

Wairarapa's Future

Local government reform in Wairarapa

November 2012



Wairarapa Governance Review Working Party



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1. Summary of findings

The Vision developed for Wairarapa by the three Councils in conjunction with 22 local groups is:

A strong, friendly, thriving Wairarapa, valuing community & environment

The objectives for realising the vision are:

- (i) Work together for the benefit of Wairarapa now and into the future
- (ii) Ensure Wairarapa has safe, healthy, caring communities in which families can thrive
- (iii) Support relevant, quality life skills and lifelong learning for everyone
- (iv) Promote and strengthen our distinct communities' culture, heritage, recreation and events
- (v) Recognise the unique and special relationship that tangata whenua have with Wairarapa
- (vi) Protect and enhance our natural environment and resources
- (vii) Foster and enable economic development and growth
- (viii) Provide appropriate infrastructure and services to enable thriving connected communities

1. The current local government structure in Wairarapa is under review. The configuration of three separate district councils plus a separate regional council has been in place since the last round of reorganisation in 1989. It will not meet the outcomes sought by central government through its current reform process.
2. There are just two options for Wairarapa:
 - a. a single Wairarapa unitary authority, or;
 - b. being part of a larger, Wellington super-city style council.
3. The status quo, being retention of the three separate Wairarapa councils, is not an option for Wairarapa in light of the current direction of local reform and the proposals taking shape elsewhere in the region.
4. Similarly, an amalgamated, single Wairarapa district council, with a separate regional council, is not an option. It would require regional council functions to be provided by a separate regional council, as now. The district council option has been overtaken by the Wellington Panel proposal to combine all regional and district functions under a single regional entity. District council functions would be absorbed by the new entity.
5. Work currently being done by Wellington City Council and, separately, Hutt City and Upper Hutt City councils, could result in proposals for either one or two Wellington based unitary authorities. A separate Wairarapa district council and a separate regional council would not be possible under these options.
6. A separate regional council is very unlikely to exist in the future governance structure for the greater Wellington region. The current Greater Wellington Regional Council is very likely to be disestablished.

2. Executive summary

7. In December 2011 the three Wairarapa councils, through the then Shared Services Working Group, began to consider options for the future governance of Wairarapa in light of the Wairarapa reaction to the 2010 PricewaterhouseCoopers report. The group was renamed the Wairarapa Governance Review Working Party (WGRWP) to reflect the focus of its work - the future council governance and representation arrangements for Wairarapa.
8. In parallel with the WGRWP's investigations, separate governance studies elsewhere in the Wellington region are also underway. Most recently, the Wellington Review Panel study commissioned by Greater Wellington Regional Council (GWRC) and Porirua City Council was released on 30 October 2012. It proposes a single 'Greater Wellington Council' based on a regional structure responsible for both district and regional functions and encompassing the Wellington region up to Kapiti and including Wairarapa.
9. The future of local government in Wairarapa is now at a cross-road. It is the WGRWP's view that there are currently just two options for the future:
 - a. An independent, amalgamated, single Wairarapa unitary authority, or;
 - b. Being part of a larger, Wellington super-city style council.
10. Greater Wellington Regional will cease to exist under either option.
11. The status quo, retention of three separate Wairarapa councils, is not an option for the future given the current direction of local government reform and the momentum of reorganisation proposals now in the public arena.
12. Similarly, a single Wairarapa district council, with a separate regional council, is not an option. It has been overtaken by the Wellington Review Panel proposal which combines regional and district functions under a single regional entity. The Wellington City Council's preferred option involves a unitary authority from Wellington City to Kapiti. A separate regional council is highly unlikely to form part of any reorganisation proposal. The current GWRC is very likely to be disestablished.
13. A unitary authority differs from a district Council in that it is a district council but has additional regional council functions. It retains the same community presence and people-focus provided by a district council. Governance and representation arrangements are the same as for a district council. They include a mayor, councillors and may include wards and community boards. A unitary authority is not a regional council under the legislation. Nor are the various suggested options for a Wellington super-city style council.
14. The financial implications of the preferred Wairarapa options were separately investigated and reported by Morrison Low in September 2012. Their analysis concluded, based solely on the 2012/13 financial information provided by GWRC and the three Wairarapa councils, that a single Wairarapa district council would achieve an initial operating surplus of \$1.66 million due to reduced governance and management costs.

15. The Morrison Low study estimated that a Wairarapa unitary authority would have an initial net operating shortfall of \$10.9 million, based on current activities and levels of service, Greater Wellington Regional Council's (GWRC's) current rating policies and GWRC's estimations of what it collects and spends in Wairarapa in 2012/13. After allowing for a pre-amalgamation operating surplus of \$654,000, plus the \$1.66 million operating surplus achieved by amalgamating the three district councils, the estimated shortfall would reduce to, at most, \$8.6 million.
16. The above financial implications are not definitive and are not the only factor to consider when comparing governance options. In the case of the Wairarapa unitary authority option, they need to be viewed in the following context:
 - a. The respective cost structures of the current regional and Wairarapa councils will not bear any resemblance to the costing structures of a new governance entity and were based on a single year's budget forecast (2012/13).
 - b. The Wellington Review Panel's proposed super-city style governance model would replace GWRC and the eight city/district councils with an entirely new, single council that would undertake regional and district council functions across the entire region. Wairarapa's contribution to that entity may well be greater than any cost deficit arising from the Wairarapa unitary authority taking responsibility for regional council services from GWRC.
 - c. The analysis assumes on-going continuation of the current GWRC general rate subsidy for Wairarapa under the super-city proposal. This is very unlikely to be the case because these decisions will be made by a completely new authority with a much greater range of functions and demands for funding than the current regional council. The current subsidy policy is particularly favourable towards Wairarapa scheme ratepayers for flood protection and land management when compared to all other parts of New Zealand. In other regions, these works are mostly funded by targeted rates (often in the order of 90-95% of the total cost compared with 50% in Wairarapa), as shown below:

Scheme rates	Gisborne	Tasman	Marlborough	Wairarapa	Hawkes Bay RC
General Rates	5%	2%	8%	50%	10%
Targeted rates	95%	98%	92%	50%	90%

- d. The costs of regional council services to other councils in the Wellington region (except Wellington City Council) are also subsidised. The subsidy is heavily funded by GWRC rates collected from the Wellington CBD area. This is not sustainable and there is a distinct risk that at some time under a different governance arrangement, it will be changed.
- e. The costs assume that the levels of service currently provided by GWRC are the minimum necessary. The actual levels of service acceptable to a rural/provincial community may well be quite different from a metropolitan area.
- f. The Morrison Low study included a high-level comparison of the cost of delivering comparable activities at a selection of other unitary authorities.

It identified:

- i. the rating levels for all relative measures, based on the current cost of the three Wairarapa district councils plus the cost of GWRC services currently funded by Wairarapa ratepayers, was within the range of rating levels for the comparable unitary authorities.
 - ii. when the full apportioned cost of GWRC's services to Wairarapa were compared, the combined Wairarapa district and GWRC apportioned rating level was higher per capita and per dollar of land value than all three unitary comparator councils, but at the upper end of the range for rates per rateable property and per dollar of capital value (see Clause 9.7).
 - iii. the relative cost of delivering planning and regulatory activities, based on the regional council's current levels of service, are more than twice as costly (\$3.5+ million more) as two of the comparator councils and \$2 million more costly than the other (see Clause 9.7). These comparisons are based on Statistics NZ Local Authority Financial data.
 - iv. further savings in the medium to long-term should occur in activities such as roading, and purchasing of materials and contracts.
 - v. the costs per capita, per hectare and per rateable property for the regional council environment and water and air activities are significantly higher for Wairarapa than for similar unitary councils (based on regional council-supplied data. See Clause 9.7). Environment costs in Wairarapa are more than double that of each of the comparator councils.
17. In summary, the 'funding gap' is a snapshot in time. It approximates the current arrangements, not the new. It is underpinned by a very generous general rate subsidy policy, reviewable every three years or sooner, that is heavily funded by Wellington CBD ratepayers. It is not likely to be sustainable. GWRC's budgets reflect a metropolitan-based, regional council spending culture and elevated levels of service, as highlighted in the Morrison Low benchmarking study. It takes no account of dividends, debt reapportionment on assets not yet built or not located in Wairarapa, asset transfers and real estate apportionments that would become due to Wairarapa. It assumes that the \$3.4 million public transport cost, net of income, will become a charge against the Wairarapa i.e. that the current funding policy will change – it may not. The impacts of merging nine separate rating systems into one have not been considered. If Wellington has 'lost its way', as stated in the Wellington Review Panel report, what will be the cost of finding its way? What will the gap be then? What will the gap be after a new Wairarapa unitary has drawn in, reviewed and taken control of its own regional and district activities and services? That is not known. But if Wairarapa wants to decide what that should be, it needs to control its own destiny by retaining responsibility for making major decisions affecting it.
18. The WGRWP has considered all options for future governance arrangements in Wairarapa. **Its preference is for a single, Wairarapa unitary authority**, with appropriate arrangements with Wellington metropolitan councils for functions of mutual and strategic benefit, for the following

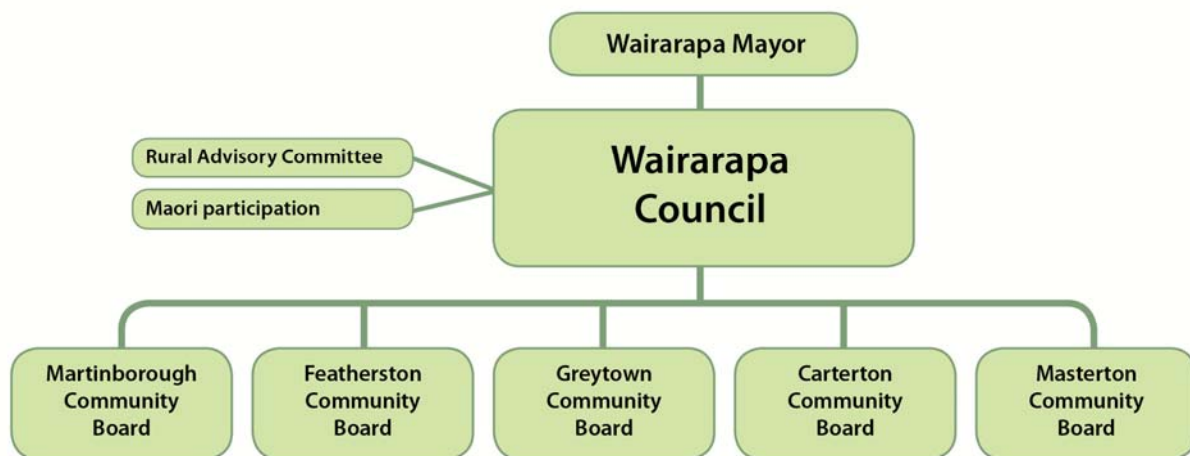
reasons:

- a. Wairarapa is characterised by its own distinct community of interest. It is geographically separated from the western side of the Wellington region by the Rimutaka and Tararua Ranges. Its water catchment and air shed are physically independent of Wellington. Its people are accustomed to a durable, rural/provincial lifestyle and living standards, as distinct from a city lifestyle, services and environment
- b. A Wairarapa unitary authority would be elected by, and be accountable to the Wairarapa community. It would intimately understand the rural/provincial voice. It shares a common vision, makes its own plans, decides its own policy and controls its own funding and expenditure, all in consultation with its district community. The people elect their own mayor. The council involves its community in local decision making through community boards with meaningful roles and delegations. It would employ its own staff, set its own budgets and manage its own natural and physical assets and resources
- c. The Panel's super city proposal would remove Wairarapa's political autonomy and right to self-determination. It would probably have a single Wairarapa representative (i.e. only 10% of the decision making 'voice') and a local Wairarapa 'council' to undertake limited operational functions. The chair would be called a 'mayor' but appointed from within, not elected by the district residents he or she represents. It could set up community boards but with little added value. It would have no staff, no funding powers or financial management. Budgets would have to be sought and approved each year from a Greater Wellington Council. The Wairarapa 'council' would have no assets and would not manage Wairarapa's physical and natural resources.
- d. A Wairarapa unitary authority would:
 - i. control its own destiny through retention of its own leadership, assets, financial management and staff
 - ii. best fit with the shared vision, objectives and strategic positioning for Wairarapa's future governance structure
 - iii. retain the rural voice on environmental and land use planning policy
 - iv. provide autonomy and responsibility for the integrated planning, control and delivery of both regional council and district council functions
 - v. promote good governance through a simplified, integrated and cohesive model
 - vi. improve management capability and capacity
 - vii. provide unified and expedient decision-making across Wairarapa
- e. Community support through feedback received across a wide range of channels by the WGRWP has clearly and consistently shown that Wairarapa people:
 - i. strongly support a single Wairarapa council
 - ii. do not want their region to be part of a single Wellington council
 - iii. see Wairarapa and Wellington as different communities of interest and economies
 - iv. believe that there should be a close relationship and cooperation between Wairarapa and neighbouring regions on issues of strategic and mutual interest.
- f. The preferred separate Wairarapa unitary authority leaves Wairarapa with governance options in the future. Being part of a super-city proposal now could not be reversed.

- g. It provides direct control over regulatory compliance costs – for council and the community.
- h. It provides increased certainty of community involvement in decisions on local government activities.
- i. Decisions on levels of service, expenditure, financing and rating policies, methods of service delivery and regulatory compliance would be made locally by the Wairarapa unitary authority together with and on behalf of Wairarapa's community, in keeping with Wairarapa's values and rural/provincial lifestyle.
- j. Accountability for decision making would reside with the Wairarapa unitary authority, elected entirely by and for Wairarapa people.
- k. Increased synergies would be achieved through strategic alliances with neighbouring authorities and government agencies.
- l. Increased opportunities for shared service arrangements across district and regional functions would become available for Wairarapa to evaluate and extract best value on behalf of its ratepayers. It would not have to automatically accept Wellington-provided services.
- m. Other areas of similar size and nature have successfully operated as unitary authorities for many years.

19. The proposed governance and representation structure for Wairarapa is summarised as follows:

Governance Issue	Preferred Option
Governance type	Wairarapa unitary authority
Number of councillors	12 (plus mayor)
Basis of representation	Ward based
Number of wards	Seven wards, with the current Carterton rural ward redistributed across an expanded Carterton urban and Masterton rural wards. The remaining wards to approximate their respective current ward boundaries
Number of councillors elected at large	Nil
Community boards	Retention of the current three community boards at Martinborough, Featherston and Greytown, plus an additional community board for each of Carterton and Masterton. Community board boundaries are to coincide with ward boundaries.
Ward committees	Not considered necessary under the proposed community board structure
Rural advisory committee	Recommend a rural advisory committee given the preference for a unitary authority and that the rural wards sit outside the proposed Masterton community board.
Maori participation in Council decision making	Recommend that a structure be set up as a mechanism for regular consultation with Maori on matters of mutual interest, with the final form and function to be decided following consultation with local iwi



20. Ultimately, the final decision might rest with Wairarapa electors. Or, in the case of a proposal for a single Wellington council that includes Wairarapa, with electors from the entire Wellington and Wairarapa region. The proposed poll provisions in the Local Government 2002 Amendment Bill, if requested by at least 10% of eligible electors through a petition, provides for a binding decision on a proposal by simple majority of valid votes cast. In the absence of a valid petition signed by the required minimum 10% of electors, there would not be a poll – the Local Government Act 2002 Amendment Bill removes the mandatory poll provision.
21. The Local Government Act 2002 Amendment Bill was introduced to Parliament on 30 May 2012 as the first phase of the reform programme. The Select Committee reported back on the Bill on 30 October 2012. The Minister of Local Government has expressed a hope that the new legislation will be passed before Christmas 2012.
22. As currently drafted, the proposed changes will, *inter alia*, streamline the opportunity for reorganisation of local government by removing the compulsory polling requirement. If a valid demand for a poll can be made, it will be decided by a simple majority of votes across the council areas affected by the proposal. Consequently, the structure of local government in Wairarapa will be able to be more readily changed by either the Wairarapa community, or others.

3. Purpose of this report

23. This report has been prepared to consolidate the work and recommendations of the Wairarapa Governance Review Working Party (WGRWP) for consideration by each of the three Wairarapa councils it represents. The focus of the WGRWP's work, and this report, is the future council governance and representation arrangements for Wairarapa.
24. Formal endorsement of the WGRWP's preferred option for the future council governance structure for Wairarapa is desired from each of the three councils in order to mandate the next steps involving public consultation, followed by a reorganisation application to the Local Government Commission (LGC). The application to the LGC is subject to the enactment of the Local Government Act 2002 Amendment Bill. It may also include the outcome of current discussions with Wellington metropolitan councils on opportunities for establishing arrangements for the provision and funding of functions having mutual and strategic benefit.

4. Background

25. The current structure of local government in New Zealand is the result of a major reform process in 1989. Prior to then, local government comprised some 800 cities, counties, and borough councils. Water and soil matters were managed by catchment boards and there were a number of other special purpose authorities (e.g. pest destruction boards and noxious plant authorities). Many councils were small by today's standards.
26. In Wairarapa, borough councils were in place at each of the urban centres from Martinborough to Masterton, alongside larger county councils and a Wairarapa Catchment Board. Regional councils did not exist and the Rimutaka Ranges formed the western boundary of Wairarapa's local government structure. Eketahuna County was also considered part of Wairarapa and there was a Wairarapa United Council comprising representatives of all authorities to co-ordinate Wairarapa-wide matters.
27. New Zealand now has 78 local authorities - 11 regional councils, 12 city councils, 54 district councils and 1 Auckland council (replacing 8 former councils on 1 November 2010). Six of the 67 territorial councils (including Auckland, 1 city and 4 district councils) are also unitary councils (territorial councils with regional council responsibilities).
28. Wairarapa's present local government structure resulted from the 1989 reforms and comprises three district councils - South Wairarapa, Carterton and Masterton. In the case of Carterton and Masterton, the current district councils were formed through mutually agreed amalgamations between the former, adjoining, borough and county councils respectively, just prior to and retained in the 1989 reforms.
29. The three Councils sit within the greater Wellington region, with regional council functions delivered by the GWRC. GWRC was imposed on Wairarapa by the Local Government Commission despite extensive protests at the time, including a large petition against the proposal.

5. Reasons for the Wairarapa governance review

30. The three Wairarapa councils have a long-standing history of cooperation on shared services. A Shared Services Working Group was established between the councils in mid-2009 to oversee further initiatives and consists of three members from each Council including the mayors. A number of successful projects/programmes have been implemented by the Wairarapa councils, including:
- a. A joint district plan
 - b. A common waste management contract
 - c. Joint rural fire and civil defence operations
 - d. Shared Geographic Information System (GIS)
 - e. A coastal strategy
31. For some time the three councils have realised they need to consider future governance options for Wairarapa in anticipation of further local government reform, particularly in the wake of formation of the Auckland super city. In 2010, the Wellington Mayoral Forum, which includes Wairarapa's councils, commissioned a governance review of the wider region by PricewaterhouseCoopers.
32. Public consultation by Wairarapa councils on the 2010 PricewaterhouseCoopers review of governance in the Wellington region identified the need for more information on options for Wairarapa.
33. In December 2011 the three Wairarapa councils delegated the Shared Services Working Group to conduct a strategic review and assess options for the future delivery of Wairarapa local government services comparing status quo, combined council, unitary authority or any other relevant options. The Shared Services Working Group was re-named the Wairarapa Governance Review Working party (WGRWP).
34. In March this year, the Government announced an eight-point programme of *Better Local Government* reforms targeted at providing clarity around the role of councils, stronger governance, improved efficiency and more responsible financial management.¹
35. The first phase of the reforms is intended to:
- a. refocus the purpose of local government
 - b. introduce financial prudence requirements for local authorities
 - c. strengthen council governance provisions and
 - d. streamline council reorganisation procedures
36. The Local Government Act 2002 Amendment Bill was introduced to Parliament on 30 May 2012 as the first phase of the programme. Submissions on the Bill closed on 26 July 2012. The Select Committee reported back on the Bill on 30 October 2012, but was unable to agree that the Bill be passed. The Minister has expressed a hope that the new legislation will be passed by Christmas 2012, but failing that, by March or April 2013².
37. The second phase and balance of the reforms includes:
- e. a local government efficiency taskforce
 - f. a framework around local and central government regulatory roles

¹ Minister of Local Government, Dr. Nick Smith, media statement dated 19 March 2012

² Minister of Local Government, Hon. David Carter as reported in Dominion Post 4 October 2012

- g. an investigation into efficient infrastructure provision, and
- h. a review of development contributions

This second phase is linked with parallel work being done on local government by the Productivity Commission and the Auditor General.

38. As reported back from the Select Committee, the proposed amendments to the Local Government Act 2002 will, *inter alia*, accelerate the opportunity for reorganisation of local government by removing the compulsory polling requirement. Where a complying demand for a poll is made, it simplifies determination of the poll outcome by a simple majority of valid votes cast across the combined council regions involved in the proposal.
39. Currently, a successful poll on a reorganisation proposal requires the simple majority of votes cast by electors from each of the affected local authority areas.
40. Separate governance studies elsewhere in the Wellington region are underway. The Wellington Review Panel study commissioned by GWRC and Porirua City Council was released on 30 October 2012 (see Section 0). It proposes a single “Greater Wellington Council” based on a two-tier regional structure responsible for both district and regional functions and encompassing the area currently governed by nine councils. The proposed governance structure sits outside the scope of the Local Government Act 2002 and the Local Government Act 2002 Amendment Bill, and ordinarily would require separate enacting legislation specific to the proposal before it could be implemented, if at all. The Minister of Local Government announced, however, when introducing the second reading of the Bill an intention to introduce changes to the Bill that will enable regions to use a two-tier structure to deliver the most effective local governance for the community.
41. Other councils in the region are also discussing and considering their respective options. While there is presently no consensus on a future governance model, two options developed by Wellington City Council officers involve unitary authorities, as follows:
 - i. Two separate unitary authorities i.e. one unitary authority for the five Wellington-based Councils (Kapiti District, Porirua City, Wellington City, Lower Hutt City and Upper Hutt City), and one unitary authority for Wairarapa, or;
 - ii. A single unitary authority for the whole of the current greater Wellington region including Wairarapa (similar to the Panel proposal).

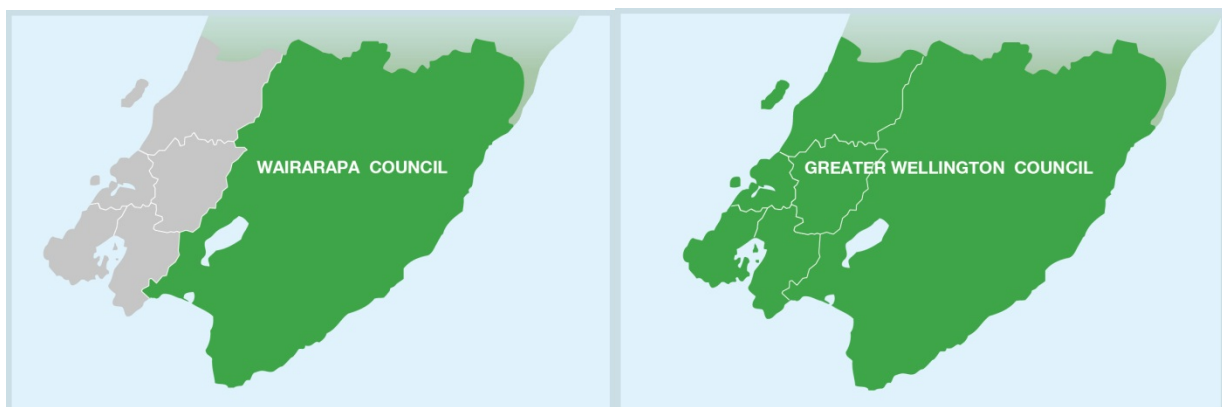


Figure 2: Emerging options for the greater Wellington region

42. Most recently, Upper Hutt City and Lower Hutt City councils are in the very early stages of investigating a combined Hutt valley unitary authority option for the two councils.
43. Other options are possible but a decision to do nothing would leave Wairarapa highly vulnerable to influences and reorganisation applications developed by others.
44. Of note is that a separate regional council disappears under both options.
45. The Local Government Commission is required to consider other options not included in an application that might have community support and more effectively promote good local government. It may consider and combine proposals from other applications received at the same time. Merely submitting an application for reorganisation does not automatically safe guard that proposal from other options that might occur to the Local Government Commission.
46. In summary, the future of local government in Wairarapa will soon be able to be more readily initiated by either the Wairarapa community, or others, including other councils or external communities. The opportunity for Wairarapa to influence its own destiny is now.

6. Summary of steps followed by the WGRWP

47. The WGRWP was formed by the three Wairarapa Councils in December 2011 as a successor to the Shared Services Working Group. The latter was originally set up in mid-2009 by the three councils to explore opportunities for collaboration on matters of common interest following on from preparation of the Wairarapa Combined District Plan.
48. Representation on the WGRWP comprises the mayor, deputy mayor, a councillor and chief executive from each of the three Councils, plus Greater Wellington Regional Council's Wairarapa councillor i.e. a total membership of 13.
49. The timeline and key measures taken by the WGRWP since it was formed include:³
- a. **October 2010**
The Wellington Mayoral Forum (that includes Wairarapa Councils) commissioned a governance review of Wellington and Wairarapa councils by PricewaterhouseCoopers.
 - b. **July 2011**
WGRWP was delegated by its three councils to consult with their communities on the PricewaterhouseCoopers report through a submission process that included joint hearings.
 - c. **February 2012**
WGRWP commissioned a high-level report by Morrison Low on future governance options for Wairarapa. After this report was commissioned, the Government released its eight-point Better Local Government plan in March.
 - d. **May 2012**
WGRWP received and publicly released a report by Morrison Low covering Phases 1 and 2 of its study. The report identified five possible local government arrangements and concluded that the best option for Wairarapa was likely to be either an amalgamated, single Wairarapa District Council or an amalgamated single Wairarapa Unitary Authority.
 - e. **June/July 2012**
The WGRWP met with a wide range of people including local iwi, interest groups, local Wellington councils, the Greater Wellington Regional Council, the NZ Transport Agency and the Local Government Commission. Feedback and questions were invited from the general public through the working party, councillors, council offices, Wairarapa council websites and Facebook.
 - f. **July 2012**
Work began on investigating and analysing the financial implications of becoming a single Wairarapa council through discussions with the regional council and an independent analysis as the third phase of the initial study of options for Wairarapa by Morrison Low.
 - g. **August 2012**
Work began on investigating the possible governance structure and representation arrangements for a single Wairarapa council.
The results of a Wellington region-wide public opinion survey that included Wairarapa were also released. The survey by Colmar Brunton aimed to gain an understanding of whether

³ From "Wairarapa's Future" web page

electors wanted local government reform; if they wish to see change, preferred options for reorganisation, and the key reasons for choices.

h. *September 2012*

The third phase of the study by Morrison Low on Wairarapa governance issues was reported. It identified the assumed short-term operational costs of a Wairarapa district council and those of a Wairarapa unitary authority. Drawing on data supplied by GWRC, Wairarapa councils and other councils in New Zealand, the costs of a Wairarapa unitary council were then compared with those for existing unitary authorities with similar populations. The report assumed the same level of service as that currently delivered across the four councils in Wairarapa, current rating levels and policies and similar staff levels, operating and capital costs, although this is unlikely to be the case in future years following expected changes to local government.

50. In summary, the report identified that amalgamating the three Wairarapa councils could achieve an initial operating surplus of \$1.66 million due to reduced governance and management costs. Areas of additional savings in the medium to long-term were likely to occur in items such as roading and purchasing of materials and contracts.
51. The study suggested that a Wairarapa unitary authority could have a net shortfall of \$10.9 million, based on GWRC's current rating policies and estimations of what it presently collects and spends in Wairarapa. This dropped to \$8.6 million after taking into account the initial operating surplus that could be achieved by an amalgamated district.
52. Compared with existing unitary authorities in Gisborne, Marlborough and Tasman, GWRC's stated expenditure on some of its regional activities in Wairarapa is significantly higher.
53. Also in September, the WGRWP met with representatives from Tasman District Council and community representatives to discuss their experiences as a unitary authority and being part of a reorganisation proposal (amalgamation with Nelson City) under the current legislation. Key points made by the Tasman representatives during the discussion included:
- a. Wairarapa has a strong case to amalgamate into a unitary authority. It has similar population to other unitary authorities that have been operating for more than two decades, critical mass, collaborative service delivery, a distinct community of interest and a strong history of self-determination.
 - b. The impact of a unitary authority option on rates. Factors to consider include:
 - i. the future of GWRC's subsidy
 - ii. the scope and need for the services received through GWRC's expenditure in Wairarapa
 - iii. the importance of distinguishing between desirable and necessary levels of service.
 - c. There is no single, definitive solution. What is certain is that there will be uncertainty regardless of the governance model – policies can change in existing or new councils

- d. A unitary authority can eliminate some of these uncertainties by combining regional and territorial functions.
- e. Separating regional and district functions reduces autonomy and increases uncertainty by dividing control.
- f. Shared services and procurement:
 - i. There will be a need for a shared services arrangement for public transport and possibly other services. This works well in Tasman.
- g. The possibility of one or other unitary authorities emerging in the Wellington region and the impact that might have on Wairarapa.
- h. The Wairarapa public is now asking for a clear direction.

7. Strategic considerations for Wairarapa's future

54. The first phase of the study completed by Morrison Low in May 2012 developed a vision and objectives for Wairarapa involving the three Councils and 22 local groups. It was adopted by the three Councils to guide and inform the subsequent two phases. The shared vision and objectives for the future governance of Wairarapa is:⁴

7.1 Vision

A strong, friendly, thriving Wairarapa, valuing community and environment

7.2 Objectives

- a. Work together for the benefit of Wairarapa now and into the future
- b. Ensure Wairarapa has safe, healthy, caring communities in which families can thrive
- c. Support relevant, quality life skills and lifelong learning for everyone
- d. Promote and strengthen our distinct communities' culture, heritage, recreation and events
- e. Recognise the unique and special relationship that tangata whenua have with Wairarapa
- f. Protect and enhance our natural environment and resources
- g. Foster and enable economic development and growth
- h. Provide appropriate infrastructure and services to enable thriving connected communities

7.3 Options for achieving vision and objectives

55. The local government service delivery options considered in the Morrison Low study were:
- Enhanced status quo
 - Services delivered by one or more Council Controlled Organisations (CCOs)
 - Wairarapa District Council
 - Wairarapa Unitary Authority
 - Greater Wellington Unitary Authority
56. Each of these options was assessed against a set of agreed criteria developed having taken into account:
- the vision and objectives developed in Phase 1
 - the four community well-beings
 - the Local Government Act 2002
 - the 2012 *Better Local Government* reforms
57. In each case, each option was compared against the status quo. However, against a background of initiatives towards some form of structural change in the region, the history of past central government approach to local government reform, legislative changes and opportunities for enhanced critical mass, long term and spatial planning and economies of scale, it is the WGRWP's view that the status quo is not a viable option.

⁴ Morrison Low Report - May 2012

58. The Morrison Low high-level analysis concluded that the best local government arrangement for Wairarapa was likely to be a:
- Wairarapa Unitary Authority; or
 - Wairarapa District Council
59. Since then, the option of a single Wairarapa district council has been overtaken by the Panel's proposal for a whole-of-Wellington region, super city-styled council (including Wairarapa). Wellington City Council's stated preference is for two separate unitary authorities – one for the five Wellington-based councils and one for Wairarapa.

7.4 District council versus unitary authority

60. A unitary authority is a territorial authority having the same formal status as a district or city council but is also responsible for district (or city) and regional council functions, in accordance with the Local Government Act 2002. It is not a regional council.
61. Consideration of governance arrangements and the basis of representation therefore apply equally to both a district (or city) council and a unitary authority.

7.5 Strategic positioning

62. The Morrison Low study concluded that there are likely to be significant benefits for Wairarapa from the coordinated and integrated approach to local government that the above options provide.
63. The increase in the size and scale of an amalgamated Wairarapa Council would allow for increased technical capacity and capability of staff, processes and systems and more coordinated and consistent management of key networks across Wairarapa. This is likely to deliver the most efficient and effective form local government for the area.
64. The strategic advantages of an single Wairarapa unitary authority, in giving effect to the vision and objectives, include:
- a. The council and its mayor would speak with a single voice for Wairarapa with a mandate across a wider range of issues e.g. local government responsibility for all economic and environmental issues.
 - b. Improved ability to manage across all community well-beings and in particular the economic and environmental well-beings, taking into account the challenges facing Wairarapa in regard to water quality and land use. These are considered to be significant benefits.
 - c. Wairarapa is geographically separated from the rest of the Wellington region. A Wairarapa unitary authority's boundaries would therefore reflect the separate water catchment and air shed for Wairarapa.

- d. A single Wairarapa unitary authority would be responsible for all local government services within Wairarapa and accountable for all decisions.
 - e. A single Wairarapa unitary authority is a lower cost management model as it will generate efficiencies of scale.
 - f. A single Wairarapa unitary authority is likely to be better able to cope with on-going demands to fund infrastructure as it would have a larger rating base than any of the current, separate Wairarapa councils from which it could fund improvements and exercise increased purchasing power across council activities.
 - g. The increased opportunity to form strategic alliances across a range of organisations and service providers would expand options for service delivery.
 - h. Vesting the road network under one organisation that would own and manage the network through a whole of network approach is likely to lead to reduced operating costs, consistency of approach and better asset management. This would produce the best overall outcome for the road network, which would be the single largest item of expenditure for a Wairarapa council (equivalent to approximately 30% of a current Wairarapa district council's expenditure and 22% of a Wairarapa unitary authority's expenditure).
 - i. A Wairarapa unitary council would ensure the integration of all the district and regional council functions and services across the whole district. This is likely to lead to better overall outcomes for the Wairarapa, increased efficiency and far less confusion for the public.
 - j. The western boundary of a single Wairarapa council would closely align Wairarapa local government with iwi boundaries.
65. The main disadvantages of an Wairarapa unitary authority include:
- a. The scope of activities and levels of service currently undertaken by the three separate councils could be changed by a Wairarapa unitary authority to something other than what is presently enjoyed by ratepayers. This would be a matter to be decided through public consultation at the time of the three-yearly review of the long term plan – the current scope and levels of service might be increased or decreased.
 - b. Reduction in representation at a council level compared with present councillor representation. For example, there would be a single mayor representing the whole district and the number of councillors would need to reduce from the current 27. This could be offset by increased representation at a local level e.g. through the increased use of community boards as is proposed by the WGRWP.
 - c. Possible increases in costs to fund the combined district and regional activities. These issues would be affected by decisions made by the proposed Wairarapa council, in consultation

with its ratepayer community, including activity involvement, levels of service, revenue and financing policy etc.

66. The full analysis of advantages, disadvantages and risks across all five options considered can be found in the Morrison Low report dated 15 May 2012 (refer to Section 0 of this report).

8. Proposed governance structure

67. The WGRWP has considered all options for future governance arrangements in Wairarapa. Its preference is for a single, Wairarapa unitary authority with appropriate arrangements with Wellington metropolitan councils for functions of mutual and strategic benefit.
68. The area covered by the Wairarapa unitary authority would follow the territorial boundaries of the three existing Councils, and include the regional coastal boundary.
69. Where the north-east boundary of the current GWRC extends across into Tararua District, regional council services would be provided by the amalgamated single Wairarapa unitary authority in the same way as they are now.

9. Sustainability of a Wairarapa unitary authority

70. Morrison Low was commissioned by the Wairarapa councils in February 2012 to undertake a study of governance and service delivery options for Wairarapa. Following completion of the first two phases, it concluded that the best local government arrangement was likely to be either:
 - a. a single Wairarapa district council, or
 - b. a single Wairarapa unitary authority⁵.
71. The third and final phase of the Morrison Low study⁶ investigated the financial implications of the above options. It used financial information provided by Greater Wellington Regional Council and the three Wairarapa councils. The financial information from GWRC was based on GWRC's estimated percentage allocation of costs to Wairarapa, not actual costs. These were for the 2012/13 year only.
72. The Morrison Low analysis showed that amalgamating the three Wairarapa councils would achieve an initial operating surplus of approximately \$1.66 million per annum, based on the current activities and levels of service, due to reduced management and governance costs. Potential additional savings were identified in the medium to long-term in areas such as roading (between \$160,000 and \$1.6 million per annum) and increased purchasing power for materials and contracts.
73. The Morrison Low study estimated that a Wairarapa unitary authority would have an initial net operating shortfall of \$10.9 million, based on the current activities and levels of service, GWRC's current rating policies and estimations of what it collects and spends in Wairarapa. After allowing for a pre-amalgamation operating surplus of \$645,000, plus the \$1.66 million operating surplus achieved by amalgamating the three district councils, the estimated shortfall would reduce to, at most, \$8.6 million.
74. The cost efficiencies of amalgamating the three Wairarapa district councils would carry through to a single Wairarapa unitary authority.
75. In November 2008 the GWRC-stated shortfall was closer to \$4.5 million. In the figures supplied this year it was \$11.5 million. Despite a written request to the GWRC, it was only able to provide limited explanation for the increase of around 150% in less than four years.
76. The future financial sustainability of a single Wairarapa unitary authority depends on a number of factors as outlined below.

⁵ *Assessment of options for joint management and service delivery*, Morrison Low, Final Report, 15 May 2012.

⁶ *Phase Three Report: Investigations into the formation of an Amalgamated Wairarapa District Council and a Wairarapa Unitary Authority*, Morrison Low, September 2012.

9.1 Old versus new cost structures

77. The combined costs of the three current district councils, plus the current estimated cost of GWRC services to Wairarapa, do not correspond to the costs of the function, form and activities of the proposed new governance structures. The estimated \$8.6 million shortfall for the unitary authority option attaches to the estimated apportionment of the cost of regional council services provided to Wairarapa under the current governance structure. It does not follow that the Wairarapa cost component of a new Greater Wellington super-city entity would correspond to the current model – Wairarapa’s funding contribution to the super-city’s costs may well be more than the notional operating deficit from providing local and regional activities under the proposed Wairarapa unitary authority.
78. The \$8.6 million includes debt financing costs on assets located outside Wairarapa’s geographical boundaries and public transport funding of \$3.4 million. The Morrison Low analysis assumes that both items will become operational costs for the Wairarapa unitary authority. In practice, that might not be the case – debt financing costs will need to be apportioned to assets by area. The current funding policy for public transport costs may well carry over to the Wellington authority that succeeds GWRC.
79. A standardised rating model for the super-city model could have much greater impact on local rates for some ratepayers than the estimated operating deficit. The mix of property values, rating levels and rating tools currently used by the existing councils would have significant impact on the rating impost under a regionalised rating policy inherent in the proposed super-city model. This was not allowed for in the Morrison Low analysis. The rating impacts of standardising the rating valuation system, standardising the treatment of the Uniform Annual General Charge (UAGC) across the combined rating area, and funding of depreciation, have yet to be comprehensively modelled or quantified. Each could have a material impact on the incidence of rates because of the significant variation in current rating systems across the nine individual councils.
80. GWRC currently provides a relatively narrow range of services compared with the Wellington Review Panel’s proposed super-city style council. GWRC services are consistent with the functions, duties and powers prescribed for a regional council in accordance with the Local Government Act 2002. The Panel’s proposed Greater Wellington Council would be an entirely different entity, combining the functions duties and powers of both a regional and district council, similar to a unitary authority.
81. That would mean for a region that is described by the Panel as having “lost its way”, all the costs of upgrading its “social, cultural and physical infrastructure” to a “world-class” standard would be at an additional cost to the region, including Wairarapa. It would include the infrastructure of the current GWRC plus the infrastructure of the four city councils, Kapiti Coast and Wairarapa. It would include the Wellington CBD and other infrastructure deemed as being of regional significance by the proposed Greater Wellington Council. The metropolitan area of the

Wellington region is built over major fault lines and much of the Wellington commercial area is located on reclaimed land. The costs of mitigating the risk of serious damage to buildings and essential infrastructure in the Wellington CBD (and outlying areas) against a major seismic event such as was experienced in Christchurch in February 2011 will be a major expense. Low-lying land will be vulnerable to rise in sea level and the harbour is exposed to the threat of tsunamis. Land susceptibility to slope instability, liquefaction and inundation will require careful evaluation and zoning/rezoning. The impact on property valuations could shift the incidence of rates from the Wellington CBD to outlying areas. New areas will need to be found for relocation and/or expansion of city housing and commercial areas. These issues, planning decisions and mitigation costs would shift from the eight separate city and district councils, plus GWRC, to become the responsibility of the proposed Greater Wellington Council.

82. Recent, preliminary financial modelling work started by Wellington City Council has tested the impact of a number of rating policy levers. For example, a simple scenario assuming application of a notional \$500 Uniform Annual General Charge (UAGC) across the greater Wellington region as a whole would have the indicative impact on total rates illustrated in Figure 3 below.

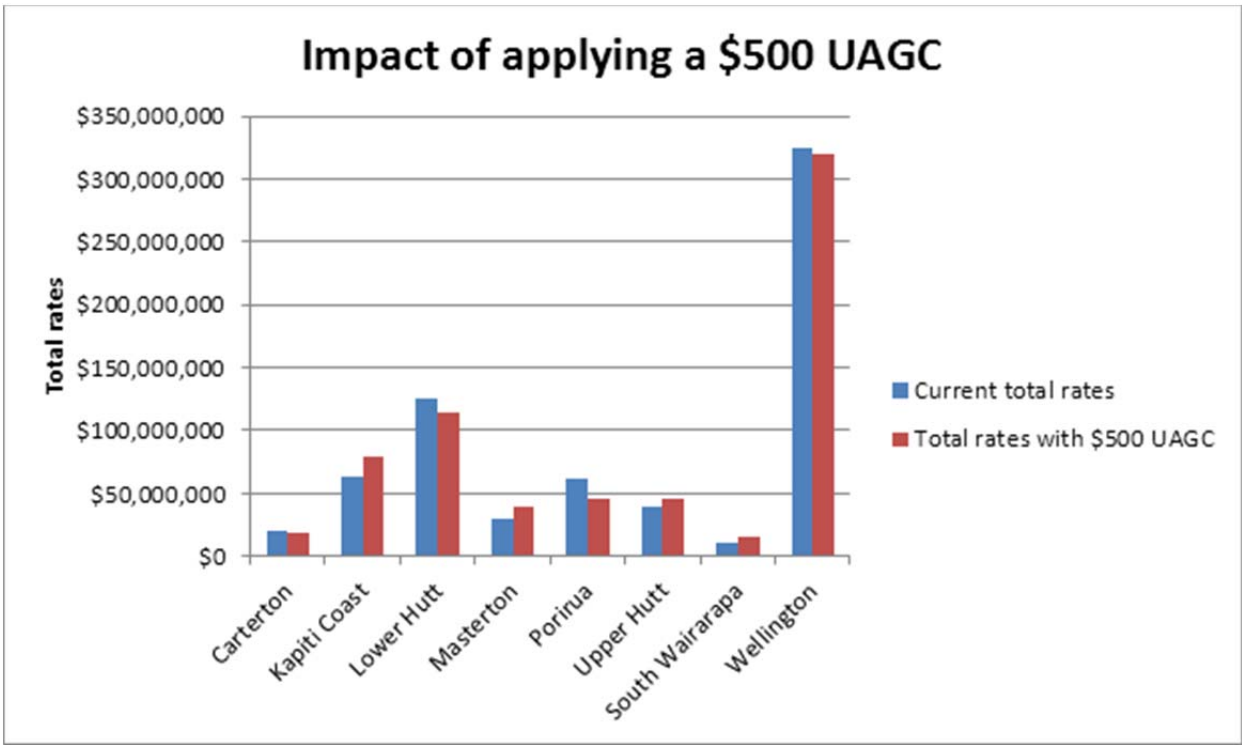


Figure 3: Example of financial modelling - uniform annual general charge

83. Similarly, the scope and level of services provided by a Wairarapa unitary authority might differ from the current contributing regional and district parts. The benchmarking analysis detailed in Clause 9.7 identifies significant scope for this across planning, environment and monitoring activities. Its responsibilities, risks and costs would be confined to Wairarapa. It would not be

immune from the costs of mitigating the risk of damage to its own community infrastructure from natural disasters (the last major earthquake in Wairarapa was in 1942), but at a much-reduced level due to its low density development, mostly stable soils, large tracts of inland rural land and elevation above the coastline.

84. The costing and pricing structures for either governance option cannot be defined at this early stage and would not be known until the new governance structures were in place and long-term plans developed. It is not simply a matter of comparing the cost estimate for a Wairarapa unitary authority providing its own district and regional functions based on just the current Wairarapa cost component of GWRC's regional council services. Wairarapa's contribution to the city/district/regional functions of the Panel's proposed Greater Wellington Council could be expected to be significantly greater than this, none of which is reflected in the 2012/13 "snapshot" budget figures for GWRC or Wairarapa.

9.2 Current rating levels

85. The recent financial analysis and modelling work undertaken by Wellington City Council has shown that the average total rates per rating unit, including GWRC rates, vary across the three Wairarapa councils from approximately \$2,250 to \$2,350. This compares with average total rates for all councils in the greater Wellington region of \$2,406 and a median of \$2,325, as illustrated in 4. The highest rates are in Kapiti, Porirua and Wellington City. Average Wairarapa rates compare well with rates across the rest of the region.

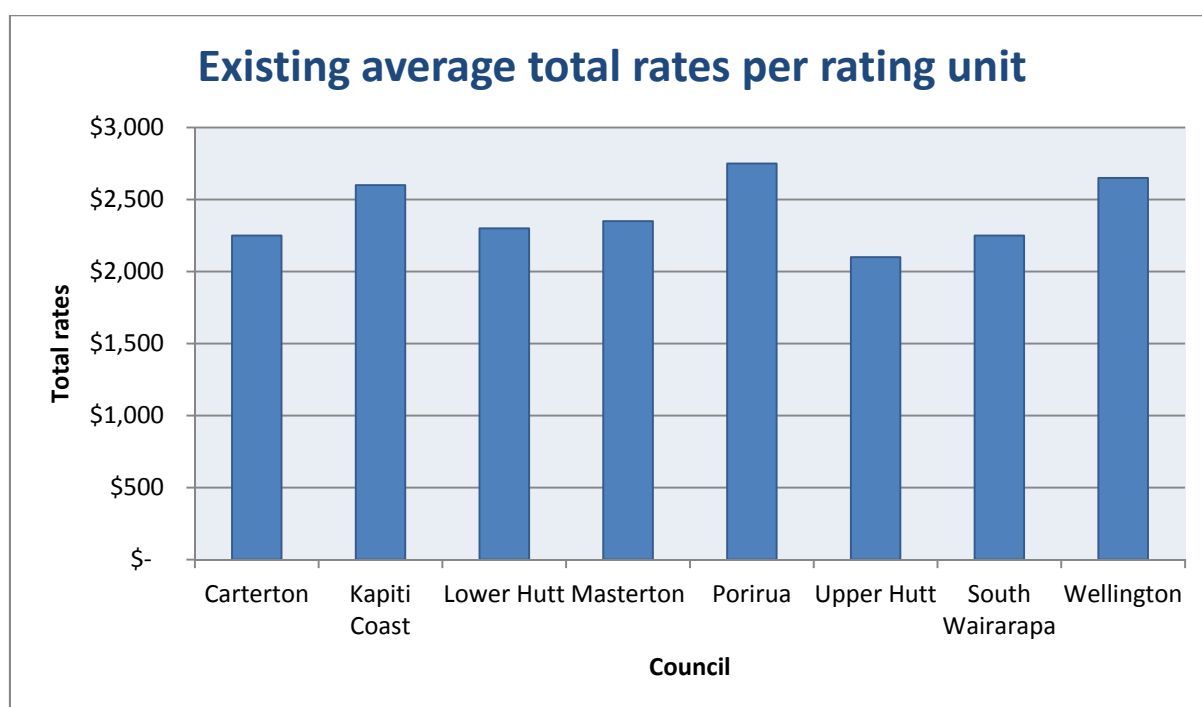


Figure 4: Current average total rates for councils in Wellington region⁷

⁷ From Wellington City Council rates modelling October 2012

9.3 GWRC funding subsidy

86. The Morrison Low financial analysis is based on a single year's budget forecast (2012/13), assumes a direct match between current and necessary levels of service, and assumes continuation of the current GWRC general rate subsidy for Wairarapa flood protection and scheme works. The latter is particularly favourable towards Wairarapa scheme ratepayers for flood protection and control works, as shown in Table 1.

Scheme rates	Gisborne	Tasman	Marlborough	Wairarapa	Hawkes Bay RC
General Rates	5%	2%	8%	50%	10%
Targeted rates	95%	98%	92%	50%	90%

Table 1: Comparison of flood protection & scheme funding subsidies⁸

87. GWRC applies a level of subsidy to all district and city councils in the greater Wellington region (not just Wairarapa), except Wellington City Council. A large proportion of the subsidy is funded by rates collected from the Wellington CBD area. This is not sustainable.
88. Any new regional entity would be obliged to review the existing rating/funding policies. It would be imprudent to assume that current GWRC subsidies would continue to be provided by a new entity yet to be formed.

9.4 Port company dividends

89. Wairarapa is entitled to ownership of 2/13th of CentrePort Wellington if this was apportioned on the same basis as the current ownership between Wellington and Manawatu (Horizons) regions. Therefore, an annual dividend of approximately \$750,000 would be payable to the Wairarapa unitary authority. This was not allowed for in the Morrison Low analysis.

9.5 Debt servicing costs

90. The 2012/13 budget figures from GWRC include debt servicing costs of a planned \$7 million regional council building for Wairarapa and an allocation of Wairarapa's share of GWRC overhead costs. The cost of accommodating regional council resources could be reduced under the Wairarapa unitary authority option. In addition, overhead cost efficiencies would be achievable through local delivery of many of the regional services under an integrated unitary authority.

⁸ Morrison Low Phase Three Report, September 2012

9.6 Asset and property apportionments

91. Any income from the transfer of Wairarapa's share of GWRC infrastructure and property assets resulting from the proposed reorganisation has not been allowed for in the Morrison Low analysis.

9.7 Benchmarking costs with other unitary authorities

92. The study also drew comparison between the forecast operating costs for a proposed Wairarapa unitary authority and a selection of other existing unitary authorities (Gisborne, Tasman and Marlborough). Each has different physical characteristics and funding priorities but the comparison (known as benchmarking) provided a high-level guide to the relative costs of delivering comparable activities.
93. The benchmarking comparisons below suggest that there is scope for an overall reduction in the cost of services under a single Wairarapa unitary authority compared with the current actual costs of the services provided to Wairarapa by GWRC.
94. The benchmarking comparison showed that:
 - a. the rating levels for all relative measures, based on the current cost of the three Wairarapa district councils plus the cost of GWRC services currently funded by Wairarapa ratepayers, was within the range of rating levels for the comparable unitary authorities.
 - b. when the full cost of GWRC's services were factored into the comparison, the combined Wairarapa and GWRC rating level was higher per capita and per dollar of land value than all three unitary comparators, but within (at the upper end) the range for rates per rateable property and per dollar of capital value.

	Gisborne Unitary	Tasman Unitary	Marlborough Unitary	Wairarapa Unitary 1 (with GWRC current rates)	Wairarapa Unitary 2 (with GWRC actual costs)
Population (June 2011)	44,460	48,100	46,179	40,620	40,620
Land area (ha)	836,000	965,400	1,751,700	592,400	592,400
Land value (\$)	4,800,000,000	7,169,453,200	8,880,698,250	5,643,171,500	5,643,171,500
Capital Value (\$)	8,500,000,000	11,683,365,880	15,940,771,800	9,615,486,100	9,615,486,100
Total rates 2012/13 (\$)	49,066,000	60,402,000	53,972,000	49,419,769	60,679,769
Rateable assessments	22,922	22,684	25,565	23,075	23,075
Average property value – LV (\$)	209,406	316,058	347,377	244,558	244,558
Average property value – CV (\$)	370,823	515,049	623,539	416,706	416,706
Rates per capita (\$)	1,053.60	1,324.02	1,122.31	1,216.64	1,493.84
Rates per rateable property (\$)	2,140.56	2,662.76	2,111.17	2,141.70	2,629.68
Rates per \$ LV	0.010	0.008	0.006	0.009	0.011
Rates per \$ CV	0.006	0.005	0.003	0.005	0.006

Table 2: Relative comparisons of rating levels⁹

- c. The relative cost of delivering planning and regulatory activities under a Wairarapa unitary council scenario, based on the regional council's current levels of service, would be more than twice as costly (\$3.5+ million more) as two of the comparator councils and \$2 million more costly than the other. These comparisons are based on Statistics NZ Local Authority Financial data.

⁹ Table 6 of Morrison Low Phase 3 Report: *Investigations into the formation of an Amalgamated Wairarapa District Council and a Wairarapa Unitary Authority, September 2012*

		Gisborne	Marlborough	Tasman	Total current Wairarapa regional
Planning & Regulatory	Rates	\$3,339,000	\$4,876,000	\$3,193,000	\$6,897,000
	Rating cost per capita	\$73	\$107	\$66	\$170
	Rating cost per ratepayer	\$148	\$191	\$141	\$299
	Rating cost per ha	\$4.5	\$9	\$3	\$13

Table 3: Relative comparisons of rating levels for the planning & regulatory activities¹⁰

- d. Costs per capita, per hectare and per rateable property for the regional council environment and water and air activities are significantly higher for Wairarapa than for similar unitary councils (**based on regional council-supplied data**). Environment costs in Wairarapa are more than double that of each of the comparator councils.

		Gisborne Unitary	Marlborough Unitary	HBRC Regional	Total current Wairarapa regional
Net cost per capita	Regional leadership	\$42.6	\$40.6	\$61.2	\$38.0
	Flood protection and control	\$24.9	\$77.4	\$44.2	\$47.5
	Environment	\$59.8	\$59.4	\$42.4	\$143.8
	Water and air	\$22.7	\$49.2	\$21.6	\$65.0
Net cost per rateable property	Regional leadership	\$86.5	\$76.3	\$137.2	\$66.8
	Flood protection and control	\$50.7	\$145.6	\$99.3	\$83.6
	Environment	\$121.5	\$111.8	\$95.2	\$253.2
	Water and air	\$46.2	\$92.5	\$48.5	\$114.5
Net cost per ha (excludes DoC land)	Regional leadership	\$2.6	\$3.6	\$6.7	\$2.9
	Flood protection and control	\$1.5	\$6.9	\$4.8	\$3.6
	Environment	\$3.7	\$5.3	\$4.6	\$11.0
	Water and air	\$1.4	\$4.4	\$2.4	\$5.0

Table 4: Relative comparisons of rating levels for regional activities¹¹

¹⁰ Table 7 of Morrison Low Phase 3 Report: *Investigations into the formation of an Amalgamated Wairarapa District Council and a Wairarapa Unitary Authority, September 2012*

9.8 Resourcing needs

95. The resourcing needs of a Wairarapa unitary authority would include the technical, physical and administrative capacity and capability required to deliver both regional and district council services. While current resourcing of the three Wairarapa councils is specific to delivery of district council functions, the resourcing needs for delivery of regional council services and responsibilities could be found from either transfer of an appropriate level of GWRC staff or resourcing agreements with the equivalent Wellington-based unitary authority or Horizons Regional Council, or combinations of both.
96. Similarly, public transport delivery and funding arrangements and other pan-regional activities such as economic development could be established through a formal structure between Wairarapa and its Wellington equivalent, such as business units under direct council control.

9.9 Other benefits

97. Cost is not the only factor to take into account when comparing the two governance options for Wairarapa and is not the only criteria for a reorganisation proposal. A Wairarapa unitary authority would bring a range of other benefits including simplified governance, improved management capability and capacity, and more unified and expedient decision-making across the region. Decisions on levels of service, the risk of future changes to revenue and finance policy at a regional level, best fit with the shared vision, objectives and strategic positioning (refer to Section 7.5), and the overall worth of increased autonomy need to be weighed against any estimated increase in operating costs for the unitary authority option.
98. Wairarapa has its own distinct community of interest, geographically separate from metropolitan Wellington. Its water catchment and air shed are physically independent of the rest of the region. Its people are accustomed to a rural/provincial lifestyle and values, as distinct from a city environment.
99. Under a unitary authority, decisions regarding regional and district council functions, activities, environmental planning, levels of service, regulatory compliance, method of service delivery, financial policies and consideration of community affordability, would all be made locally by the Wairarapa unitary authority in consultation with and on behalf of Wairarapa's community. Accountability for these decisions would reside with the Wairarapa unitary authority, elected entirely by and for the Wairarapa community. Uncertainty and difficulties associated with policy decisions under the current dual governance model (i.e. separate regional and district councils) would significantly reduce. It would provide effective local government for and within Wairarapa ahead of the other options considered.

¹¹ Table 8 of Morrison Low Phase 3 Report: *Investigations into the formation of an Amalgamated Wairarapa District Council and a Wairarapa Unitary Authority, September 2012*

100. Environmental, planning and regulatory services are key regional services. They are in turn influenced by national policy. Policy and standards for Wairarapa’s rural/provincial environment are different from the mainly metropolitan characteristics of the rest of the Wellington region. Under a Wairarapa unitary authority, the Wairarapa community’s voice would not be lost and environmental standards would be appropriate to the predominant rural lifestyle and the vision and objectives for Wairarapa established by the three councils and stakeholder groups as set out in Section 7.
101. The following table highlights the allocation of responsibility for a sample of council services under a Wairarapa unitary authority versus the proposed Wellington super city model. It shows how planning, decision making and responsibility for the majority would transfer to regional control under the super city model. Under the unitary authority, ownership, planning and decision-making for all assets and services would remain local:

ACTIVITY	CURRENT		PROPOSED		
	Current GWRC function	Current district council function	Wellington Super City		Wairarapa Unitary Authority function
			Regional function	Local function	
Affordable housing advocacy		x	x		x
Air quality control	x		x		x
Animal control		x			x
Art galleries		x	x	x	x
Assets and liability management	x	x	?	?	x
Regional holdings	x		?	?	x (ex GWRC)
Community centres, halls		x	x		x
CDEM	x	x	x		x
Council housing		x	x		x
Crime prevention		x	x		x
Environmental monitoring	x	x	x		x
District plan		x	x (Policy)	x (consents and compliance)	x
Democracy services	x	x	x		x
Land use planning	x	x	x		x
Land use development		x	x		x
LIMS and PIMs		x	x		x
Rural fire		x	x		x
Parks and reserves (district)		x	x		x
Roading am		x	x		x
Roading maintenance & construction		x	x		x
Sister City programmes		x	x		x
Solid waste management		x	x		x
Transport	x		x		x
Water supply	x	x	x		x
Wastewater		x	x		x

Table 5: Shift in responsibility for council activities – current vs. preferred

9.10 Promotion of good local government

102. A reorganisation proposal would need to demonstrate that it has ‘significant community support’ and ‘promotes good local government’. On the first test, substantial community engagement and support will be required before a proposal is finalised (refer to Section 10 below). On the second, evidence of efficiencies and costs savings, improved productivity, and simplified planning processes would form part of the application. A unitary authority would represent a simplified, integrated, governance model for Wairarapa.
103. If the Local Government Commission is satisfied that a reorganisation application has significant community support the Local Government Act 2002 Amendment Bill requires the Commission to next be satisfied that the changes proposed in the application will promote good local government by:
- a. improving local government in the area or areas that the reorganisation application relates to; and
 - b. facilitating, in the affected local authority or local authorities,
 - a. efficiencies and cost savings; and
 - b. productivity improvements, both within the affected local authorities and for the businesses and households that interact with those local authorities; and
 - c. simplified planning processes within and across the district or region through, for example, the integration of statutory plans or a reduction in the number of plans to be prepared or approved by the local authority; and
 - c. ensuring that each local authority proposed to be established or changed under the application will:
 - i. have the resources necessary to enable it to carry out effectively its responsibilities, duties, and powers; and
 - ii. have a district or region that is appropriate for the efficient performance of its role; and
 - iii. contain within its district or region one or more communities of interest, but only if they are distinct communities of interest; and
 - d. if the reorganisation application proposes a unitary authority, enabling catchment-based flooding and water management issues to be dealt with effectively by the unitary authority.

104. The following table demonstrates how each of the Bill's measures for promotion of good local government would be addressed in the proposal for a Wairarapa unitary authority:

Measure Number	Description	How measure would be met by preferred option
1	Improving local government in the area to which it relates	<ul style="list-style-type: none"> • The Council and its Mayor would be seen as a single voice for the Wairarapa empowered to speak for the whole region with a mandate across a wider range of issues e.g. including all local government responsibility for economic and environmental issues • The improved ability to manage across all community well-beings and in particular the economic and environmental well-beings, taking into account the challenges facing Wairarapa in regards to water quality and land use, these are considered to be significant benefits • A unitary authority would be responsible for all local government services within Wairarapa and accountable for all decisions • A Wairarapa unitary authority ensures the integration of all the district and regional council functions and services across Wairarapa. This is likely to lead to better overall outcomes for the proposed combined district when considered as a whole • The western boundary of a single Wairarapa council would more closely align Wairarapa local government and iwi boundaries
2	Facilitating efficiencies and cost savings	<ul style="list-style-type: none"> • An single Wairarapa unitary authority is a lower cost management model than three separate councils as it will generate efficiencies of scale • A larger organisation is likely to be better able to cope with on-going demands to fund infrastructure as it would have an increased rating base from which to fund improvements and increased purchasing power across its district council activities • Vesting the roading network under one organisation that would own and manage the network through a whole-of-network approach is likely to lead to reduced operating costs, consistency of approach and better asset management. This will produce the best overall outcome for the roading network which is the single largest item of expenditure for a single Wairarapa council • As a unitary authority, decisions regarding funding policy, activity involvement and levels of service across the whole suite of local government services would be integrated and made within the Wairarapa, specific to the needs of the Wairarapa community • As a unitary authority, there would be one consent

		<p>authority for Wairarapa with reduced compliance costs for council and the community</p> <ul style="list-style-type: none"> • Activities, levels of service and revenue and financing policies would be integrated and tailored to meet the needs and affordability of the Wairarapa community • Based on the Morrison Low benchmarking analysis of other unitary authorities, the potential exists for significant cost efficiencies to be achieved under a unitary authority for the delivery of planning and regulatory and environmental, water and air services, compared with current GWRC costs for these services • Uncertainties and confusion associated with the current separation of decision making on regional activities versus district activities would be removed. The public would only need to deal with a single entity.
3	Facilitating productivity improvements	<ul style="list-style-type: none"> • A Wairarapa unitary council would increase productivity through coordinated planning processes, region-wide responsiveness, increased autonomy and integrated empowerment with a mandate across a wider range of issues e.g. whole-of-local government responsibilities including economic and environmental issues with flow-on “one-stop shop” interactions and efficiencies for the business community • An improved ability to manage across all of the community well-beings and in particular the economic and environmental well-beings, taking into account the challenges facing Wairarapa in regards to water quality and land use • As a single local government entity, a Wairarapa unitary authority would increase productivity by being responsible for all district and regional services within Wairarapa and would be accountable for all decisions • As a unitary authority, the council would be empowered to integrate all of the district and regional council functions and services across Wairarapa. This would lead to improved productivity for the proposed combined district when considered as a whole
4	Simplified planning processes	<ul style="list-style-type: none"> • The three councils have already adopted the first combined district plan in New Zealand. Integration of that with the relevant aspects of the regional policy statement, as a Wairarapa resource management plan, would further simplify planning processes under a Wairarapa unitary authority • Instead of three separate annual plans, long term plans and various other bylaws and planning documents, there would be single, consolidated planning and regulatory documents covering Wairarapa as a whole

5	Adequate resources	<ul style="list-style-type: none"> • A single Wairarapa council would facilitate increased capacity and capability due to an expanded critical mass • A single Wairarapa council is likely to be better able to cope with on-going demands to fund infrastructure as it would have an increased rating base from which to fund improvements and increased purchasing power across its district council activities
6	District or region appropriate for the efficient performance of its role	<ul style="list-style-type: none"> • The Wairarapa region is geographically distinctive and different from the mainly metropolitan areas to the west. It is appropriately sized for the efficient performance of its role and is able to accommodate changing circumstances, including unexpected and high-impact events. It would remain resilient and adaptable into the future. • As a unitary authority, it would provide for Wairarapa-wide decisions to be made at a council level and local decisions to be made more locally through a proposed community board structure
7	Contains one or more communities of interest	<ul style="list-style-type: none"> • The Wairarapa community is a readily identifiable, community of interest. It contains several distinct communities of interest that would be recognised through the proposed community boards and wards
8	Catchment based flooding and water management issues can be dealt with effectively	<ul style="list-style-type: none"> • Wairarapa is geographically separated from the rest of the Wellington region. A Wairarapa unitary authority's boundaries would therefore reflect the separate water catchment and air shed for Wairarapa

Table 6: How preferred option would promote good local government

10. Community involvement, feedback and support

105. The Local Government Act 2002 Amendment Bill introduces two assessments to be applied to an application for reorganisation. The first assessment requires the Local Government Commission to be satisfied that an application has significant community support.
106. “Significant community support” is defined in the Bill as:
- a. support from a large proportion of the community, or of the leaders of the community, for reform of the current local government arrangements; and
 - b. substantial support within that group for the changes proposed in the reorganisation application; and
107. The matters the Commission may consider include (but are not limited to):
- a. a petition or petitions of affected electors;
 - b. questionnaires or surveys of ratepayers or residents;
 - c. submissions or other correspondence about existing or proposed local government arrangements;
 - d. meetings with community members or their representatives in which views on the existing or proposed local government arrangements are expressed.
108. Throughout its investigations and the development of this draft proposal the WGRWP has actively informed, consulted and involved Wairarapa residents and other interested parties. It acknowledges that Wairarapa councils are yet to consult on a preferred option and is committed to a thorough process when the time comes to do this (outlined in section 20).
109. As it has gone about its work, the Working Party has provided comprehensive information, full reports and summaries through a wide range of channels in order to inform residents and enable them to ask questions and have their say.
110. Direct community feedback on the future governance of Wairarapa has been received between July 2011 and October 2012 which, together with various independent reports and a comprehensive survey has been used to inform this draft proposal.

10.1 Consultation to date

111. While further consultation is planned should the three councils each adopt the draft reorganisation proposal, the feedback resulting from the following activities carried out by the WGRWP over the past 12 months contributes to the overall measure of community support.
- a. On-going updates and discussions with elected Wairarapa councillors through council meetings and the Combined Council Forum

- b. Submission process and hearings on the PricewaterhouseCoopers study on Wellington regional governance commissioned by the Wellington Mayoral Forum (August 2011)
- c. Involvement of 22 interest groups in phase 1 of the Morrison Low report – setting of a vision and objectives for Wairarapa, subsequently adopted by each of the three district councils (April 2012)
- d. Meeting with most of the 22 groups to present the first Morrison Low report and gain their feedback on the findings, conclusions and next steps (June 2012)
- e. Email updates to the 22 groups and enclosure of new reports
- f. Further meeting with submitters on the PricewaterhouseCoopers report - to gain their feedback on the first Morrison Low report (June 2012)
- g. Invitations to provide email feedback and questions via the Working Party's dedicated website www.wairarapasfuture.govt.nz (May 2012 – present)
- h. Engagement and feedback through the Working party's Facebook page
- i. Letters and information requests received through council offices and libraries
- j. Additional meeting with local iwi, also involved with the 22 groups (June 2012)
- k. A Wellington-region-wide Colmar Brunton telephone survey which interviewed 1,200 Wairarapa people, 400 in each district council area (June-July 2012)
- l. On-going discussions with Wellington councils through the Wellington Mayoral Forum
- m. Meeting with the Wellington Review Panel to help it understand issues for Wairarapa (August 2012)
- n. Meeting with NZ Transport Agency on issues to consider in local government reform (August 2012)
- o. Sessions with Greater Wellington Regional Council to seek and understand information on funding issues (August 2012)
- p. Participation in the Petone hui on governance planning for elected council members in the greater Wellington region (September 2012)
- q. Meeting with Tasman District Council (Unitary) with councillors and invited interest groups (September 2012)
- r. Participation by the three mayors in a panel discussion at a public meeting arranged by Toastmasters – attended by approximately 100 people (October 2012)
- s. A local online poll independently run by the Wairarapa Times-Age (June 2012)

10.2 PricewaterhouseCoopers (PwC) Report – summary of submissions

112. In early 2010 the Wellington Mayoral Forum commissioned PricewaterhouseCoopers (PwC) to review the current local government arrangements in the wider Wellington area, currently served by nine councils.
113. Wairarapa councils publically advertised the submission process and made available the full PwC report, a Greater Wellington Regional Council paper on Options and the Government's Smarter Government, Stronger Communities – Towards Better Local Government and Public Services' paper (*April 2011*).
114. Twenty-nine submissions were received from Wairarapa interest groups and individuals. Wairarapa councils jointly heard submissions at a hearing on 11 August 2011.
115. An independent, qualitative summary of the 165 submissions received from across the greater Wellington Region was prepared by consultants Martin Jenkins Ltd (*31 August 2011*). They noted that the small number of submissions received meant that 'the views expressed could not be seen as representative of the region's residents.
116. However, the views expressed are highly consistent with all other forms of feedback since received by the WGRWP – strong support for a single Wairarapa council and very little interest in becoming part of a single Wellington council.
117. Comments specific to Wairarapa in the summary of submissions on the PWC report were:
 - "Wairarapa and Wellington are seen by people across the region as distinctly different, predominantly rural and urban areas respectively, separated by geography and lifestyle – they are understood as different communities of interest. This leads most submitters to the view that Wellington and Wairarapa's local government should remain separate to a large degree. Wairarapa submitters are most in favour of a change to the status quo in local governance arrangements, compared to the other council areas." (page 5)
 - "... (It is also generally acknowledged that Wellington and Wairarapa are economically bound together and that regional transport links are joint in nature.)" (page 9)
 - "Most Wairarapa submissions (84%) stated that there is a need for change. Around half of Wairarapa submitters are in favour of combining their three district councils, whether as an end point or as an intermediate stage in the evolution of local government." (page 9)
 - "Local government is too fragmented – an amalgamation of the three district councils would strengthen the Wairarapa." (page 11)
 - A structure that brings the Wairarapa councils together will be more efficient and improve the capability available." (page 11)
 - "A single Wairarapa council would be able to attract good quality staff (including specific skill areas) and improve staff capability." (page 15)

- “Wairarapa submissions in particular make the point that rural areas would find it harder to be heard in a bigger unitary authority and suggest that rural representation be built into any new local government structures.” (page 16)
- “Four submissions expressed strong negative views about either the current community boards in South Wairarapa or in principle, objected to a second layer of community governance structure. However, others were interested in exploring the concept further, either as an adjunct to larger regional council structures, or as a potentially new basis for sustainable communities.” (page 16)
- Wairarapa has a greater proportion of its submitters in favour of Option 3 [logical clusters of councils] than the average across all councils (in some cases combined with Option 2 or Option 4). There is evidence of some interest in Option 5 which would involve a sub-regional unitary authority for the Wairarapa [and one for Wellington] but others doubt it would be financially viable. No Wairarapa submissions mention a preference for Option 6 [single Wellington council] in the short term.” (page 18)

118. General comments related to wider Wellington region submissions:

- a. “Many submissions make the case that effective local democracy and community participation are more important than economic and financial considerations when evaluating any proposal for change.” (page 5)
- b. “Individual residents have different expectations of local government and value different things about living in their local area. Discussions about local government reorganisation go to the heart of people’s sense of place and ‘belonging’.” (page 9)
- c. “Business people and business organisations across the region can see opportunities for reducing compliance costs and increasing the ease of doing business, by councils either agreeing one set of planning regulations or combining into fewer authorities.” (page 5)
- d. “Effective local representation is a major theme in submissions from both those who support change to governance arrangements and those who are opposed to change.” (page 16)

10.3 Engagement with interest groups

119. Additional feedback has been received through various meetings held with the 22 interest groups involved with setting the vision and objectives for Wairarapa in Phase 1 of the Morrison Low Study.
120. Submitters on the PWC report have also been kept informed and an additional meeting has been held with Wairarapa iwi.
121. Representatives of a number of Wairarapa groups attended a workshop session in September 2012 where the Tasman District Council Mayor, Deputy Mayor and CEO discussed the experience of being a unitary council and answered questions from Wairarapa councillors and groups.

10.4 Written feedback received by WGRWP

122. The WGRWP has publicly provided all of the information available to the three individual councils and actively sought public questions and feedback on that information.
123. To date 55 emails and letters representing 66 people have been directly received by the Working Party. In addition Colmar Brunton has completed a major survey and separately the Wairarapa Times-Age conducted an online poll of its own. These were conducted during and after an extensive public information campaign involving press, radio and online advertising, media stories, websites and information available at libraries and council offices throughout the region.
124. Eighty five people have so far engaged with the Working Party via the Wairarapa's Future Facebook page. Approximately half of these have actively commented on issues presented.
125. The following table summarises the Wairarapa residents' written preferences (where offered) on the various broad options.

Feedback from:	Broad option preferred (explicitly offered)					
<i>Figures in brackets are actual number of responses</i>	Status quo or more shared services	Wairarapa district council	Single Wairarapa council*	Wairarapa unitary council	Part of Wellington council	Another option
PWC consultation (29) – from 35 individuals/groups	About half favoured a single Wairarapa council (not all submitters offered a preference) 84% stated there was a need for change					
Email via website & letters (55) - from 66 individuals	(4) 7%	(12) 22%	(7) 13%	(18) 33%	(11) 20%	(3) 5%
		68%				
Facebook (10)	(0)	(1) 10%	(2) 20%	(6) 60%	(1) 10%	
		90%				
Wairarapa Times-Age online poll June 2012 (210)	16%	54%		22%	6%	
		76%				
Colmar Brunton survey after options explained & if change inevitable (1200)**	28%	25%		32%	8%	3%
		57%				

Table 7: Summary of Wairarapa written responses to broad governance options

* A single Wairarapa council preferred but district or unitary not specified

** See section 10.5 below

126. While only one activity was statistically significant (the Colmar Brunton survey), analysis of all of the feedback received from Wairarapa residents, regardless of the mechanism, consistently favours a single Wairarapa council.
127. People who provided feedback via the PWC submission process, the website/letters and Facebook were almost entirely mutually exclusive.
128. The other consistent theme running through all feedback received to date was the low level of support for Wairarapa to become part of a single Wellington council.

10.5 Colmar Brunton Survey

129. The three Wairarapa councils took part in a greater Wellington region-wide public opinion survey in June/July 2012. The survey aimed to gain an understanding of whether electors wanted local government reform; if they wish to see change, preferred options for reorganisation, and the key reasons for choices.
130. The first question of the survey simply asked whether residents favoured the status quo or change, without presenting any options. The results showed:
 - a. 46% want change to council boundaries, but only 5% of those want to be part of a single Wellington authority. The other 41% favoured change towards a single Wairarapa council. 45% did not (initially) favour any change
 - b. Of Wairarapa residents who said things should remain the same, 22% said so because they did not want to form part of a single Wellington authority.
131. The survey went on to explain the broad options for change and all respondents were asked for their view if change was inevitable:
 - a. 60% preferred a single Wairarapa council even if they first answered 'no change'. Views were mixed about whether this should be a district or a unitary council.
 - b. 28% preferred more shared services, and 8% preferred a single Wellington authority
132. Of those who answered no change to boundaries in the first survey question, in the follow-up question (if change was inevitable):
 - a. 70% chose a single Wairarapa council instead of a shared services model or a single authority for the whole Wellington region.
133. In other results, Wairarapa residents:
 - a. were more likely than those in Wellington council areas to want change to local council boundaries
 - b. strongly believe that elected councillors and a mayor are important
 - c. ranked the most important factors in making decisions about local government reform options as very or quite important:
 - a. Delivering services effectively – 86%
 - b. Cost, efficiency and rates – 76%
 - c. Positioning the area for future economic growth - 69%

- d. Democracy and representation - 67%
- e. Having a strong sense of belonging to the locality of the preferred option - 66%

134. Full survey results are available in Colmar Brunton's report for the whole Wellington region and the supplementary report covering Wairarapa-specific questions - refer to Section 24.

10.6 Wellington City Council public consultation

135. In May and June 2012 Wellington City Council formally consulted on the need for local government change in the greater Wellington region. More than 1,200 people, mostly from Wellington City, submitted their views on four broad options for future local government. Two of these involved Wairarapa as a unitary council.
136. Seventy-seven per cent of people who responded in the wider Wellington region wanted some change. Only 23 per cent wanted no change.
137. The highest proportion, 45%, favoured options in which Wairarapa would have a stand-alone Wairarapa council with regional council responsibilities (a unitary council). Twenty-five per cent wanted all existing councils to remain the same but share more services. Twenty-three per cent were in favour of a single council for the whole Wellington region including Wairarapa, with 10 local boards elected to look after 'local' services.

10.7 Conclusion - community feedback and support

138. In conclusion, the feedback received across a wide range of channels by the WGRWP has clearly and consistently shown that Wairarapa people:
- strongly support a single Wairarapa council
 - do not want their region to be part of a single Wellington council
 - see Wairarapa and Wellington as different communities of interest
 - believe that there should be a close relationship and cooperation between Wairarapa and neighbouring regions on issues of mutual interest.
139. The proposed governance structure of a single Wairarapa unitary authority is consistent with community feedback to date.

11. Current representation structure

140. The current Wairarapa governance arrangements, at a district level is summarised in Table 8. It shows that all three councils use wards as the basis of election. Only South Wairarapa has community boards and the minimum ratio of population per councillor is approximately 1,000. Also, the number of councillors required to represent the district or city interests is 'banded' rather than directly proportional to population. For example, Masterton district has more than twice the population of Carterton and South Wairarapa districts but not twice the number of elected members.

District Council (DC)	Population ¹²	Councillors ¹³	Ratio pop. per member	Wards	Comm. Bds	Comm. Board elected positions ¹⁴
Masterton DC	23,540	10	2,354	2	0	-
Carterton DC	7,650	8	956	2	0	-
South Wairarapa DC	9,430	9	1,048	3	3	4/4/4
Total Wairarapa	40,620	27	1,504	7	3	12

Table 8: Summary of current Wairarapa district representation arrangements

141. District-at-large representation is used only by Masterton District Council (MDC), with half its councillors elected at large and half across its two wards. Carterton District Council (CDC) and South Wairarapa District Council (SWDC) representation is based entirely on wards. The 2012 CDC representation review decided that all councillors will be elected at large for the next (2013) election. This may not eventuate given the nature of the current review.
142. There are currently no separate Maori wards, but each Council has provision for Maori liaison/consultation within their respective structures.
143. There are currently seven wards across the three Councils, comprising 27 Council councillors. SWDC bases its wards around Martinborough, Featherston and Greytown. CDC and MDC use an urban and rural division of wards. MDC also has an 'at large' system of representation for 50% of its council members.

¹² Estimated resident population as at 30 June 2011 ex Statistics New Zealand

¹³ Plus a mayor for each Council

¹⁴ Excludes appointed representatives

144. At a micro level, the current ward representation is:

Current Ward	Current ward population	Number of wards	Ward Councillors	Ward population per councillor
Masterton rural	5,290	1	1	5,290
Masterton urban	18,250	1	4	4,563
(Masterton at large)¹⁵	(23,540)		(5)	(N/A) ¹⁶
Carterton rural	3,280	1	3	1,093
Carterton urban	4,370	1	5	874
Greytown	3,070	1	3	1,023
Featherston	3,110	1	3	1,037
Martinborough	3,250	1	3	1,083
Total	40,620	7	27	1,846¹⁷

Table 9: Current ward population and representation

145. In addition to elected member representation, each council has its own committee structure to help assist decision making and provide an appropriate level of governance input across the different functional areas of each Council.

¹⁵ Not a ward.

¹⁶ At large representation is not included in the population per ward councillor representation calculation.

¹⁷ Total population divided by the number of ward councillors i.e. 40,620/22.

12. Representation options

12.1 Basis of election

146. The first issue to decide in respect of future governance and representation arrangements is the basis of election. The Local Electoral Act 2001 allows council members to be elected by ward, at large, or by a combination of the two. The mayor must be elected at large.
147. If wards are to be used, each ward must elect at least one member.
148. A further requirement for fair and effective representation is that the population of each ward, divided by the number of councillors to be elected by that ward, is not more or less than 10% of the population of the district divided by the total number of elected members (excluding councillors elected at large, if any, and the mayor). In special circumstances, the council or the Local Government Commission may define ward boundaries that do not strictly comply with the +/-10% criteria. This would typically occur in island or isolated communities.
149. (Note that the Local Electoral Amendment Bill further relaxes the +/- 10% ward representation criteria where effective representation might be limited by communities of interest being divided by proposed ward boundaries, or where two or more communities of interest with few commonalities might be united within a proposed ward.)
150. The argument in favour of wards is that it ensures a geographical distribution of representation across the district. If all councillors are elected at large, there is a risk that representation will be dominated by the larger population centres. There have been a number of examples around the country where the latter has not transpired, despite expectations, for example in the case of election of mayors, but it remains a genuine concern particularly in the case of a new council.
151. The argument against the use of wards is that it might detract from the district-wide focus required of council members.
152. There is also an option of separate Maori ward(s) representation depending on electoral population proportionality criteria. Separate Maori representation would form part of, and not be additional to, the total number of councillors.
153. The number and distribution of individual wards is fundamentally population-based. The purpose is to achieve an approximately even geographical distribution of councillor representation across notional population groups e.g. rural and urban. Usually ward boundaries reflect some commonality of interest.
154. Communities within individual wards may be candidates for some other form of additional representation e.g. community boards. Ward representation has a district-wide focus - community boards have a local focus.

155. Ward representation can be either single-member or multiple – the number of wards and the population within each ward determines this. Too many wards may marginalise district representation. Too few may dilute the objective of geographical distribution.
156. For a new Wairarapa district there is an option for some element of representation that straddles all or part of the three existing Council boundaries, in addition to the Mayor. Whether this is by setting the ward boundaries to encompass neighbouring TLA segments of rural land, or by including a proportion of representation elected at large, a new district comprising representation from just each of the current districts may lack the representation arrangement needed to assist the transition.
157. Against that, introducing too many changes to the current form and shape of representation at the outset of a proposal may introduce unnecessary confusion for electors. A new Wairarapa council would have opportunity through routine representation reviews to introduce changes at a later stage if there was a need and/or community support to do so.
158. The broad options considered include:

Option	At Large	Wards	Comment
1	0%	7	Same number of wards as at present. No at-large component. Includes two rural wards
2	100%	Nil	No wards
3	50%	7	As for Option 1 but with 50% representation at-large
4	50%	3	Separate, large wards for Masterton, Carterton and South Wairarapa. 50% at-large representation
5	0%	3	As for Option 4 but with no at-large representation
6	50%	6 or 7	Separate wards for Masterton, Carterton, Greytown, Featherston and Martinborough urban areas and either one or two rural ward(s)

Table 10: Ward configuration options

159. Analysis of a combined and enlarged rural ward shows that approximately 40% of the population making up a proposed single rural ward is located mostly to the north of Masterton, between the Waingawa and Ruamahanga Rivers. In other words, the distribution of population is disproportionate to the spread of the rural ward land area. The natural features used to define area segments in the analysis correspond to local rivers, namely the Tauweru, Ruamahanga, Whangaehu, and Waingawa.

This is summarised in Table 11 below:

Area segment	Description	Mesh Block Pop - 2006 Census	% Rural ward Population
1	CDC residual rural area	1,009	17%
2	MDC rural - CDC boundary to Tauweru River	1,053	18%
3	MDC rural - Tauweru River to Whangaehu River	561	10%
4	MDC rural – Whangaehu River to Ruamahanga River	881	15%
5	MDC rural - Waingawa River to Ruamahanga River	2,363	40%
Total		5,867	100%

Table 11: Distribution of rural ward population

160. Having two rural wards would therefore require the dividing boundary to be located between the Ruamahanga and Whangaehu Rivers.
161. The final location of ward boundaries must ultimately coincide with the current statistical meshblock areas determined by Statistics NZ and used for Parliamentary electoral purposes. Aligning ward boundaries with rivers makes wards more readily definable for electors and generally achieves this requirement.

12.2 Number of councillors

162. The Local Electoral Act 2001 specifies that there be no fewer than six elected members and no more than 30, inclusive of the mayor, on a district (or city) council. Within these limits, the actual number is discretionary but needs to reflect fair and effective community representation and Council decision making.
163. A practicality check is the minimum population for a single-member ward. This sets the benchmark for determining the number of councillors. For example, in Option 6 above, the smallest units would be the urban wards of Featherston, Greytown and Martinborough with urban populations of approximately 1,500 each. To satisfy the +/- 10% fairness test, this would equate to a total council representation of 27 councillors, plus the mayor and any councillors elected at large. That number of councillors would be too large to be effective.
164. A single-member ward representing 3,000-4,000 people would be a more practicable guide for sizing wards e.g. Option 1 in Table 10. Option 4 would require a disproportionately high population-per-member ratio. Option 5 would require large, multiple-member wards.
165. Councillors elected at large do not form part of the +/- 10% fairness test.

12.3 Community boards

166. Communities within or across individual wards may be candidates for an additional form of representation e.g. community boards. Ward representation has a district-wide focus - community boards provide a local focus.
167. The starting point for determining the preferred numbers and location of community boards is identifying communities within the district that have a sufficiently distinct interest beyond the community interest of the district as a whole. That in itself does not compel the constitution of a community board - in many cases the governance and representation needs of the community could be met from a district governance structure.
168. The proposed communities must be readily definable, and the boundaries must be entirely within the boundaries of the district and conform to Statistics NZ mesh block areas. A community board must be established for each community that is constituted under Schedule 6 of the Local Government Act 2002.
169. Community boards are neither mandatory (except if determined by the Local Government Commission in a reorganisation scheme) nor universally used but may promote good local government through community participation in local decision making. Community boards may be established by:
- Local Government Commission giving effect to a reorganisation scheme (the current context)
 - resolution of the council, or the Local Government Commission on appeal, as a result of a proposal by electors, at any time (but not to take effect within 12 months of the next triennial election)
 - as a result of the council's representation review every six years or sooner.
170. While ward boundaries may coincide with community boundaries, that is neither mandatory nor always practicable. In some instances a community may lie within a ward, or may extend across two or more wards.
171. The members of a community board must be elected by the corresponding community. A community board area may be subdivided for election purposes. Each subdivision must elect at least one member of the community board.
172. Community boards are not a committee of council and have their own statutory role under the Local Government Act 2002. They must have a minimum of four members who must be elected, and may have additional members appointed by the council. The appointed members must be the mayor or councillors. The maximum number of elected and appointed members is 12, of which less than half may be appointed. Where wards are used, the appointed members must be

councillors from within the ward(s) in which the community board is located. A community board appoints its own chairperson.

173. The role of a community board is to:

- represent and act as an advocate for the interests of its community; and
- consider and report on all matters referred to it by the territorial authority, or any matter of interest or concern to the community board; and
- maintain an overview of services provided by the territorial authority within the community; and
- prepare an annual submission to the territorial authority for expenditure within the community; and
- communicate with community organisations and special interest groups within the community; and
- undertake any other responsibilities that are delegated to it by the territorial authority (but may not acquire, hold or dispose of property, employ staff, make a rate, adopt an annual plan, LTP or annual report, adopt statutory policies required under the Local Government Act 2002, borrow money, acquire or dispose of assets other than in accordance with the LTP, or make bylaws)

174. Unlike a committee, community boards may be abolished only by:

- the Local Government Commission giving effect to a reorganisation scheme (the current context)
- as a result of the parent council's representation review every six years or sooner.

175. Delegations to community boards are constrained by only the statutory limitations, as described above. Otherwise the council can delegate a wide range of powers in addition to the mandatory role under the Local Government Act 2002. These may include:

- Community planning
- Decision making
- Recommendations and submissions to the Council

176. Based on a recent scheme proposal prepared by the Local Government Commission involving a unitary authority for the Nelson-Tasman region, detailed delegations to the proposed community boards in Wairarapa could include the following:

Community planning powers

(1) Each community board, in the year following the triennial local authority elections, may after consulting its community, prepare and adopt a plan for its community for the purpose of identifying and communicating the interests, priorities and preferences of the community.

(2) The community plan is to reflect that community's priorities and preferences in relation to the level and nature of activities, services, and proposed developments to be provided or approved by the Council in that community.

(3) A community board is required to use its community plan as the basis for its

submissions on the Council's long-term, annual and other statutory plans.

(4) Where a community's desired levels of service are higher than the existing or proposed district-wide levels of service, the community board will recommend to the Council the funding mechanism to address this variation.

(5) For the purposes of clause 4, levels of service relate to:

- (a) local roads, bridges, footpaths, cycleways, carparks and streetlighting in the community*
- (b) water supply in the community*
- (c) wastewater collection and treatment in the community*
- (d) stormwater and river management in the community*
- (e) community waste management and recycling*
- (f) coastal structures in the community*
- (g) aerodromes*
- (h) the mitigation of natural hazards in the community*
- (i) local libraries*
- (j) local cemeteries*
- (k) camping grounds*
- (l) community housing in the community.*

Decision-making powers

(1) Each community board may, provided they act in accordance with approved Council budgets, policies, plans and bylaws:

- (a) undertake activities for which a budget has been allocated by the Council to the board*
- (b) approve expenditure in its community from reserve funds and development contribution funds*
- (c) allocate funding and operational grants to groups in its community*
- (d) authorise board member attendance at appropriate conferences and training courses*
- (e) monitor and review funding priorities within the approved community board budget*
- (f) seek funding (to be held by the Council) from external organisations which can be applied to community projects within its community*
- (g) undertake the governance of public halls, public toilets and other community facilities in its community*
- (h) undertake the governance of local museums*
- (i) undertake the governance of community swimming pools*
- (j) undertake the governance in respect of use of public places in its community including disbursement of any surpluses, after costs, for purposes within the community*
- (k) approve management and landscape plans for parks, reserves and other public areas in its community*

- (l) approve the granting of leases or licences on reserves and public spaces in its community*
- (m) approve the design and location of buildings and other structures on parks, reserves and other Council land in its community*
- (n) approve the design and location of neighbourhood improvements, such as street furniture and artwork, in its community*
- (o) grant consent for the removal or replacement of trees in parks, reserves, streets or other Council land in its community*
- (p) approve traffic control measures, parking restrictions and traffic control signs on streets in its community (e.g. stop and give way signs)*
- (q) approve the design and location of bus stops and shelters in its community*
- (r) approve names of roads, streets and parks in its community.*

(2) Each community board has a responsibility to ensure that decision-making is in accordance with approved Council budgets, policies, plans and bylaws. Whenever this is seen to be either not possible or not desirable, the community board's decision will be by way of a recommendation to the Council.

Powers of recommendation and submission

- (1) Each community board may make recommendations to the Council in respect of:*
 - (a) the need for new or amended bylaws in its community*
 - (b) traffic speed limits in its community*
 - (c) the need for changes to statutory plans under the Resource Management Act 1991 as they affect its community.*
- (2) Each community board may make submissions to the Council on notified resource consent applications under the Resource Management Act 1991 relating to its community.*

177. The effectiveness of the extensive nature of the above delegations presupposes that the Council already has in place the necessary plans, policies and bylaws referred to under the heading of Decision-making Powers, above to guide a district wide development focus.
178. Community boards have additional governance and administration costs and their statutory role can sometimes place them at odds with the district-wide approach of the council. Conversely, community boards can provide an effective portal for local input to decision making and remove the burden of some of the more operational type activities from the council that can be better dealt with at a community level. This is particularly the case where the collective councillor representation across the three councils is proposed to reduce from 27 to 12 and from three mayors to one.
179. The need for community boards has been approached as part of the overall governance requirements for a Wairarapa council. The following table summarises the main community board options that were considered by the WGRWP.

Ward	Comm. Bd Option 1	Comm. Bd Option 2	Comm. Bd Option 3	Comm. Bd. Option 4
Rural	No	No	No	No
Masterton	No	No	Yes (urban only)	Yes
Carterton	No	Yes	Yes (urban only)	Yes
Greytown	Yes	Yes	Yes (urban only)	Yes
Featherston	Yes	Yes	Yes (urban only)	Yes
Martinborough	Yes	Yes	Yes (urban only)	Yes

Table 12: Community Board options

13. Special committees

180. In addition to or in lieu of the community board options above, a combined council could introduce any number of committees based on either location, or function, or both. They include:
- Ward committees
 - Rural advisory committee
 - Maori/iwi liaison committee
 - Other committees
181. In all cases the key is to ensure that the council does not lose sight of the work done by its committee structure – there is a risk of blurred accountability between decisions taken at committee level and the subsequent financial accountabilities inherited by the council. The council remains ultimately accountable for the decisions of its committees, community boards and other sub-groups.

13.1 Ward committees

182. An alternative governance option to community boards is ward committees, established as standing committees of the proposed council. They could comprise a combination of elected council members (at least one) and appointed members and be delegated the same powers as a community board. The minimum size of a committee is three – there can be more appointed members than elected members making up a committee. Recommendations and decisions under delegation from the ward committees would be minuted and referred to the council for consideration and adoption. They avoid the extra expense of board elections and member salaries but can involve a similar administrative workload and resourcing requirements.

13.2 Rural advisory committee

183. As for ward committees, a rural advisory committee would have the status of a council-appointed standing committee, representing the specific interests of rural people across Wairarapa. The functions, duties and powers would be decided by the proposed new council in accordance with Schedule 7 of the Local Government Act 2002 and could be the same or similar to a community board except as noted above. A standing committee would be established at the council's discretion at the beginning of each term, and would generally be discharged at the end of each term. As for other council committees, the minimum size is three, with at least one elected council member. The appointment of additional members would be done in consultation with the rural community.
184. The role of a rural advisory committee would be to help ensure that the views of rural industries and the rural community were taken into account in the exercise by the council of its functions, powers and duties.

185. The responsibilities of a rural advisory committee could include:

- identification and communication to the council the interests and preferences of the rural community and industries in relation to:
 - i. the content of the council's strategies, policies, plans, rules and bylaws
 - ii. any matter that the committee considers to be of particular interest to the rural community and industries
- advising the council on processes and mechanisms for engagement with the rural community and industries
- providing a forum for consideration of issues affecting the rural part of the district and make recommendations including, but not limited to:
 - i. promoting economic growth
 - ii. research and development
 - iii. resource management issues
 - iv. quarrying and aggregate production
 - v. rural infrastructure and transport
 - vi. flood control and soil conservation
 - vii. biosecurity
 - viii. rating

13.3 Other committees

186. Membership of council committees and subcommittees can range from council as a whole to a combination of councillors and appointed members. Usually the mayor would be ex-officio on all committees. The balancing factors are the need to share work-load while maintaining full council ownership of committee decision making – accountability for decision making rests with all elected members, individually and collectively. Having too many committees/subcommittees runs the risk of diluting full council involvement and understanding of important issues which might later impact on other council functions and decisions. Too few would risk over-burdening the work-load, efficiency and effectiveness of full council meetings.

14. Proposed representation structure

14.1 Approach

187. The WGRWP approach to creating a proposed representation structure for a Wairarapa council has been to balance increased effectiveness and efficiency at a district governance level with retention of the existing and familiar representation structure. The proposed structure takes a bottom-up approach by retaining and expanding local input in decision making through use of community boards in the five main urban communities. In addition, the specific interests of Maori and rural communities could be achieved by establishing dedicated standing committees. This is subject to future consultation with the respective leaders and stakeholders.
188. A controlling factor in the sizing and location of the proposed ward structure is the need to meet the +/- 10% fairness test of the Local Electoral Act 2001. This has been achieved within the majority of the existing ward structures, with new ward boundaries required for the proposed Carterton and rural wards.
189. Future refinements to the proposed governance structure that may be desirable and supported through public consultation could be made by the new council through the statutory requirement to undertake routine representation reviews every three or six years.

14.2 Proposed representation structure

190. The following proposed representation structure is common to an amalgamated, single Wairarapa district council, with or without unitary authority status. The key elements are:
- 12 councillors plus a mayor
 - 7 wards
 - Retention of the Masterton urban, Greytown, Featherston and Martinborough wards
 - Replacement of the current Carterton urban, Carterton rural and Masterton rural wards with a proposed Carterton ward and two rural wards
 - proposed Carterton ward bounded by the Tararua ranges, Waiohine River, Ruamahanga River and Waingawa River
 - The proposed rural wards bounded by Tararua Ranges, Waingawa River, Ruamahanga River (downstream of the Waingawa River), the coastline and the southern boundary of Tararua District Council. An arbitrary line extending between the Ruamahanga and Whangaehu Rivers divides the two proposed rural wards

191. The boundaries of the above wards are as shown in the map below:

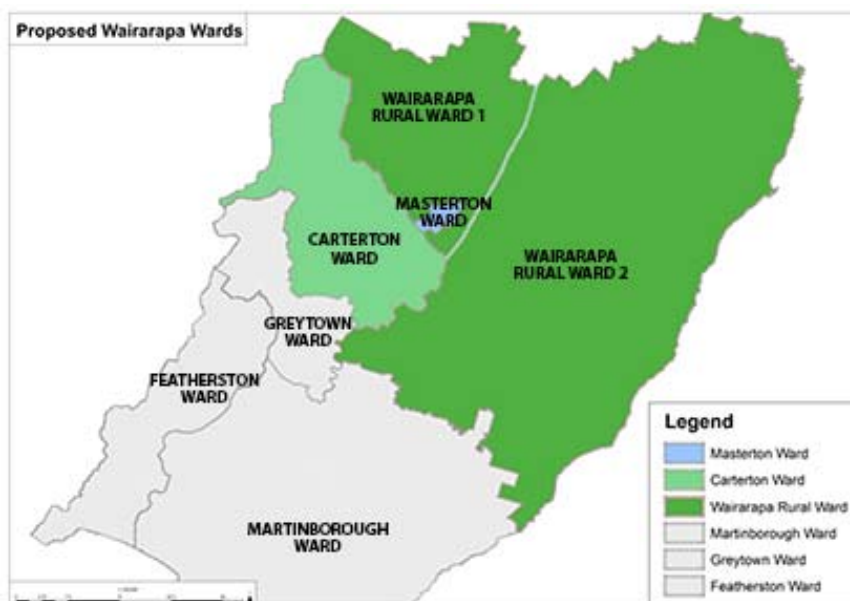


Figure 5: Proposed ward boundaries

192. In summary:

Ward	Current ward population	Proposed ward population	Proposed distribution of councillors.	Population per councillor	Variance
Masterton (ex MDC urban ward)	18,250	18,250	5	3,650	+7.8%
Masterton rural (ex MDC rural ward)	5,290	-	-	-	-
Carterton rural (ex CDC rural ward)	3,280	-	-	-	-
Carterton urban (ex CDC urban ward)	4,370	-	-	-	-
Carterton	-	6,641	2	3,321	-1.9%
Wairarapa Rural (1)	-	3,149	1	3,149	-7.0%
Wairarapa Rural (2)	-	3,150	1	3150	-7.0%
Greytown	3,070	3,070	1	3,070	-9.3%
Featherston	3,110	3,110	1	3,110	-8.1%

Ward	Current ward population	Proposed ward population	Proposed distribution of councillors.	Population per councillor	Variance
Martinborough	3,250	3,250	1	3,250	-4.0%
Total	40,620	40,620	12		

Table 13: Summary of proposed basis of election for a Wairarapa unitary authority

14.3 Proposed community board structure

193. In addition to the proposed Council structure, the WGRWP proposes an expanded community board structure to help facilitate local input to decision making and to offset the proposed reduction in the number of councillors at a district level. The key elements of the proposed community board arrangement are:

- Retention of the three existing community boards at Greytown, Featherston and Martinborough
- Reducing the number of members on the three existing boards from six to five
- Addition of a community board for the proposed Carterton ward
- Addition of a community board for the proposed Masterton ward (urban area only)

194. In summary:

Proposed Community Board	Population	Ward Councillors	Proposed total members (Max 12)	Number elected	Number appointed	Ratio Pop. to members
Masterton (urban only)	18,250	5	7	5	2	2,607
Carterton	6,641	2	6	4	2	1,107
Greytown	3,070	1	5	4	1	614
Featherston	3,110	1	5	4	1	622
Martinborough	3,250	1	5	4	1	650
Total	40,620	12	28	21	7	

Table 14: Proposed community board structure

14.4 Proposed committee structure

195. The committee structure for a possible Wairarapa council may be influenced by the specific content of a reorganisation scheme, which might prescribe the establishment of certain committee types and membership, for a period not exceeding three years. Otherwise, the council has discretion over the shape and form of its committee structure, which is logically decided at the start of each term. Certain statutory roles e.g. as a consent authority under the Resource Management Act, dictate the requirement to separate operational governance functions from sub-judicial processes.
196. As a unitary authority, the proposed Wairarapa council would be responsible for performing the functions of a territorial district council plus the functions of a regional council. The latter would include:
- Sustainable regional well-being
 - Managing the effects of using freshwater, land, air and coastal waters, by developing regional policy statements and the issuing of consents
 - Managing rivers, mitigating soil erosion and flood control
 - Regional emergency management and civil defence preparedness
 - Regional land transport planning and contracting passenger services
 - Harbour navigation and safety, oil spills and other marine pollution
197. While there is considerable flexibility over the final form of a committee structure, including subcommittees, the common elements will usually include:
- A regulatory committee dealing with bylaws, building consents, food licencing, animal control
 - A corporate committee dealing with strategy, risk, finances, grants, rating, audit, CEO review
 - A community assets and services committee – roads, waste management, water supply, wastewater flood protection, coastal management, harbours
 - A community services committee – recreation, housing, youth, emergency management
 - An environmental planning committee – district plan issues
 - A formal Hearing committee
198. As has already been identified, a Maori/iwi committee is desired. The role and final form of this committee would be determined in consultation with local iwi.
199. Similarly, provision would be made for a rural advisory committee comprising elected councillors and appointed members of the rural community.

14.5 Summary of proposed representation structure

Governance Issue	Preferred Option
Number of councillors	12 (plus mayor)
Basis of representation	Ward based
Number of wards	Seven wards, with the current Carterton rural ward redistributed across an expanded Carterton urban and Masterton rural wards. The remaining wards to approximate their respective current ward boundaries
At large component	Nil
Community boards	Retention of the current three community boards at Martinborough, Featherston and Greytown, plus an additional community board for each of Carterton and Masterton. Community board boundaries are to coincide with ward boundaries.
Ward committees	Not considered necessary under the proposed community board structure
Rural advisory committee	Recommend a rural advisory committee given the preference for a unitary authority and that the rural wards sit outside the proposed Masterton community board
Maori participation	Recommend a Maori advisory/liaison committee, with the final form and function to be decided following consultation with local iwi

Table 15: Summary of WGRWP proposed representation structure

15. Summary of changes

200. The following table provides a summary of the proposed changes to the current Wairarapa governance and representation structure. It demonstrates the consolidation of governance at a council level and strengthening of the governance sub-structure at a community board level.

Component	Current Structure	Proposed Structure
Governance type	3 separate district councils	Amalgamated, single unitary authority
Number of councils	3	1
Number of mayors	3	1
Number of councillors	27	12
Number of wards	7	7
Number of community boards	3	5
Number of board members	18	28
Number of elected board members	12	21
Regional council functions	Separate (GWRC)	Combined

Table 16: Summary of proposed changes to Wairarapa governance & representation

16. Naming of council, wards and community boards

201. A reorganisation application will need to include the names of the proposed council, wards and community boards. The naming convention is generally based on place names recognisable to the community.
202. The Local Government Act 2002 Amendment Bill provides for a unitary authority to be described as (*name of city or district*) council. The proposed Wairarapa unitary authority, could therefore be named the “*Wairarapa Council*”.
203. Table 17 below sets out possible names for the proposed council governance structure. While most of the suggested names are consistent with the current naming arrangement, the proposed rural wards could no longer be described as the Carterton Rural Ward or the Masterton Rural Ward. In the meantime, the two rural wards have simply been named the ‘Wairarapa Rural Wards’. Consultation with local iwi, whose rohe (territory or boundary of tribal groups, either geographical or spiritual) are within the proposed rural area, is recommended in the naming of the two rural wards.

Governance level	Current name	Possible name
Council	South Wairarapa, Carterton and Masterton District Councils	Wairarapa District Council (or Wairarapa Council if a unitary authority)
Wards	Martinborough	Martinborough
	Featherston	Featherston
	Greytown	Greytown
	Carterton urban	Carterton
	Masterton urban	Masterton
	Carterton Rural	-
	Masterton Rural	-
		Wairarapa Rural Wards (1 and 2)
Community boards	Martinborough	Martinborough
	Featherston	Featherston
	Greytown	Greytown
		Carterton
		Masterton

Table 17: Possible names for proposed Council and ward structure

17. Transitional issues

17.1 A new beginning

204. A single Wairarapa unitary authority offers a new beginning for the community. It represents a significant departure from the current governance structure with three separate district councils working closely with and alongside their respective communities, each with their own mayor and elected councillors and community board members. There will be challenges in moving from these dedicated, community specific governance arrangements to a single Wairarapa council. It will require strong political leadership and commitment before the respect and confidence of the combined Wairarapa community is earned.
205. The new entity will not be a continuation of the past 'business as usual'. It will be a new council with a new culture and set of values. Organisational culture, values and behaviours will be driven by the vision and objectives of the organisation. Self-sustainability will be core to that.
206. The transition from three separate councils to the proposed single Wairarapa council will require interim arrangements to be put in place. This would allow continuity of roles and service delivery until the new council has reviewed and established future policy and plans. These arrangements would be documented in the Local Government Commission's (LGC's) determination. While not a comprehensive list, the key issues likely to be addressed during this transitional period include:

17.1.1 Existing debt

207. Schedule 3 of the Local Government Act 2002, as amended by the Local Government Act 2002 Amendment Bill, sets out the matters to be addressed in reorganisation proposals, including debt. In essence, existing liabilities for debt repayments remain with the area over which the loan was originally secured. The new council can, however, with the agreement of the Local Government Commission, make and levy a rate over additional land within the combined district to meet the annual charges for a special loan. The extent of any additional area is restricted to areas that the Commission might agree are benefiting or will benefit from the work from which the loan was raised.
208. The likely scenario is that existing debt would be repaid by targeted rates over the area of the former district for which that money was borrowed (or the part of that district where money was borrowed for the benefit of that part of the area of one of the former districts).

17.1.2 Initial rating arrangements

209. As with existing debt, the most likely scenario is that rating arrangements provided for in each council's revenue and financing policies and funding impact statements (described current 2012-22 Long-Term Plans), would continue to apply until the new council adopted a new Long-Term Plan (in 2015), or earlier decided to amend the revenue and financing policies and funding impact statements.

210. Issues to be resolved include the method for determining the rateable value of land for general rating purposes – presently SWDC, CDC and MDC use land value, capital value and a combination of both, respectively. The form of future rating structures would be a decision for the new council, in consultation with its community, through its new revenue and financing policy.

17.1.3 Transfer of staff

211. The options for transferring existing staff to a proposed new authority would normally be addressed during the transition process and ahead of a proposed new Wairarapa council taking effect. Issues that will need to be taken into account include:
- If the council takes the form of a unitary authority there would need to be capacity and capability provided for delivery of regional council functions such as water resource management, biodiversity, pest control etc. Some of that capacity might transfer from GWRC or be seconded under an agreement between the proposed new authorities
 - The three councils already actively share resources across a number of activities including a Combined District Plan, GIS, emergency management, rural fire control, economic development and waste management. The scope for further staff efficiencies within these activities, under a Wairarapa council, is not high
 - At least two of the existing councils rely on outsourcing of some technical services to provide necessary capacity and skills. The current level of outsourcing may be able to be reduced under a combined council, because of the greater in-house resource capability and capacity available, depending on the extent of specialist skills required
 - Opportunities may exist for further cost efficiencies across senior management, corporate support and administration activities.
212. The options include:
- Recruiting a chief executive and second tier management team for the combined council and transferring all other staff to the new organisation to provide continuity of service delivery until a new organisational structure is in place
 - Appointing a transitional manager for a fixed term whose responsibilities include resourcing the new organisation to take effect from a start date.
213. Experience elsewhere, for example the transition to the new Auckland local government structure, suggests that the resourcing needs of the proposed council would be better decided after the organisation has completed an initial establishment phase and had some operational experience in the review and delivery of the respective long term plan commitments.

17.1.4 Levels of service

214. The current levels of service attach to the corresponding budget provisions of the three existing councils. Budgets and levels of service will transfer to the proposed new council in the same way as rating and other financial provisions. It will be the role of the proposed new council to review and where necessary, standardise levels of service through the transitional period ahead of adoption of the new district's first long-term plan.

17.1.5 Administration headquarters and service centres

215. The likely transitional arrangement will be to retain a council service centre at least at each of the three current office sites with the administrative headquarters to be decided by the new council. There is no intention to construct a new administration building - rather, it would make sense to utilise the existing available accommodation. Meeting venues for the new council and committees could be on a rotational basis across the three current council meeting venues. Community board meetings would be based in their respective communities.

17.1.6 Transfer of assets

216. Each of the three councils owns and manages significant infrastructural and fixed assets on behalf of their communities. Transferring these assets to a new council would be relatively straightforward because the reorganisation proposal involves an amalgamation (union) of the three existing councils. There would be no boundary adjustment and the assets would simply transfer to the new authority.
217. Wairarapa assets also include assets associated with GWRC flood protection schemes and service centres/depots. The valuation and transfer of these assets would involve a more detailed process, noting that some of these assets will have already been funded by Wairarapa ratepayers.

17.1.7 Other

218. Other matters that would need to be considered during the transition period include, but are not limited to:
- Delegations to community boards
 - Transfer of financial assets and liabilities, including regional council financial assets and liabilities (e.g. shares in CentrePort Wellington)
 - Transfer of bequests and special reserve funds
 - Transfer and/or establishment of new council organisations, council controlled organisations and council controlled trading organisations. These could include shared services structures for the delivery of public transport and/or other regional functions
 - Rationalisation of statutory plans (e.g. waste management and minimisation plans)

18. Wellington Review Panel findings

219. The Wellington Review Panel released its report on 30 October 2012. The report is predicated by the belief that Wellington has ‘lost its way’ and the premise that the proposed region-wide governance structure, based on current regional boundaries, will provide the solution the region needs to find its way to becoming a region of international standing.
220. The proposal is, in essence, a regional authority with territorial (district and city) authority functions added, as distinct from a territorial authority with regional council functions added (i.e. a unitary authority). The differences are subtle but important. It is a hybrid in the sense that the proposed governance structure sits outside the current framework of local government legislation and would ordinarily require special legislation before it could be implemented (as occurred for Auckland Council).
221. Representation on the Panel’s proposed Greater Wellington Council would comprise just 10 members elected from 6 ‘constituencies’ (i.e. the same terminology as used for regional council representation) plus a ‘Lord Mayor’ elected at large. The three current Wairarapa districts would be combined into a single constituency, represented by one member on the proposed Council. The proposed distribution of representation is as follows:

Lord Mayor, elected at large	1
Central Wellington	4
Lower Hutt	2
Upper Hutt	1
Porirua	1
Kapiti	1
Wairarapa	1

222. The Panel’s proposal introduces the concept of ‘local area councils’ as a second tier of the proposed governance structure, each with its own ‘figurehead mayor’ appointed by the local area council elected members, but with the local councils and mayors having limited functions and powers compared with district councils currently have. In the case of the proposed Wairarapa local area council, the proposal provides for a single Wairarapa ‘council’, but not a district council or unitary authority. This would comprise 12 elected members, including the ‘mayor’. The local area councils would not be separate organisations as councils are now; rather subsets of the main regional body. The proposed Greater Wellington Council would be the sole legal entity.

The proposed governance structure is illustrated in Figure 6.

Proposed New Wellington Region Governance Structure

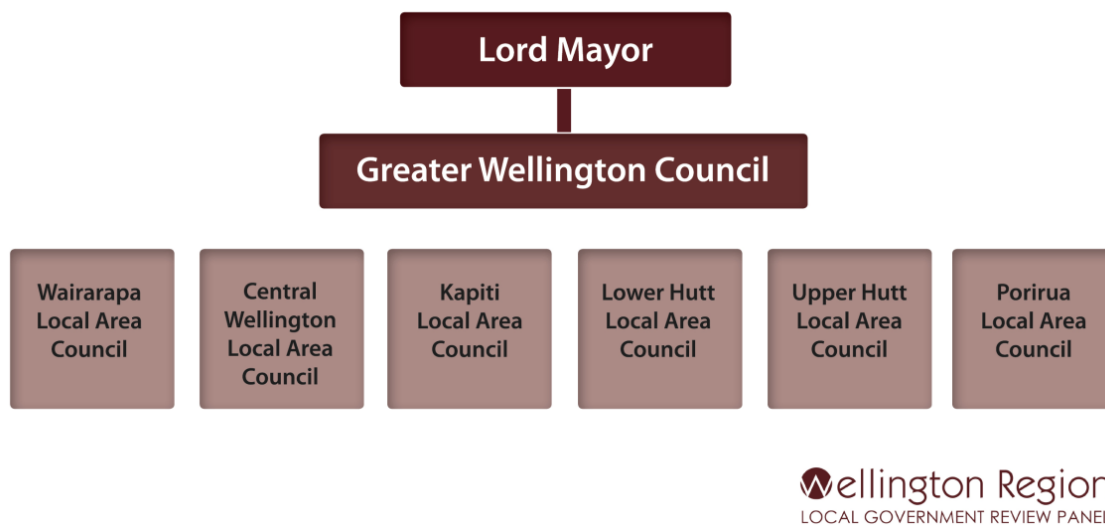


Figure 6: Review Panel – Proposed Wellington region governance structure¹⁸

223. The local area councils could in turn establish community boards although in practical terms that would only represent a further subset of already-diminished responsibilities, duties and powers, styled on operational decision making. Community boards as a subset of fully-functional councils are quite a different proposition from the Panel’s proposal, which is more aligned to subcommittees of community boards – the proposed local area councils would have limited responsibilities left to delegate. The local area councils appear to be mostly a symbolic recognition of previous governance identity, by name only, with all strategic decision making, asset ownership and financial control allocated to the proposed Greater Wellington Council. The Panel report outlines the functions of the local area councils as including:

- building consent processing
- local parks and litter control
- local place shaping
- beautification
- street furniture
- signage
- graffiti removal
- Local operational policies, such as:
 - dog control
 - gambling
 - gaming
 - liquor licensing

¹⁸ From Wellington Review Panel’s Final Report, 30 October 2012

- community engagement
- support for local non-government organisations
- input into regional policies.

224. The more substantive functions, such as, policy, planning, funding and asset ownership/management, including road maintenance and water supply, wastewater and storm water management, would shift to the regional authority on the basis that all functions will be carried out at the local level unless the function meets one or more of the criteria set out in Appendix 3 of the Panel’s report, namely:

- **Network and integration** – the activity relates to a wider network or is part of an integrated system where coordination with other activities or agencies is required to ensure effective delivery and decision making
- **Wider affected community** – decision making on the activity at the local level (would) result in costs or impacts on communities and environments further afield
- **Scale and efficiency** – the activity is either large in scale (geographic and resources) or a small scale activity duplicated across the region that would benefit from regional coordination
- **Capability and expertise** – the activity spans the region or requires specialist expertise not able to be provided at the local level.

225. Funding and financial management would be in the hands of the proposed Greater Wellington Council. Budgetary control, asset management and ownership, debt management and revenue-raising would all be done by the Council. Local Area Councils would have delegated budgetary authority for local service delivery, administration and engagement, and local processes such as village and neighbourhood planning. Local Area Councils would negotiate their budgets with the Council and would be responsible for managing the funding allocated to them.

226. Table 18 below gives a high-level comparison of the differences between governance options and a sample of functional arrangements of the two likely options now under consideration. The arrangements for the option involving a single unitary authority for the Wellington region are still under discussion.

Governance and functional arrangement	Panel Proposal	Separate unitary authority for Wairarapa
Council representation	10 + Lord Mayor. 1 from Wairarapa	12 + Mayor All from Wairarapa
Structure	Six 'constituencies'. 1 for Wairarapa. Six local area councils. 1 for Wairarapa.	Council from 6 wards 5 community boards
Financial management	Greater Wellington Council	Wairarapa Council
Asset ownership and management	Greater Wellington Council	Wairarapa Council
Policy	Greater Wellington Council	Wairarapa Council
Planning	Greater Wellington Council	Wairarapa Council
Budget control and rating	Greater Wellington Council	Wairarapa Council
Compliance	Greater Wellington Council Some local	Wairarapa Council
Promotion	Greater Wellington Council	Wairarapa Council
Levels of service	Greater Wellington Council	Wairarapa Council
Waste management and minimisation	Greater Wellington Council	Wairarapa Council
Road management and maintenance	Greater Wellington Council	Wairarapa Council
Transport	Greater Wellington Council	Joint Committee
3-waters management and maintenance	Greater Wellington Council	Wairarapa Council
Regional services	Greater Wellington Council	Wairarapa Council or outsourced service agreements

Table 18: Comparison of sample governance and functional arrangements

227. In summary, the Wairarapa unitary authority option highlights the strengthened representation, autonomy, accountability and transparency, but at a reported additional cost of \$8.6 million pa.

228. Paragraph 27 of the Wellington Review Panel's report makes specific reference to, and dismisses, the viability of a Wairarapa unitary authority, as below:

26. We note that the three councils in Wairarapa have been working hard for some time now on merging into one and we support that move. We recommend one Wairarapa council in the place of the three councils that presently exist. It would have 12 councillors. But we recommend no other amalgamations in the region.

27. There is an issue as to whether the new Wairarapa Area Council should be made a unitary authority, in the sense that it would carry out within its area the present functions carried out by the Regional Council. This involves such matters as flood control and environmental monitoring. We found strong local sentiment in favour of such local control but we do not recommend it. First, it would increase Wairarapa rates substantially and they are already high: \$11.5 million dollars would have to be found. We doubt the viability of the unitary proposal because of limited resources, the lack of qualified staff and the fact that a better alternative is available - the new and strengthened regional entity, the Greater Wellington Council that we propose.

229. The statement that Wairarapa rates are already high is not qualified. Compared with rating levels across all councils in the greater Wellington region, the average total rate per rate assessment for each Wairarapa council is less than the median and mean total rate values per assessment across the region (see Figure 4).
230. The \$10.9 million 'gap' is understood to be the gross difference between GWRC's nominal apportionment of the full costs of its activities in Wairarapa and GWRC's revenues collected from Wairarapa. It is based on GWRC's estimated costs, activities, levels of service and funding policies of the current GWRC and has no relevance to the levels of service, cost structures and funding policies of the proposed governance entities. Further explanation of this can be found in section 9.
231. In summary, the WGRWP is of the view that the Panel's recommendations have failed Wairarapa on a number of counts:
- It removes Wairarapa's autonomy and self-determination through its own leadership.
 - All staff and financial management would be employed and controlled by the proposed Greater Wellington Council.
 - A single Wairarapa representative on the proposed Greater Wellington Council, the latter charged with centralised control of the majority of significant district and regional activities out of Wellington, is inadequate and undemocratic.
 - All land use and environmental planning and policy in Wairarapa would be lost to the proposed Greater Wellington Council.
 - Ownership and management of local water supplies, waste water systems, storm water drainage and road maintenance would be lost to the proposed Greater Wellington Council.
 - The proposal has ignored the strong expression of community support for a separate Wairarapa council.
 - The rural voice of Wairarapa community would be lost.
 - The metropolitan culture of services and levels of service does not align with the rural/provincial Wairarapa environment.
 - No consideration was given to alternatives such as extending the boundaries beyond those of the present GWRC.
 - The proposed Greater Wellington Council is a single council structure. The local area councils are not councils, but have limited, operational-style functions, no funding tools, no staff and an unelected chairperson inappropriately described as a "mayor".
 - It has failed to recognise that the costing structures of the current entities are not relevant to the proposed governance entities.

19. Significance of proposal

232. The 2012-22 long term plan of each the three Wairarapa councils includes reference to investigations into future governance structures and/or shared services across Wairarapa. This report and recommendations represent a culmination of the processes signalled in the respective long-term plans.
233. The proposal to change the structure of governance and representation in Wairarapa will be of widespread public interest across the Wairarapa community. It will affect all residents and/or ratepayers. The future well-being of the various communities within Wairarapa is reliant on them retaining their respective and unique social and cultural features while building increased opportunities for economic development and environmental enhancement arising from a shared approach to achieving common aspirations and goals.
234. The preferred option involves a single Wairarapa unitary authority. As a larger organisation than any of the three, existing, councils, its increased critical mass would increase its capacity to perform the existing activities at current service levels. The way in which activities are carried out will benefit from increased purchasing leverage and improved efficiencies resulting from a combined and coordinated approach.
235. The intended levels of service for the significant activities of each of the three existing councils will automatically transfer to the proposed, Wairarapa council, for at least the immediate term. Any proposal to change current levels of service at a later date would be subject to a formal process of consultation between the new Wairarapa council and the Wairarapa community before any final decision was made.
236. The assets owned by the three councils will vest with the proposed Wairarapa Council to own and control on behalf of Wairarapa ratepayers. The ownership and control of these assets will, in effect, remain unchanged – the proposed Wairarapa council will be the successor of the three existing councils, not an additional, external council.
237. The proposal involves a decision of high significance.

20. Public consultation

238. Given the high significance of the proposal, and the need to establish the level of community support, it is planned to undertake an extensive programme of communication and consultation on the draft governance proposal for Wairarapa, building on the preliminary but substantial consultation work already carried out. It will involve notification, advertising, printed and web-based material, public meetings and a public survey, all specific to the proposal.
239. It is intended that public submissions received will be reviewed by the Working Party. An important aspect will be the extent to which public submissions and survey results demonstrate 'significant community support' for the proposal. The Local Government Act 2002 Amendment Bill notes that a reorganisation application may include a petition from affected electors and/or a survey questionnaire of residents/ratepayers as evidence of 'significant community support'.
240. No provision has been made in the consultation plan for hearing of submissions. The WGRWP is of the view that there would be little extra value to be gained from oral presentations on top of information received through written submissions and other methods. The subsequent Local Government Commission consultation process separately provides opportunity for that.
241. A refined proposal will be reported back to the three councils, following the above public consultation process, for final consideration and adoption as the basis of a formal application to the Local Government Commission for reorganisation of Wairarapa's governance structure.

21. Project timetable – summary update

242. The project timetable assumes an end date of [to be decided] for the preparation and submission of a robust reorganisation proposal (an ‘application’). This depends on the timetabling of the Local Government Act 2002 Amendment Bill. The Bill was reported back from the select committee on 5 November 2012 but the timetable for the remaining steps beyond that are not known.
243. There are four key phases to the project timetable:
- Develop the preferred option for Wairarapa governance (completed)
 - Council endorsement of the preferred option
 - Public communication and consultation on the preferred option
 - Review, finalise and submit an application to the Local Government Commission
244. Within the above phases are a series of milestones, summarised as follows:
- **30 October 2012** - the Local Government Act 2002 Amendment Bill was reported back to the House. This now provides a good understanding of the final form of the Bill following the Select Committee’s deliberations on submissions. Little change has been made to the Bill from its original form. The timetable for the remaining passage of the Bill is still to be announced.
 - **9 November 2012** - Briefing of the three Wairarapa councils on the Working Party’s deliberations and the recommended preferred future governance option
 - **14 November 2012** - Date for reconvened meeting of the three Wairarapa councils
 - **16 November 2012** - Wellington Mayoral Forum
 - **21 November 2012** - Greater Wellington regional hui
 - **23 November 2012** - endorsement of the preferred option by each of the three councils. This is a critical step that mandates the subsequent processes. It converts the informal deliberations of the WGRWP into a preferred option for consultation and is fundamental to the three Wairarapa councils maintaining an influence over their collective destiny.
 - **Date TBC** - closing date for public submissions on preferred Wairarapa governance option.
 - **Date TBC** - target date for council endorsement of a final proposal following public consultation.
 - **Date TBC** - the assumed end date for submission of a Wairarapa reorganisation application. This is timed to coincide with an assumed start date for legislative changes. While there may be delays in the Parliamentary process that will afford more time than has been allowed, that should not be assumed at this stage.
245. Overall, the project plan highlights the short amount of time available to progress this initiative.

22. Recommendations

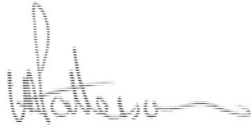
247. The Wairarapa Governance Review Working Party has considered all options for future governance arrangements in Wairarapa. Its recommendations are:

1. That Council notes that:
 - a. there are currently only two options for the future governance of Wairarapa:
 - i. a single Wairarapa unitary authority, or;
 - ii. being part of a larger Wellington super-city style, unitary authority.
 - b. the Greater Wellington Regional Council will be dis-established under both options.
 - c. the status quo is not an option for the future governance of Wairarapa.
 - d. an amalgamated Wairarapa district council is not an option for the future governance of Wairarapa.
2. That Council endorses the preferred option of a Wairarapa unitary authority for public consultation with appropriate arrangements with Wellington metropolitan councils for functions of mutual and strategic benefit.
3. That Council notes that each of the three Wairarapa councils will need to adopt the preferred option before a Wairarapa consultation can begin.
4. That consultation with the Wairarapa public on this preferred option begins as soon as this can be arranged accepting that further work and discussion with other councils is still proceeding and that there are many questions that cannot be answered because the answers depend upon decisions by future governance entities that do not presently exist.
5. That Council notes that the preferred Wairarapa unitary authority would encompass the area bounded by the current boundaries of South Wairarapa, Carterton and Masterton District Councils, extended to include the corresponding coastal boundary of a regional authority.
6. That regional council services to the area of Tararua District Council currently in the Wellington region north-east of the Masterton District Council boundary be provided by the proposed Wairarapa unitary authority.
7. That the representation structure for the proposed Wairarapa council be:

Governance Issue	Proposed Structure
Governance type	Wairarapa unitary authority
Number of councillors	12 (plus mayor)
Basis of representation	Ward based
Number of wards	Seven wards including an expanded urban ward for Carterton and two rural wards. The remaining wards to approximate their respective current ward boundaries
Number of councillors elected at large	Nil
Community boards	Five community boards comprising retention of the three community boards at Martinborough, Featherston and Greytown, plus an additional community board for each of Carterton and Masterton. Community board boundaries are to coincide with ward boundaries.
Ward committees	Not considered necessary given the proposed community board structure.
Rural advisory committee	Recommend a rural advisory committee given the preference for a unitary authority and that the 2 rural wards sit outside the proposed Masterton community board.
Maori participation in Council decision making	Recommend that a structure be set up as a mechanism for regular consultation with Maori on matters of mutual interest, with the form and function to be decided following consultation with local iwi

8. That Council endorses the continuing efforts of the Working Party to work collaboratively with the Wellington metropolitan council/s in establishing agreements for the provision and funding of regional services (e.g. public transport services).
9. That the Wairarapa Governance Review Working Party be authorised to continue to explore opportunities for preparing a combined proposal with Wellington metropolitan councils in support of a reorganisation application to the Local Government Commission.
10. That the Wairarapa Governance Review Working Party be authorised to coordinate and process consultation on the preferred option on behalf of the three Wairarapa councils.
11. That in the meantime, Council actively engages with its ratepayers and residents on the content of the attached draft report.

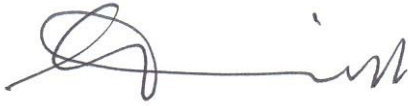
23. Signed on behalf of Wairarapa Governance Review Working Party:



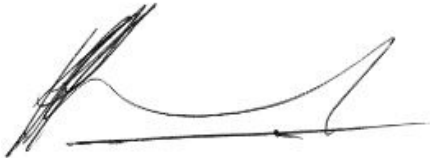
- Lyn Patterson, Chair, Wairarapa Governance Review Working Party & Councillor, Masterton District Council



- Adrienne Staples, Mayor, South Wairarapa District Council



- Garry Daniell, Mayor, Masterton District Council



- Ron Mark, Mayor, Carterton District Council

November 2012

24. References and related documents

The following links connect to related documents referred to in this report:

- [Review by PriceWaterhouseCoopers commissioned by the Wellington Mayoral Forum October 2010: *Wellington Region Councils Governance Review*](#)
- Summary of submissions by Martin Jenkins to the review of Wellington Region Governance, 31 August 2011: [*Submissions Analysis of Wellington Region Governance Review*](#)
- The Wellington Review Panel study set up by Greater Wellington Regional Council and Porirua City Council: [*Wellington Review Panel*](#)
- Central Government's report entitled "Better Local Government", March 2012: [*Better Local Government*](#)
- The full analysis of advantages, disadvantages and risks across all five options considered in the Morrison Low report dated 15 May 2012: [*Morrison Low - assessment of options for joint management and service delivery.*](#)
- The results of a Wellington region-wide, public opinion survey, August 2012: Colmar Brunton [*Public Survey*](#)
- Investigation into the formation of an Amalgamated Wairarapa District council and a Wairarapa Unitary Authority, Morrison Low Phase Three Report, September 2012: [*Morrison Low Phase Three Report*](#)

25. Appendices

Appendix 1. Financial information supplied by GWRC to the Wairarapa Governance Working Party

Summary of Wairarapa share of GWRC Costs (all figures in 000's)									
Group	Resource Mgt	Environment	Flood Protection & Control	Transport	Forestry	Regional Parks	Regional Leadership	TOTAL	
WAIRARAPA SHARE OF Expenditure & Revenue	55%	43%	23% Note 4	Separate Estimate Note 1	78%	0%	16% Note 2, 3		
OPERATING EXPENDITURE									
Personnel Costs	3,210	1,983	616	44	87	2	202	6,142	
Materials	255	823	262	3,338	246	1	182	5,107	
Other Costs	1,566	2,639	802	9	178	1	650	5,845	
Total Direct Costs	5,031	5,445	1,679	3,390	511	3	1,033	17,093	
Department Overhead	454	767	471	8	-	1	37	1,737	
Finance Costs - Loans	13	29	740	-	1,136	-	521	2,440	
TOTAL OPERATING EXPENDITURE	5,498	6,241	2,889	3,398	1,647	4	1,592	21,270	
Operating Revenue									
User Fees & Charges & Subsidies (total external revenue)	(725)	(2,531)	(286)	(44)	(1,057)	0	(50)	(4,694)	
Total Revenue	(725)	(2,531)	(286)	(44)	(1,057)	0	(50)	(4,694)	
Net cost of operations	4,773	3,710	2,604	3,354	590	4	1,542	16,577	
Plus Capital Expenditure									
Debt Repayment	-	-	674	-	1,300	-	-	1,974	
	0	0	674	0	1,300	0	0	1,974	
Total Expenditure to be funded	4,773	3,710	3,277	3,354	1,890	4	1,542	18,550	

- 1) Transport (bus/rail) is an allocated cost rather than a proportion of total Cost
2) Regional Leadership includes the cost of the Wairarapa Building allocated at 100%
3) Wairarapa Building costs relate to budgeted debt cost for proposed new Wairarapa Building
4) Costs apportioned based on overall percentage assigned. Actual Wairarapa Flood interest cost is only \$306,000

Appendix 2. Wairarapa Governance Review Working Party membership

The Wairarapa Governance Review Working Party membership is:

- **Masterton District Councillor** Lyn Patterson (Chair)
- **Carterton Mayor** Ron Mark
- **Masterton Mayor** Garry Daniell
- **South Wairarapa Mayor** Adrienne Staples
- **Greater Wellington Regional Councillor for Wairarapa** Gary McPhee
- **Carterton Deputy Mayor** Elaine Brazendale
- **Masterton Deputy Mayor** Jane Terpstra
- **South Wairarapa Deputy Mayor** Vivien Napier
- **Carterton District Councillor** Jill Greathead
- **South Wairarapa District Councillor** Max Stevens
- **Carterton District Council CEO** Colin Wright
- **Masterton District Council CEO** Wes ten Hove
- **South Wairarapa District Council CEO** Dr Jack Dowds