

# **Presentation of Tasman District Council's Submission to the Local Government Commission on the Proposal for a Union of Nelson City and Tasman District**

## **1. Introduction**

The Tasman District Council submission, which you have before you, was submitted on behalf of the Council and with the unanimous support of all the Councillors.

The submission was prepared by an independent consultant working with Councillors and senior staff.

The submission was approved by the Council at its meeting on 28 October.

At the same meeting the Council resolved to:

**Ask the Local Government Commission not to proceed with the proposal following consideration of the submissions and the information provided in the Tasman District Council's submission;**

**Advise the Local Government Commission that it does not support the proposal to amalgamate Nelson City and Tasman District.**

## **2. This presentation**

- 2.1 We intend to use 30 minutes of the time allocated to us to present our submission.
- 2.2 Council's written submission was comprehensive, so we intend to leave plenty of time for questions from the Commission.
- 2.3 This presentation will be in three parts:
  - In the first part we will briefly cover our response to the 7 questions asked by the Commission.
  - In the second part we will discuss some of the issues raised in the submissions
  - Lastly, we will outline the key messages we wish to leave the Commission with.

## **3. The Commission's 7 Questions**

*(a) How would the proposed districts/regions better recognise distinct communities of interest?*

1. Nelson City Council has only one significant geographic community of interest, that of its urban residents. Its representation reflects this. It

has no wards, with one large urban area containing in excess of 95% of its residents. Its rural sector has a very low population.

2. On the other hand, Tasman District has some 17 main settlements ranging from Richmond with a population of 12,953 through Motueka 6,242, Takaka 1,133 and Murchison 479 through to very small settlements such as Collingwood 229 and Upper Moutere 148.
3. Whereas the local government needs of Nelson City tend to be rather homogeneous, Tasman's settlements have different needs and preferences.
4. The Motueka and Golden Bay communities are serviced by Community Boards of four members each. Council is aware that at times the relationship with the community boards hasn't been that good. The current Council and Boards are working hard to improve this, including expanding the delegations it gives to the Boards. The extensive report attached to our submission notes this work.
5. Council is also working closely with its numerous community associations and, as with the community boards, it provides some funding towards community associations within the District.
6. Council submits that local and community representation is likely to be worse off under an amalgamated Nelson/Tasman Council.
7. We consider that support for community boards and associations is more likely from a local authority with an equal balance of members representing rural and urban communities than from one with only 35% from the areas outside of the main urban areas of Nelson, Stoke and Richmond, as would be the case under the proposal.
8. We consider that the equal urban-rural mix of Councillors under the existing Tasman District Council arrangements encourages a culture within the organisation that ensures that both the rural and urban issues of our distinct communities are addressed.
9. Our Communitrak Residents Survey conducted independently by the National Research Bureau indicates high levels of satisfaction with Council's services.
10. The low turnover of Councillors and the resultant stable governance also confirms a high degree of resident satisfaction.
11. Tasman District Council does not believe that the proposal would result in its distinct communities of interest being better recognised or serviced than they are now, indeed it could lead to the opposite occurring.

*(b) How would the proposal provide for more effective representation of communities of interest?*

12. Nelson City and Tasman District currently have similar populations and Councillor numbers.
13. Assuming a maximum number of Councillors in any amalgamated Council would not exceed 15 and that the + or – 10% rule applies, there will be a major decrease in Councillor representation across both Tasman District and Nelson City.
14. Currently the areas outside of the Richmond Ward are represented by nine Councillors and this would reduce to around five. This reduction will particularly hit rural residents due to the large size of the rural district and the difficulty of a small number of Councillors being accessible to residents.
15. There will also be a loss of representation for Richmond residents. Richmond has a different identity to Nelson and values its separateness. The community has quite different needs and preferences to Nelson.
16. At the moment, Tasman largely has multi-member wards. These enable a mix of ages, personalities, views, etc, to be elected from each ward. A lesser number of Councillors from each ward, which is likely in an amalgamated Council, is likely to mean less diversity around the Council table to represent ward views.
17. Motueka and Golden Bay wards currently have community boards. Because of the large reduction in Councillors additional Community Boards could be justified. For example in Murchison, Mapua, Wakefield/Brightwater, Richmond, and within Nelson.
18. Council notes that community boards should be an enhancement to representation, but as the key rating and policy decisions are made around the Council table, they should not be seen as a replacement to elected members on Council.
19. Currently Tasman has an even mix of rural and urban Councillors which has meant that the Council has been able to support fairly the developments in both urban and rural areas. A new Council covering both Nelson City and Tasman District with 15 Councillors would have 10 of these from the Nelson, Stoke and Richmond urban areas and 5 from the rest of the District.
20. It is difficult to see how a union of the two Councils would provide for more effective governance and decision making. On the contrary, the rural and smaller urban communities currently in Tasman could be seen to be severely disadvantaged by the governance structure of a combined Council. This is certainly reflected in the submissions

received by the Commission and in the feedback we get from our communities.

21. This is the first unitary council amalgamation proposal to be considered by the Commission. It covers regional council functions. Regional councils are not constrained to the same extent by the plus or minus 10% rule. Our understanding was that this was because the regional functions can impact on rural areas more than urban ones. This needs to be considered by the Commission.
- (c) *Why would the proposal provide for more effective governance of the districts/regions concerned including meeting decision-making requirements?*
22. In our written submission we cover in detail how Council acts in accordance with the principles set out in Sec 39 of the Local Government Act.
23. Ward Councillors are members of the community boards and attend their meetings, and the meetings held by the numerous community associations in the District.
24. Council consultation processes also generally go beyond the statutory minimum. Councillors have been heavily involved in the preparation of the Long Term Council Community Plan (referred to from now on as the Long Term Plan) and Annual Plans, and in the public consultation surrounding them.
25. Tasman District Council also ensures that there are regular media releases informing the community of its policies and activities and regularly advertises in community newspapers circulating in the District as well as publishing its own two-weekly publication "Newline".
26. Councillors have a good working relationship with Council managers and staff.
27. Council works collaboratively with Nelson City on a range of activities and services, where it is in the interests of the wider Nelson-Tasman region. For example, we both jointly fund Nelson Tasman Tourism, Regional Museum, and the Regional Economic Development Agency to ensure that there is one regional voice on tourism and economic development matters.
28. Council submits that it currently meets decision making requirements, in fact, it often goes well beyond them.
29. Therefore, Council does not believe that the proposed amalgamation would provide for more effective governance of the district or region nor would it enhance decision-making.

(d) *Why would the proposal facilitate more effective planning for meeting the immediate and long-term needs of the districts/ regions concerned?*

30. Both Nelson City Council and Tasman District Council have good Long Term Plans that have received clear audits. We refer you to the comments in the Audit NZ Management Letter outlined in our submission. Therefore, both Councils currently do effective planning to meet the immediate to long-term needs of their communities.
31. At a conference Bruce Robertson (Assistant Auditor General – Local Government) stated that Tasman District Council's Ten Year Plan 2009-2019 was one of the top eight Long Term Plans in the Country.
32. Tasman District Council underpins its long-term planning with a growth strategy that extends to 2031 and Activity Management Plans for all its major activities that cover a 20 year period, rather than the usual 10 years. Independent reviews of Council's Activity Management Plans indicate that we have achieved a good standard with our documents and our financial forecasting.
33. Tasman District Council's Ten Year Plan 2009-2019 makes specific reference to existing shared services/joint ventures which already facilitate planning to meet the needs of the existing combined districts. These shared services are sometimes only between Tasman and Nelson and at other times involve other councils or agencies, in addition to the two Councils.
34. We have over 30 shared services between the two Councils. The most recent, Top of the South Maps, was only launched last month.
35. A list of the shared services is outlined in our written submission. They cover all aspects of Council work from community facilities, environmental activities, planning to engineering functions.
36. We support shared services where they provide our community with better services or more cost effective delivery, while ensuring the accountability and governance back to our communities is not compromised.
37. The three Top of the South Councils have engaged an independent consultant, Leigh Auton former CEO of Manukau City Council, to look at opportunities for further shared services between the Councils.
38. Where there are matters of mutual interest in the preparation and maintenance of their resource management plans, staff of the Councils work closely together to share understandings particularly on cross boundary issues.
39. There has been a view expressed on the need for a joint Regional Land Transport Committee. As regional councils, each authority has had its own Regional Land Transport Committee since 2007. Before that a joint Nelson Tasman Regional Land Transport Committee was formed as a joint committee under the LGA. However the different

practical issues facing the two authorities and the ineffectiveness of that joint committee led to its disestablishment in 2007.

40. Council accepts that there are wider road issues that are important to the combined regions and indeed to all of the top of the South Island regions. These are now adequately dealt with in the Top of the South Transport Liaison Forum which has political and management representatives from Tasman District Council, Nelson City Council, Marlborough District Council and the New Zealand Transport Agency.
  41. This Top of the South Transport Liaison Forum provides effective regional advocacy to central government on road network matters.
  42. We believe that Council has effective planning already which meets the intermediate and long term needs of its District and the wider region.
- (e) *How would the proposal facilitate more efficient and effective service delivery in the districts/regions concerned?*
43. I wrote to the Commission asking for it to provide an independent analysis of the financial implications of amalgamation. The Commission chose not to provide this before calling for submissions. The following points summarise the Tasman District Council expectations of the impacts of amalgamation after considerable analysis.
  44. As noted in our submission, Council has good activity and asset management plans in place for its activities. We have had most of them independently assessed.
  45. Unlike many councils, we have activity management plans for both our infrastructure assets and our other “soft” activities, like resource policy, community recreation, regulatory services, etc.
  46. Our activities and services are undertaken by suitably qualified and experienced staff, with support from consultants to provide specialist advice and a range of contractors who undertake many of our service delivery activities.
  47. Contract work is competitively tendered, on performance based contracts, which deliver market rates, value for money and good standards of work for our residents and ratepayers.
  48. Our annual residents satisfaction survey shows good levels of satisfaction across the range of services and activities we provide.
  49. Council is performing well against the levels of service and targets set in its Ten Year Plan.
  50. As noted earlier, we provide a large number of activities and services in association with Nelson City Council and other agencies.
  51. Therefore, it is hard to see how the proposal would facilitate more efficient and effective service delivery in the region.

(f) *How would the proposal provide for enhanced financial capacity in the districts/regions concerned?*

52. Our planning for Tasman District and our collaboration with Nelson City on regional issues, is designed to provide for enhancement of the productive capacity of the District and wider region, and to deliver our services and activities in a financially prudent manner.
53. Our Council has a comprehensive funding strategy, where we collect general rates, targeted rates, loans, fees and charges and development contribution levies to fund activities and services for the community.
54. We use more targeted rates than most other councils. We also use District wide “club” approaches for funding certain infrastructure services to ensure that all settlements get the same level of service and that everyone pays much the same for those services no matter where they live in the District and avoiding peaks and troughs in rates payments.
55. As Nelson City doesn’t use targeted rates or clubs as we do, our “club” and targeted rates approaches could be threatened under an amalgamated Council dominated by one large urban area.
56. Council does have a fairly high level of debt, relating to the provision on new utility and community infrastructure. High levels of debt are not uncommon in growth councils like ours, where decisions have been made to use debt funding due to intergenerational equity issues and affordability.
57. Our debt levels are within our conservative Treasury Management Policy limits.
58. As noted above, Council operates a range of shared services with Nelson City Council and other agencies, and much of our consultancy and service delivery work is undertaken following competitive tender processes, so it is unlikely that there will be significant financial benefits from amalgamation in these areas.
59. Tasman District Council operates on very lean staff numbers, therefore, unless service levels are reduced or services are cut, it is unlikely that there will be savings on staffing numbers and salaries.
60. There have been a number of studies done on amalgamation both here in New Zealand and overseas. For example, the *Structure and Efficiency report* prepared for Local Government New Zealand by McKinlay Douglas, the *Myths versus Facts* work by LGNZ and work by Brian Dollery.
61. Our submission outlines in detail some of the findings from those studies. I’m sure you are familiar with these studies, which essentially demonstrate that amalgamation does not necessarily generate financial savings and that bigger is not necessarily better.
62. We strongly support the findings that, rather than economies of scale providing a rationale for amalgamation, the weight of evidence

suggests that larger authorities may be less efficient and that the better means of seeking economies of scale is to do so on a shared service basis.

63. Other financial impacts include the costs of amalgamating the two Councils.
64. As outlined in our submission Tasman District uses capital value rating and targeted rates, while Nelson City uses land value and differentials.
65. Tasman District is appreciably larger than Nelson City on both land and capital values. If the rate takes for both Councils are combined and then allocated on either the land or capital basis, Tasman District ratepayers could have a large increase in rates, all other things being equal.
66. Council is also very concerned about the loss of central government funding into the District and wider region if we become one Council. Our submission outlines the potential loss of around half a million dollars in roading subsidies, plus there are other impacts in terms of grants from agencies like the Canterbury Community Trust and Lotteries Grants Board.
67. Based on the above, Council does not believe that the proposal would enhance the financial capacity in the Tasman District.

*(g) How would the proposal provide for enhanced local government management and organisational capacity in the districts/regions concerned?*

68. Tasman District and Nelson City are both large enough to have the management and organisational capacity to deliver good local government to their regions.
69. Tasman District has good financial planning and activity planning in place to ensure it is sustainable into the future.
70. Because of the lifestyle that the Tasman District offers, it is relatively easy to recruit good staff to the organisation and to retain them.

#### **4. Issues raised in the submissions**

1. A number of submissions suggested alternative structural models to the proposal – examples include: re-establishment of a regional council, re-formation of a Golden Bay Council, formation of a new Council based on Golden Bay and Motueka wards.
2. Our understanding is that the Commission's role is to consider the proposal for the union of Nelson City and Tasman District, with minor variations. Therefore, consideration of forming a regional council or of forming new separate councils is out of the scope of this proposal.
3. Some submissions talked about having two Councils being wasteful and that inherently bigger must be better. Other submitters said that a



bigger Council would be less efficient and cost more, and that amalgamations have not worked in other countries. We have addressed this issue in our submission, in terms of the research undertaken by LGNZ, McKinlay Douglas and Brian Dollery around economies of scale and that often larger councils can lead to dis-economies.

4. Both Councils have a range of shared services with each other and with other agencies. There may be more opportunities to do more shared services and we are actively pursuing those. They are not dependent on amalgamation.
5. Our Council contracts out much of the service delivery activities and consultancy work, most of which is done through competitive tender processes to ensure market rates are achieved.
6. A large number of submissions expressed concern about the loss of representation and disenfranchisement of rural populations and decision being biased towards Nelson urban needs – Again this issue is addressed in our submission and Council shares this concern for both rural areas and potentially for the urban areas in the District when compared to the large urban area of Nelson City.
7. A large number of submissions said that the Tasman area has different needs and culture to Nelson and these needs will not be taken into account with the loss of rural representation. Council shares this concern and has addressed this matter in our submission.
8. Some submitters have said that the Nelson-Tasman area is one regional community and should therefore have one council. Our Council notes that there are some matters that are of wider regional interest. Examples of these are tourism promotion, economic development, pest management, the Port and Nelson Airport. In these cases both Councils work together on these matters, as we do on other matters of regional interest.
9. A few submitters have noted that it will be easier for central government agencies to interact with only one council, rather than two. The two Councils currently work together, and with other councils, on advocating with central government. The Councils successfully work with numerous central government agencies.
10. Some submitters are concerned about the potential of rates increases for Tasman ratepayers and about the potential changes to the rating system. Council shares these concerns and has addressed the issues in our submission.
11. Some submitters have noted that the two Councils can work together on projects that benefit both areas – Our Council agrees with this view and supports the shared services approach where it benefits both areas and where accountability and governance back to our communities are not compromised.
12. Some submitters commented on the need for Community Boards to have broader functions, more resources and on the strained

relationship between Council and its Boards. We are committed to improving our working relationship with the Boards, including looking at where we can delegate further functions. We have a good working relationship with the numerous community associations in the District. Council is committed to efficient and effective outcomes as we work with the community boards and residents associations.

13. Some submitters have noted that Community Boards can address the concern about loss of representation. While we agree that Community Boards can help to some extent, the key policy, planning, rating, and service delivery decisions are made by the Council, rather than by Community Boards. Therefore, representation of our diverse communities is likely to be reduced with less Councillors and a change in the balance of urban and rural councillors in an amalgamated council.
14. A few submitters have noted the need for consistent development rules across the two districts. The issue of either a combined district and regional plan across the Top of the South Councils or a common rules framework is currently being investigated by the three Councils. Obviously, there are different circumstances which mean that rules will never be the same everywhere, either between districts or within districts. However, there may be opportunities for some consistency where there is no reason for any difference. Amalgamation does not need to occur to achieve such consistency.
15. Iwi agencies have raised possible efficiencies for them by having one Council to engage with, one planning process and Iwi representation on the new Council. The Treaty Settlement process is recommending a rivers and freshwater advisory committee for the three Top of the South Councils, and the terms of reference allow for other functions to be added to the advisory committee. The advisory committee covers all three Top of the South Councils so it could achieve wider benefits for Iwi than the amalgamation proposal. This may help address some of the concerns raised.
16. A few submissions note the need for one regional land transport committee, for the southern arterial road corridor in Nelson, improved roading to the Port and less fragmented decision making on roading matters. Other submitters are concerned about the potential decrease in roading work in the Tasman area if the Councils are amalgamated. We have addressed the matter of the regional land transport committee and other roading matters like the southern arterial road corridor in our submission.
17. A number of submissions support the Commission undertaking an investigation of the possible governance options for the Nelson-Tasman area, so that residents and ratepayers can make an informed decision. Our Council is concerned at the costs, to both taxpayers and ratepayers, of doing an investigation and proceeding with the process when there is obviously considerable opposition to amalgamation in Tasman. Also, it distracts Council and diverts resources from delivering the services needed in our community.

18. Several submitters have said that they do not want their rates to go up to pay for facilities and “dreams” in Nelson. Other submitters have supported the amalgamation as it may lead to bigger, better and more facilities being provided. A few submitters are of the incorrect view that Tasman does not contribute to regional facilities. The two Councils currently provide a range of regional facilities and jointly pay for them where they benefit and are supported by residents and ratepayers in both areas. Amalgamation is not needed for this to continue. Tasman District is committed to working with Nelson City Council on regional facilities and shared services where there is demonstrable benefit.
19. A few Nelson residents have commented on the fact that our Council provides facilities in our smaller communities, rather than one big facility in Nelson. Our Council supports large regional facilities as well as providing our smaller settlements with the local facilities to meet their needs.
20. We contribute to regional facilities while also providing for our small communities, one thing Nelson does not need to do.
21. Some submitters have commented on a lack of cooperation between the two Councils. As noted in our submission, the two Councils are cooperating in a number of areas and operate a number of shared services activities. There are of course times when we will disagree on some matters because we represent communities with different view and differing needs and preferences.

## **5. Tasman District Council’s Key Messages**

1. Tasman District Council is already providing very good local government to the Tasman District and this is endorsed by feedback in the Communitrak Survey and byspokespeople or key senior officials of central government agencies and others.
2. The population resident in Tasman District is a balance of rural and urban dwellers, as is Tasman’s representation. Any union will inevitably upset that balance of representation heavily weighting it in favour of urban dwellers, as Nelson City is primarily a large urban area.
3. Nelson City is one largely homogenous urban area.
4. Tasman District, on the other hand, is comprised of 17 main settlements ranging in size and a large rural hinterland. The 17 settlements are all heavily dependent on the surrounding rural areas and provide many rural based services.
5. Therefore, the Nelson community can be considered as one urban based community of interest, whereas Tasman is made up of many smaller diverse and unique communities of interest associated with its rural hinterland.

6. Both Tasman District Council and Nelson City Council as local authorities are large enough to be viable local authorities, from a population and consequent rating base points of view. Neither are constrained by either financial or human resources from competently implementing the needs of their communities and the statutory directions set for them by central government.
  7. Analysis of the current situation of local government within the Nelson/Tasman region guided by the Commission's seven questions reveals that, from Tasman District Council's point of view, union would not make any of the criteria better, more effective, more efficient, or enhance the current situation.
  8. Further, the two local authorities have worked and are still proactively working towards achieving shared services. Shared services and collaboration can achieve benefits, while preserving the separate identities and accountability arrangements of the two Councils, enabling each Council to respond to the specific needs and preferences of its local residents and ratepayers.
  9. There were a large number of the submitters opposed to the amalgamation proposal, particularly when the number of signatories on the "Hands Off Tasman" petition are added into the mix. Many of those who signed the Hands Off Tasman petition have not had the opportunity to express their views to the Commission in these hearings. The likelihood of the amalgamation proposal ever getting past a poll in Tasman is very slim.
  10. There is no question that amalgamation could be made to work. However, our analysis is that it is not the best option for Tasman or the wider region.
  11. Tasman District Council believes it has by analysis and information set out in both the body of the submission and in the comprehensive appendices, provided enough evidence to convince the Commission that Nelson City and Tasman District are separate communities of interest and union of them is unlikely to result in "improved" or "enhanced" local government in the Nelson/Tasman region beyond that which has already been achieved, and indeed is still being improved or enhanced.
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Potential questions to think about responses to in prep for LGC questions:

1. Response to the NCC request to delay the process to enable discussions between NCC and TDC to occur on the amalgamation.

*Council does not support delaying the process to enable discussions to occur. We do want to work with Nelson City Council on shared services. We are already instigating identification of opportunities to develop new shared services.*

2. Questions around the Regional Land Transport Committee – why Tasman does not want one and why the previous one failed.

*Covered in submission.*

3. Council's position on Iwi representatives on Council.

*Council is democratically elected. As noted above, the Treaty Settlement process is recommending a rivers and freshwater advisory committee for the three Top of the South Councils, and the terms of reference allow for other functions to be added to the advisory committee. The advisory committee covers all three Top of the South Councils so it could achieve wider benefits for iwi than the amalgamation proposal.*

4. How we can better ensure a “regional voice” for Nelson/Tasman.