

UNITARY AUTHORITY PRELIMINARY INVESTIGATIONS REPORT – EXECUTIVE SUMMARY

OBJECTIVE

To investigate whether a sound case exists for the repositioning of Ruapehu and Wanganui Districts as unitary authorities based on gains in efficiency, greater connectivity to an authentic community of interest and more localised environmental management.

INTRODUCTION

Interest in this initiative has emerged from perceptions about:

1. Potential economic, staffing and resource inefficiencies.
2. The doubtful usefulness in having two tiers of local government, including concerns about ease of understanding for the community and possible duplications.
3. A disintegrating community of interest between the Wanganui and Ruapehu districts and the Horizons region, including the importance of identity to our residents – where do they see themselves belonging?
4. Gaps in localised governance. Are Horizons representing the interests of our local people? Is it exhibiting a disconnect from its constituency in the Whanganui catchment?
5. An apparent disjunct of the ‘One Plan’ from the regional community it is intended to serve, including concerns about its associated cost and lack of consultative reach.

COMMUNITY OF INTEREST

Wanganui and Ruapehu are similar in many ways and share a common community of interest. This is illustrated in the appended maps (Attachment 6) and explained in sections 4 and 9 of the report. This is a significant basis for the successful execution (or otherwise) of regional functions. A recognised lack of common interest was what led to the eventual dissolution of Nelson-Marlborough Regional Council and it is natural to assume that without such a basis that conflicts of purpose and intention will ensue. These sections of the report note that:

- Currently Wanganui and Ruapehu are linked to the Horizons region as a result of neat alignment and local government reorganisation.
- This is likely to be insufficient justification to have important decisions made largely on our behalf, by an organisation that is largely remote from our communities.
- HRC activities affect us because some of these activities are situated within our districts – but there is doubtful understanding of our interests beyond this.
- The likely best advocates for our interests will be us.

BOUNDARY ISSUES

The provisions of the Local Government Act state:

“if practicable, the boundaries of regions conform with catchment boundaries”; and

“the boundaries of the district of the territorial authority and those of the region over which [a unitary authority] has control, except the seaward boundaries, are the same.”¹

Section 5 of the report identifies that:

- The establishment of Ruapehu and Wanganui as independent unitary authorities as originally envisioned is unlikely to be approved, as neither district alone has anything close to a pure catchment.
- Additional boundary issues to incorporate the full Whanganui catchment will require further consideration.
- Any solution is likely to require framing in an Act of Parliament.

¹ cl. 4(a) Schedule 3 and cl. 3(2) Schedule 2 Local Government Act (2002).

REORGANISATION OPTIONS

These legislative limitations and boundary complications are addressed in the options put forward in section 6. The four most viable options are:

- 1). To establish Wanganui District Council and Ruapehu District Council as unitary authorities, with an attendant joint committee to satisfy legal requirements.
- 2). To establish Wanganui District Council and Ruapehu District Council as unitary authorities with a transference of powers from one to the other, for example in relation to the river.
- 3). To wait for likely improvements to local government organisation, and our resultant ability to influence this, through the new National government.
- 4). To remain as territorial district councils but to assume responsibility for regional council functions through the transference of Horizons functions to a joint committee.

For the exploratory purposes of this report, Option 1 will act as the primary basis for the investigation. This recognises that it is more probable than Options 2 and 4 and requires specific investigation that Option 3 does not.

LEGAL OPTIONS

Section 7 of the report identifies that:

- Although the Local Government Act (LGA) covers the establishment of unitary authorities it is likely that an Act of Parliament would best suit our purposes. This is because it is better suited to reorganisations on matters of principle that are likely to be unduly delayed or subject to failure using the route prescribed in the LGA.

FINANCIAL INFORMATION

A consideration of the likely financial impact of this decision has been undertaken. Although HRC was unwilling to provide a set of management accounts, staff did provide answers to some financial questions. Note – a formal business case has not been prepared at this early stage of the investigation.

As a result of research into Marlborough District Council's (MDC) transition, a model to provide an approximate guide to the likely demands on Ruapehu and Wanganui was developed. The assumptions made are included in Attachment 5.

Section 10.2 of the report includes:

- A table which shows the cost of levels of service as HRC currently undertakes them and then a comparison to the costs that would be incurred for each level of service if a joint committee was established.
- A table which reveals that on the basis of its numbers, and the inherent assumptions, that to set up unitary authorities for the Whanganui catchment will likely require additional funding to that presently funded from ratepayers.

IMPLICATIONS

Capability, efficiency and impact on the rest of the region

The report recognises that the establishment of unitary authorities would bring about associated increases in demand for technical specialisation, functionality, resourcing and funding. It also accepts that the establishment of Wanganui and Ruapehu as unitary authorities would have far reaching impact, both in terms of the procedural governance shift but also in resultant consequence for the rest of the region.

In addition, Sections 10.3, 10.4 and 10.5 identify that:

- Capability could be satisfied in a variety of non-traditional ways, including the sharing of services and the use of contractors.

- Efficiency gains could be achieved but only in conjunction with: adherence to the principles of transparency and separation as mandated by the LGA; effective coordination and cooperation; and political and staff ‘will’ to make it work.
- Potential reductions in efficiency would also have to be countered.
- The viability of the remainder of the region could be affected due to cost implications, loss of population, possible instability and dissatisfaction, resource management issues etc. Additional investigations are required.

ARGUMENTS

Arguments FOR the establishment of unitary authorities are detailed in section 11.1. These centre around:

- Gains in efficiency for both Council and community
- A more unified community of interest, with localised governance
- Potential cost savings and improvements to financial viability due to control over levels of service, for example in relation to pest animal management
- Avoidance of duplication and wasted effort as a result of indistinct function splits
- Simplification and clarification of the role of local government, including the delivery of services
- Better integrated management of resources
- Better coordination of works, organisation of priorities and total use of resources
- More ‘eyes around the district’ and the potential to be proactive rather than reactive

Arguments AGAINST the establishment of unitary authorities are detailed in section 11.2. These centre around:

- A decreasing rate pool, greater additional costs overall and loss of economies of scale, for example in the funding of essential high cost services.
- The potential for significant detriment to the rest of the region.
- Loss of checks and balances under the current system, for example in relation to transparency
- Difficulty in attracting specialised expertise and questionable organisational sustainability
- Potential for a lowering of resource management standards
- Potential for other options to address some of these issues instead, such as transferring or delegating functions to avoid the disruption and expense of a more comprehensive reorganisation
- An impure catchment – although this can be addressed by legislation, it carries with it potentially complicated boundary issues

SUMMARY

Section 12 reveals that:

1. Wanganui and Ruapehu reasonably compare with other unitary authorities in New Zealand based on population and area.
2. Consideration of financial information during this process indicates that under the joint committee scenario the applicable HRC rates to cover RDC/WDC expenditure would create a shortfall of \$2.5M.
3. It is extremely unlikely that a unitary authority will be successfully formed if it did not take in the whole catchment.
4. Further work needs to be done to establish what HRC does and the viability of RDC/WDC taking this on.
5. WDC and RDC jointly cover the Whanganui catchment and may press a case for becoming separate unitary authorities on the basis that environmental policy (and environmental monitoring and reporting) are transferred to a Joint Committee representative of both local authorities. This would also require transfer of powers

from HRC to the joint committee in respect of those areas of the region in Stratford DC, Waitomo DC and, potentially, Rangitikei DC.

6. RDC/WDC will need to consult on changes to services, appropriate levels of service and applicable funding in order to establish a solid business case.
7. An Act of Parliament would be required for this solution as the Local Government Act does not directly provide for such a solution and because of the potential unwillingness of HRC to transfer powers.
8. A transitional committee will negotiate the detail including the transfer of HRC investments, assets and information.
9. RDC/WDC will need to gear up their capability to deliver the required services and levels of service. This should include equivalents to MDC's Code of Conduct and Instrument of Delegations.

CONCLUSION AND RECOMMENDATIONS FOR ACTION

Although potential efficiencies of delivery and community cohesion appear to exist, it should also be noted that the establishment of Wanganui and Ruapehu as unitary authorities is a big decision with far reaching and long-term implications. This preliminary stage of the process has concluded that:

1. The unitary authority model does allow for gains in efficiency, positive synergies, greater community connectivity and more integrated management at a localised level.
2. These benefits could be applied to the Ruapehu and Wanganui districts and warrant the proposal's further, and more specific, investigation.

As detailed above, this process has raised a number of issues that require clarification. It is now recommended that:

1. Further investigations be conducted into the:
 - a. Likely costs of regional public goods
 - b. Detailed costs specific to RDC/WDC as unitary authorities with responsibility for regional roles
 - c. Financial viability of a reduced HRC
 - d. Estimation of transitional costs
2. That legal advice should be sought on the legality, practicality and risks of the two principal models highlighted – transference of powers between Wanganui and Ruapehu or a joint committee arrangement affected by an Act of Parliament.
3. That indicative support for the proposal of a joint committee or transference of powers be sought from the Minister.

UNITARY AUTHORITY PRELIMINARY INVESTIGATIONS REPORT

A combined project between Ruapehu District Council and Wanganui District Council



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1. OBJECTIVE

To investigate whether a sound case exists for the repositioning of Ruapehu and Wanganui Districts as unitary authorities based on gains in efficiency, greater connectivity to an authentic community of interest and more localised environmental management.

2. INTRODUCTION

This paper presents preliminary research into the establishment of Ruapehu and Wanganui Districts as unitary authorities. Although this research has been a collaborative effort between Ruapehu and Wanganui District Councils (RDC/WDC), it has not been tasked with investigating the amalgamation of these authorities. Instead it is intended to provide a critical appraisal of the actual applicability of the unitary authority model to the objective as defined above and to the individual needs of Wanganui and Ruapehu as appropriate. Interest in the initiative has emerged from perceptions about:

- Potential economic, staffing and resource inefficiencies.
- The doubtful usefulness in having two tiers of local government, including concerns about ease of understanding for the community and possible duplications.
- A disintegrating community of interest between the Wanganui and Ruapehu districts and the Horizons region, including the importance of identity to our residents – where do they see themselves belonging?
- Gaps in localised governance. Are Horizons representing the interests of our local people? Is it exhibiting a disconnect from its constituency in the Whanganui catchment?
- An apparent disjunct of the ‘One Plan’ from the regional community it is intended to serve, including concerns about its associated cost and lack of consultative reach.

3. BACKGROUND INFORMATION

Local government is shaped within a context of continuing change brought about by both internal and external reforms, reviews and reconsiderations. Principal amongst these is the legacy of the Labour Government led local government restructure of 1989/90. The implications of this are framed below:

3.1 Timeline

1989/90

- Review undertaken and implemented
- The number of local authorities reduced from more than 800 to 87 (as a result of perceptions about the excessive number of authorities and the small size of many – considered to be a waste of resources and a barrier to attracting skilled staff)
- Most special purpose local authorities abolished
- The number of territorial authorities reduced by two thirds
- Chief Executives formally designated as the employers of local authority staff, where previously this had been the preserve of the elected Council
- Thorough and demanding new requirements for consultation and disclosure of information are mandated

1992

- Amendment to the Local Government Act (1974) – the role of regional councils is refined

1996

- Reworking of financial management legislation to ensure that local authorities consider funding decisions within the context of a public good framework

2002

- Amendments result in the current Local Government Act (2002) – the scope of functions and the way functions can be delegated between councils is altered; there is a shift to a broader community-focused framework of operation, seeking the promotion of multiple wellbeings.

3.2 Function of local government

The aforementioned changes led to the local government function split as we now know it. As a result, although regional councils do provide some service delivery functions, they are overwhelmingly concerned with the sustainable and integrated management of natural and physical resources. While they have roles that complement those of a territorial authority, for example in relation to water, where regional councils have responsibility below the surface and territorial councils have responsibility on the surface, they also have roles for which they are uniquely responsible. A full breakdown of regional council functions, including territorial authority overlaps and discretionary activities is provided in Attachments 2 and 3.

In comparison, a unitary authority exercises the functions, duties and powers of both a territorial authority (in respect of the district in which it is constituted) and a regional council (in respect of the region which is under its control). It is critical that the delivery of these functions conform to the provisions of the Local Government Act, which requires that ‘so far as is practicable’ councils must ensure that regulatory activity is separated from other service delivery. This is to avoid any potential conflict of interest arising from situations where the unitary authority might assume the role of both the regulator and the regulated.¹

4. CURRENT SITUATION

There has been a swelling of acute community and political interest in the functionality of Horizons Regional Council (HRC). This has been driven by a questioning of the efficiency and sense behind having two tiers of local government, particularly when Wanganui and Ruapehu feel neither a strong governance connection to the administrative body nor the regional hub in which this is based. These perceptions seem to suggest that the local government model that Wanganui and Ruapehu are currently required to subscribe to is flawed. This raises a number of questions, including:

- Is there a better way to structure and deliver local government services in the Wanganui and Ruapehu districts?
- Does a regional and territorial layer of local government pose inherent economic inefficiencies?
- Does this overly complicate matters for customers?

¹ http://www.oag.govt.nz/local-govt/copy_of_2nd-report/docs/part5.pdf (retrieved 10 February 2009).

- Are Wanganui and Ruapehu citizens getting the best deal from Horizons Regional Council, or are services biased towards the Manawatu Plains?
- Is the region well served by the One Plan? For example, has this been subject to the proper analysis required under s.32 of the RMA?

Interest in establishing unitary authorities also has a research basis. While most best practice acknowledges that the application of a unitary authority model will not be appropriate in all regions and districts, there is a view that this model: "...overcomes some of the potential problems that may be attributed to functional overlaps in the dual system of regional councils and territorial authorities, and that it is consistent with the integrated management approach promoted by the RMA."² In addition, proposed changes to the RMA are indicating an early focus on even greater integration through the Resource Management (Simplifying and Streamlining) Amendment Bill. In concert with other efficiency measures, this signifies the intention to remove the mandatory obligation to review district plans every 10-years and to encourage the development of combined district and regional plans and policy statements.

An appraisal of the current situation in Wanganui and Ruapehu will also be relevant to this discussion. Common environmental issues which will impact on both districts primarily include:

- Flood protection – HRC undertakes major building and maintenance of stopbanks and has the necessary expertise to design these systems.
- Water quality and quantity
- Soil stability – Ruapehu and Wanganui are most affected by the provisions of HRC's Sustainable Land Use Initiative (SLUI) due to their greater predominance of steep, devegetated and slip-prone land.

4.1 Wanganui District issues

Wanganui has a stable but aging population. Furthermore, Wanganui is not a rich community. Across New Zealand 29.6% of the population is classified in the most socio-economically deprived deciles 8 to 10. In comparison, 49.7% of Wanganui's population can be found in those deciles. These statistics are extraordinarily important in determining the community's ability to pay – that is, the ability to meet the rate demands of the district and regional councils. The worsening economic climate will impinge further upon this.

However, WDC is determined to reverse Wanganui's population decline, and re-establish the city and district to national prominence. To that end, it has adopted a family-friendly strategy, instituted a ground-breaking Council-community partnership and created new amenities and facilities. Council has determined that the best way to attract both new people and new enterprises to Wanganui is to deliver an enhanced and affordable quality of life.

Predicted demographic shifts will impact on housing density and the proximity of elderly people to services.

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<http://archived.ccc.govt.nz/council/proceedings/2000/july/StrategyResources/AspectsofRegionalGovernmentArrangementsinCanterbury.pdf>

4.2 Ruapehu District issues

The biggest challenge facing Ruapehu is developing a sustainable and affordable future for its small, diverse communities, while respecting their differences and needs. Key aspects include funding and sustaining good, robust rural services, such as health and education, investment in infrastructure and keeping people in the District to stabilise on-going population decline.

There is also the impact of increasing expectations from visitors and tougher standards from the Government as well as the expectation that the District will continue to experience growth in both property development and tourism. This creates a high demand on Council activities like Solid Waste, Sewerage and Water Supply, which can result in the need for new infrastructure. The challenge is to provide for this growth, and the demands it places on Council's infrastructure and services, in a manner that will not stifle growth but, at the same time, is affordable and sustainable for the community.

Ruapehu presents similar patterns of high deprivation to Wanganui, however, this area also comprises a portion of relatively wealthy ratepayers through second and holiday-home owners in the vicinity of the ski-fields.

4.3 Benchmarks

While it is never simple to compare anything between local authorities, it is never the less useful to see some comparatives between territorials in our region, unitaries (Gisborne, Tasman, Nelson, Marlborough, Chatham Islands) and a regional council (HRC).

	Population	Area (sq km)	Resource Consents	Deprivation Index
Regional				
Horizons RC	229,200*	25,306	300	6 (average)
Territorial (Horizons region)				
Wanganui DC	43,400*	2,373	245 ¹	7
Ruapehu DC	13,569	6,700	133	7
Palmerston North CC	79,300*	336	489	5
Manawatu DC	29,300*	2,624	315	5
Rangitikei DC	14,712	4,479	89	6
Tararua DC	17,750*	4,361	92	5
Horowhenua DC	30,600*	1,064	298	7
Unitary				
Gisborne DC	45,900*	8,355	554	7
Tasman DC	46,500*	14,813	912	5
Nelson DC	44,700*	443	572	5
Marlborough DC	44,500*	17,517	1,939	4
Chatham Islands Council	612	963	2	6

Averaged Deprivation scores for 2006 (by area unit, per Territorial Authority)

* June 2008 estimate

¹ From 1 March 2008 to 28 February 2009

Notes:

- The number of resource consents is not necessarily an indicator of the activity or capacity of a local authority. Each authority will resource itself differently and impose varying burdens on applicants. Comparatively little of HRC's staffing resource is dedicated to consenting and consent monitoring. The number of applications does not assist in understanding the complexity of the applications, the mix of the different types of consents or the different natures of the districts concerned. Most consenting activity is user pays.
- The number of resource consents issued by each authority is taken from the Ministry for the Environment two-yearly survey of local authorities. The above figures represent those currently available, that is, for the 2005/06 period.
- The deprivation index is an indicator of the relative wealth of the resident population. A score of 10 represents greatest deprivation.

5. BOUNDARY ISSUES

The provisions of the Local Government Act state: "if practicable, the boundaries of regions conform with catchment boundaries" and "the boundaries of the district of the territorial authority and those of the region over which [a unitary authority] has control, except the seaward boundaries, are the same."³ As a result, the establishment of Ruapehu and Wanganui as independent unitary authorities as originally envisioned is unlikely to be approved.

This poses a fundamental problem for the Wanganui and Ruapehu districts as each share the catchments of the same major river systems. Neither of the districts alone has anything close to a pure catchment. The areas of the Wanganui and Ruapehu districts include catchments for the Whanganui River and Whangaehu River and various streams that outlet directly to the sea. As a result, an effective and legally sound split of the catchment between Ruapehu and Wanganui will exist as a major impediment to this process and has necessitated further thinking.

This issue is illustrated in the appended map of the catchment (Attachment 1).

In addition, the Whanganui River catchment falls outside the Ruapehu and Wanganui district boundaries at three points (labelled D, G and H on the map). This is a potential issue because:

1. The areas of local authorities are defined by Order in Council and by survey. They are not legally defined by catchment boundaries.
2. The boundaries of regional councils are required to follow catchment boundaries, but there are many minor exceptions to this rule (e.g. Area F on the map).
3. Unless HRC resolved to transfer powers in respect of these areas, or this was legislated via an Act of Parliament, this would not happen. There is no automatic mechanism for this to occur.
4. If WDC and RDC tried to reorganise themselves without these areas then the combined areas of the unitary authorities would not be the same as the catchment area. As a result, any subsequent argument for reorganisation may

³ cl. 4(a) Schedule 3 and cl. 3(2) Schedule 2 Local Government Act (2002).

fail because the authorities would not have responsibility for the entire catchment.

These discrepancies are explained below:

- **Area D** – that part of the Waitomo District within the Horizons region and Whanganui River catchment; abuts the upper section of the Ruapehu district boundary. The isolation of this segment of the region under a planned unitary authority reshuffle could be addressed by Ruapehu assuming regional council functions in this area. For this to happen, HRC would need to transfer its powers to Ruapehu/the joint committee under the Resource Management Act (RMA). In addition, there would be an expectation that Ruapehu would also receive power to rate this area, either directly, through HRC or through Waitomo District Council. It is believed that stakeholders in the affected area have a stronger community of interest with Ruapehu than they do with Palmerston North.
- **Area G** – that part of the Stratford District within the Horizons region and Whanganui River catchment; abuts the upper section of the Wanganui District and the middle of the Ruapehu District alongside Tawhata. It is likely that any attempt to alter the boundaries of the Ruapehu District to incorporate this area would not only encounter severe opposition from residents, but would also jeopardise the continued viability of the Stratford District.

This area has a history of challenge to new governance. In 1989 it revolted and declared its independence when it was removed from the Taranaki region and subsequently incorporated into Manawatu-Wanganui. Although Stratford District Council may raise no objection to transference of powers to a joint committee of RDC/WDC – this does not mean that residents will approve. Preliminary financial analysis indicates that HRC spends approximately 20 times more than it earns in this area on pest destruction. As a result, rates increases or service reductions are likely. However, it is believed that residents in this area would share a stronger community of interest with Ruapehu than they do with Palmerston North.

- **Area H** – those areas of the Whangaehu River catchment that lie outside the Wanganui District. In this case, and in the case of the adjoining Turakina River catchment, there are demonstrated historical community of interest connections to Wanganui which belie the reorganisation decisions of 1989 to incorporate it into the Rangitikei District. This was illustrated during the 2004 storm and subsequent flooding when the natural intent to help our neighbours was impeded by legal process. Early discussions with Rangitikei District Council to seek amicable agreement to a realignment of these boundaries would be recommended.

If the inclusion of Areas D and G is satisfactorily resolved then RDC/WDC would comprise a pure catchment. The below areas would be additional to the Whanganui River catchment:

- **Area F** – technically part of the extreme upper catchments of the Rangitikei and Waikato Rivers through the Tongariro Power Scheme (TPS), however, has long enjoyed historical associations to the Ruapehu District. The formation of HRC in 1989 with catchment responsibility for this area sets the

precedent for its continued inclusion in the jurisdiction of a Ruapehu unitary authority.

- **Area I** – the independent catchment of the Kai Iwi stream - part of the Wanganui District but is neither part of the Whanganui River catchment, nor any other major catchment. There is no apparent obstacle to its continued inclusion in the Wanganui District.

Any solution will need to be framed in an Act of Parliament. This is because the process set out in the Local Government Act offers potential to be frustrated by stakeholders with personal vested interests, and also because of the Act's provision that regional councils cover entire catchments.

6. REORGANISATION OPTIONS

In line with the aforementioned complications and current political climate, the four most viable options appear to be:

- 1). To establish Wanganui District Council and Ruapehu District Council as unitary authorities, with an attendant joint committee to satisfy legal requirements.
- 2). To establish Wanganui District Council and Ruapehu District Council as unitary authorities with a transference of powers from one to the other, for example in relation to the river.
- 3). To wait for likely improvements to local government organisation, and our resultant ability to influence this, through the new National government.
- 4). To remain as territorial district councils but to assume responsibility for regional council functions through the transference of Horizons functions to a joint committee.

Option 1 – Wanganui and Ruapehu as independent unitary authorities with a joint committee

Option 1 is framed in direct response to the limitations of the Local Government Act. This solution allows Wanganui and Ruapehu to establish themselves as unitary authorities but to overcome an impure catchment by conferring on issues of joint significance. Such a committee is mandated via the Resource Management and Local Government Acts and provides for the transference of powers, for example, in relation to the setting of environmental policy. This could be limited to the preparation of a joint Regional Policy Statement and Regional Resource Management Plan(s) or could incorporate other necessary regional strategic development.

Representation could include key stakeholders, such as Department of Conservation and Iwi but would be framed by Ruapehu and Wanganui as appropriate. In essence the joint committee would enact a governance function to represent the environmental interests of our more localised and specific region. Rather than comprising a separate bureaucracy, it could be administered by WDC, with the management and delivery layer dealt with through a contract between WDC and RDC. This could specify the scope of the transfer of powers, the expectations of the parties and the bases of cost sharing.

Each unitary authority could continue to be the consenting authority within their respective districts and hold joint hearings⁴ for selected applications.

⁴ Joint Hearings - s.102 Resource Management Act 1991

Legal advice should be sought on the legality, practicality and risks of such an arrangement. Some of the structure may need to be incorporated into an Act of Parliament as the unitary authorities are formed.

Option 2 – Wanganui and Ruapehu as independent unitary authorities but with a transference of powers from one to the other, for example in relation to the river

This option could remove the need for a joint committee and can at least be partially undertaken via the catchment management provisions of the RMA. However, the existence of additional regional responsibilities than those mandated under the RMA will mean that this option requires further investigation. While the LGA may suggest that a unitary (which is not a regional council but has the same responsibilities) can transfer powers to another unitary, this would need legal confirmation. The bigger question is whether this option provides accurate representation and transparency, for example:

- If Ruapehu transferred responsibility to Wanganui couldn't a Ruapehu unitary conceivably get into the same misunderstandings with Wanganui about parts of its environment (e.g. the alpine areas) that Wanganui doesn't have much experience with? Would Wanganui do this for free?
- How would such an arrangement provide for local representation?
- Given that this could conceivably be happening now, why haven't we already transferred powers?
- Given that the need for shared services is likely to emerge as a criterion for success of the unitary authority model, is a transfer of powers the best way? Or is it better to have a separately accountable body (joint committee) or a contract?

This measure could feasibly extend to a two-way transfer. For example, Wanganui could transfer Tb Vector responsibilities to Ruapehu, with Ruapehu potentially transferring river management to Wanganui.

It should be noted that Option 1, with its joint committee provision, was developed as an alternative to the need for amalgamation of Ruapehu and Wanganui to manage the complete catchment. It is believed that a joint committee has the advantage of representation, indirect accountability, clarity of roles and possesses a greater likelihood that the four wellbeings can be balanced across our districts.

Option 3 – Wanganui and Ruapehu postpone an immediate decision and subsequent action; wait for guidance from central government and lobby as appropriate

This Option recognises that local government reform is probable and imminent. It also acknowledges that this change will most likely be geared towards improvements in efficiency and may align with Wanganui and Ruapehu's interests. There are many other districts, including possibly those within our region, similarly questioning the rationale of the current system and the Royal Commission investigation into Auckland governance is leading this charge. This review challenges current assumptions that 'big is best' and posits new thinking about smaller more localised pockets of governance. The new government also appears to offer promise in this regard and is likely to act in response to this report. Would it make sense to pre-empt

these decisions when they could be large, far reaching and potentially complementary to our intentions? In addition, not only do our interests appear to align with those of the government, but there is also potential match-up with the interests of influential local Ministers of Parliament. A coordinated approach would likely be more effective than ad hoc reorganisation proposals lodged independently. However, preliminary discussions with the government have revealed a ‘get on and do it’ attitude towards this process.

Option 4 – Wanganui and Ruapehu remain as district councils but Horizons Regional Council transfers relevant regulatory functions to a joint committee

This option emerged as a result of discussions with Horizons Regional Council in the course of this research. It indicates that Horizons is potentially open to addressing the concerns voiced by Wanganui and Ruapehu Districts, and to accommodating these through non-traditional channels. However, this option is clearly reliant on a more conciliatory relationship, with its inherent requirement that Horizons and Wanganui/Ruapehu establish this committee on a basis of trust and open communication. This option has the benefit of not requiring formation by way of an Act; however, it also means that Horizons can revoke its transference of power/s at any time.

6.1 Way forward

For the exploratory purposes of this report, Option 1 will act as the primary basis for the investigation. This recognises that it is more probable than Options 2 and 4 and requires specific investigation that Option 3 does not.

7. LEGAL OPTIONS

7.1 Local Government Act

The legal basis for Wanganui and Ruapehu to establish themselves as unitary authorities is principally contained in the Local Government Act. It specifies the process by which a reorganisation proposal can be lodged to seek the exercise of both regional and territorial functions and its subsequent consideration by the Local Government Commission. Where this is approved in theory, it is then subject to a poll of residents in each district or region directly affected by the reorganisation scheme. Where more than 50% of the votes cast are in favour of the reorganisation then this must be given effect. Where any less than 50% of the votes cast indicate support for the reorganisation scheme then it can not proceed. However, this option is unlikely to be recommended to match our needs because:

- Our unique boundary and catchment issues are not able to be dealt with via the ordinary provisions of the Local Government Act.
- This is further complicated by the potential unwillingness of HRC to voluntarily transfer powers.
- The process as mandated can move very slowly and may in fact encourage opposition to unnecessarily swell and gain momentum.

7.2 Act of Parliament

Ruapehu and Wanganui could also become unitary authorities via an Act of Parliament. This can be initiated through the introduction of a Local Member’s Bill, for example, as in the Prohibition of Gang Insignia Bill facilitated by Chester Borrows as the local Member of Parliament for the Whanganui electorate. This option is better

suitable to reorganisations on matters of principle that are likely to be unduly delayed or subject to failure using the route prescribed in the Local Government Act. In addition, our unique catchment issues as described above are likely to defeat this process. The Nelson-Marlborough Regional Council (N-MRC) was successfully abolished by an Act of Parliament in 1992. This Act also included minor boundary changes to accommodate the legislative requirements necessary to reformat Marlborough, Nelson and Tasman as unitary authorities.

A very real risk for either option is the opportunity for a proposal to be captured at the Order in Council stage and a quite different solution imposed. Once an Order in Council is made, many detailed matters need to be agreed by a Transitional Committee, for example, negotiation of the transfer of staff, investments, assets and information as necessary.

8. ROLE OF HORIZONS REGIONAL COUNCIL

HRC is the consenting authority for the cleanliness of land, air and water throughout the region. Its effort in each constituent district is a function of the policy it sets and the extent of activity in those districts.

In particular it should be noted that:

- Consenting is built on a policy plank. That policy is built on scientific research. HRC is building its policy on the basis of scientific research funded by its ratepayers. Benefit from policy is indirect.
- 27% of HRC rates directly fund river and drainage works on a virtual user pays basis. The vast majority of these works are not in the Wanganui or Ruapehu districts. HRC also earns royalties from gravel extraction.
- HRC's dedicated Soil Conservators provide a lot of advice to farmers, foresters and other land users (not just applicants) on soil retention and health. This activity is largely funded by ratepayers.
- HRC expends a large share of its animal pest destruction budget in the Ruapehu and Stratford districts.

The below table is illustrative of some of the work that HRC is undertaking in our districts. In addition, there are a number of other projects that jointly apply to both Ruapehu and Wanganui, including pest plant education and control, iwi liaison, wetlands restoration and river and rainfall monitoring. A more complete list of projects is appended as Attachment 4.

8.1 Horizons projects - examples

Ruapehu	Wanganui
Upper Whanganui scheme (flood protection for land around Taumarunui/Ruapehu)	Riverbank enhancement (\$100,000 pa)
Kia Wharite (biodiversity/pest control with DoC)	Flood protection – lower Whanganui River design/build
Ngati Rangi environmental protection agreement	Matarawa flood protection scheme
Ohakune groundwater study	Whangaehu-Mangawhero flood prevention works
Air quality monitoring	
Mangawhero habitat monitoring	

A complete appraisal of regional council functions is appended to this report as Attachment 2. This illustrates:

- The legislative context
- Key actions
- Overlaps between regional and territorial local authority delivery
- Possible efficiencies to be achieved by a unitary authority model

9. COMMUNITIES OF INTEREST

A joint community of interest is a significant basis for the successful execution (or otherwise) of regional functions. A recognised lack of common interest was what led to the eventual dissolution of Nelson-Marlborough Regional Council and it is natural to assume that without such a basis that conflicts of purpose and intention will ensue. Currently Wanganui and Ruapehu are linked to the Horizons region as a result of neat alignment and local government reorganisation. However, is this enough justification to have important decisions made largely on our behalf, by an organisation that is largely remote from our communities? At the moment HRC activities affect our interests because some of these activities are situated within our districts. The question here is whether there is an awareness of our interests beyond the extent to which the activities are geographically positioned as a ‘Ruapehu’ or a ‘Wanganui’ concern. While it is not surprising that Horizons might have a natural bent towards its backyard as a significant determinant in what work is carried out, for whom and to what extent – it should also not be surprising that perhaps the best advocates for our unique needs should be us. This is not to forgo coordination and cooperation, but to recognise that the checks and balances of a localised partnership are easier to maintain than the complications inherent in a ‘long distance’ relationship.

9.1 Mapping

Research into the mapping of a community of interest as it stands in relation to service access and central government delivery has also been undertaken. This process is intended to reveal where our people turn to, where our localised focus lies in a formal and informal sense, and whether there is more shared commonality between Wanganui and Ruapehu than between either of these districts and Palmerston North. At this preliminary stage investigations have revealed:

- Ministry of Social Development – our region comprises Taranaki, King Country and Wanganui (does not include Palmerston North).
- District Health Board – wholly incorporates the Wanganui and Rangitikei districts and part of the Ruapehu district (the Waimarino-Waiouru ward), including Ohakune, Waiouru and Raetihi (does not include Palmerston North).
- ACC – The Wanganui Region spreads from Wanganui City, north west to Ball Road on the New Plymouth side of Patea, south west to Bulls and north to Taumarunui, including National Park, Raetihi, Ohakune, Waiouru and Taihape (does not include Palmerston North).
- Regional Partnership Programme (RED Trust) – an economic development partnership between Wanganui, Ruapehu and Rangitikei District Councils, eleven iwi partners from these areas and Central Government.
- Department of Conservation – the Wanganui conservancy extends from the Mokau River south to the Manawatu River and inland to include the western side of the Ruahine Ranges, Waiouru, Raetihi and Taumarunui. It is split into

the Taranaki Area, Whanganui Area and Palmerston North Area. The Whanganui Area incorporates the Wanganui and Ruapehu districts.

- NZ Fire Service – the Western Region includes Palmerston North as well as the Wanganui, Ruapehu and Rangitikei districts.
- Police – the Central District extends across both the Horizons and Taranaki regions.
- Te Puni Kokiri – the Manawatu-Wanganui region includes Ruapehu, Manawatu, Wanganui, Palmerston North, Stratford, Rangitikei, Horowhenua and Tararua.

These maps are appended as Attachment 6.

10. IMPLICATIONS

10.1 Economic viability

Unlike previous unitary authority transitions, this particular process will leave a residual HRC. If HRC does not downscale to the same extent that RDC/WDC upscale, then the sum of the costs of local government will increase. Further consideration of the implications of a reduced HRC will need to be undertaken, particularly in view of its consequence for the remaining region.

Transitional costs could also be substantial. The 1992 abolition of N-MRC cost N-MRC over \$2M.

Both Ruapehu and Wanganui are classified as socioeconomically deprived and have limited funding resources. The following section details the financial burden that would need to be assumed following the establishment of unitary authorities. However, it should be noted that unitary authorities are eligible for the combined array of funding mechanisms available to both a regional and territorial council. In addition, grants are available to regional councils for environmental projects, for example, remediation of contaminated sites.

10.2 Financial details

A consideration of the likely financial impact of this decision has been undertaken. Although HRC was unwilling to provide a set of management accounts, staff did provide answers to some financial questions. Note – a formal business case has not been prepared at this early stage of the investigation.

As a result of research into Marlborough District Council’s (MDC) transition, a model to provide an approximate guide to the likely demands on Ruapehu and Wanganui was developed. The assumptions made are included in Attachment 5.

	Best case costs \$M	Rates collected from HRC \$M	Surplus/ (Deficit) \$M
Extra regional costs for WDC	4.571	3.685	(0.886)
Extra regional costs for RDC	4.467	2.009	(2.458)
Extra regional costs for a joint committee	8.310	5.774	(2.536)

The following table shows the cost of levels of service that HRC currently undertakes and compares them to the costs that would be incurred for each level of service if a joint committee was established.

Level of service	HRC adjusted net costs \$M	Joint committee best case costs \$M	HRC remnant \$M
Environmental management			
Land management	2.928	1.263	1.119
Water quantity and quality management	1.977	1,116	0.861
Habitat protection	2.526	1,365	1.161
Regulatory	1.441	0.365	1.076
Strategic management	3.018	0.903	2.115
Risk Management			
Biosecurity	2.033	0.973	1.060
Tb Vector	1.195	0.665	0.530
Emergency management	1.038	0.262	0.776
River and drainage non-scheme	0.550	0.388	0.142
River and drainage - scheme	6.612	0.478	6.134
Transport			
Road safety	0.838	0.292	0.546
Passenger services planning	-	-	-
Passenger services implementation	0.615	0.163	284
Transport planning	0.218	0.076	142
Representation and governance			
Horizons' representation	1.664	-	1.213
Community plan	0.279	-	0.203
Regional relationships			
Iwi Māori engagement	0.166	-	0.124
Community relationships	1.170	-	0.873
Total operating expenditure	28.267	8.310	18.358
Rates	28.048	5.774	22.275
Surplus/(Deficit)	(219)	(2.536)	3.917

On the basis of these numbers, and the inherent assumptions, it appears that to set up unitary authorities for the Whanganui catchment will require additional funding to that presently funded from ratepayers.

10.3 Capability

In making a decision about the potential effectiveness of a unitary authority model for our districts it is important to illustrate our capability to deliver. This means foreshadowing any changes in staffing requirements, workload and complexity of service.

It is clear that if Wanganui and Ruapehu were to reposition themselves as unitary authorities that this would necessitate a subsequent increase in mandated service delivery as a result of the requirement to exercise the functions of both a regional and territorial council. These functions are covered in detail in Attachment 2 and are referred to throughout this report. In general, these highlight a definite requirement for increases in functionality; however, these new demands could be achieved in a variety of non-traditional ways such as the sharing of services between Ruapehu and Wanganui and the use of contractors.

This recognises that specialised regional functions also need to be carried out by specialised staff, with the expectation that Ruapehu and Wanganui either match this demand or satisfactorily source it.

The Marlborough District Council example illustrates how these new demands can be absorbed into an existing structure. In this case regulatory functions from the former N-MRC were assumed into the MDC regulatory department, with environmental policy separated from regulatory processing and monitoring. However, in all other identifiable ways there has been no separation between territorial and regional functions, for example, resource consent applications continue to be processed by the same people and follow the same processes regardless of whether they are for land subdivision or discharge. MDC has a mix of staff, contract and shared services and prefers to contract for short term capability as it is conscious of the cost of dispensing with staff.

In addition to the need for extra staff as a result of new functions, an indicator of added pressure to existing capability can be somewhat derived from an analysis of likely resource consent demands. Unfortunately, it is not as simple as extrapolating from current regional figures the additional demand on Wanganui and Ruapehu as consents are not easily broken down by each district and much of the work undertaken by Horizons is focused on the dairying demands of the Manawatu Plains. It is acknowledged that more consents will need to be processed but this number can only be approximated. For example, Wanganui could expect to process perhaps an additional 100 consents each year. More important to this discussion though is the science behind this activity. Consent work is certainly not the 'be all and end all' of regional activity. Instead, it has a policy and science basis that Wanganui and Ruapehu would need to satisfy through expert analysis from hydrologists, engineers etc. In the case of Whanganui River control this would involve: river gauges, catchment rainfall monitoring systems, river communication systems for various data, specialist river hydrologists and backup, control and communication specialists to keep the system running and mapping systems specific to potential river flood zones. This is just an example of the additional capability required but is indicative of a costly acquisition.

The key capability issues can be summarised as:

- Horizons perform critical environmental work that would have to be undertaken by Wanganui and Ruapehu either independently, jointly or through approaches to contractors. This relates to both mandatory and optional functions. Horizons has a shifting target when it comes to undertaking this work due to the unique and changing demands of the environment. Where optional functions were not continued there would need to be thorough consideration given to the future implications of this decision.
- New demands also require some new assets.
- There would be a greater array of stakeholders to develop relationships with, e.g. Maritime NZ, relevant Fish and Game Councils etc.
- The expansion in role would also extend to elected representatives, with a requirement to quickly grasp complex regional council functions. MDC noted the application of more ‘intellectual grunt’ than had been necessary of governance when it was a TLA. Competency would be developed through training.
- MDC also acknowledged political and staff will to ‘make it work’ as a key criterion in its successful transition.
- This complexity in function, with its particular scientific basis, would require additional specialised staff not currently necessitated under a TLA model.
- Some technical capability currently exists in-house, for example, in relation to the issuing of resource consents.
- While the use of contractors may be a solution to some of these problems, this still needs to stack up in terms of integrated management – will the distance to a contractor still be less of a disconnect than that with HRC?
- If a financial case is proven for unitary authorities, funding alone is not a sufficient resource to guarantee capability. The risk is that the funding can not provide the necessary skills, either through contract or employment, to allow the unitary to successfully function.

Opponents will argue that neither WDC nor RDC are big enough to demonstrate the financial or staff capability resources to be a unitary authority. This is a reservation that MDC has also expressed in a general sense about the establishment of additional unitaries.

Further work into the capability of Wanganui and Ruapehu to deliver on relevant Horizons functions needs to be undertaken. HRC staff were able to meet only once to provide answers to some of the many questions necessary to gain an insight into its operation. As a result, more specific information, particularly in relation to staffing levels, was unable to be sourced within the timeframe.

10.4 Efficiency gains

Potential efficiency gains are detailed below:

- Removes potentially unnecessary second layer of local government
- Provides a ‘one stop shop’ for the community (removes the need for applicants to deal with both a regional and a territorial local authority)
- Improves council services to the community and removes confusion
- Clarifies and removes duplication of local government functions by lying responsibility for everything with the unitary authority

- Enables integrated management of natural resources and subsequent transparency
- Wanganui and Ruapehu residents will only pay for those services and functions which bring direct benefit to them

However, these gains are reliant on the following:

- Adherence to the principles of transparency and separation of regulatory from non-regulatory functions as detailed by the LGA. MDC has achieved this through structural separation, a Code of Practice and extensive delegations. The Code of Practice addresses how MDC approaches applications it makes to itself.
- The need for effective coordination and cooperation. This is not removed by the establishment of unitary authorities. Wanganui and Ruapehu would instead need to demonstrate robust internal systems. This is because as soon as an organisation is divided for practical operational reasons, there is a subsequent requirement for internal coordination and cooperation as the activities of one division affect others. In addition, because unitary authorities are responsible for a wide range of conflicting activities there is an even greater need for effective management.
- Political and staff ‘will’ to make it work.

In contrast, a loss of efficiency could be perceived in the following ways:

- All activities, mandatory, discretionary etc. are currently undertaken for us by HRC’s specialised staff
- Economies of scale currently split costs for us across the region, for example, in the case of the Whanganui River flood scheme upgrade where cheaper costs are brought about by work being effectively subsidised by other districts
- Taking on additional functions, even allowing for additional staff, will stretch already thin resources and busy elected members
- Potential to just replicate in Ruapehu and Wanganui what was already being undertaken for us by HRC but on a smaller scale
- Loss of checks and balances across organisations where an interest in the same issue from a different perspective represents important complementarity rather than duplication

10.5 Impact on the rest of the region

The establishment of Wanganui and Ruapehu as unitary authorities would have far reaching impact. This recognises the massive procedural shift required in terms of governance but also the resultant consequence for the rest of the region. It is accepted that this will be a contentious decision and that while it has to best suit our needs, it cannot be made in isolation from the neighbourhood to which we currently belong.

The key implications are summarised as follows:

- Potential boundary realignment will have a direct bearing on many of our neighbouring districts. While this is covered in detail in Section 5, in the case of Stratford and Waitomo, the continued expectation that HRC manage the natural resources of what are effectively islands (i.e. the parts of these districts in the Whanganui River catchment) discontinuous from the rest of the region is considered largely impractical. However, it might remain workable for HRC

to continue to manage that area east of Waiouru that contributes to the catchments of the Tongariro Power Scheme and the upper Rangitikei River.

- Cost implications for the rest of the region are likely to be imposed as a result of reorganisation. This could have an effect on the ability to properly manage resources that have to be considered on a catchment-wide basis and/or on the financial/structural viability of the remaining region.
- The situation is unusual in that a remnant HRC will continue to exist in some form.
- The current population of the Horizons region sits at 229,200. If Wanganui and Ruapehu districts were removed it would total 172,231 (a loss of 56,969). Horizons is already one of the smaller regions and this loss would be felt. Additional impact could be delivered if other district councils in this region reevaluated their fit and sought additional reorganisation. This could be achieved by establishing unitaries (requires a complete catchment), amalgamating with neighbouring districts or seeking incorporation into a different region.
- It is believed that the balance of the region could be viable but additional investigations are required to establish the direct economic and social impact probable as a result of the decision to reorganise, including any flow-on effects therein imposed.
- Early discussions with all affected parties would be recommended.

11. ARGUMENTS

11.1 Arguments FOR the establishment of unitary authorities

- Localised governance and a more unified community of interest – the ability to respond to the needs of our own communities.
- Localised responses to localised issues without the need to subsidise work in other districts.
- Improved relevancy and applicability, for example in the collection of statistical data – this will now be effectively collected at a district level not at a regional level.
- Greater efficiency from the point of view of applicants – improved understanding of the process from start to finish, the ability to consent concurrently, a more cost effective and convenient system, will simplify matters, may improve staff accountability and performance, the potential to increase public trust and confidence in the process and outcomes.
- Greater general efficiency – for example, removes the potential for ‘buck passing’ between authorities, nothing can fall through the gaps between a regional council and TLA and there are no demarcation disputes.
- Opportunity for cost savings and improvements to financial viability – for example, the opportunity to change levels of service by altering what is delivered, to what standards, where and when. The clear opportunity to investigate is in relation to pest animal management.
- Removes instances of duplication and wasted effort – for example in relation to the indistinct split of current legislation.
- Clarifies the role of local government and simplifies the delivery and function of services – a ‘one-stop-shop’ system brings associated generic advantages, particularly for Ruapehu with so much of its population geographically

isolated from Palmerston North. Also removes confusion about the role of regional councils and poor public perception of their performance.

- Provides better integrated management of resources – particularly in the areas of planning and consenting; internal cooperation is easier to achieve than inter-authority cooperation.
- Easier for staff – better exchange of technical information because staff are all working together in the same workplace, removes reluctance of staff to call the regional council for advice etc.
- Better coordination of works – for example in the drainage area because there is less distinction drawn between a regional and district split.
- More ‘eyes around the district’ – for example if an inspector notices a possible breach it is more likely to be fed back into the system.
- Better organisation of priorities and total use of resources.
- Potential to be proactive rather than reactive – for example, because a unitary is small, can target its resources, can move quickly and tends to be politically much closer to its community.
- Removes uncertainties and politics of where jurisdictional boundaries lie – staff and elected members are free to get on with ‘the real issues of resource management’.
- Provides better integrated consideration of environmental wellbeing in line with the other wellbeings.
- Elected members will develop a real interest in regional matters due to new connections to these issues.
- Better and more supportive management involvement in regional functions due to greater political involvement and concern for these operations.
- Improved relationships with ratepayers – particularly since the Wanganui and Ruapehu districts are so large and in many cases their populations so isolated from Palmerston North.
- Likely complementarity between this system and the findings of the Auckland governance review.
- Timing and purpose aligns with likely central government changes, e.g. the Resource Management (Simplifying and Streamlining) Amendment Bill.
- Aligns with the principles of the LGA and previous reorganisation proposals – for example, individual functions should be allocated to local or regional agencies which represent the appropriate community of interest.
- The opportunity to effectively influence this change – for example, we have one local MP in Cabinet - Hon Simon Power (Member for Rangitikei), one other respected local MP - Chester Borrows (Member for Whanganui), a Minister of Local Government (Hon Rodney Hide) that campaigned against rate increases and red tape, an Associate Minister of Local Government (Hon John Carter, Member for Northland) who is a Minister outside of Cabinet and may share the Far North District Council’s interest in becoming a unitary authority, a Minister for the Environment (Hon Dr Nick Smith, Member for Nelson) who is a Cabinet Minister and was involved in the Top of the South Unitary Model and is therefore aware of the arguments for a Unitary Council, and possible agreement amongst parliamentary coalition partners, especially if there is strong support from Whanganui River iwi.
- Potential gains in investment wealth – for example, through a share of HRC’s investments in Ports

- Potential for net administrative savings and better utilisation of assets
- Opportunity for more effective collaboration – in any case, there is goodwill between WDC and RDC and the potential to work closer together.

11.2 Arguments AGAINST establishment of unitary authorities

- Decreasing rate pool – ignores increasing community and government expectations as well as a decreasing willingness to pay, could make it difficult to fund essential high cost services.
- Potential for significant detriment to the rest of the region.
- Loss of economies of scale – for example, in times of emergency when the cost can be spread and in the delivery of cheaper functions due to subsidisation by other districts.
- Loss of checks and balances under current system – for example, the risk that a monopoly can lose its ‘cutting edge’, the loss of positive energy in the exchange of ideas where officers in different authorities have an interest in the same issue but from a different perspective.
- Specialised expertise is already in short supply in New Zealand – there could be difficulty attracting/retaining necessary staff. HRC is already one of the smaller regional councils in terms of rating base and capacity to employ – we would be duplicating this effort.
- Potential for a lowering of resource management standards.
- Potential for better transparency under the current system – supporters of the current split argue that it is important to the integrity of the system that monitoring and enforcement is even handed, and that despite the provision for unitaries to prosecute themselves, the present independence of regional councils provides better transparency.
- Potential for confused accountability between regional and local community priorities – a greater intermix of regulatory and service delivery functions than should be allowed.
- Other options such as transferring or delegating functions could be employed instead to avoid the disruption and expense of a more comprehensive reorganisation.
- Questionable organisational sustainability – for example our small sizes, insufficient funding, capacity to deal with the increase in consent applications and upsurge in workload for both elected members and staff.
- An impure catchment – although this can be addressed by legislation it carries with it potentially complicated boundary issues.
- Additional costs overall.
- Possible inconsistency with the model for Auckland governance
- Does not necessarily address inherent problems with the system by simply distancing ourselves from HRC.

12. SUMMARY

It should be emphasised that this is a preliminary review and has been principally tasked with establishing whether or not a sustainable case exists for unitary authorities of Ruapehu and Wanganui, taking into account both economic and non-economic factors.

In essence this process has revealed that:

1. Wanganui and Ruapehu reasonably compare with other unitary authorities in New Zealand based on population and area.
2. Consideration of financial information during this process indicates that under the joint committee scenario the applicable HRC rates to cover RDC/WDC expenditure would create a shortfall of \$2.5M.
3. It is extremely unlikely that a unitary authority will be successfully formed if it did not take in the whole catchment.
4. Further work needs to be done to establish what HRC does and the viability of RDC/WDC taking this on.
5. WDC and RDC jointly cover the Whanganui catchment and may press a case for becoming separate unitary authorities on the basis that environmental policy (and environmental monitoring and reporting) are transferred to a Joint Committee representative of both local authorities. This would also require transfer of powers from HRC to the joint committee in respect of those areas of the region in Stratford DC, Waitomo DC and, potentially, Rangitikei DC.
6. RDC/WDC will need to consult on changes to services, appropriate levels of service and applicable funding in order to establish a solid business case.
7. An Act of Parliament would be required for this solution as the Local Government Act does not directly provide for such a solution and because of the potential unwillingness of HRC to transfer powers.
8. A transitional committee will negotiate the detail including the transfer of HRC investments, assets and information.
9. RDC/WDC will need to gear up their capability to deliver the required services and levels of service. This should include equivalents to MDC's Code of Conduct and Instrument of Delegations.

13. CONCLUSION AND RECOMMENDATIONS FOR ACTION

Although potential efficiencies of delivery and community cohesion appear to exist, it should also be noted that the establishment of Wanganui and Ruapehu as unitary authorities is a big decision with far reaching and long-term implications. This preliminary stage of the process has concluded that:

1. The unitary authority model does allow for gains in efficiency, positive synergies, greater community connectivity and more integrated management at a localised level.
2. These benefits could be applied to the Ruapehu and Wanganui districts and warrant the proposal's further, and more specific, investigation.

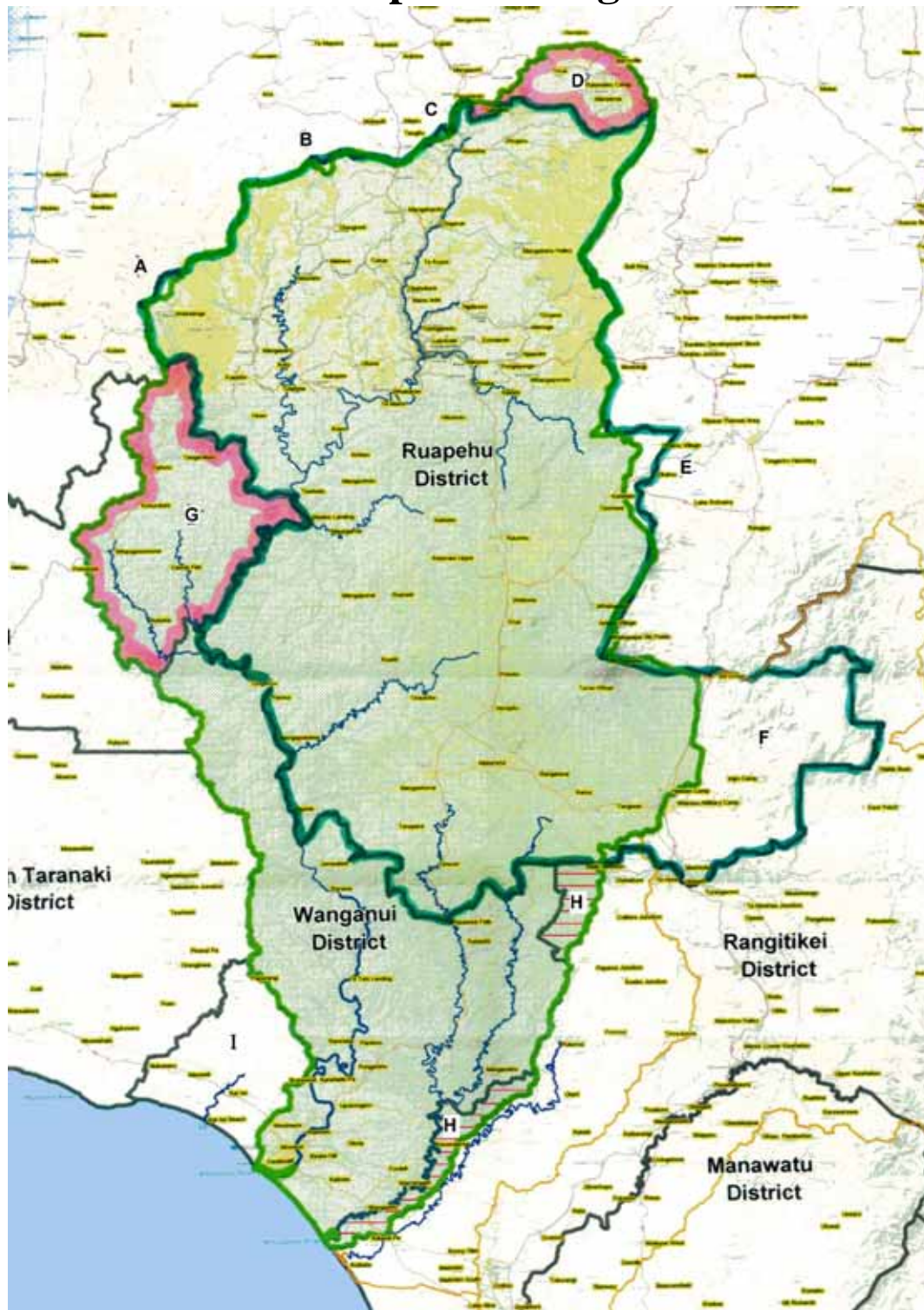
As detailed above, this process has raised a number of issues that require clarification. It is now recommended that:

1. Further investigations be conducted into the:
 - a. Likely costs of regional public goods
 - b. Detailed costs specific to RDC/WDC as unitary authorities with responsibility for regional roles
 - c. Financial viability of a reduced HRC
 - d. Estimation of transitional costs
2. That legal advice should be sought on the legality, practicality and risks of the two principal models highlighted – transference of powers between Wanganui

and Ruapehu or a joint committee arrangement affected by an Act of Parliament.

3. That indicative support for the proposal of a joint committee or transference of powers be sought from the Minister.

Attachment 1 – Map of Whanganui catchment



Attachment 2 – Regional Council functions

The function:
Air quality and air emissions
The Acts:
Resource Management Act, 1991; Health Act, 1956; Building Act, 2004; Local Government (Rating) Act, 2002
Key actions:
The RMA mandates that Horizons assume responsibility for the control of discharges of contaminants; this is achieved via the Regional Air Plan.
Overlaps:
Although air quality is clearly a regional function under the provisions of the Resource Management Act, territorial authorities retain overall responsibility for public health as a result of the Health Act.
Possible efficiencies:
Many activities operating within the Ruapehu and Wanganui districts are subject to air discharge consents issued by Horizons in addition to land use consents/licences issued at a district council level. These activities have to be monitored and there is potential for efficiency gains in having district council officers responsible for at least routine air discharges in addition to their regular monitoring programme. However, it should be noted that some types of discharge require specialised monitoring expertise and equipment which would need to be satisfactorily sourced.

The function:
Management of the coastal environment
The Acts:
Resource Management Act, 1991; Local Government Act 2002; Reserves Act 1977; Maritime Transport Act, 1994
Key actions:
Section 30 of the RMA mandates regional council responsibility for the ‘coastal marine area’ in conjunction with the Minister of Conservation.
Overlaps:
Where activities and developments extend across the mean high water springs boundary there will be a need for land use consents from both the regional and territorial council. This overlap is most common in built up coastal locations. However, in general, the aims of regional and territorial authorities in respect to these areas will be similar, albeit marked by differing perspectives. This may be particularly demonstrated in the case of reserve land immediately adjacent to the coastal marine area.
Possible efficiencies:
Duplication of effort may be demonstrated in controls related to the launching and use of boats. In addition, general management, supervision and planning functions in relation to reserves or legal roads immediately inland from coastal marine areas are the responsibility of territorial authority officers. Bylaw jurisdiction can also extend to the control of activities on beaches, for example, the lighting of fires and restraint of dogs. Both regional and territorial

authorities also have an interest in addressing the natural hazard potential of the sea due to inundation and erosion.

The function:

Emergency management

The Acts:

Civil Defence Emergency Management Act, 2002

Key actions:

Emergency management functions are dictated by the Civil Defence Emergency Management Act.

Overlaps:

Shared responsibility for emergency management is a proviso of the Civil Defence Emergency Management Act and demonstrated by multi-party membership to the Civil Defence Emergency Management Group.

Possible efficiencies:

Wider area coordination would likely remain a priority even if reorganisation was sought. This is because the two most probable Civil Defence (CD) scenarios applicable to this region, major flooding or earthquakes, would unlikely be localised to district boundaries if they were to hit on a scale necessary to warrant a coordinated CD response.

The function:

Energy – maintenance of natural and physical resources

The Acts:

Resource Management Act, 1991

Key actions:

Regional councils are charged with obligation for:
“the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the natural and physical resources of the region”⁵

Section 2 of the Resource Management Act incorporates energy into the above duty.

Overlaps:

Territorial authorities have a similar responsibility in relation to energy as imposed by section 31 of the Resource Management Act.

Possible efficiencies:

Energy use concerns impinge on the execution of various regional and territorial council functions, including transport planning, public transport and land use. The centrality of energy to resource management issues region-wide means that its effect could be addressed at a more localised level than is currently undertaken. This is particularly relevant as Horizons has not needed to attend to this as a core concern in the same way as major metropolitan regions.

⁵ Section 30(1)(a) Resource Management Act (1991).

The function:
Natural hazards
The Acts:
Resource Management Act, 1991; Soil Conservation and Rivers Control Act, 1941; Local Government Act, 2002
Key actions:
The Resource Management Act apportions regional council responsibility to: “...control the use of land for the purpose of – iv) the avoidance or mitigation of natural hazards” ⁶
Overlaps:
The Resource Management Act also lays responsibility with territorial authorities for: “the control of any actual or potential effects of the use, development, or protection of land, including for the purpose of – i) the avoidance or mitigation of natural hazardous...” ⁷ This exists as one of the clearest overlaps of local government responsibility. The ability of both regional and territorial authorities to introduce land use controls has also been tested in the Courts, with the resultant decision effectively recognising dual responsibility for mitigation of natural hazards.
Possible efficiencies:
Natural hazards requiring CD response are unlikely to adhere to administrative boundaries and current flood protection works extend beyond individual districts. However, the need for region-wide communication does not limit the ability of territorial authorities to continue enacting their functions as necessitated by the RMA.

The function:
Land use
The Acts:
Resource Management Act, 1991
Key actions:
This is a broad category of functions including: <ul style="list-style-type: none"> • Integrated management of the natural and physical resources of the region; • The effects of use, development and protection of land of regional significance; • The control of the use of land for the purposes of soil conservation; • The quantity and quality of water bodies and coastal water; • The avoidance and mitigation of natural hazards; • The prevention or mitigation of adverse effects from hazardous substances; • The Coastal Marine Area (i.e. below mean high water springs); • The taking, use, damming and diversion of water; • The control of water quality, levels and flows; and • The discharge of contaminants into air, land or water.
Overlaps:

⁶ Section 30(1)(c)(iv) Resource Management Act (1991).

⁷ Section 31(i) Resource Management Act (1991).

Due to the breadth of this function and the numerous responsibilities also vested with territorial authorities, multiple opportunities exist for overlap and tension. For example, in addition to specific responsibility for controlling discharges, Horizons also has extensive general responsibility under the RMA. Conflict such as this has led to claims that regional councils should limit their duties to core RMA actions.

In general, regional council functions can be defined as dealing with all discharges (excluding noise), the management of water resources and the area below the high tide mark, while territorial authorities are charged with most land use matters, designations, built heritage and subdivision.

As a result, overlap is most keenly felt in the area of integrated management of natural and physical resources, including reference to natural hazards and hazardous substances.

Possible efficiencies:

Establishment of Wanganui and Ruapehu as unitary authorities would remove any complications arising from duplication as a result of indistinctly defined responsibilities.

The function:

Navigation safety

The Acts:

Maritime Transport Act, 1994

Key actions:

To ensure navigational safety on waterways.

Overlaps:

This function is entirely a regional council responsibility.

Possible efficiencies:

Although navigational safety is ultimately a regional council activity, territorial authorities are affected by this function due to its execution within their districts and because of its relationship to the surface of the water (a territorial council responsibility).⁸ This can mean there is a need to coordinate controls, for example, in setting speed limits for powered vessels. A unitary authority would remove this shared concern. This has been demonstrated in the case of WDC where pressure has been unsuccessfully applied on HRC to develop a river control bylaw. This is due to safety concerns held by WDC and its lack of bylaw-making power in this respect.

The function:

Pests and biosecurity

The Acts:

Biosecurity Act, 1993

Key actions:

To manage or eradicate pests and develop a Regional Pest Management Strategy.

Overlaps:

⁸ Section 31(1)(e) Resource Management Act (1991).

The Biosecurity Act also sets out the responsibility of territorial authorities in relation to pest management. This essentially engages district or city councils as the management agency under the regional pest management strategy.

Horizons has a Regional Plant Pest Management Strategy and a Regional Animal Pest Management Strategy.

Possible efficiencies:

If a territorial authority is responsible for enacting the provisions of a regional strategy as it relates to its district, then potential efficiencies could certainly be achieved by vesting responsibility for management and implementation in the same place.

The function:

Public passenger transport

The Acts:

Transport Services Licensing Act, 1989; Land Transport Amendment Act, 2005; Land Transport Act, 1998; Local Government Act, 2002; Land Transport Management Act, 2003

Key actions:

Responsibility for the provision of public passenger transport sits wholly with the regional council. Horizons operate a tendered bus contract system with services based in Wanganui and Palmerston North.

Horizons coordinate this activity in relation to its Regional Passenger Transport Plan.

Overlaps:

Territorial authorities have responsibility for district roads in addition to the provision of public passenger infrastructure such as kerb alignments for bus stops, signs, seats, shelters etc.

Possible efficiencies:

It can be argued that separation of the provision of roading from the provision of public transport impedes the integrated management of these resources.

The function:

Regional land transport

The Acts:

Land Transport Management Act, 2003; Land Transport Amendment Act, 2008; Local Government Act, 2002; Resource Management Act, 1991

Key actions:

To develop a regional land transport programme to guide funding allocation. This is coordinated by HRC's Regional Land Transport Strategy.

Overlaps:

Statutory roles exist for both regional and territorial authorities and are coordinated by the aforementioned regional land transport strategy. The transport network is a critical element in resource management planning and each district is affected by the implications of this, for example, in relation to the amenity value of residential areas, energy use and rural resources.

Possible efficiencies:

The Land Transport Management Act mandates coordination and planning at a regional level, as a result, some sort of joint exercise may still be required if unitary establishment was to go ahead. However, this broader view of road planning could still be achieved by a unitary authority in partnership with other affected parties.

The function:
Waste, hazardous substances and contaminated sites
The Acts:
Resource Management Act, 1991; Building Act, 2004; Health Act, 1956; Hazardous Substances and New Organisms Act, 1996; Waste Minimisation Act, 2008
Key actions:
To avoid contamination of land, air and water.
Overlaps:
Functional overlap does exist between the actions of regional and territorial authorities in relation to the management of hazardous substances. Territorial authorities are charged with this responsibility under the Health Act and must demonstrate compliance via the District Plan. However, while district plan rules are concerned with the preservation of public safety, regional council actions are for the most part focused on the protection of land, air and water quality.
Common interest is also demonstrated in the management of contaminated sites. Although regional councils are accountable for discharges from these sites, it is territorial authorities that are responsible for the related public health elements.
New territorial local authority responsibilities in relation to waste management and minimisation are now also mandated under the Waste Minimisation Act. This includes the preparation of a Waste Management and Minimisation Plan and the appropriate distribution of levy monies for the purpose of achieving or promoting waste minimisation.
Possible efficiencies:
The interests and responsibilities of both regional and territorial authorities are broadly parallel and efficiency gains in the sharing of information and management of sites could be sought.

The function:
Water quality, quantity and ecosystems
The Acts:
Resource Management Act, 1991
Key actions:
Management of water quality, quantity and ecosystems.
Overlaps:
Regional councils are responsible for authorising most activities involving effects on natural water via the resource consent process. It is therefore necessary for territorial authorities in this region to closely interact with Horizons in their role as major users of water for potable supplies and as operators of wastewater treatment plants which subsequently discharge into land or water. These territorial authorities also have an interest in road metal, much of which

is extracted from river beds controlled by Horizons.

Possible efficiencies:

The obligation for territorial authorities to obtain resource consent from Horizons in the same way as other consumers is identified as a potential source of conflict but has aligned with prevailing central government preference for the separation of regulators from users. Internal organisational separation can achieve the same ends within a unitary authority model. In the case of WDC, much work is already undertaken with regard to water quality in this region, for example in the maintenance of Virginia Lake.

Attachment 3 – Regional Council roles

Regional Councils have different and additional obligations and powers. Core legislation⁹ has been reviewed to construct a list of obligations that a unitary authority must or may satisfy above those it satisfied as a territorial local authority.

Environmental Role

Resource Management Act 1991

Mandatory Provisions:

- s.60 – Regional Policy Statement
- s.66 – Regional Plan
- s.64 – Regional Coastal Plan
- ss.30 & 35 – Functions of Regional Councils (policy, control, allocation, investigation, monitoring, mitigate natural hazards¹⁰)
- State of the Environment Report
- Part 6 – Process applications for:
 - Land use consents (in respect of lake and river beds)
 - Coastal Permit
 - Water Permit (quality and quantity)
 - Discharge Permit (to land, air or water)

Optional Provisions:

- s.13(1) – Lake Bed/River Bed Regional Plan
- Land and Water Regional Plan
- On-site Wastewater Guidelines
- Regional Air Plan
- Water Quality Plan
- Water Allocation Plan
- Catchment Strategy
- Sustainable Land Use Initiative
- Dairying and Clean Streams Accord – Regional Action Plan (HRC is a signatory to the Accord)
- Land and Riparian Management Strategy
- River Management Plans

Biosecurity Act 1993

Mandatory Provisions:

- s.84 - Pest Management Agency (per the Regional Pest Management Strategy subject to s.71)

⁹ Role Review – The review included legislation core to regional councils. It did not include all legislation, nor did it extend to regulations, bylaws, National Policy Statements, other National Proclamations/Standards/Accreditations, local legislation affecting HRC, National Pest Management Strategies and the like. Specifically, the review did not include the 'Resource Management (National Environmental Standards Relating to Certain Air Pollutants, Dioxins, and Other Toxics) Regulations 2004' nor the 'Soil Conservation and Rivers Control Act 1941'.

¹⁰ Natural Hazards – Rainfall data collection and prediction of river flows is part of this mitigation. While not mandated, it falls within the scope of the Act and may be a service desired by the community.

- s.85 - Pest Management Operational Plan(s) (per the Regional Pest Management Strategy subject to s.71)

Optional Provisions:

- s.71 - Regional Pest Management Strategy
- s.13 – Monitor pests, pest agents, and unwanted organisms
- s.100 - Undertake small scale management of unwanted organisms without a pest management strategy

Biosecurity (National Bovine Tuberculosis Pest Management Strategy) Order 1998

Optional Provisions:

- cl.19 – Fund bovine Tb control
- cl.21 – Carry out vector control activities

Hazards Role

Hazardous Substances and New Organisms Act 1996

Optional Provisions:

- s.97 – Take enforcement action

Building Act 2004

Mandatory Provisions:

- s.14 - Functions under the Act in respect of dams¹¹
- s.143 - Approve or refuse dam safety assurance programme
- s.150 - Receive annual dam compliance certificate from dam owner
- s.151 - Establish and maintain a register of dams

Optional Provisions:

- s.154 - Power to notify dangerous dams
- s.156 - Power to apply to the Court to perform required work on dangerous dams

Civil Defence Emergency Management Act 2002

Mandatory Provisions:

- ss.12(1) & 22 - Civil Defence Emergency Management Group
- s.23 - Civil Defence Emergency Management Group administering authority
- s.48 - Civil Defence Emergency Management Group Plan

Optional Provisions:

- Various strategies, plans, operating procedures and guidelines to support the CDEMG Plan

Transport Role

Land Transport Management Act 2003

Mandatory Provisions:

- s.105 - Regional Transport Committee

¹¹ Dams – Regional Councils' have contracted with Waikato RC to perform this function.

- s.64 - Regional Land Transport Strategy
- s.13 - Regional Land Transport Programme
- s.83 - Progress Report on the Regional Land Transport Strategy

Optional Provisions:

- Transport subsidies/taxis for the disabled (per the Regional Land Transport Programme)
- s.65E - Regional Fuel Tax Scheme

Transport Services Licensing Act 1989

Mandatory Provisions:

- s.49 - Register passenger services
- s.53 - Make register of passenger services available
- s.53A - Consider contracting out functions under the Act

Optional Provisions:

- s.47 – Contract for (subsidise) passenger services

Public Transport Management Act 2008

Mandatory Provisions (presumably subject to s.9):

- s.29 - Maintain a register of public transport services
- s.33 – Approve or decline registration of register commercial public transport services

Optional Provisions:

- s.9 - Regional public transport plans (may be mandatory if demanded)
- s.41 - Monitor a commercial public transport services

Maritime Role

Local Government Act 1974

Optional Provisions:

- s.650B – Appoint a Harbourmaster (mostly concerning navigation safety)
- s.685B – Make a bylaw in respect of navigation safety and related matters

Maritime Transport Act 1994

Mandatory Provisions:

- s.289(1) - Regional Marine Oil Spill Contingency Plan
- ss.300 & 313 – Respond to a marine oil spill (i.e. comply with Marine Oil Spill Contingency Plans)

Land Drainage Role

Resource Management Act 1991, Land Drainage Act 1908, Soil Conservation and Rivers Control Act 1941

Optional Provisions:

- River Management Plans

A regional council is more exposed to direction from the Minister responsible for an Act and to mandatory requests for information from that Minister. Many subservient obligations and additional obligations to notify or consult have been omitted from the above list.

A regional council has the optional power to transfer, perform jointly or delegate responsibilities as follows:

- Biosecurity Act 1993
 - s.15 - Transfer operational powers to another local authority
 - s.85 - Joint Regional Pest Management Strategy
- Building Act 2004
 - s.244 - Transfer duties/powers to another regional authority
- Civil Defence Emergency Management Act 2002
 - ss.12(1) & 13 - Joint Civil Defence Emergency Management Groups
- Resource Management Act 1991
 - s.33 - Transfer powers to another public authority
 - s.80 - Prepare and administer plans jointly

A regional council may have maritime responsibilities in respect of freshwater, in respect of the sea or both. Legislation that will only affect a unitary authority with maritime (sea) responsibilities has been largely omitted from the review:

- Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
- Foreshore and Seabed Act 2004
- Maori Commercial Aquaculture Claims Settlement Act 2004
- Maori Fisheries Act 2004
- Marine Mammals Protection Act 1978
- Marine Reserves Act 1971
- Maritime Security Act 2004
- Port Companies Act 1988
- Resource Management (Marine Pollution) Regulations 1998

Attachment 4 – Examples of Horizons Projects common to both districts

COMMON TO BOTH DISTRICTS
Pest plant education/control - biodiversity
Pest animal education/control - biodiversity
Iwi liaison
Joint venture forestry on erosion prone land
Emergency Management/risk assessment – Volcanic, flood etc
Deliver environmental initiatives through He Tini Awa Trust funding
Environmental education (esp Green RIG classroom on wheels)
Building Act new dams responsibility under delegation agreement/payment with Environment Waikato
Sustainable Land Use Initiative (SLUI) esp Ati Hau in Wanganui District
Whanganui Catchment Strategy on-farm works (part WRET funded)
Wetlands restoration, ie Pauri, Whiritoa in Wanganui
Monitoring/granting resource consents - TA (ie sewerage) and private
Monitoring/granting water allocation consents
Passenger transport planning, delivery– buses, school transport, Total Mobility –with NZTA
Road Transport committee convenor
Liaison role passing on extensive research and knowledge on environmental and resource issues (paid for from region-wide general rate)
River and rainfall monitoring/flood forecasting network – real time info and warnings via website, auto phone response
TB possum control with Animal Health Board

Attachment 5 – Financial assumptions

Assumptions

- The share of some operating costs associated with each activity area
- The share of subsidies associated with each activity area
- Corporate allocation of costs including overheads (HRC overheads will approximate what RDC/WDC need to incur as overheads)
- No cost of debt is included
- This exercise was unable to analyse costs down to the fixed and variable components. It was assumed that all costs could be scaled, a dangerous assumption if the available cost base can not support the required fixed capabilities, i.e. staff.
- This exercise has ignored anecdotal savings from overall reductions in staff, elected members, computer systems, insurances, telephone systems, audit fees, valuation service provider fees, conferences, subscriptions, vehicles, radio telephone systems, telemetry systems and buildings. This is because HRC will continue to exist following formation of unitaries from part of the region. The opposite of savings overall would happen if HRC were not to downscale to the same extent that RDC and WDC upscaled to fulfill their new roles.
- Scaling required assumptions to be made in respect of:
 - The share of MDC net operating costs incurred in each of the constituent local authority areas of the region (by area, length of stopbanks, number of rates assessments and resident population)
 - The share of HRC net operating costs incurred in each of the constituent local authority areas of the region (by area, number of rating units, resident population, Whangaehu/Mangawhero rates, length of rivers, length of roads, Tb Vector infestation area, SLUI land area and foreshore length)
- Net costs equate to the amount that needs to be funded by rates (and investment income).
- Rates revenue from each territorial area has been obtained from HRC, however, it is simplistic to assume that a unitary would rate in exactly the same way so there will be redistributions of rating impact.
- Deficits may be reduced by a share of investment income but will be increased by infrequent public good events. A public good event in the context of this report refers to an event that is cyclical or unexpected that must be funded by ratepayers in general rather than by specific users. Examples of such events include natural disasters and significant applications with attendant appeals.
- Scaled costs from HRC and MDC illustrate a clear difference between the authorities, and between Ruapehu district, in particular, and other territorials in the region. Stratford and Ruapehu districts receive the predominance of animal pest management benefit in the region, while the Manawatu Plains receive the predominance of catchment benefit. Alternative levels of service and means of service delivery for animal pest management and regional land transport, in particular, could make the unitary authority model a financially viable option.

Attachment 6 – Community of interest mapping

