processing and adding value to wood products in the Far North<sup>2</sup>, the Northland Regional Council is currently promoting the processing of wood products far beyond our District's boundary - in Ruakaka, on its own southern boundary.

## Summary of the Reorganisation Application

As required by Schedule 3, Part 2 Section 7 (2) Local Government Act 2002 the Far North District Council believes it can **demonstrate** that there is significant support for this reorganisation proposal.

As required by Schedule 3, Part 2 Section 8 (a) the Far North District Council believes this reorganisation application will demonstrate how a Far North Unitary Authority will meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

The application will demonstrate improved local government in the Far North by creating a simplified governance model based on three wards, each with a Māori Representative and a Community Board. This will provide localised governance and a more unified community of interest and direct access to local decision makers for all facets of governance.

This will lead to an increased level of community engagement. It's a move away from the Whangarei-centric model of Regional governance, in which Māori affairs and interests are not particularly well represented, towards a Far North-focused community partnership model.

As required by Section 8 (b) the changes proposed in this application will promote good local government by facilitating:

### Efficiencies and costs savings:

1. All local government services will be within one delivery system, improving efficiency of services and reducing duplication of costs
2. Separate Far North and Whangarei Unitary Authorities would achieve balance between efficiency, effectiveness and connectedness
3. Improved opportunities to develop affordable and innovative local infrastructure with good environmental outcomes
4. A 'one-stop shop' simplifies local government and creates a more efficient organisation with better services for the public and business
5. Cost savings will be achieved with a simplified monitoring program
6. Better roading decisions will lead to route resilience and flood protection and will reduce costs to business and the community
7. A whole-of-catchment approach to water quality would focus on delivering the greatest improvement across the largest area and best use of financial resources available.

<sup>2</sup> BERL 2005 "Economic Assessment" Far North District p14

## Productivity and Improvements:

1. A simplified planning system would improve productivity of staff and reduce consent timeframes for business and householders
2. Increased access to services for the Far North and increased staff productivity would be achieved through reduced travel times
3. The community would be empowered to resolve local issues and share Council's technical skills
4. A single Far North voice and a more productive economic development agency that would create an environment conducive to sustained growth
5. Increased productivity from Regional assets with income re-invested in our community

## Simplified Planning Processes

1. Simplified consent process
2. Integrated statutory plans and a reduction in the number of plans to be prepared or approved by the Council; eg, one spatial plan, LTP and unitary resource management plan
3. Integrated monitoring of the environment

## As required by Section 7C 5 the application demonstrates that the proposed Far North Unitary Authority:

- (a) Has the resources necessary to enable it to carry out effectively the Regional Council responsibilities, duties, and powers
- (b) Has a District that is appropriate for the efficient performance of its role
- (c) Has a District which contains one or more distinct communities of interest
- (d) Demonstrates that catchment-based flooding and water management issues will be dealt with more effectively under a unitary model.

## Recommendations:

The Far North District Council makes application under section 24 (1)(f) of the Local Government Act 2002 to assume the powers of Northland Regional Council (NRC) in relation to the Far North District.

That a Unitary Authority, to be called the "Far North Council", be formed to assume all local government responsibilities in the Far North District.

FNDC believes that regardless of the strategic direction adopted by other Councils in the Region, its application is self-sustaining, viable and should be implemented immediately.

The Far North Unitary Authority should operate and have representation at two levels:

1. An elected Far North Council with three Māori wards
2. Local community boards elected from within the three wards

## 1. Introduction

Far North District Council (FNDC) considers the creation of a Far North Unitary Authority, with full District and Regional local government powers, important to the creation of an environment conducive to sustained economic growth in the Far North.

This new organisation would reduce red tape, reduce the rates burden on households and businesses, limit debt and enable the Far North to deliver cost effective and good quality infrastructure. At the same time, FNDC recognises that sustained economic growth is linked to improving our lagging social and economic indicators.

Therefore, under section 24 (1)(f) of the Local Government Act 2002 FNDC makes this application to assume the powers of the Northland Regional Council (NRC) in relation to the Far North District.

In preparing this application, FNDC has worked collaboratively with the Whangarei District Council (WDC) to develop a Regional structure that recognises two Unitary Authorities that will continue to collaborate to deliver a number of shared services and initiatives.

However, as FNDC has no influence over decisions on the future of the Kaipara District Council (KDC), particularly now that Commissioners have been appointed, and no control over whether it may partially or totally amalgamate with WDC, FNDC has focused on what it can determine - how the Far North District will function as a Unitary Authority.

FNDC believes that regardless of the strategic direction adopted by other Councils in the Region, its application is self-sustaining, viable and should be implemented immediately.

### History

It is 23 years since the last major restructuring of local government created the current local government structure in Northland. The 1989 reorganisation abolished 12 local authorities and created the three territorial authorities; Whangarei, Kaipara, and the Far North Districts, and a Regional Council; Northland Regional Council.

This reform set up Regional Councils around whole river catchments, reflecting their primary responsibilities for natural resource management and other environmental functions, including river and flood control. They functioned as “professional/technical bodies with limited service delivery roles and comparatively little direct engagement with their communities compared with territorial authorities<sup>3</sup>”. Their role was primarily to set the planning and resource management framework within which they would work and to undertake catchment management and flood mitigation works. The Northland Regional Council has operated within this framework until relatively recently, when it assumed Regional responsibility for co-ordination of civil defence, economic and tourism development, and transport and infrastructure planning.

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<sup>3</sup> *McKinley Douglas Ltd, 2010: Local Government Options for Northland*

In the wider local government structure there were only four other Unitary Authorities in New Zealand before the creation of Auckland Council. Nevertheless, the 1999 report by the Parliamentary Commissioner for the Environment and Controller and Auditor-General concluded that the 'Unitary Authority model is as capable of delivering sound, integrated environmental management as any other model'<sup>4</sup>, and went on to say the "actual model adopted by local government to achieve effective environmental management needs to reflect the diversity of environmental issues of the Regions and the socio-economic, cultural and biophysical outcomes desired by the communities involved (i.e. 'one size does not fit all')."

Since the 1989 reorganisation, the world has changed both socially and economically, new technologies have been developed and new issues have arisen. These changes, along with the belief that there are systemic problems resulting in weak local government in Northland, have prompted FNDC to continue reviewing the governance arrangements that would best suit the Far North.

The Council first raised the issue of a Unitary Authority in 1993 when it made an application to the Local Government Commission to exercise the powers of both a local and a Regional authority. Although that application was declined, the Council continued to work and refine the proposal.

In July 2008 Council considered a report titled "Preliminary assessment of Unitary Authority Proposal" (**Appendix 1**). This set out the issues that were driving change in the way Far North local government services were being delivered, and a number of future options.

After considering this report the Council's decision was that a robust options assessment and financial cost benefit analysis be undertaken.

In 2009, the Royal Commission on Auckland Governance recommended establishing the first new Unitary Authority since 1992 to improve Auckland governance and overcome a number of problems. These included the management of urban growth and development of key infrastructure such as roads, water and waste facilities, and cultural and sporting facilities. It felt this form of local government would provide more decisive and visible leadership for Auckland.

### ***2010 McKinley Douglas Report***

In 2009, the Northland Mayoral Forum commissioned a report by McKinley Douglas Ltd (**Appendix 2**) to identify and assess options for local government in Northland. These options included the status quo and the establishment of one, two or three Unitary Authorities. This report concluded that the choices for Northland were either a single Unitary Authority or two Unitary Authorities (Far North and Whangarei/Kaipara).

McKinley Douglas considered that technically a single Unitary Authority was a more straightforward option, but with greater establishment difficulties. Two Unitary Authorities would better reflect community interests and would mitigate the risk that local government would become increasingly Whangarei-centric.

**McKinley Douglas also felt that the 'two UA' approach would provide a better focus on the very specific need of the Far North to lift its socio-economic status<sup>5</sup>.**

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<sup>4</sup> *Parliamentary Commissioner for the Environment and Controller and Auditor-General in 1999: Local Government Environmental Management - study of models and outcomes*

<sup>5</sup> *McKinley Douglas 2010 Final report p93*

McKinley Douglas concluded that the decision about which of these two options was most suitable was one which Northland's councils and their communities should make.

This report and a discussion paper "Putting Local Back in Local Government – Public consultation on Local Government options for Northland – 2010" were released to the public and both FNDC and WDC "went to considerable trouble to ensure their communities were informed about this report"<sup>6</sup>.

Public meetings and sector group meetings were held. Written and oral submissions were heard by Commissioners Sir Peter Trapski and Dr Don Brash (**Appendix 3**). However the final report from the Commissioners was inconclusive, with one favouring two Unitary Authorities and the other favouring a single authority for Northland.

Dr Brash's 2010 report recommended the elimination of one tier of local government as he considered "the current structure leads to additional delays for people wishing to invest in Northland and, given the very high levels of unemployment in the Region, those costs and delays carry a very high human cost"<sup>7</sup>. He was also of the view that two Unitary Authorities would provide the "balance between efficiency, effectiveness and connectedness" for the people of Northland.

He came to this conclusion for the following reasons:

- ◆ Of the 972 submissions received, 52 percent supported a switch to either two or three Unitary Authorities and only 11 percent supported a single Unitary Authority
- ◆ The Far North is an enormous area (some 2,194km of coastline and 7,505 square kilometres), most of it a long way from Whangarei (the presumptive administrative centre if a single unitary were established).
- ◆ The Far North is very different to Whangarei/Kaipara in ethnicity, urban/rural mix and economic activity
- ◆ He considered a Far North Unitary Authority to be a viable option as it had similar characteristics to the Gisborne Unitary Authority, with the same area and a significantly larger population base.

Sir Peter Trapski's 2010 report agreed that that recent legislative changes had caused overlapping roles in local government that had "created tensions, divisions and mistrust"<sup>8</sup>. He proposed that if he had to choose between one Unitary Authority and two he would opt for one - with a number of enhancements that included, among other things:

- ◆ Extensive delegations to community boards
- ◆ Māori representation
- ◆ EPA providing an oversight of Council resource consents
- ◆ Commissioners to hear all notified consents

In 2010, the Northland Mayoral Forum commissioned Deloitte to prepare a report called 'Options for Northland Unitary Councils - High Level Benefit Estimation' (**Appendix 4**). This report suggested savings of up to \$10 million a year across the Region, but with a footnote that this assessment was within the margin of error of Northland's current local government expenditure. In preparing this application, the Council has used this report to make some financial assumptions around cost savings.

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<sup>6</sup> Dr Don Brash - Commissioner's Report 2010 - Local Government Options for Northland p55

<sup>7</sup> Dr Don Brash - Commissioner's Report 2010 - Local Government Options for Northland p55

<sup>8</sup> Sir Peter Trapski – Local Government Options for Northland 2010

Since the 2010 Deloitte report no further external financial reports have been commissioned as it is the FNDC's view that estimating the cost of the proposed change in local government structures would be costly, difficult and unreliable until there was some certainty over what this structure might look like.

FNDC has made the assumption that if the local government structure is more efficient and effective it will deliver better outcomes to the community than the current structure. For this reason this application has focused on the improvements and efficiencies of a proposed Far North Unitary Authority undertaking additional functions, and not on the form this new Council might take. Once the form is known further financial analysis could be undertaken. FNDC believes there are considerable savings outlined in this application.

In November 2011, the Council was asked to consider the question of Māori representation as a precursor to the 2013 local body elections.

Its decision at that time was:

*"In view of the Far North District Council's intention to become a Unitary Authority, it signals its support in principle for having dedicated Māori seats once this status has been achieved".*

### **2012 Better Local Government Working Party**

In February 2012 a meeting was held at Waitangi with the then Minister of Local Government Nick Smith, local MPs, Tai Tokerau Iwi leaders and other Mayors. The proposal for the establishment of two Unitary Authorities in Te Tai Tokerau was discussed. Far North iwi leaders at this meeting outlined that they supported the Far North unitary concept and they wanted to be involved and have input. Their support was conditional on having genuine involvement in the design, which would include direct Māori representation and objectives based on principles such as the partnership inherent within Te Tiriti o Waitangi. They felt this would ensure meaningful iwi / Māori participation and ultimately greater relationships with, and ownership of, the final outcomes.

Council convened a Working Party involving iwi leaders to consider the options and develop a proposal which could be pursued for the Far North. The preferred proposal - for the Far North District Council to become a Unitary Authority in its own right - was presented to Councillors and Community Board members at a workshop on Thursday 26 July 2012.

The Working Party has continued to promote 'Better Local Government' and to build community support for a re-organisation of local government in Northland. It has also presented this case to the Whangarei District Council (WDC), in September 2012

Now that Commissioners have been appointed to the Kaipara District Council (KDC) for the next four years, WDC has re-activated its complementary submission to seek the powers of the Regional Council and pursue this change in local body structure by forming two Unitary Authorities in Northland.

While the Working Party accepts that the ultimate solution could involve some partitioning of the Kaipara District, with portions being attached to both Whangarei and the Far North, it is totally opposed to the creation a single Unitary Authority for Northland based on Whangarei, as it sees that Whangarei urban issues would dominate at the expense of the rural north.

The Working Party would oppose vigorously the establishment of a single, Whangarei-based Unitary Authority for all of Northland on the misguided principle that this would both deliver a unified Regional view on issues and be more convenient for central government.

An example of the pitfalls encompassed by this thinking is a recent visit by MFE to Whangarei to inform local government about HAIL (Hazardous Activities and Industries List), after which they left the Region without gaining a rural perspective.

The map below sets out Council's preferred option for strengthening the Far North and Whangarei territorial authorities by granting each Unitary Authority status:

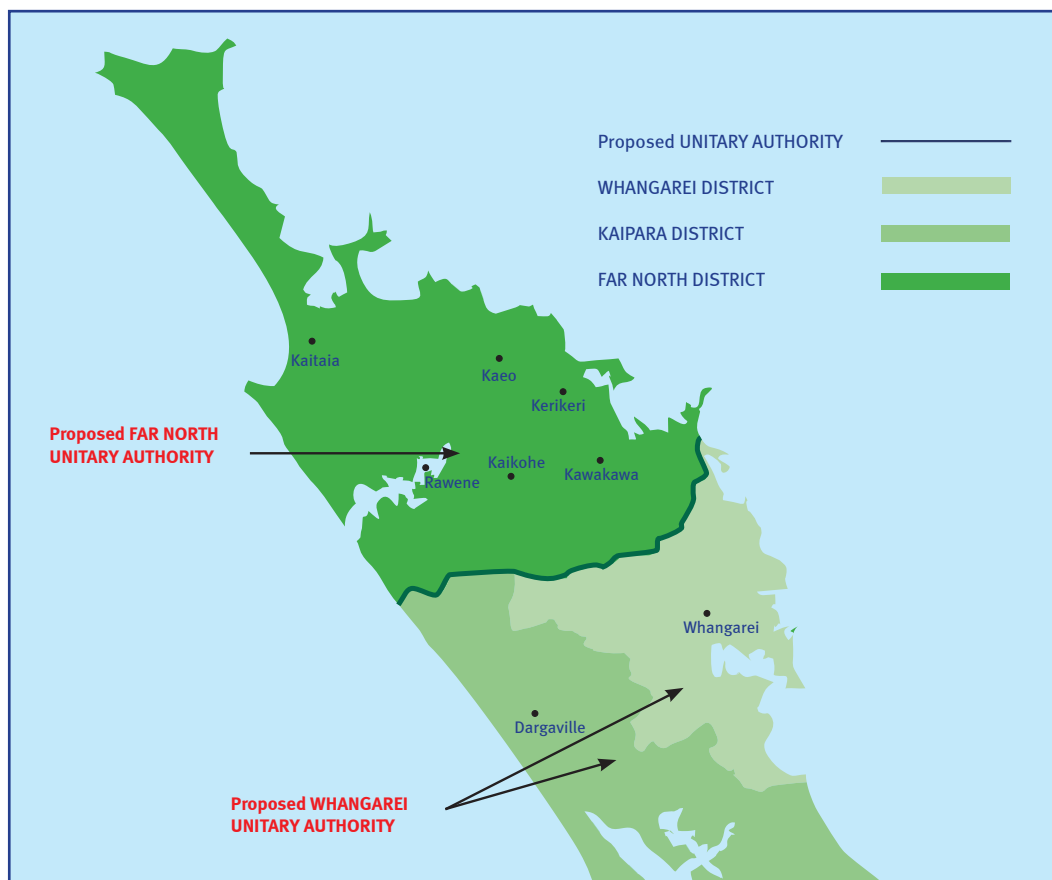


Figure 3: Far North and Whangarei District Council's Preferred Option

The Working Party commissioned a summary document for public presentations and consultations which set out the issues that it considered needed to be addressed in any application to the Local Government Commission, including a discussion on the various options for Northland. This document has been available on the FNDC website and a series of public meetings have been hosted by the Better Local Government Working Party across the district with principal business and community groups.

During the meetings a list of commonly asked questions emerged. These questions and answers were made available on the FNDC website and to those attending the meetings.

The 2012 discussion document, a list of the 234 principal business and community groups that were invited to attend, the schedule of these meetings, and the frequently asked questions and answers are attached as **(Appendix 5)**.

## *FNDC moves towards UA status*

In August 2012 FNDC Councillors were asked formally to resolve to support the FNDC proposal for Unitary Authority status, and the submission of an application to the Local Government Commission in due course.

Their decision at that time was:

- ◆ Council endorses the work of the Better Local Government Working Party in relation to the investigation of options for improved local governance in Northland
- ◆ The proposal for a Unitary Authority for the Far North District should continue to be developed, taking into account the proposed Local Government Act 2002 amendment Bill, with the proposal being reviewed for compliance with the amended Act before being lodged with the Local Government Commission
- ◆ A comprehensive business plan for the proposal should be developed
- ◆ The final reorganisation proposal, including the business plan, should be referred back to the Council for approval prior to lodgement with the Commission

In November 2012 FNDC prepared an internal business plan of the financial viability, capacity and risk of the three remaining options; status quo, a single Northland Unitary Authority, or Far North and Whangarei/Kaipara Unitary Authorities (**Appendix 11**). The report uses information available in 2012/2022 Long Term Plan's for each organisation. In terms of financial savings between one or two authorities the business plan concluded that both options are similar. This finding was very similar to the 2010 Deloitte report. The recommendation from the business plan was for two unitary authorities based on the risk of benefits not flowing through to the Far North of the one unitary authority option.

In November 2012 FNDC Councillors were asked to give their final approval to the reorganisation proposal. Their decision at that time was:

- ◆ THAT the Council endorse the re-organisation proposal and the associated Business Case, prepared in respect of an application to the Local Government Commission for Unitary Authority Status for the Far North District Council
- ◆ AND THAT the application be lodged with the Local Government Commission as soon as the Local Government Act 2002 amendment Bill 2012 has become law and it has been determined that the proposal meets the requirements of any changes to the Local Government Act 2002 put in place by that amendment

The FNDC has chosen this option because it believes two Unitary Authorities in Northland would make the Region a better place to live, a place where people would be connected well to local government, where communities would be more strongly empowered, and where the drivers of Regional prosperity would be more effectively controlled by people with local community interests at heart.

It would result in two separate Councils being empowered to speak unequivocally for two very different communities; two Councils with a track record of prudent financial management, investment in affordable infrastructure, and protection of their distinctively different environments.

Unlike the Auckland governance restructure this proposition is a relatively uncomplicated proposal. There are no cross-over issues such as urban growth between WDC and FNDC, and no disputes around the sharing or development of key infrastructure such as roads, water and waste facilities, or cultural and sporting facilities. Services and river catchments are independent of each other and do not rely on neighbouring local authorities for funding or support.



## 2. Community Support

### Moving forward together

#### *Kokiri ngatahi*

The Far North District Council (FNDC) believes it can **demonstrate** sufficient support for this reorganisation proposal as required by Schedule 3 Part 2 Section 7 (1) Local Government Act 2002.

Support has been demonstrated by submissions, correspondence about the proposed local government arrangements, and meetings with community groups and their representatives in which views on the existing or proposed local government arrangements were expressed

In 2009, the Northland Mayoral Forum commissioned a report by McKinley Douglas Ltd (**Appendix 2**) to identify and assess options for local government in Northland. This report and a discussion paper were released to the public, and both FNDC and WDC went to considerable trouble to ensure their communities were informed about this report.

During 2009/2010 public meetings and sector group meetings were held. Written and oral submissions were heard by Commissioners Sir Peter Trapski (**Appendix 3**) and Dr Don Brash. However the final report from the Commissioners was inconclusive with one favouring two Unitary Authorities and the other favouring a single authority for Northland.

A total of 972 submissions were received - 52 percent supported a change to either two or three Unitary Authorities and only 11 percent supported a single Unitary Authority.

FNDC's desire to seek Unitary Authority status was included in the 2012/22 LTP. It received 1,119 submissions on the 2012/22 LTP and only 11 submissions, fewer than one percent, related to Council's desire to seek unitary status.

Three submissions were in support of a Far North-based Unitary Authority and eight submissions were against the idea. An analysis of these submitters reveals that they do not include any employer or business group that would benefit directly from this reorganisation proposal.

Of the eight submissions against, three were because the submitters considered the only UA option that would be approved by central government would be a single authority based in Whangarei. The other five submitters were against forming a UA as they wanted an authority to retain oversight of local environmental issues.

Based on this feedback, Council believes the general public is supportive of the Far North seeking unitary status.

FNDC believes that Māori are under-represented within local territorial authorities in the north. Often Māori choose to show their protest by not participating in the election process.

Far North iwi have welcomed this opportunity for local government reform on the basis that it will provide a new framework around which to facilitate full participation by iwi Māori in local authority decision making, and because it will facilitate an ongoing partnership at a local level based on mutual advantage. Iwi aspirations of 'self-determination, self reliance and prosperity' sit well with the Far North UA structure.

It is within this context that iwi representatives have participated in the Unitary Authority Working Party and support this application. Iwi believe that, ultimately, partnership must happen at a local level where local decisions are made. This is a significant shift in perception and aspiration, as previously emphasis had been placed on the Crown and Regional Council level.

The Better Local Government working party was formed in 2012 and is chaired jointly by Far North Mayor Wayne Brown and the Chair of Tai Tokerau Iwi Leaders' Forum, Rangitane Marsden. They, and other members of the working party, have outlined the case for a Far North UA and have consulted widely with the community to determine the level of community support.

During 2012 a second community discussion document has been made available (**Appendix 5**) and a further 12 public meetings have been held with invitations extended to Iwi, ratepayer/business associations, business leaders, community development groups, tourism organisations, health organisations, service groups and Primary Industry sector groups .

Arising from these meetings, letters of support for this proposal have been received from Business Associations, Ratepayer groups and business leaders.

Significant support has been received from iwi, including active participation from the Far North Iwi Leaders Forum that represents 11 iwi and individual letters of support from individual iwi organisations.

Local Community Boards are intended to have a more significant and wide-ranging role in the Far North UA model. They will make decisions on local matters, provide local leadership, and build strong local communities and connections. The local Community Boards will also provide important local input into Far North-wide strategies. Letters of support have been provided by all three existing Community Boards - Te Hiku, Kaikohe-Hokianga and Bay of Islands – Whangaroa.

This application has been prepared in collaboration with WDC. A number of responsibilities, where it makes sense, will be delivered jointly across both proposed Unitary Authorities (see section 5.1.5 on page 48).

Now that Commissioners have been appointed for KDC for the next four years, WDC has re-activated its complementary submission to seek the powers of the Regional Council and pursue this change in local body structure by forming two Unitary Authorities in Northland.

A joint presentation by FNDC and Far North Iwi Leaders Forum was made to WDC and the Mayor of Whangarei District Council has provided support for the Far North's application in the form of a letter.

Copies of all letters of support for this application are attached (**Appendix 6**).

### 3. Promotion of Good Local Governance

#### Self governance – paddling our own canoe

##### *Ma tatou ano te waka nei e hoe*

As required by Schedule 3, Part 2 Section 8 (a), we seek in this section to demonstrate how the changes proposed in this application will best promote the purpose of local government in the Far North.

As with the findings of the Royal Commission on Auckland Governance, FNDC believes there are systemic problems of governance in Northland under the current regime.

In a nutshell, Regional governance is weak and fragmented, and community engagement is poor.

While NRC is currently reviewing representation arrangements any improvements would not be seen until the 2013 LG elections.

Many decisions affecting people in the Far North are made by Northland Regional Councillors or officials who live in Whangarei and who don't seem to understand the Far North's problems and aren't accountable to the voters in the District. This often results in a Whangarei-centric approach to decision making where the interests of Whangarei dominate those of the Far North, which has less representation on the Regional Council.

The Far North also suffers by not having direct representation with central government – officials in Wellington tend to have little real understanding of the specific challenges the Far North faces. There is a tendency for them to look at the needs of the entire Region through the lens of Whangarei and then believe they've dealt with the issues of the wider Region.

A Far North Unitary Authority would be governed by people who live in the Far North. It would be able to articulate the District's needs directly with central government instead of the message being filtered through Whangarei.

#### Proposed representation structure

##### A strategic partnership includes everyone

##### *He rautaki rangpu mo te katoa*

There is no need for any significant change to the current FNDC representation boundaries and the proposed Far North Unitary Authority representation model is based on the existing three wards, each with a new elected Māori Representative and retaining the existing Community Board arrangements (**Appendix 7**). This will provide localised governance and a more unified community of interest. It will also provide direct access to local decision makers for all facets of governance and lead to an increased level of community engagement.

This is a move away from the Whangarei-centric model of Regional governance, in which Māori affairs and interests are not particularly well represented, towards a Far North-focused community partnership model. We believe we have the leaders and capability to take responsibility for our own decision-making and future.

The Far North UA model will enhance our capacity for solving large and long-term challenges and to respond to District-specific needs.

WDC is a great neighbour, and we plan to work closely together on many issues, but it's clear that our proposed governance structure is very different to theirs.

The Far North has a long history of Community Boards that engage directly with the public and advocate on their behalf. And the Far North is ready for direct Māori representation. These differences are a reflection of the different communities of interest FNDC represents.

The removal of the two-tier structure of local government will provide a more simplified and community focused structure that will result in more effective, informed, co-ordinated and rapid decision making. This structure empowers communities to determine their own needs and aspirations and to be able to contribute to decision-making. This will then ensure the proposed Far North Unitary Authority is responding to the needs of its communities with local responses to local issues.

The Unitary Authority status will enable the Far North to deal with its unique issues in its own way, rather than relying on Regionally-focused, Whangarei-centric local government that isn't motivated by the same issues and challenges. The Far North understands its own issues and is best placed to solve them. The widening of the roles that a Far North Unitary Authority would have will provide elected representatives with the mandate to support their existing interest in environmental management and concern for these issues.

## **Māori Representation**

### **A stronger voice for Māori**

#### ***He reo pumau mo te iwi Māori***

Māori make up nearly 44 percent of the Far North District's population, well above the national average of 16.6 percent. This figure rises to 58 percent in Kaitaia, 68 percent in the Hokianga and 73 percent in Kaikohe.

Despite this, no Far North District Councillors or Northland Regional Councillors are mandated to represent the unique interest of Māori and only two Far North District councillors identify themselves as Māori.

In November 2011 FNDC voted in favour of establishing dedicated Māori seats once UA status had been achieved. Therefore this application includes the intention to create Māori council seats in readiness for the 2013 local government elections.

It is intended that the proposed names and boundaries of the wards will be determined by these iwi and will be based on communities of interest and tribal affiliations. The number of seats will be determined by the formula in the Local Electoral Act 2001 but we expect this to be three. The pattern of Māori population and iwi/natural groupings is not dissimilar to the current ward boundaries and it's possible that these could be retained with only slight modification.

Iwi are already major players in the Far North's economy and are developing capabilities and resource management interests that make them essential partners in local government. They are poised to control major economic resources when Treaty claims are settled.

Having Māori seats in Council will make it easier to build broader consensus around decision-making and will enable the entire community to work together to build a positive future for the Far North.

It will also provide greater recognition of Māori authority and will assist in enabling iwi/Council co-management for those environment and community concerns. Partnership agreements between iwi and government bodies are becoming the norm. Te Rarawa, NgaiTakoto, Te Aupouri and Ngati Kuri Iwi have collectively negotiated and agreed upon the right to co-manage conservation land in the Far North District alongside the Department of Conservation (DOC).

These four Te Hiku iwi also have statutory management of Te Oneroa-a-Tohe / Ninety Mile Beach alongside the FNDC, NRC and DOC. This demonstrates a clear path of relationship building and partnership between the parties in this District which FNDC will continue to build upon.

Iwi have, and are developing, significant policy and strategic capabilities - with a strong focus on the long-term social and economic needs of their people and the sustainable management of their land. Iwi are able to access government support and services not available to FNDC. Te Hiku iwi have negotiated a social development and wellbeing accord with the Crown which sets out how they will work together to address the social and economic needs of Māori. Iwi will be able to leverage better support and services for our communities than Council has ever had the ability to achieve to date.

In the spirit of partnership, Māori should be at the decision making table as a contributing partner in making the Far North a better place in which to live, work and invest. Dedicated Māori seats will provide a platform on which a better understanding of issues can be shared and understood by Māori and non-Māori alike.

All these factors combine to demonstrate a major benefit to the District in providing opportunities for Māori to be part of the Council's decision-making process. As a local iwi leader, Robert Willoughby, said:

***“If people want a better economy (in the Far North) then they need Māori to prosper. Because that is where any economic recovery will come from.”***

## 4. Promote Good Local Government

### For the Far North. By the Far North

#### *Mo te Nota, na te Nota*

As required by Schedule 3, Part 2 Section 8 (b) we seek in this section to demonstrate how the changes proposed in this application to reorganise will improve economic performance by facilitating the following:

### 4.1 Efficiencies and cost savings

#### *Nga hakaritenga mo te hakaitinga putea*

#### 4.1.1. Reduced costs

##### *Whakaitihia nga utu*

**Issue:**

Local government in the Far North is delivered by two Councils, operating separately, based in separate locations some distance apart, utilising two separate web sites, and two different administrative structures. This duplication is inefficient, expensive and confusing for ratepayers and customers.

**Solution:**

Establish a proposed Far North Unitary Authority that would combine all local government services within the existing Far North service delivery system. This would greatly improve and increase the delivery of, and access to, the range of services businesses and households need. It would also provide for 'face to face' interaction and remove confusion about whom the customer should be dealing with and with potential savings in duplicated wages alone of \$1.35 million in the Region.

Far North residents will only pay for those services and functions which bring direct benefit to them.

The current two-tier system of government is inefficient, costly to run, and confusing for the public to deal with. Removing a layer of bureaucracy and providing a 'one-stop shop' for the community will remove red tape and provide savings for local business and householders.

This simplified structure will provide clarity around the collection and use of rates, remove funding ambiguities and lead to more accountability to ratepayers, as there will only be one organisation collecting, prioritising, and utilising their funds.

It is proposed that the existing dual system of local government in the Far North be replaced by one Council with full services available at offices in Kaitaia, Kerikeri and Kaikohe, and with most services available at our satellite offices at Kaeo, Kawakawa, Paihia and Rawene/Omapere.

Currently NRC has approximately 150 staff. Under this reorganisation plan one third of these positions would become redundant as they are duplicated within the existing FNDC/WDC organisational structures. A further one third would be positions that would be transferred into the proposed Far North Unitary Authority. It is envisaged that the remaining one third of existing NRC positions would be similarly transferred into the proposed Whangarei/Kaipara Unitary Authority.

The 2010 Deloitte report estimated duplicated local government wages across the Region at \$1.35 million.

This was derived from dual executive management, human resources, organisational planning, information services, accounts payable/receivable, records management, finance support, communication staff, revenue collection and contact centre/customer service positions. The organisational changes proposed in this document are predicated on:

- ◆ No radical change in organisational structural, but a significant reduction in duplicated costs
- ◆ No change in existing service levels, and
- ◆ No changes to existing community governance structures

Immediate cost-savings for ratepayers in the short term would come about by having a direct relationship with key stakeholders and eliminating an entire tier of governance and executive management from local government in the Region; ie, elected members of Northland Regional Council and a layer of its executive management.

Savings will also come about in the short term from the reduced number of separate contact centres in the Region. In the Far North this would include closing the NRC offices at Opuia and Kaitaia, with resulting savings in rent and overheads.

Areas that may provide further savings have been identified in the Deloitte report as:

- ◆ Consolidating information systems, financial systems and licences, and removal of individual disaster-recovery back-up options
- ◆ Opportunity of producing only one LTP/AP plan for the Far North Region
- ◆ Fleet and overhead asset rationalisation
- ◆ Centralisation of procurement
- ◆ Alignment of rules and regulations to provide easier services for customers
- ◆ Reduction in overlapping services
- ◆ Consolidation of GIS and mapping systems
- ◆ Holding strategic information for each District in the District (eg; catchment data)
- ◆ Consolidation of environmental monitoring and consent staff

As a Unitary Authority, the Far North District will only need one LTP or AP, therefore simplifying the submission process and providing significant cost savings for the ratepayer. Iwi support this simplification as they have stated they don't have the capacity to make submissions on the multiple strategic documents produced by two separate organisations.

It's FNDC's view that significant savings would be made by eliminating the Regional spend on economic development. The Far North already commits funding to District economic development initiatives and it will be identified later in this report that the existing Regional budget does not promote the Far North or any significant Far North projects.

Council recognises that civil defence is an important function. But there are significant overlaps between the Regional and District responsibilities of Councils because of the distinct characteristics of the Far North. Due largely to its geography the Far North has had to be self-reliant, managing the effects of any emergency event basically on its own.

It currently has the trained staff, business continuity plan, infrastructure and relationships with other emergency service providers in the Far North to be effective, if required to respond.

The effects of a major event such as flooding or a tsunami are likely to extend beyond the proposed Far North Unitary Authority's territorial boundaries, however. For this reason there is value in the proposed two new Unitary Authorities (Far North and Whangarei/Kaipara) continuing to work together to train for these situations. It's proposed that a joint standing committee with responsibility for civil defence would be established under clause 30(1)(b) of Schedule 7 of the Local Government Act 2002.

## 4.1.2. Greater effectiveness and efficiency

### *Hakatutukihia nga mahi hirahira*

#### **Issue:**

The view that 'Bigger is Better', and that a single Northland Unitary Authority will create economies of scale, ignores the huge risk of financial blow-outs<sup>9</sup> when amalgamating two large organisations (\$100M FNDC and \$100M WDC) into a small organisation (\$25M NRC). This risk would be reduced significantly by, instead, simply increasing the financial scope of the two \$100M organisations by 10 percent.

#### **Solution:**

To provide a balance between efficiency, effectiveness and connectedness, local infrastructure and services should be delivered by two Unitary Authorities at the appropriate economies of scale. However, to ensure the effectiveness of the Far North and Whangarei/Kaipara Unitary Authorities, resource sharing and cross-authority alliances will need to continue to be developed at a Regional level where it can be shown to add value. Examples of resource sharing are the joint employment of specialist staff such as an economist, hydrologists, and biosecurity specialists. Regional alliances will continue to exist for a number of issues such as building authority accreditation, broadband, roading, refuse, economic development and tourism - as and when appropriate.

FNDC, WDC and Commissioner Dr Brash believe that, due to the significant size of the Northland Region, there would be little real cost savings made, or real efficiencies to be gained, from creating a single Unitary Authority for all of Northland.

Unlike the Auckland councils prior to amalgamation, there are no cross-over issues between WDC and FNDC, such as urban growth or the development and sharing of key infrastructure like roads, water and waste facilities, or cultural and sporting facilities. Our services and issues are independent and do not rely on neighbouring local authorities for funding or support. FNDC and WDC are already effective and efficient Territorial Authorities with very little potential synergy arising from the combination of systems such as waste treatment plants.

Currently, the Far North District Council has the largest area of any District Council in the North Island. It is already larger than most provinces. The population of 55,845 makes it the 12th largest of the 43 North Island TAs, in terms of population. Its population per square kilometre is greater than the Unitary Authorities of Marlborough, Tasman and Gisborne.

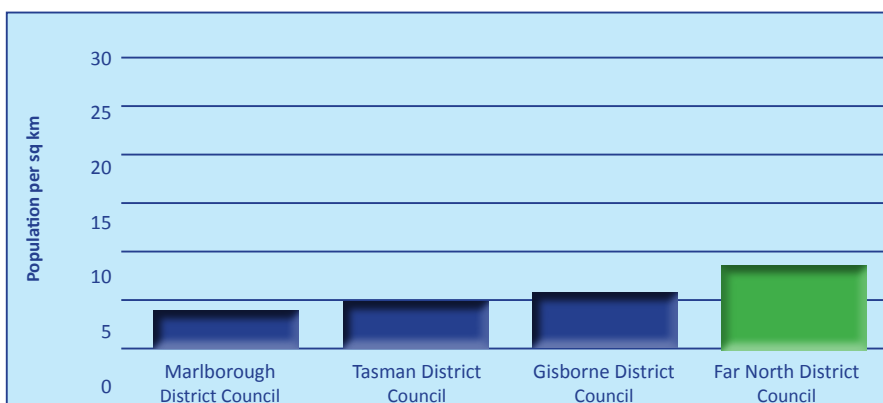


Figure 4: Graph comparing the population per square km of Far North District Council and non-Metro Unitary Authorities

<sup>9</sup> McKinley Douglas 2010 Final report p93



The Far North has seven harbours, 42 towns and villages and extensive rural areas. Only 27 percent of the District's population live in the three largest towns (Kerikeri, Kaikohe and Kaitaia). This pattern of settlement means the District has to maintain 17 wastewater systems and nine water schemes designed to cope with the influx of visitors and non-resident second home owners (estimated at 110,000 during the summer holiday season). These are separated by considerable distance and not able to be inter-linked in any efficient way.

The Far North faces distinctly rural issues, such as declining water quality from intensive farming practices. Over 60 percent (16) of the 26 catchment areas in Northland identified as requiring flood risk planning are in the Far North. The Far North manages the third-largest roading network in the country and this year has had to manage the effects of winter forestry harvesting and the resulting increase in maintenance costs. These are issues the NZTA and the urban-focused WDC were not aware of.

The Whangarei District faces different issues to the Far North. It has a short coastline and over 60 percent of its population lives in the Whangarei urban area. It has a much smaller roading network and only seven water schemes and nine wastewater schemes to maintain. It is focused on fixing urban traffic congestion and debates around expanding social and recreation facilities such as the aquatic centre, artificial athletics track, Hundertwasser art centre, stadium, and the art walk.

The 2006 McKinley Douglas Ltd 'Local Government Structure and Efficiency' report commissioned by LGNZ concluded that "evidence on economies of scale in local government services revealed that there is a general acceptance that there may be economies of scale within individual services, but that, service by service, these will arise at quite different scales of operation. Rather than economies of scale providing a rationale for amalgamation, the weight of evidence suggests both that larger authorities may be less efficient and that the better means of seeking economies of scale is through a service-by-service basis."<sup>10</sup>

Obtaining the right scale of individual services, not the scale of local authorities, is the key factor in creating efficiencies. Economies of scale must be balanced so that they are efficient and the community can access services and influence levels of service within their local communities. Creating a single Northland Unitary Authority will reduce the ability of that Council to respond to its communities. Conversely it is apparent that creating two UA will enable greater responsiveness to community needs and priorities.

The Far North District already provides services and local infrastructure at appropriate economies of scale which vary service by service. Some services, such as community halls, are managed at a local level. Services such as parks and reserves are managed at a ward level. And some services, such as building regulation, are managed at the District level. These economies of scale provide the balance between efficiency, effectiveness and connectedness.

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<sup>10</sup> McKinley Douglas Ltd 2006 'Local Government Structure and Efficiency' p80

### 4.1.3. Affordable standards for local infrastructure

#### *Nga hakaritenga ture e taea te hakawaha*

##### **Issue**

In recent times, the Regional Council has set standards for FNDC-owned infrastructure that are unreasonable and unacceptably high in terms of the cost to small communities. This has come about from NRC's focus on resource consent processes instead of an approach favouring common-sense, cost-effective solutions. It has imposed on FNDC prescriptive consent conditions and standards that are more stringent than those imposed by the Ministry of Health and are significantly higher than the receiving environment. The result is the imposition of substantial financial cost on communities where incomes are very low. The Regional Council appears to be remote from the community it serves and largely unaccountable for the financial consequences of its decisions.

##### **Solution**

Fit-for-purpose approaches scaled to meet the realistic needs of target communities.

The following is a good example of how FNDC developed such a solution which had been resisted by NRC but which resulted in good environmental outcomes while reducing the financial burden on ratepayers:

The recent resource consent renewal conditions imposed by NRC for the Kaeo sewage system would have required FNDC to spend \$2M on upgrading the plant. The population of the township is just 495 and just 164 households would have had to fund this upgrade.

FNDC developed an innovative sewerage plant in Kaeo that uses worms as part of the effluent treatment process and is the first of its kind in Northland. The upgrade cost \$470,000 and under \$3,000 per household.

In addition to lower installation costs, this design will also result in ongoing energy cost savings with less power needed to operate the plant. The system was based on an international concept but designed by a local Council contractor using research and design ideas provided by Council staff. FNDC saved ratepayer money by developing its own system instead of buying one off the shelf.

This project demonstrates how the community, tangata whenua and FNDC are already collaborating to achieve efficient, compliant, low-maintenance, cost-effective and environmentally-sound results. The Far North Unitary Authority would further shorten the lines of communication and bring the ratepayer much closer to the decision-making process, thereby encouraging the development of effective and sensible, yet affordable, solutions.

The LG Amendment Act 2012 requires the Council to meet the current and future needs of communities for quality local infrastructure **in a way that is most cost effective for households and businesses.**

Yet examples of this not happening are legion. Meeting the prescriptive resource consent conditions imposed by NRC for the proposed upgrade of the Hihi sewage system could have cost the ratepayers of the Far North approximately \$2.6M for a scheme that would service just 90 households.

This approach is unaffordable and depletes the community of funds that could have greater environmental improvements such as lifting water quality up stream of treatment plants.

The Far North District consists of many small towns and settlements and to support them FNDC operates 17 wastewater treatment plants with just under 10,000 connected properties.

As well as this, FNDC is responsible for regular monitoring of all on-site wastewater systems (septic tanks). Through the monitoring process FNDC undertakes regular water quality testing, unlike NRC which sends staff long distances to undertake monitoring which does not always mean testing is undertaken in the extreme weather when issues arise from the flushing of contaminants into water catchments.

FNDC is intimately connected to these small communities and therefore much more in tune with issues, sentiment and affordability. The proposed reorganisation would allow a Far North Unitary Authority to manage infrastructure and the environment holistically, more cost effectively - without jurisdictional boundaries restricting innovative solutions – and, at the same time, achieve good environmental outcomes. It will lead to the setting of more acceptable and affordable standards for water quality and sewage treatment, particularly for small, poorer communities.

#### 4.1.4. Reduced jurisdictional cross-over

##### *Whakaithia te whiwhinga o nga manawhakahaere*

###### **Issue**

Local government in Northland is confusing for the public as they often have to deal with two Councils with jurisdiction over the same areas. Mangonui Cruising Club owns a building that extends over the Mangonui harbour. The club recently applied to NRC to extend its building. As NRC manages the Coastal Marine Area they granted consent for this development. The applicant then applied for building consent from the District Council and was advised it also needed land use consent to address the land-based effects of this development. This is confusing for the applicant and appears disjointed, complicated and bureaucratic.

###### **Solution**

A 'one-stop shop' Far North Unitary Authority would clarify the Council's role and remove any duplication of local government functions by laying responsibility for everything with the proposed new Unitary Authority. It would remove any potential for 'buck passing' between authorities or property owners, reduce the need for re-visits by District and Regional officers, and go a long way towards creating a more efficient and service-oriented organisation by eliminating any 'grey areas' of responsibility.

Under the current planning framework there are a number of areas of jurisdiction that cross over. The result of this is a disjointed approach, confusion, wasted time and additional costs for business and the community.

The reorganisation would eliminate the potential for jurisdictional boundary issues such as:

- ◆ The regulation of buildings over the Coastal Marine Area – these are outside the RMA jurisdiction of the District Council, but still within its jurisdiction as a Building Consent Authority under the Building Act.
- ◆ Earthwork activities - the District Plan contains rules and assessment criteria for earthwork activities while the Northland Regional Water and Soil Plan also has rules and criteria associated with earthworks. This results in applicants having to apply for consent from two different authorities. The assessment undertaken by each authority includes consideration of similar matters such as stability and erosion (overlap of function), and each authority also undertakes other assessments that the other does not, such as visual impacts (FNDC) and sedimentation (NRC).
- ◆ Provision of moorings by the Regional Council creates a demand for associated land-based facilities and the District Council has limited powers to ensure that these are provided and funded by those that create the demand.
- ◆ The Regional Council manages rivers and flood mitigation while the District Council manages stormwater in urban areas. This approach makes a holistic approach to catchment management difficult. For example, when Kaeo floods at what point does responsibility for District Council urban stormwater control change to Regional Council's control over river management?
- ◆ On-site wastewater systems - the District Council approves under the Building Act and advises if resource consent is required from the Regional Council. Once the system is built it must comply with the District Council's bylaw. If issues are found during inspections by District Council officers, the Regional Council will be called in to investigate and will undertake water testing to determine any contamination. If a non-complying system is found the District Council must undertake enforcement action.
- ◆ Contaminated sites/soil - NRC has the data and the FNDC has the responsibility. A Far North Unitary Authority would be better able to provide an integrated management framework that is both relevant and targeted to safeguarding local communities.

The removal of any overlap in jurisdiction will reduce the potential for litigation and other disputes between Councils and property owners that waste time, money and the ratepayer's limited resources. An example of this is the Regional Council prosecuting the District Council for not building a safety fence along the Mangonui boardwalk when the Building Authority had previously accepted that a safety fence was not required.

The Unitary Authority model removes the uncertainties and politics of where jurisdiction boundaries lie, and both staff and elected members are able to concentrate on resource management and achieving agreed environmental outcomes. The proposed reorganisation would lead to the development of effective working relationships at both an organisational and a governance level across both District and Regional functions. The public perception is that the District Council is responsible for all environmental matters and there is currently little understanding of the split in roles between the two authorities. This has led to confusion about which agency is responsible for what. A Unitary Authority approach eliminates this problem and provides a 'one-stop shop' which meets public expectation.

#### 4.1.5. Simplified Reporting and Monitoring

##### *One set of rules – Kia kotahi nga ture*

###### **Issue**

Both the Regional and District Council collect the same data or use the same source of information for reporting on the state of environment and the efficiency and effectiveness of both the Regional and District plans. In some cases they provide or collect the data for the other council's reporting requirements. Issues identified through this monitoring and reporting often cross existing jurisdictional boundaries and are therefore not reviewed in their entirety.

###### **Solution**

The State of Environment monitoring role could be allocated to the Ministry for the Environment (or the proposed super department that includes DOC/LINZ/MfE). The Environmental Protection Agency could then undertake all monitoring and achieve savings by having an economy of scale, the ability to engage specialist staff, and be able to provide a nationally consistent reporting framework for our environment. This would provide an independent review of the ability of the proposed Far North Unitary Authority to balance its regulatory functions and its service delivery functions.

Efficiencies and cost savings can be gained by one single authority carrying out the reporting on the state of the environment, and the efficiency and effectiveness of plans. Currently there is considerable overlap of the indicators used for monitoring. Cost savings would be achieved by the Far North Unitary Authority gathering data, using officers widely dispersed across the Far North instead of Regional Council officers based in Whangarei and travelling to remote areas.

The reorganisation would provide an integrated framework for reporting and more holistic resolution of any identified environmental issues.

At a consenting level, integrated resource management would lead to efficiencies and cost-savings in the area of monitoring. There is considerable overlap, as many activities in the Far North are subject both to various discharge consents from Regional Council and land use consents issued by the District Council. These activities are monitored separately.

A recent example is that of Regional Council officers travelling five hours from Whangarei to Kaimaumu and back to carry out this function, instead of a District Council officer travelling from the nearby Kaitaia office, 10 minutes away.

Further efficiencies and further cost savings that would be gained by a Far North Unitary Authority being responsible for the entire monitoring programme in its District are explained later in this application

#### 4.1.6. Improved flood management

##### *Ki te haka pai ake nga haka heretanga mo nga waipuke*

###### **Issue**

There are many flood-prone towns and communities in the Far North and this creates a significant financial burden for residents and the District Council, as well as problems for residents trying to obtain re-insurance. Damage to homes, businesses and roads affects the Far North economy and its ability to do business.

###### **Solution**

The two proposed Unitary Authorities in Northland would be able to prioritise, control, maintain and plan for flood protection schemes in partnership with their communities at risk. Priority catchments would no longer only be targeted from a scientific perspective and each Council could use their own criteria. Key criteria for the Far North would be future costs savings for residents and ratepayers that would result from protecting private homes and key infrastructure from flood damage, as well as economic benefits from route resilience.

These flood mitigation projects would be considered by each Unitary Authority during Activity Management Plan preparation or LTP preparation. This would mean that funding for flood protection works in Kaeo and other communities significantly affected by flooding will be prioritised, rated for and works undertaken rather than the District Council having to lobby the Regional Council to prioritise this work.

The March 2007 flood cost the District \$80 million. This included \$20 million to clear slips and repair roads and bridges, and \$60 million of damage to property.

The District Council has continued to lobby the Regional Council to improve flood management in the Far North but little has changed since 2007.

Getting the Regional Council to prioritise flood mitigation measures in the Far North has been an on-going issue for the District. Small towns like Kaeo have experienced destructive flooding. In 2007 it took the brunt of three major floods within the space of a few months - in February, March and July. Water flooded homes and shops and destroyed local facilities. Floods continue to close the state highway north in Kaeo at least once a year.

The Regional Council had scheduled flood-protection work for Kaeo in 2008 but to date no significant work has been implemented. It now plans to spend \$2.1 million on flood protection works in Kerikeri and Waipapa in the next few years. But there were calls for this work to begin five years ago after floods damaged properties on the east coast and threatened the Stone Store, one of the District's most valuable tourism assets and of national and international significance.

A total of 26 catchments (**Appendix 8**) around Northland have been identified by NRC as requiring flood risk planning and, of these, well over half (16) are in the Far North. Yet only two Far North catchments have been identified by NRC as being Priority 1.

This slow approach to reducing flood risk creates tension between the three TAs as they each need to lobby NRC for flood protection works. It does not need to be this way as the funding of these works is a levy on the ratepayer in the area affected and does not come from NRC's cash reserves. It appears that it is a lack of capacity, or political willingness, that is restricting our ability to make progress.

The Regional Water and Soil Plan identifies development of Integrated Catchment Management Plans (ICMPs) to address flooding. This is a good policy but insufficient resources have been provided by the Regional Council to complete **any** plans to date.

#### 4.1.7. Better protection of our environment

##### *Hei korowai manaaki i runga te taiao*

###### **Issue**

Northland's rivers and harbours have for years been among the most polluted waterways in New Zealand, thanks largely to effluent and fertiliser run-off from farms. A high number of dairy farms in the region still fail to comply with effluent disposal standards in the Regional Water and Soil Plan when they are inspected annually by the Northland Regional Council.

###### **Solution**

The Unitary Authority would adopt a 'whole of catchment' approach to improving water quality. This would involve identifying all pollution sources in catchments, including farms, forestry, soil erosion, industry, sewerage schemes and septic tanks at marae, schools and homes. Then determining what funds or interventions are available to address these (not just Council funds). Finally the Council would develop catchment management plans that delivered the greatest possible water quality improvements across the largest area.

The Far North Unitary Authority would then be able to ensure that knowledge around catchment management best practice is all available in one place.

The Regional Council's Farm Dairy Effluent Monitoring Programme is its largest compliance monitoring programme, accounting for 25 percent of all activities it monitors. **But this approach is not working.** Despite a number of high profile prosecutions against dairy farmers who have flouted the rules, Northland farmers remain the worst polluters in the country. Nearly one quarter (24 percent) of 937 dairy farmers whose farms were inspected in 2010-2011 were guilty of significant breaches of effluent standards; the highest rate in the country. This figure had not changed from previous inspections, averaging 25 percent a year from 2007-2011.

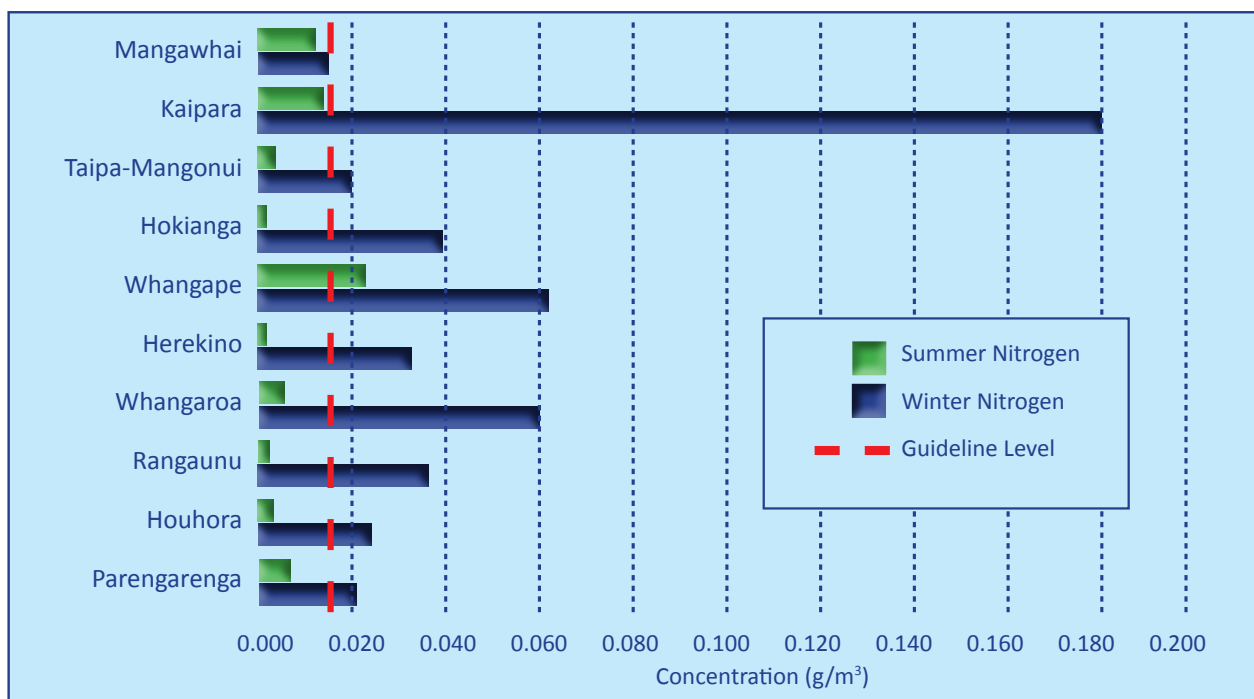


Figure 5: The NRC State of Environment report shows median nitrogen concentration for a selection of Northland harbours for summer and winter. In winter, most harbours exceeded the guideline for problematic plant growth. Whangape Harbour exceeded the guideline in both summer and winter surveys.

This table demonstrates the Regional Council's failure to control farm pollution - yet it has raised the bar for the FNDC, setting unrealistically high effluent discharge standards for council sewerage schemes requiring resource consent renewals. Water quality will not be improved without addressing the low quality receiving catchment. This situation is unsustainable and cannot continue.

When FNDC needed to seek resource consent to up-grade a treatment plant in Rawene the community believed that the plant was affecting the quality of water in the Hokianga harbour and they wanted NRC to increase the discharge standard. FNDC worked with local iwi and other community members and determined it was not the Council's plant that was the problem, it was a combination of household septic tanks and farming practices adjacent to streams. These are issues that need to be addressed concurrently to improve water quality.

Communities can't afford to pay the high costs of upgrading sewerage schemes to Rolls Royce standards and our biggest industry cannot keep polluting the rivers and harbours we swim and fish in. Management of household septic tanks needs a more holistic approach, with practical solutions for property owners.

A Far North Unitary Authority would provide a more holistic approach to river management, water quality, managing erosion and flood control. The roles are already confused with FNDC monitoring some water quality for NRC and considering soil erosion as part of any development. Meanwhile, NRC has the technical skills for understanding coastal erosion but FNDC has a significant problem with erosion as land owner of the esplanade reserves in the District.

A Far North Unitary Authority looking at cause and effects in the catchment would be able to provide integrated management of resources resulting in better solutions.



**This approach isn't about lowering environmental standards. The Unitary Authority would still have consent applications for its sewerage plants heard by independent commissioners. But it does represent a more holistic approach to a huge problem and an attempt to use ratepayer money more wisely.**

The success of this approach will require Māori and the community to be involved. Far North iwi and community groups want to play a bigger role in protecting the environment. Evidence of this can be seen in the flowering of landcare groups across the District and the formation of groups aimed at improving water quality and the marine environment at Doubtless Bay, the Hokianga Harbour and the Bay of Islands.

Meanwhile, some iwi already monitor water quality in their rohe. A Far North Unitary Authority would partner with iwi and community groups to develop community-based solutions to water quality and land management problems. Ngati Hine wants to improve the water quality of Taumarere Stream. They have local resources and the capacity in their community to implement planting of the stream banks to filter contaminants entering the stream. They have had no support from NRC for this worthwhile project.

Value would be added to this approach by having a team of monitoring officers based in the Far North, instead of in Whangarei where most NRC officers are based, as it would make it easier and more cost-effective to monitor water quality.

## **4.2 Productivity Improvements**

### *Kia tapu ake to tatou ao pakihi*

As required by Section 8 (b) (ii) we seek in this section to demonstrate how productivity improvements, both within the affected local authorities and for the businesses and households that interact with those local authorities, would follow from the reorganisation we are proposing:

#### **4.2.1. More efficient and productive planning for business and householders**

##### *Tini rawa atu nga Mahere a Ture*

The reorganisation will provide greater efficiencies and productivity for business or home owners undertaking development or building.

A single consenting authority would help ensure that builders and developers could deal with a single individual who would be well placed to explain the entire consenting process at the time of first contact. This would result in an improved understanding of the consent process from start to finish.

It would also give the proposed Far North Unitary Authority the ability to consent concurrently, resulting in a more cost effective and convenient system that would simplify matters and reduce consenting timeframes. This would improve staff productivity and has the potential to increase public trust and confidence in the process and its outcomes.

Research around amalgamation of the District and Regional functions suggests that cost savings generated by efficiency gains in the planning system are often delivered to the community through increased services and depth of services<sup>11</sup>. The simplified planning systems and reduced consenting times will impact positively on productivity in the District.

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<sup>11</sup> Aulich May 2011: *Consolidation in Local Government: A Fresh Look*,

## 4.2.2. Reduction of non-productive travel time and improved response times

*He rohe nui, he taiwhenua hoki*

### Issue:

The Whangarei-based Northland Regional Council is almost closer to Auckland (163km) than to Kaitiāia (155km). This main office and base for 96 percent of NRC staff is outside the Far North District area, making it isolated from all Far North communities. It is expensive and time consuming for Regional Council staff to travel to the Far North to meet communities and address issues. As a result, NRC staff tend to manage issues from a distance. Distance reduces productivity and effectiveness while increasing costs.

### Solution:

The consequence of forming two Unitary Authorities will be increased productivity in the Far North by significantly reducing non productive travel times for council staff, increased access to a broad range and depth of services and reducing the distance business and homeowners need to travel to visit a local service centre to access appropriate staff to discuss their issues or development opportunities.

To reduce consent costs, Regional Council's policy is not to undertake site visits to the Far North when processing consents for minor coastal structures. If staff processing these consents were based in the Far North, travel costs for the applicant would be less (FNDC policy is to charge mileage from the closest service centre only) and site visits would be undertaken to reduce the risk of overlooking any important localised issues that can only be identified on site.

If more technical staff were based in the Far North, it would reduce travel time for business, iwi organisations and the wider community wishing to seek advice or discuss development proposals face to face. It would be easier for all relevant technical staff to be 'in the same room' with developers and not have to re-visit.

Below is a map of half-hour travel times. If you drive for 30 minutes towards the Far North District from Whangarei you do not even reach our most southern township of Kawakawa (marked 'B' on the map). On the other hand, most Far North residents live within a 30 minute drive of a FNDC service centre.



Figure 6: Travel times

### 4.2.3. Eyes on the ground

#### *Kei te hunga kainga te korero mutunga*

A Far North Unitary Authority with a smaller area of responsibility could target resources, move quickly to resolve issues and be more in tune with its community.

If staff responsible for consent and environmental monitoring in the Far North were actually based here, the proposed Far North Unitary Authority would be more easily able to deal proactively with obvious issues. Problems identified by staff while travelling around the community could be resolved or quickly referred to others.

For example, if a contractor carrying out earthworks had not installed suitable stormwater controls this could be identified easily when it rained. Council staff on the ground would be able to identify the issue and take immediate and effective action.

### 4.2.4 Prioritisation of local resources to address District's issues

#### *Ma tatou ano e korero mo a tatou rawa*

#### **Issue**

Because of the differing approaches and roles of the NRC (environmental regulator and regional infrastructure planner) and the FNDC (enabler and facilitator), it has proved difficult for both organisations to work in concert to achieve good local solutions – particularly in the significant areas of wastewater management, water quality and roading.

#### **Solution**

The proposed Unitary Authority, while still acting within legislation and regulations, would seek better local solutions for a predominately rural District and those who make use of the resources by:

- working with polluters to seek localised solutions to achieve best practise
- working with all stakeholders to ensure a catchment-based approach to water quality
- working directly with NZTA and major road users on strategy development, apportioning costs and in some cases determining access conditions.
- working with export truck operators to synchronise their harvest demands and our asset management

The reorganisation provides an opportunity to empower communities and enable a Far North Unitary Authority to prioritise the issues in the District and make better use of all Far North resources. This approach would lead to localised responses to localised issues.

#### **Water**

Improving water quality through catchment management is a priority for our communities as it provides a holistic approach to the issue. It is apparent to FNDC that NRC does not see its role as helping people meet compliance, but sees itself as only an environmental regulator.

On the other hand, FNDC focuses on being solutions-based - particularly with wastewater management. A Far North Unitary Authority would have the ability to help farmers manage run-off into rivers by working with them on innovative solutions. Council has wastewater plants using low-cost technology to treat volumes of waste similar to those produced by a herd of dairy cows. These solutions can be repeated on farms and Council, with its in-house knowledge, can educate, provide advice and train farmers at a practical level – thereby helping to achieve compliance.

This type of approach helps improve the environment and increase the capacity of the community to manage its own solutions. Additionally, it brings Council and stakeholders into a relationship that is more about partnership and stewardship than mere compliance.

## **Roading**

There is conflicting functionality between NRC and FNDC and no united agenda on the important issue of roading. The current Regional Transport Committee led by NRC struggles to understand the dynamics of the Far North and the different roles that transport plays.

Furthermore, the individuals that have influence have no interest or understanding of the finer nuances of managing transport networks. There is too much broad policy, such as the 30 Year Transport Strategy, and no level of detail developed for each Council. Nor is there even an implementation plan.

FNDC is the second-largest roading authority in New Zealand and has responsibility for 46 percent of the roads in the Region. Yet it has only one representative on the 12-member Regional Land Transport Committee led by the Regional Council.

There is no cohesion or agreement around the development of tourism or economic growth areas. Bulls Gorge safety improvements were approved ahead of a roundabout at the junction of SH10 and Waipapa Road which would have greatly improved safety and reduced travel delays for business and tourists.

Winter forestry harvesting, and the detrimental effect it has on the state of our roads, is a major issue for FNDC. Here again a disjointed approach amplifies the issue - NRC sets the forestry access standards while the District Council is left with the ongoing problem of increased road maintenance arising directly from this activity. FNDC's roading standards are focused on providing resilient and safe infrastructure for trucks to carry export logs on, rather than easing congestion from cars which WDC must focus on.

The proposed Far North Unitary Authority would undertake an integrated transport implementation strategy that clearly defines goals, works streams, commitment and alignment of the funding, as well as the consultation required to make it happen. It would work directly with NZTA to align with their funding plans. Transport goals that are important to the Far North such as route resilience, tourist routes and economic growth areas would be prioritised.

### **Example:**

FNDC needed to undertake some strengthening of the Donald Road Bridge so it could remain open for use by the public. NRC were advised of the proposed works and indicated they would widen the drainage spillway at the same time. NRC undertook modelling and calculated a new width, which meant some structural changes would need to be made to the bridge. This increased the cost of the original bridge upgrade significantly. Issues then arose about who should fund which parts of this project. Even when this was resolved NRC could not align its funding to enable one contract to be awarded for the work. This issue has been discussed by both Councils for many years and the work has still not been completed.

## 4.2.5. Growing our economy

### *Kia tupu ake to tatou ao pakihī*

#### **Issue:**

The Far North economy is lagging behind that of Whangarei. FNDC has no representation on, and little input to, Northland's Economic Development Agency Northland Inc, which currently has no significant projects in the Far North. Until it was wound up and brought in-house in July, the Northland Regional Council Community Trust that controlled the agency was governed by four trustees who all lived in Whangarei. This approach has failed the Far North as initiatives have generally focused on Whangarei.

#### **Solution:**

The proposed Far North Unitary Authority would be a single voice that would lobby central government directly, on our area's behalf, for resources and services. It would not have to rely on its message being filtered through Whangarei.

It would also be a single voice to communicate with key stakeholders, including significant inward investors such as mining interests, hotel developers, investors in the Ngawha geothermal area, and those proposing with new technology-based industry.

The proposed Far North Unitary Authority would bring on-stream a more productive economic development agency that would support sustained economic growth in the District.

FNDC is already in a position to move quickly into the areas of tourism, economic development and event management through our CCTO. This is a distinctly different approach to that proposed by Whangarei and the NRC. Instead, it's more in line with Auckland Council's approach (see below).

Northland's economy has struggled to recover from the recession. Economic output in GDP terms for Northland to the year March 2011 was 0.7 percent. In contrast, the national economy grew by 1.3 percent in GDP in 2011 (source: Infometrics).

When these figures are broken down the picture for the Far North is worse than for Whangarei.

For the Far North GDP was -1.1 percent during this same period and follows a decline of the same amount in 2010. Primary Industries (including agriculture, fishing and forestry) account for 20 percent of the Far North's GDP and although the District's exports of milk, fish and forestry grew significantly, its GDP growth was ranked 61 out of 72 territorial authorities.

In the year to December 2011, employment in Far North increased by only 1.1 percent compared to the previous 12 months. This was lower than Whangarei (1.8 percent) and the Northland Region (1.6 percent) and lower again than New Zealand overall (1.6 percent).

The seasonally-adjusted unemployment rate in the Far North was 11.8 percent in the June 2012 quarter, up from 10.8 percent twelve months prior. This was higher than the Northland regional rate (10.2 percent), the rate in Whangarei (9.7 percent), and the national rate (6.8 percent).

So - where to from here?

Economic growth is vital for generating the resources and wealth needed to address some of the pressing problems affecting the Far North such as high unemployment, poor housing, and poor health. Business leaders at a recent economic development summit stated that local government has a major role to play in economic development. They believe one of the biggest contributions Councils can make to economic growth is to lift their performance by continuing to improve the consent process, managing debt levels and keeping rate increases to a minimum.

This view supports that of Independent Commissioner Dr Brash, who stated in his review of Local Government Options for Northland that “having both Regional and District councils leads to additional costs and delays for people wishing to invest in Northland, and given the very low levels of income - and very high levels of unemployment - in the Region, those delays carry a very high human cost.”

FNDC believes it has demonstrated in this application how it intends to deliver a meaningful lift in administrative performance that will contribute to greater economic growth.

In addition:

### **Practical and tangible support for economic development**

FNDC has already shown strong leadership with economic development:

- ◆ FNDC was the first Northland council to champion the geophysical survey of Northland’s minerals and underground resources. NRC would not support this initiative until FNDC had secured government funding
- ◆ FNDC and the Kaikohe-Hokianga Community Board were one of the first Councils to approach the government in support of the national cycleway project and \$4M has been secured for the Twin Coast cycle trail and over 100 jobs created through the community max scheme. Three cycle-hire businesses now operate along the cycleway
- ◆ FNDC helped the Kaitiaki Business Association establish New Zealand’s first rural-based town Business Improvement District
- ◆ FNDC sponsors a number of events that bring economic benefit into the District, including the annual State Ocean Swim Series - Paihia Classic from Russell to Paihia that attracts hundreds of visitors (83 percent of entrants are from outside the Far North, mostly from Auckland). The estimated economic return from this event to the local economy is approximately \$1M
- ◆ FNDC drove the Regional bid for hosting RWC teams in the Region.
- ◆ Far North Holdings Limited, a FNDC- owned CCTO, has developed important tourism infrastructure, developed commercial proposals and currently is seeking commercial partnerships (see below).

The stimulation of economic development in the Far North is necessarily focussed across the entire District as there is no single large commercial centre like Whangarei. This lack of an obvious local economic hub is not a drawback, however. When businesses in the Far North plan growth they already tend to do so with an eye on the main domestic market of Auckland, rather than the geographically closer Whangarei, or international markets.

A Far North Unitary Authority would continue to partner with businesses and community groups to grow the District’s economy, while also working with the proposed Whangarei/Kaipara Unitary Authority on Regional economic initiatives such as wood processing and marketing the Bay of Islands as a tourist destination.

## Far North Holdings Limited

Far North Holdings Limited (FNHL) is a CCTO owned by the Far North District Council.

It has developed important tourism infrastructure such as the Opuā marina, Opuā marine and industrial estates, the Maritime building in Paihia, the Paihia and Russell wharves and Bay of Islands airport (Kerikeri).

It has also developed commercial proposals in Paihia, Pukenui, Mangonui, Omapere, and is seeking commercial partnerships to further these proposals.

FNDC's current and future approach to economic development is very different to NRC's or WDC's approach. Neither organisation has developed a CCTO with a commercial focus such as FNHL. FNHL's structure enables it to be 'fleet of foot' and to be able to take advantage of opportunities without the restrictions that a Territorial or Regional Authority has.

The relationship between Council and its CCTO enables community economic aspirations to be commercialised if they have potential. This relationship would become the equivalent of Auckland Council's model (ATEED) where FNHL would oversee:

- ◆ Economic development
- ◆ Tourism and events
- ◆ Marketing

## Better leverage off the 'Bay of Islands' brand

Destination Northland is the Regional tourism development organisation (RTO) set up to market tourism in the Region, thereby contributing to local GDP. However, FNDC does not believe this Regional approach to marketing is effective. It doesn't recognise and take full advantage of the fact that the 'jewel in the crown' is the Bay of Islands.

The 2012 visitor survey (Nexus Planning and Research April 2012) stated that the Bay of Islands is 'the' destination. Although, once visitors are here, they do travel across the Northland Region. FNDC believes that to compete with other tourism destinations we need to take advantage of the existing, strong Bay of Islands brand (an internationally-recognised unique selling point).

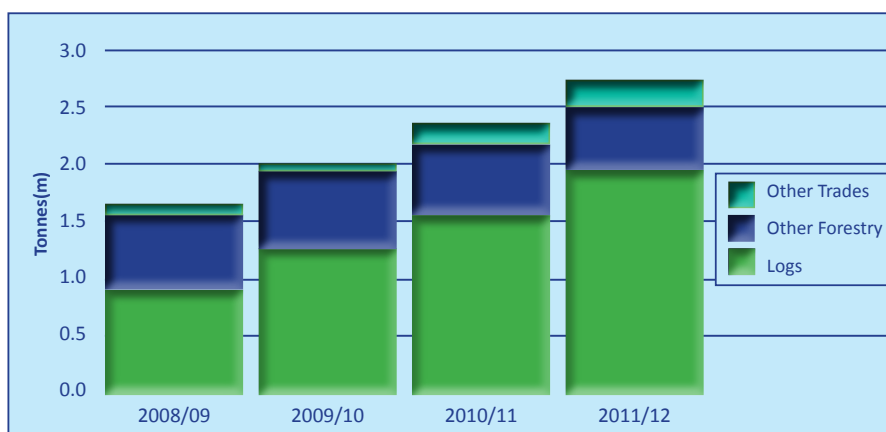
However, our ability to influence this approach is minimal as Destination Northland, along with Enterprise Northland, is now being operated by a NRC CCTO which has no governance representation from FNDC and thus provides little opportunity for the Far North District to influence decisions.

With the main destination being Bay of Islands, the proposed Far North Unitary Authority would establish its own tourism development organisation (either by rebranding the existing RTO or by setting up its own entity) to be known as Destination Bay of Islands, to focus on the iconic attractor. A good example of this approach is Destination Queenstown, which was never called Destination Otago.

## Realistic rewards for our contribution

Although NRC has major investment assets such as Northland Port Corporation (\$36M), cash and bonds (\$20M), investment property (\$48M) and the new Community Investment fund (\$10M) and no debt, it is not making any significant investment in economic development initiatives in the Far North.

For example, NRC has a 53.6 percent shareholding in Northland Port Corporation. The main export from Northland Port Corporation's JV port operation, Northport, is unprocessed logs, half of which come from pine forests in the Far North. Incredibly, however, FNDC has not yet received any direct financial benefit at all arising from NRC's holding in Northport, which enjoyed a 51 percent increase in profits last February thanks largely to these exports.



*Figure 7: Northport cargo volumes (Northland Port Corporation Ltd; Presentation to Analysts October 2012).*

The former Northland Regional Council Community Trust funded Enterprise Northland (now Northland Inc) and destination marketing firm Destination Northland with a \$12 million investment fund created by NRC selling shares in Northland Port Corporation in 1996. The value of that fund is now about \$10.25 million.

Now that economic development has been brought in-house it will be subject to more political influence with less autonomy and flexibility. The current budget in the 2011/2012 year (NRC LTP) for Regional economic development is only \$2,504,358 and **there are no projects planned north of Whangarei.**

The Far North is long overdue a reasonable and realistic share of the NRC's earnings from Far North resources, so as to be able to develop our own economic development initiatives.

This would provide the capital needed to undertake a number of important infrastructure projects such as flood mitigation, the Kerikeri airport upgrade, and the local share of key roading projects. Building local infrastructure that supports local business makes economic sense.

It would also enable the proposed Far North Unitary Authority to promote and foster inward investment and initiatives by businesses and industries that add value to the primary element of the District's economy, thereby helping to create jobs locally and grow the economy overall.



## 4.2.6 Increased productivity of Regional assets

### *Ma tatou ano korero mo a tatou*

#### **Issue**

NRC plans to continue using the income from Regional assets for some of its operational costs, thereby continuing to provide a rates subsidy for the next 10 years (decreasing annually until nil in year 11). FNDC and WDC believe these assets should be used for improving the Far North's lagging economy now.

#### **Solution**

The proposed Far North Unitary Authority would seek its fair share of the Region's assets and greater influence over Northland Port Corporation and its income. It would improve the productivity of these assets by investing more money in local community infrastructure and flood protection works, and supporting economic growth in the Far North. This will allow Council to take a greater leadership role in the overall economic development in the Far North District.

NRC has stewardship of over \$114 million of liquid assets. Until recently, all of its investment income helped fund council operations and provided a rates subsidy of about 20 percent (NRC 2012/2022 LTP). NRC recently determined that over the next 10 years it will transition from subsidising rates and re-direct investment income into the Northland Regional Council Investment and Growth Reserve. The Investment and Growth Reserve will be used to fund specific projects that will increase Northland's economic performance, jobs and the average household income.

NRC manages and appoints directors to the Region's 53 percent shareholding in Northland Port Corporation. The Productivity Commission's report on International Freight Movement services questioned the governance framework for council controlled ports. It states "there may be conflicting interests where councillors act as directors and there are weak incentives for monitoring performance". It goes on to say that in order to address these weaknesses the ports should be run as if privately owned.

There was direct benefit to Far North Ratepayers from the public share of ownership in Northland Port Corporation. However, the new direction for redirecting these funds into the Northland Regional Council Investment and Growth Reserve for infrastructure projects removes this rates relief benefit and targets it to significant infrastructure projects that will likely not benefit the Far North

FNDC believes that as part of this reorganisation proposal the NRC port shares should be sold to private shareholders and the investment used for supporting local community infrastructure and economic development across the entire region.

## 4.3 Simplified Planning Processes

### *Kia kotahi nga ture*

As required by Section 8 (b) (iii) we seek in this section to demonstrate how this reorganisation proposal would promote integrated statutory plans and a reduction in the number of plans to be prepared or approved by the local authority.

There are two parts to the proposed integration of the resource management planning process:

- ◆ the processing of consents (4.3.1)
- ◆ the development of the policy framework (4.3.2).

A single regulatory authority in the Far North with Māori representation will provide integrated management of resources, particularly in the area of planning and consenting. Internal co-operation will be easier to achieve, compared with cross-authority cooperation. This will provide a higher degree of integration and collaboration between staff, as well as an improved exchange of technical knowledge and information, as teams would be working together in the same place. Input into the process would be easier for iwi as they don't have the capacity to deal with two different authorities, especially with one located some distance away making it difficult to access for face to face meetings.

The outcome of this collaboration for developers, Māori and the community will be good local decision making.

The main components to the proposed simplified processes are:

- ◆ A single Far North consenting authority
- ◆ A combined consenting process
- ◆ A single authority carrying out the reporting and monitoring (EPA)
- ◆ A combined Far North policy framework (Regional and District responsibilities)
- ◆ Implementation of statutory amendments, national policy and regulations at a single level of local government.
- ◆ Ease of input for iwi into the development of the policy framework and consenting processes

### 4.3.1 Processing of Consents

The opportunity costs of time, especially delayed or drawn out processes, can adversely affect the economic viability of a project. A single consenting authority for development opportunities will make it simple, cost effective and timely for the applicants.

A well timed decision will not necessarily mean a positive outcome for the applicant, but applications will be considered in the most efficient and effective manner possible. There may not be direct financial savings from this approach but there will be significant benefits to people in the private sector who find dealing with two layers of local government confusing, time consuming and expensive.

Closer Council relationships with iwi and hāpu, coupled with the improved governance arrangements featuring direct Māori representation, will have flow-on effects and improvements to the consenting process which should not be underestimated.

It will be easier for applicants to seek Māori views by reviewing existing iwi and hāpu management plans and by making direct contact with Māori Councillors. And a single iwi contact database for the District will help eliminate errors and make sure that developers and applicants are talking to the correct people early on in the process, saving both time and money.

Iwi leaders have stated that a single consenting authority with planning staff they can meet *kanohi ki te kanohi* (face to face) to discuss consent applications will make it easier for them to have early and meaningful input into the consent process. The time savings could flow on to reduce consenting timeframes.

### 4.3.2 Policy Framework

The four existing local authorities in Northland currently have seven planning documents under the RMA. They are the Regional Policy Statement (which the NRC is reviewing), the Regional Water and Soil Plan, the Regional Coastal Plan, the Regional Air Quality plan and the three District Plans.

It is suggested that these plans could be combined (1-Plan) to a large degree to improve public usability, reduce costs and reduce the review timeframes. A more consolidated planning framework could remove overlaps, identify and address gaps, ensure consistency in priorities and remove public confusion and complexity. For example, practitioners interviewed have said the Regional plans have identical policies and objectives as those contained in the Regional Policy Statement.

Unitary Authorities are well placed to develop or to combine plans given their dual responsibilities. While a single 'whole of Northland' plan risks the loss of important local context, a combined policy framework for the Far North would ensure that communities were involved in policy development at a local level, meaning local solutions for local issues.

This would ensure that communities take ownership of their own issues, rather than the issues being left to an 'unseen' authority which operates at a distance and at a level that is perceived to be outside the community.

The benefits of a combined policy framework for a Far North Unitary Authority include:

- ◆ Iwi having the capacity to have input into policy development and having easy access for face to face discussion with policy developers
- ◆ Enabling council and communities to address their particular issues using an integrated and holistic approach without the jurisdictional boundary which would otherwise restrict this approach
- ◆ Closer involvement with communities at a local level (local solutions for local problems); e.g., new technologies investigated quickly and adopted as an approved solution
- ◆ Supporting community ownership of issues by providing the expertise and advice from Council at a local level
- ◆ Providing better opportunities for achieving sustainable management of resources by enabling an integrated and holistic approach for policy development
- ◆ Removal of overlaps and inefficiencies between plans at a Regional and District level
- ◆ Consistency in approach to resource issues, such as the identification of heritage sites, landscapes and natural hazards
- ◆ Providing better opportunities for shared services with adjoining councils (eg; heritage and landscape experts, ecologists).

There would be an opportunity, which would add further to efficiencies, for the planning frameworks of the two proposed Unitary Authorities (Far North and Whangarei/Kaipara) to be consistent as regards the approach when dealing with regionally-significant resource management issues.

### 4.3.3 Environmental Monitoring

Section 35 of the RMA requires all local authorities to monitor and report on the State of the Environment, resource consent processing, and the efficiency and effectiveness of plans and delegations.

Currently, each District Council and the Regional Council collate and produce individual reports to meet this requirement. In relation to the sustainable management of resources, this creates separation of issues into tiers at a Regional and local level, again highlighting the need for integration that is not defined by jurisdiction. Environmental issues cannot be resolved in isolation or compartmentalised due to jurisdictional roles.

A Unitary Authority approach to environmental monitoring would enable the monitoring and reporting on these matters to occur at the level where the issue arises, while also clearly providing a framework where results are collated and disbursed to the relevant people. This would make results reporting more transparent and improve how they fit within the review, leading to improvements in the policy framework (the current framework results in isolation of issues and a blurring of the relevance of outputs of the monitoring).

## 5. Demonstration of capacity

### 5.1 Resources to carry out responsibilities, duties, and powers

Section 7C 5(a) requires FNDC to demonstrate it is aware of the resources necessary to enable it to carry out effectively the Regional Council responsibilities, duties, and powers. These additional resources would need to be funded from the rates that are currently collected by FNDC on behalf of NRC.

Neither FNDC nor WDC have considered the resource structure of their proposed UAs in any detail as this will emerge when the two organisations work through the details such as service level agreements and sharing contracted services for expertise where this is a more cost effective solution.

FNDC understands that NRC often does not itself have internal expertise for some monitoring and service delivery functions or policy development and in these instances FNDC would seek the advice of the ACC to determine the best provider for these deliverables, as NRC does now. An example is river management where NRC contracts GHD and BECA to carrying out studies and costings and management options.

However, river management and drainage works undertaken by the NRC in the Far North could just as easily be managed by the FNDC which already contracts firms to carry out stormwater works in the District.

Harbour safety, navigation, pilotage services and marine oil spill responses would be undertaken by the FNDC's trading company, Far North Holdings, which already owns and manages significant marine assets such as Opuā marina, 8 commercial wharves, a number of moorings and boat ramps. Alternatively, those services could be provided in conjunction with a Whangarei/Kaipara Unitary Authority.

#### 5.1.2 Financial resources

Rateable properties provide the majority of funding that Councils need to deliver effectively and efficiently services for the benefit of their community.

The Far North and Whangarei districts are the two largest in New Zealand in terms of numbers of rateable properties (FNDC 34,300 and WDC 36,786). We are also larger than cities such as Napier, Nelson, Palmerston North and Porirua.

Only the metropolitan cities have larger rateable property bases. FNDC believes that its rateable base strengthens its proposal for two Unitary Authorities in Northland.

FNDC already has the structure and systems in place to collect the rates income necessary to undertake both the current District and Regional roles.

FNDC can illustrate that it is capable of funding and delivering the new services and responsibilities.

In the 2012/2013 financial year, FNDC collected \$75.5M in rates and another \$6M on behalf of NRC. FNDC's total operational budget for 2012/2013 was estimated to be \$106M while NRC's total operational budget is \$26M.

Assuming that the share of the current operational spend in the Far North is based on the number of properties (36 percent of the properties in the Region are in the Far North); the Far North share of NRC's operational spend should be approximately \$9M. FNDC could deliver this as it is less than a 10 percent increase to the current Far North operational budget and is similar to the 2012/2013 estimated operational surplus as shown in the 2012/2022 Long Term Plan.

The existing District Council systems and processes would have the capacity to manage the additional work streams for this level of spend.

This application also assumes that, on the formation of the two Unitary Authorities, a transfer of assets and liabilities from the former Northland Regional Council would need to be agreed upon and undertaken. Without being able to control our share of the Regional assets and resources that creates other income streams rather than rates we would fall short of delivering these new roles and responsibilities to the desired standard.

Over the past five years FNDC has taken a frugal approach to debt and does not want to increase these levels in the current financial climate. However, it is cognisant that WDC has prioritised a number of projects such as the Hundertwasser Art Centre and the Hatea River Bridge crossing that will increase their debt levels significantly. While this approach might be acceptable to the ratepayers in WDC, FNDC does not want to increase the debt burden for its ratepayers. Combining the region under one Unitary Authority would not be fair to the Far North ratepayers as it is already disturbed by Kaipara District Council's levels of debt.

### **5.1.3 Structures, systems and processes**

Since 1989, all councils have had to ensure that systems were in place to ensure regulatory roles are separated from service delivery roles. This is achieved with the separation of activities into independent departments within the FNDC. The Infrastructure and Asset Management Department (IAM) undertakes the service delivery role and the Environmental Management Department (EM) sets resource management policy and undertakes regulatory processing and monitoring. Decisions by the EM department are made either under delegated authority or by Commissioners. Transparency in relation to resource consents that Council makes to itself are achieved through policy that requires all Council consent applications to be heard by a Commissioner. With this system in place there is a clear separation between governance and/or management and the consenting authority.

Under the Far North unitary model this will continue, with consents being processed and monitored regardless of what type of consent it is. Decision making will still be a mix of some under delegated authority, some by Commissioners.

Applications for major infrastructure projects of national significance could be called in by the Environmental Protection Agency.

Monitoring of the State of the Environment, RC processing, efficiency and effectiveness of plans and delegations, the service delivery arm of Council would continue as required under Section 35 of the RMA.

Council currently collects all rates income and provides comprehensive debt recovery services for NRC and therefore already has the rating system capacity as a Far North unitary authority.

#### 5.1.4 Human Resources

The Regional Council performs a range of environmental management roles that would need to be undertaken by the proposed Far North Unitary Authority. These roles would require Council officers with new skills and create a greater array of stakeholders with whom relationships would need to be developed, such as NIWA and Maritime New Zealand. The expansion of these roles would also require elected representatives to grasp more complex Regional Council functions. Increased competency and skills would need to be developed through training and recruitment of staff.

The Regional Council has very few staff based in the Far North and the proposed Unitary Authority would require the employment of around 50 new staff to undertake the additional workload. There will also be opportunities for some 'job stretching' and multi-skilling of existing staff, particularly in the areas of policy and monitoring and the management of physical works such as flood mitigation projects. This is seen as a positive point as it will attract staff interested in gaining experience across Regional and District functions.

Council recognises that, in order to increase efficiencies, there will be a need to share some services and specialised skilled staff across the two proposed Unitary Authorities (Far North and Whangarei/Kaipara). The complexity of some science-based functions, such as hydrology, requires specialist staff. It is proposed that a 'shared services model' be created with the proposed Whangarei/Kaipara Unitary Authority for specialist staff. This would be similar to the current model used in conjunction with the Northland Health Board, where Environmental Health Officers are contracted to perform the District Council's health functions.

Setting up the shared services model will provide a system for the employment and sharing of other specialists such as an economist, heritage planners, ecologists and landscape architects. There is insufficient work for these to be fulltime roles and the current approach is to 'contract in' these services when required. Sharing these specialists' roles with Whangarei District will provide savings and/or improved access to the skills.

### 5.1.5 Proposed responsibilities, duties and powers

The following table indicates the current responsibilities, duties and powers of the Regional Council and how they will be managed in the future by the Far North and Whangarei/Kaipara Unitary Authorities.

Two Unitary Authorities	Issues requiring a regional approach
Environmental Functions (implementation and issuing consents) <ul style="list-style-type: none"> <li>◆ Coastal Planning</li> <li>◆ Air Quality planning</li> <li>◆ Soil and Water planning</li> <li>◆ Land use</li> <li>◆ Biosecurity</li> <li>◆ Pest Control</li> </ul>	Environmental Functions (combined policy development) <ul style="list-style-type: none"> <li>◆ Coastal Planning</li> <li>◆ Air Quality planning</li> <li>◆ Soil and Water planning</li> <li>◆ Biosecurity</li> <li>◆ Sharing technical specialists</li> </ul>
Maritime functions <ul style="list-style-type: none"> <li>◆ Harbourmaster (Opuia/Whangarei)</li> <li>◆ Navigational aids</li> <li>◆ Mooring management</li> </ul>	
<ul style="list-style-type: none"> <li>◆ Transport</li> <li>◆ Provision of public transport (Kaitaia/Whangarei)</li> </ul>	Regional Transport Strategy
Flood protection and catchment management	Sharing technical specialists
Growth Strategy (policy) <ul style="list-style-type: none"> <li>◆ Key infrastructure</li> <li>◆ Renewable energy</li> <li>◆ Power transmission</li> <li>◆ Recreational facilities</li> </ul>	Regional Strategy (policy) <ul style="list-style-type: none"> <li>◆ Key infrastructure</li> <li>◆ Renewable energy</li> <li>◆ Power transmission</li> </ul>
Economic Development initiatives Tourism marketing	Regional Economic Initiatives
Emergency Management	Combined training

To deliver these functions some assets will need to be transferred or new contractual arrangements will need to be developed. Some of the maritime functions, including harbour safety and navigation and providing pilotage for vessels entering the Bay of Islands, may be delivered under a contract arrangement.

The only major asset currently on the NRC's fixed asset register is the Awanui Flood protection works valued at \$8M. FNDC already maintains drains, streams, stopbanks, spillways and floodgates within designated rural land drainage areas. FNDC's Stormwater Activity management plan assesses the current value of its stormwater assets (urban and rural) at \$36M. The transfer of the Awanui flood protection works assets would not create any issues for a proposed Far North Unitary Authority.



## 5.2 Appropriate for the efficient performance of role

Section 7C 5(b) requires the Far North District Council's reorganisation application for a Unitary Authority to demonstrate that it has a District that is appropriate for the efficient performance of its role.

The 2006 McKinley Douglas Ltd - Local Government Structure and Efficiency report commissioned by LGNZ concluded that "evidence on economies of scale in local government services revealed that there is a general acceptance that there may be economies of scale within individual services, but that, service by service, these will arise at quite different scales of operation. Rather than economies of scale providing a rationale for amalgamation, the weight of evidence suggests both that larger authorities may be less efficient and that the better means of seeking economies of scale is through a service by service basis".

Getting the right scale of individual services, not the scale of local authorities, is the key factor in creating efficiencies. Economies of scale must be balanced so that they are efficient and the community can access services and influence levels of service within their local communities. Creating a single Unitary Authority for all of Northland could reduce the ability of the Council to respond to its communities. Conversely, it's apparent that creating two UAs will facilitate this responsiveness.

FNDC already provides services and local infrastructure at the appropriate economy of scale, which varies service by service. Some services, such as community halls, are managed at a local level. Others, such as parks and reserves, are managed at a ward level. And some, such as building regulation, are managed at the District level. These economies of scale provide the balance between efficiency, effectiveness and connectedness.

## 5.3 Distinct community of interest

Section 7C 5(c) requires the FNDC's application for Unitary Authority to demonstrate that it contains one or more distinct communities of interest

A community of interest can be said to exist where people feel a sense of belonging and to which one looks for social, service and economic support. In short, a particular community of interest can be defined in terms of such characteristics as:

- ◆ distinctive physical and topographical features (eg; rivers, principal roads, hill ridge lines)
- ◆ similarities in economic or social activities carried out in the area
- ◆ similarities in the demographic, socio-economic and/or ethnic characteristics of the residents of a community
- ◆ distinct local history of the area
- ◆ the rohe or takiwā of local iwi

It can also be said to exist where there is a dependence on shared facilities and services in an area. These can include schools, recreational and cultural facilities, retail outlets, transport and communication links

This reorganisation proposal posits that the rurally-focused Far North and urban-focused Whangarei districts encompass distinctively different communities of interest.

The MDL 2011 report points out that “the impact of geography when considering future options for local government in Northland should not be underestimated”. McKinlay believed most of KDC was a natural extension of Auckland. Whangarei, as the Region’s urban centre, was relatively self sufficient and didn’t face the extreme challenges of infrastructure provision to sparse low-income populations that the Far North has. The Far North’s long coastline, large land area and spread-out population pose infrastructure and resource management challenges that are very different to those faced by the WDC or even a southern Unitary Authority.

### 5.3.1 Distinctive physical and topographical features

The FNDC community is made up of 42 small towns or settlements, nine harbours and more than 2,300km of coastline. It is very rural with only 27 percent of the District’s population living in the three main towns of Kaikohe, Kerikeri, and Kaitaia, and with an area of 7,505 km<sup>2</sup> it has an overall population density of just eight people / km<sup>2</sup>.

On the other hand Whangarei District is the 10th most urbanised area in New Zealand and over 60 percent of the residents live in the Whangarei urban area. WDC has a much smaller area with 2,855 km<sup>2</sup> and a population density of 26.08 people/ km<sup>2</sup>.

The Far North and Whangarei districts are the two largest in terms of rateable properties (FNDC 34,300 and WDC 36,786) in New Zealand.

Most towns in the Far North are several hours’ travel from the Region’s main urban centre of Whangarei, and do not identify with it. In fact, the Far North has a distinct lack of common interest with Whangarei. Conflicts of purpose and intention have already arisen as urban issues are progressed at the expense of more rural interests.

The size of the Far North is a distinctive physical feature. It is the second largest District Council in the North Island. It is larger in area than WDC/KDC combined and the only Territorial Authority that is larger in area in the North Island is Gisborne District Council which is a Unitary Authority.

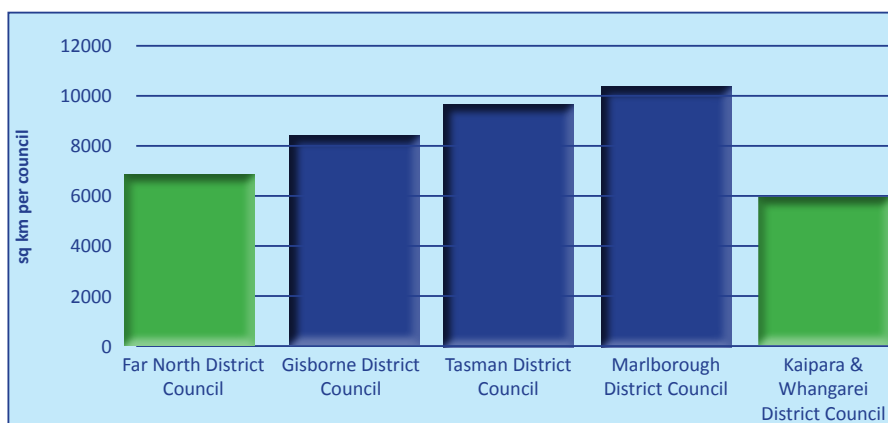


Figure 8: Graph comparing the overall size of proposed Far North and Whangarei/Kaipara Councils with non-metro Unitary Authorities

There is a natural gap in development and intensification between the two proposed UAs (Far North and Whangarei/Kaipara) and a physical separation caused by the Waipoua forest. Almost all catchments are contained within these natural boundaries (except for two small meshblocks within the Waipoua Forest that could be transferred). During significant flooding the Far North is often cut off from its southern neighbour.

### 5.3.2 Distinct economic and social communities of interest

Research into the mapping of community of interests in relation to service areas and central government delivery has revealed that a number of organisations recognise two distinct communities of interest in Northland and are delivering services at a bi-Regional level.

Northland has never been just Whangarei:

- ◆ There are two members of parliament – Whangarei constituency representing the city and surrounds and the Northland constituency representing the rural communities.
- ◆ Top Energy and North Power have long recognised the size of the Region and the need for two lines companies to service it. North Power is based in Whangarei while Top Energy has recently established its base right in the centre of the Far North (at Puketona), recognising the need to be close to its customers and infrastructure.
- ◆ NZ Police manages the Northland province bi-regionally with two separate areas – Far North (covering the FNDC's area) and Whangarei (covering KDC/WDC).
- ◆ NZ Fire Service operates two Districts in Northland – Muriwhenua (being from Kawakawa north) and Whangarei (covering WDC/KDC).

Kerikeri, Kaitaia and Kaikohe all have their own newspapers that have helped develop and build local community identity without any reliance on Whangarei.

Where people live and work, and their journeys to work, are measures commonly used to identify 'natural' economic regions. The MDL 2011 report said only 0.6 percent of Far North residents travel to work in Whangarei, confirming the view that the Far North is largely self-sufficient in employment terms within its own community. Due to its size and geography the residents of the Far North look northward and eastward while the rest of the Northland Region looks southward.

Distance from an economic hub or city makes it harder to provide for, or have access to, specialist services. Even more so where there is no public transport and residents have low income and limited access to safe private transport:

- ◆ 15 percent of people in Kaitaia do not have access to a car, compared with seven percent of Whangarei residents
- ◆ 45 percent of Hokianga and Kaitaia residents have no formal qualifications compared with 37 percent of Whangarei residents
- ◆ 12 percent of Hokianga/Kaitaia residents have no access to telephone or internet compared with only 2.5 percent of Whangarei central residents

Northland is one of the most deprived populations in the country but, as illustrated above, when the statistics are collated at a lower level, the Far North stands out even further.

In addition, the proportion of the Far North's population in the lower quintile of the deprivation index is 83 percent in Hokianga, 41 percent in Whangaroa, and 55 percent north of Mangamuka. This compares with 23 percent in Whangarei.

The Far North has some appalling social-economic indicators that show a lag behind Whangarei, Northland and the rest of New Zealand.

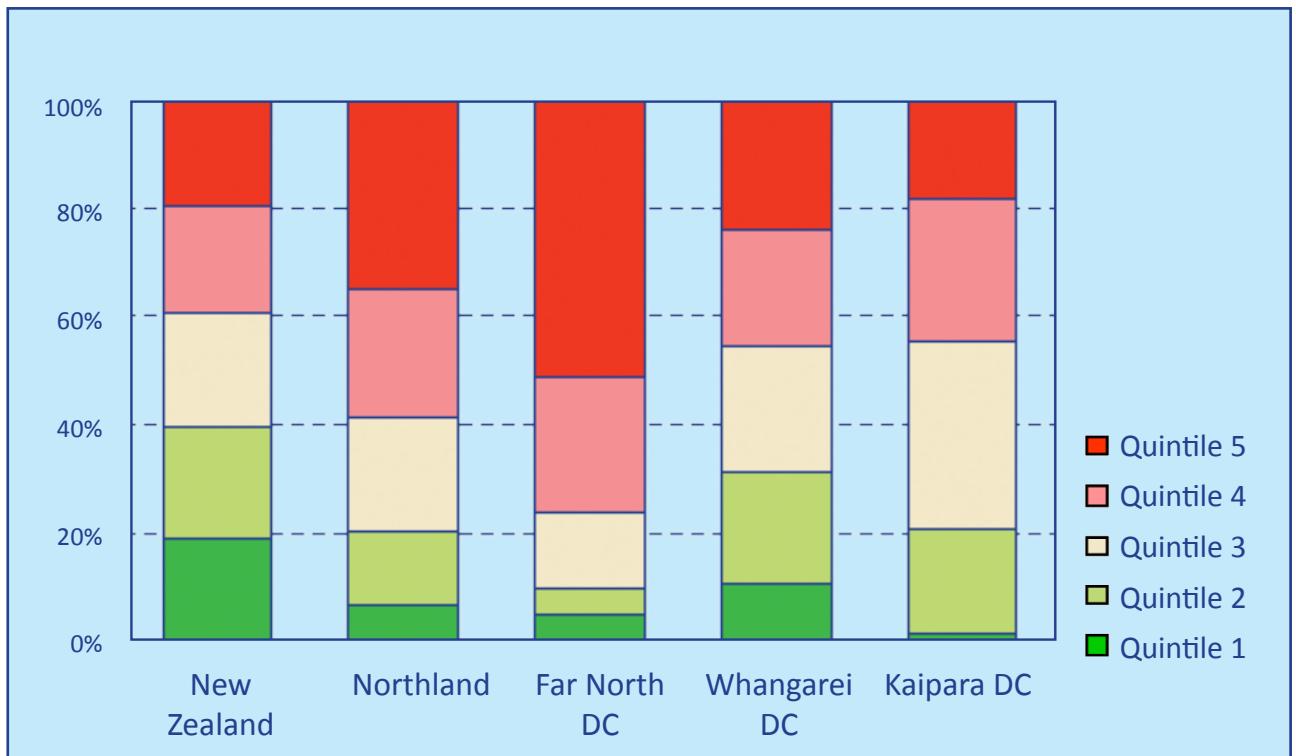


Figure 9: Deprivation by Area; NZ, Northland and its District Councils – Quintile 5 being most deprived and Quintile 1 being least deprived (extracted from Northland District Health Board 2012/2013 Annual Plan).

Far North residents have less income. They are also less qualified and less connected, with low levels of access to telephones, internet and transport.

Indicator	New Zealand	Whangarei District	Northland Region	Far North District
% with no access to telephone	8.4%	10.8%	13.2%	15.9%
% with no access to internet	39.5%	45.7%	49.2%	50.7%
% over 15 years no formal qualification	25%	29.7%	33%	33.6%
% that earn less than \$20,000	43.2%	45.2%	48.4%	51.8%
Life Expectancy	82.2 F 78M	81.6F 77.3M	81.2F 76.3M	80.0F 75.5M
% in lower quintile of deprivation index	20%	23%	35%	51%
Unemployment	6.7%	8.0%	8.3%	9.5%

Figure 10: Data from Statistics New Zealand for the June 2012 quarter.

A further break-down of the unemployment statistics shows that youth unemployment in the Far North was 17.4% at the end of June 2012.

**Unemployment rates in the Far North have increased by 2.3 percent to 11.8 percent in the June to October 2012 period.**

The table above highlights how reporting on many social indicators on a Regional basis means that the poor performing indicators at a District level, such as in Hokianga, are concealed and go without the resources required to improve them. Collecting this data at a District level will improve the relevance and applicability of this data.

New Zealand Index of Deprivation 2006 highlights just how appalling the Far North indicators are compared with the southern Northland area (**Appendix 9**). The Ministry of Health's deprivation index and the Ministry of Social Development's index both show that the Far North contains more at-risk communities than the rest of the Region.

A 2001 study by the Ministry of Health found a strong association between life expectancy and the level of deprivation in the area where people lived. Life expectancy declined markedly as the deprivation of the area of residence increased. This is clearly represented in the statistics in the table above, as the life expectancy of Far North residents is lower than New Zealand, Northland and Whangarei.

Until the social and economic indicators of these communities are improved the Far North District cannot improve.

FNDC's Social Development policy states that when policy is made at a distance from where it is to be implemented there is a high chance the policy will not fit the local community needs or characteristics. The Far North is a long way from Whangarei, where Regional policy is developed, and even further from Wellington where central government is developing policy.

These lagging indicators reflect a failure of current policy. The proposed Far North Unitary Authority would be in a position to develop local policy to address issues, or to be able to support iwi as it develops relevant social policy with central government.

The Far North wants to improve employment, education and health statistics in its District and believes that, with iwi at the decision-making table, solutions can be found. However, to increase income educational achievement needs to be raised. The high rate of school-leavers without formal qualification needs a local solution. Most training institutions for the Region are in Whangarei. Distance, lack of public access, low levels of access to cars, and the need to moving out of their community are all barriers to youth accessing these training opportunities.

### **5.3.3 Distinct demographic communities of interest**

The Far North has a distinct demographic that is significantly different to Northland as a whole and to Whangarei. The population comprises 43.9 percent Māori, well above the national average of 14.6 percent.

This difference is magnified still further in specific areas - 73 percent in Kaikohe, 68 percent Hokianga and 58 percent in Kaitaia. In Whangarei District, by comparison, Māori comprise just 25 percent of the population.

The Far North has 11 recognised iwi groups whose rohe, or takiwā, fall neatly within, and do not extend beyond, the boundaries of the proposed Far North Unitary Authority:

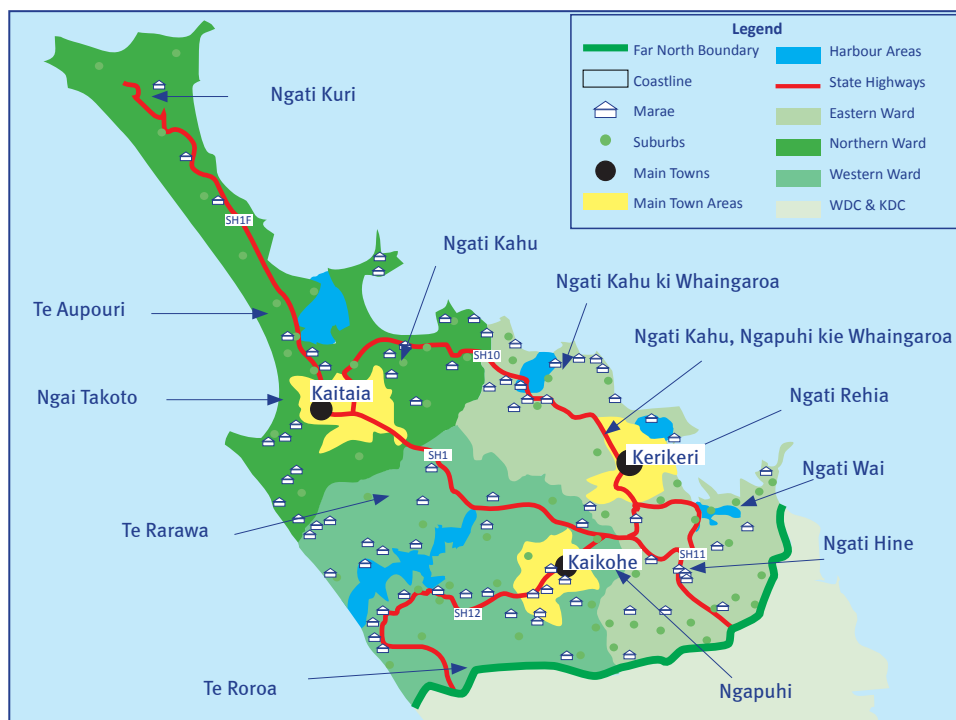


Figure 11: Far North District Iwi Areas

The Far North’s population is older and younger than the New Zealand norm.

Indicator	New Zealand	Whangarei District	Northland Region	Far North District
Population	4,027,947	74,463	148,440	55,842
Population % Māori	14.6%	25.2%	30.4%	43.9%
Population % European	67.6%	71.9%	69.5%	59.5%
% population over 65	12.3%	14.9%	14.5%	13%
% Population under 15	21.5%	22.8%	23.5%	24.5%

Figure 12: Data from Statistics New Zealand for the June 2012 quarter.

The Far North is very different to the Whangarei/Kaipara area. The Far North wants its own voice in negotiations with central government about what services and initiatives we value for our distinct community. We want our Council and mayor to be the single voice for local government in the Far North, empowered to speak for our Region, and we need more direct discussions with Central Government agencies so they understand our concerns.

## 6 *Effective flooding and water management*

### Looking after our water

#### *Tiakina a tatou wai*

Finally Section 7C 5 (d) requires the FNDC's application for a Unitary Authority to demonstrate how catchment-based flooding and water management issues would be dealt with effectively.

The proposed Far North Unitary Authority would provide a more holistic approach to river management, water quality, managing erosion and flood control. Roles are already confused, with FNDC monitoring some water quality for NRC and considering soil erosion as part of development opportunities. Meanwhile, NRC has the technical skills for understanding coastal erosion but FNDC is the owner of the esplanade reserves in the District.

By taking responsibility for causes and effects in the catchment, the proposed Far North Unitary Authority would be able to provide integrated management of resources, resulting in better solutions.

This is an area of improvement identified in Section 4.1.6 of this application..

Generally all catchments in the Far North are contained within the boundaries of the proposed Far North Unitary Authority. However, FNDC is aware that the current south-western boundary of the District includes the upper catchment of the Kaihu River which feeds into the Kaipara harbour (currently KDC). A small area of the Hikurangi swamp catchment on the south-eastern boundary also feeds into a different administrative region.

It is suggested that, if necessary, these boundaries could be amended to follow the catchment boundaries exactly. This would require a small number (one or two) meshblocks with limited population to be transferred to a southern Unitary Authority.