

*Assessment of options for joint
management and service delivery*

Final Report

15 May 2012

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1. INTRODUCTION

Introduction

- ❖ Local government in New Zealand is in a period of change. The amalgamation of the seven Councils in Auckland, changes in government policy and impending changes in legislation mean that Councils across New Zealand are considering how and what services they provide. In the Wellington region changes in local government structure have been being considered formally since 2010 when a region wide governance review was initiated
- ❖ This report is a continuation of long-standing cooperation on shared services by Masterton, South Wairarapa and Carterton District Councils. A Shared Services Working Group oversees this work and consists of three members from each Council including the Mayors. A number of successful initiatives have included:
 - A joint district plan, for which a joint committee was established with delegated powers
 - A common waste management contract
 - Joint rural fire and civil defence operations
- ❖ Consultation by Wairarapa Councils on the 2010 Price Waterhouse Coopers review of governance in the Wellington Region identified the need for more information on options for the Wairarapa
- ❖ In December 2011 the three Wairarapa Councils gave the Shared Services Working Group a mandate 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
- ❖ Since the start of this project, proposals have emerged from both Central Government and Greater Wellington Regional Council relating to possible changes in local government functions and structures. This report provides a high level independent analysis to assist the three Councils' response to these initiatives

- ❖ Morrison Low was commissioned by the three Wairarapa Councils to:
 - Provide an independent **high level** analysis of the advantages and disadvantages of a range of joint management and service delivery options for the Wairarapa
 - Determine whether a case exists for further work on a preferred alternative
- ❖ In order to determine whether a preferred alternative exists which would require further and more detailed study, the analysis in this report has been carried out at a high level and it is based on:
 - Readily available information e.g. Annual Plans, Long-Term Plans, Asset Management Plans, Council strategies etc
 - Further information provided by the three Councils and the Greater Wellington Regional Council in response to our enquiries
 - Discussions with the Chief Executives of the three District Council; and
 - Draws on Morrison Low's experience in similar projects in other areas within and outside of New Zealand
- ❖ We would like to formally acknowledge the timely provision of information and answers to questions by all the Councils throughout this project

2.BACKGROUND

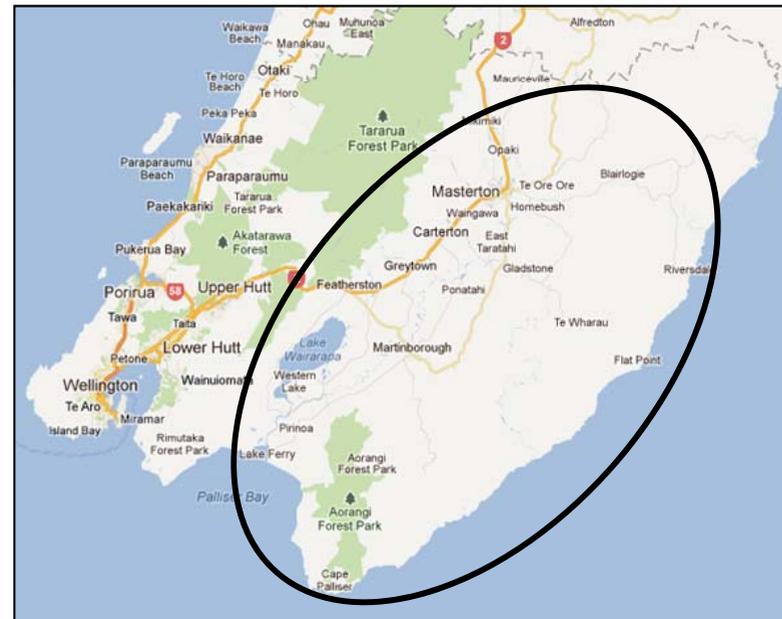
local government

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The Wairarapa

- ❖ The Wairarapa is home to approximately 40,000 residents and occupies the South East of the North Island between the Tararua and Rimutaka ranges and the ocean
- ❖ The economy of the region relies largely on agricultural activities (sheep, beef and dairy farming, viticulture and forestry) however there is also a significant manufacturing sector. Together these two activities are considered the backbone of the Wairarapa economy
(Berl Economic Profile for the Wairarapa – 2008)
- ❖ There is a significant connection to the Wellington Metropolitan area (including Wellington City, Upper Hutt City, Hutt City and Porirua City Councils), as evidenced by the 1,400 residents who travel into Metropolitan Wellington and surrounds each day from the Wairarapa and 680 commuters that travel in the other direction from Wellington to the Wairarapa for work

(Economic interdependence between the Western Area of the Wellington Region and Wairarapa – Martin Jenkins 2012)



Local Government in the Wairarapa

- ❖ The Wairarapa is currently served by four local government organisations:
 - South Wairarapa District Council
 - Carterton District Council
 - Masterton District Council
 - Wellington Regional Council

| | South Wairarapa District Council | Carterton District Council | Masterton District Council | Greater Wellington Regional Council |
|-------------------------|----------------------------------|----------------------------|----------------------------|-------------------------------------|
| Area (km ²) | 2,295 | 1,145 | 2,484 | 8,142 |
| Population | 9,430 | 7,650 | 23,500 | 486,780 |
| Number of Councillors | 9 (+ Mayor) | 8 (+ Mayor) | 10 (+ Mayor) | 13 |

Opportunities and Threats in the Wairarapa

The following opportunities and threats were identified in an environmental scan undertaken at the start of this project to identify the opportunities and threats faced by the Wairarapa. This was used to inform the strategic review and options analysis

Demographic trends:

- ❖ Wairarapa has an ageing population which will have implications for the delivery of services across the Wairarapa
- ❖ Up to 75% of youth indicate that they intend to leave the Wairarapa on finishing school but there is still a need to provide appropriate services for those youth who stay in the Wairarapa

Three Waters:

- ❖ Security and conservation of supply and balancing competing demands for water
- ❖ Ageing water, wastewater and stormwater infrastructure with the consequence of water leakage and infiltration which impacts particularly on the ability to provide capacity and treat wastewater
- ❖ Existing capacity and the ability to accommodate further growth
- ❖ The environmental impact and management of wastewater disposal in rural areas

Roads and Footpaths:

- ❖ Provision, management and maintenance of the current transport network which constitutes the three districts' largest asset
- ❖ Pressure to improve standards which results in sustainability issues in terms of capital and ongoing operating costs

Roads and Footpaths (cont.):

- ❖ The existence of heavy articulated traffic associated with the region's economy has a direct impact on the life of the roading asset and maintenance costs

Amenities:

- ❖ Communities may be distinct or have different needs which may result in differing support across the region
- ❖ Competing demands for scarce funding and resource
- ❖ There is pressure for better facilities that provide for a greater range of activities
- ❖ There is a possible duplication of effort and service across the region in respect to the provision of facilities

Economic:

- ❖ The nature of Wairarapa's economy means that it is open to economic competition
- ❖ The agricultural labour market in the region is seasonal and tourism is subject to economic cycles
- ❖ Declining manufacturing in the region continues due to global markets

Environmental:

- ❖ The issues and challenges facing the region include soil erosion, flooding, water quality, pests, illegal dumping and the impact on the environment from activities such as agriculture, transport, industry
- ❖ Insufficient natural resources to support the Wairarapa region e.g. water

Long-Term Plan 2012-2022: Key Issues and Projects

- ❖ The table below sets out the key issues and projects identified in the three Councils' draft 2012 -22 LTPs. We note that a number of these are of a type and nature that would lend themselves to regional collaboration and we have highlighted those

| | Masterton | Carterton | South Wairarapa |
|------------------|---|---|--|
| Waste water | <ul style="list-style-type: none"> Upgrade sewerage infrastructure | <ul style="list-style-type: none"> Expand the capacity of the treatment system sewer mains renewals | <ul style="list-style-type: none"> Urban wastewater treatment |
| Water supply | <ul style="list-style-type: none"> Upgrade water infrastructure | <ul style="list-style-type: none"> Water pricing | <ul style="list-style-type: none"> Water supply Greytown bore ultra violet treatment |
| Stormwater | <ul style="list-style-type: none"> Stormwater upgrades | | <ul style="list-style-type: none"> Stormwater reticulation upgrade |
| Solid waste | <ul style="list-style-type: none"> Consider Wairarapa landfill | | <ul style="list-style-type: none"> Transfer station upgrade |
| Roading | <ul style="list-style-type: none"> Reseals, pavement rehabilitation | | |
| Amenities | <ul style="list-style-type: none"> Consider increasing funding for sports groups | <ul style="list-style-type: none"> Provision of additional land or facilities for sports and recreation | <ul style="list-style-type: none"> Martinborough and Greytown toilets upgrade |
| | <ul style="list-style-type: none"> Extend the library | <ul style="list-style-type: none"> Old Courthouse development | |
| | <ul style="list-style-type: none"> Regional amenities funding | <ul style="list-style-type: none"> Theatre fitout in the Events Centre | <ul style="list-style-type: none"> Martinborough Town Hall strengthening |
| CBD improvements | <ul style="list-style-type: none"> Revitalisation of CBD | <ul style="list-style-type: none"> Revitalisation of CBD | |

Long-Term Plan 2012-2022: Rates

- ❖ The table below compares the projected rates rises in the three Councils across the initial years of the draft 2012-22 Long-Term Plans

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|------------------------|---------|---------|---------|---------|---------|---------|
| Masterton | 9.1% | 4.4% | 4.4% | 2.7% | 2.8% | 3.0% |
| Carterton | 7.73% | 6.11% | 6.24% | 2.79% | 1.32% | 1.87% |
| South Wairarapa | 4.61% | 5.00% | 2.56% | 4.23% | 5.08% | 3.77% |

- ❖ We have been advised that the long term financial sustainability of the Wairarapa Councils is not considered to be an overwhelming threat in the short to medium term at least

Local Government Changes

- ❖ In 2010 the Wellington Region jointly commissioned Price Waterhouse Coopers to conduct a governance review. Following that review all the Councils in the Wellington Region conducted a consultation process with their communities on the scope, options and structures set out in that Price Waterhouse Coopers review
- ❖ The key conclusions from the consultation by the Wairarapa Councils were as follows:
 - Wairarapa is a separate area from Wellington and there was no appetite for a Wellington Supercity including Wairarapa
 - The consultation did not have the benefit of an analysis of the advantages and disadvantages of any amalgamation
 - That more information should be commissioned
- ❖ There appears to be some appetite for considering a change in local government within the Wellington Region. The PWC report has been followed by this study in the Wairarapa and the Regional Council has indicated that it intends to establish an Independent Review Panel to consider the future local government arrangements for the Wellington Region
- ❖ Local Government across New Zealand is in the process of change. The amalgamation of Auckland in 2010 and the content of the March 2012 Better Local Government reform has councils considering how and what services they provide, how they work together as a sector and what the most appropriate shape and form of local government is in their areas under a new set of rules
- ❖ While the legislation is yet to be enacted that will implement the Better Local Government reforms, it is clear that central government has a focus on the costs of and increased efficiency in local government, simplified planning and that there will be a more streamlined process for amalgamations which will increase the likelihood that proposals for amalgamation will succeed
- ❖ The previous Minister for Local Government Nick Smith was reported as calling into question the continued role of Regional Councils (*Tackling our rising rates*, Listener, 25 February 2012) however we note that this was not reflected in the Better Local Government reform package

3. SUMMARY OF CONCLUSIONS

The study has consisted of a two part investigation of the form and function of local government in the Wairarapa

- ❖ The initial phase of the project involved working closely with the joint working group that represented the three Councils to develop a draft vision, objectives and strategic initiatives for the Wairarapa
- ❖ The second phase consisted of a high level analysis of a range of local government management and service delivery options

Phase 1 – Strategic Review

- ❖ The joint vision that was developed is:
 - *A strong, friendly, thriving Wairarapa, valuing community and environment*
- ❖ The objectives developed to implement the vision are:
 - Work together for the benefit of Wairarapa now and into the future
 - Ensure Wairarapa has safe, healthy, caring communities in which families can thrive
 - Support relevant, quality life skills and life long learning for everyone
 - Promote and strengthen our distinct communities' culture, heritage, recreation and events
 - Recognise the unique and special relationship that tangata whenua have with Wairarapa
 - Protect and enhance our natural environment and resources
 - Foster and enable economic development and growth
 - Provide appropriate infrastructure and services to enable thriving, connected communities

Phase 2 – Operational Options Review

- ❖ The local government service delivery options considered were:
 - Enhanced status quo
 - Services delivered by one or more CCOs
 - Wairarapa District Council
 - Wairarapa Unitary Authority
 - Greater Wellington Unitary Authority
- ❖ 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 as well as wider considerations such as the four well-beings, the Local Government Act and Better Local Government
- ❖ The high level analysis concludes that the best local government arrangements for the Wairarapa are likely to be a:
 - Wairarapa Unitary Authority; or
 - Wairarapa District Council
- ❖ There are likely to be significant benefits for the Wairarapa from the coordinated and integrated approach to local government which these options provide. The increase in the size and scale of the organisations would allow for increased technical capacity and capability of staff, processes and systems and more coordinated and consistent management of key networks across the Wairarapa. In our view this is likely to deliver the most efficient and effective local government.
- ❖ Further work is required to consider in detail the costs, benefits and risks of these two options and in particular the cost implications of a Wairarapa Unitary Authority which would need to fund activities currently undertaken by Greater Wellington Regional Council in the Wairarapa and which are currently funded in part by regional rates

- ❖ The inclusion of the Wairarapa within a Greater Wellington Unitary Authority is also considered to potentially be of benefit to the Wairarapa from the increased capability and capacity of that organisation to deliver infrastructure and services, a coordinated and consistent planning framework and efficiencies of size and scale
- ❖ The issue would be the degree to which the Wairarapa has control over the services and activities delivered by the Greater Wellington Unitary Authority in the Wairarapa and the decreased level of representation the Wairarapa would have overall. The needs of the predominantly rural Wairarapa may also differ significantly from the rest of the predominantly urban authority
- ❖ The uncertainty around the form and function of that entity means analysis has been confined to comments based on an assumption that it would be similar to the Auckland model but further work on the inclusion in a Greater Wellington Unitary Authority is also considered appropriate
- ❖ While shared services does offer the opportunity of efficiency gains in certain areas, particularly around the delivery of regional community facilities and shared contracts, the long term uncertainty of shared services, the reliance on the continued goodwill of the Councils and the difficulty in implementing shared services reduces the likelihood that it will deliver the benefits that the Wairarapa seeks
- ❖ In addition the uncertainty around whether the existing two tier structure of local government will continue in Wellington and whether a Greater Wellington Regional Council will exist means the enhanced status quo may not be a realistic option
- ❖ The use of a CCO or CCOs to deliver the shared services improves the certainty of the arrangements and in our view is a more efficient model for delivering key shared services such as infrastructure management and operations. However the CCO model does not in and of itself deliver the same degree of coordination and management across activities and services or the ability to deliver a cohesive planning framework as a Wairarapa District Council or a Wairarapa Unitary Authority would do

4. OUR APPROACH

local government

Assessment of options for joint management and service delivery

- ❖ The three Wairarapa Councils formed a joint working group including Mayors, Deputy Mayors, Councillors and Chief Executives representing each of the three District Councils to guide the project
- ❖ The brief established by the working group and as agreed by the three Councils in December 2011 was for a two stage project
- ❖ **Phase 1 – Strategic review**
 - The first phase of the project will provide a strategic review for the three Councils. This review will include:
 - Identification of assumptions on future threats and opportunities
 - Development of a joint vision
 - Agreed economic, social, environmental and cultural objectives for joint Council activity
 - For each agreed objective, the key initiatives or options for achieving the objective
 - Consultation with Iwi and identified stakeholders
- ❖ **Phase 2 – Operational Options Review**
 - The second phase of the project will provide a **high-level** assessment against criteria derived from the three Councils' joint strategic objectives, of a range of service delivery and governance options
 - Analysis of the costs, benefits and risks of each option are expected
 - The analysis is expected to be at a high-level, with only sufficient detail to determine whether a case exists for further work on a preferred alternative
 - It is expected that the analysis will be driven largely by assumptions rather than detailed financial analysis of each council's business and operations
- ❖ This report sets out the process followed, the analysis and the conclusions in relation to both Phase 1 and Phase 2 of the study

Methodology for Phase 1 – Strategic Review

- ❖ The methodology for the strategic review phase contained the following steps:
 1. Information gathering and analysis
 2. Development of a draft joint vision and objectives
 3. All councillors workshop on the draft joint vision and objectives
 4. Consultation with Iwi and key stakeholders on the draft joint vision and objectives
 5. Consideration of consultation feedback on the draft joint vision and objectives
 6. Agreement on a joint vision and objectives
 7. Development of draft strategic Initiatives
- ❖ On completion of Phase 1 the agreed joint vision and objectives were reported to, and adopted by, all three Wairarapa Councils
- ❖ Targeted consultation with Iwi and key stakeholders took place during the development of the vision and objectives in Phase 1. A full list of Iwi and stakeholders involved in that process is attached as **Appendix A**

Methodology for Phase 2 – Operational Options analysis

- ❖ The methodology for the operational options analysis phase contained the following steps:
 1. Review of relevant examples of joint management and service delivery options
 2. Definition of the options
 3. Development of the criteria (based on the work in Phase 1)
 4. High level options analysis
 5. Preparation of the draft report for consultation with the working group
 6. Completion of the final report and presentation to all Councillors
- ❖ We understand that upon receipt and discussion of this report, all Councils will consider their next steps on the issues raised. Considerations for all Councils are likely to include the nature of wider community consultation on the issues raised and which option(s), if any, are most appropriate for the Wairarapa

5. THE STRATEGIC REVIEW

The purpose of the strategic review was to identify a shared vision and objectives in order to better understand the key challenges and opportunities within the Wairarapa and to determine whether these were common across the three Councils. The process was collaborative and involved engagement with Iwi and key stakeholders. A draft vision and objectives was agreed by the joint working group and adopted by all three Councils following a joint workshop of all three Councils

Vision

- ❖ *A strong, friendly, thriving Wairarapa, valuing community and environment*

Objectives

1. Work together for the benefit of Wairarapa now and into the future
2. Ensure Wairarapa has safe, healthy, caring communities in which families can thrive
3. Support relevant, quality life skills and life long learning for everyone
4. Promote and strengthen our distinct communities' culture, heritage, recreation and events
5. Recognise the unique and special relationship that tangata whenua have with Wairarapa
6. Protect and enhance our natural environment and resources
7. Foster and enable economic development and growth
8. Provide appropriate infrastructure and services to enable thriving connected communities

Strategic Initiatives

- ❖ Following the agreement of the joint vision and objectives, high level joint strategic initiatives associated with the achievement of each of the agreed economic, social, environmental and cultural objectives were drafted
- ❖ The agreed strategic initiatives are attached as **Appendix B**

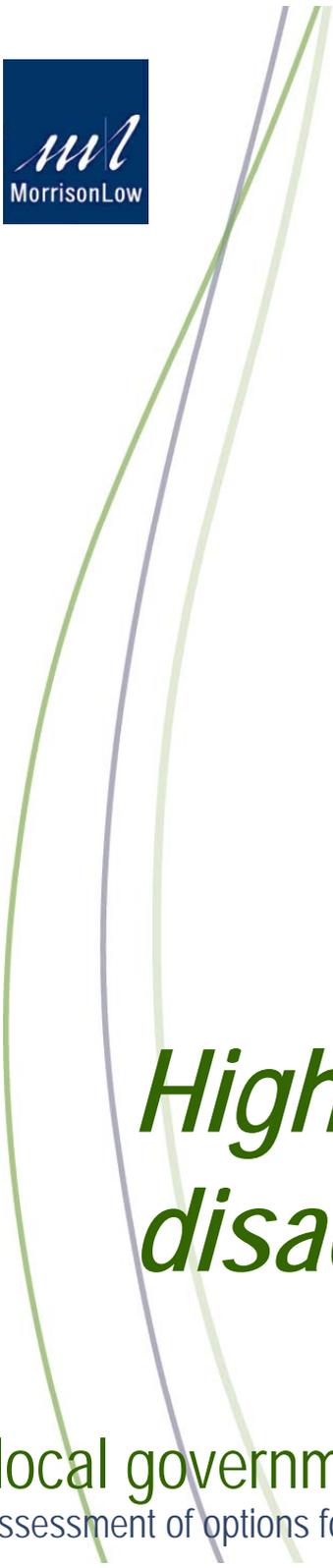
6. OPERATIONAL OPTIONS ANALYSIS

Future options for the Wairarapa

- ❖ The following options were considered in this report:
 - Shared services (enhanced status quo)
 - Single CCO
 - Multiple CCOs
 - Amalgamated Wairarapa District Council
 - Wairarapa Unitary Authority
 - Greater Wellington Unitary
- ❖ Each of these is described in more detail in this section with the high level assessment of advantages, disadvantages and risks also set out
- ❖ While the assessment in each case takes place against the status quo, this is predicated on the status quo continuing to be an option. However, in our view and based on the recent activities and statements made by various councils in the Wellington region, the likelihood is that some form of structural change will be made in the Wellington Region in the short to medium term
- ❖ The first four of these options all assume that the Greater Wellington Regional Council continues to exist. However if there is wider local government reform across the whole region and a unitary model is adopted, then the Greater Wellington Regional Council would not continue to exist
- ❖ It is assumed for comparative purposes that under each option the organisation or organisations would continue to deliver a similar scale and scope of activities as is the case currently, regardless of the particular local government structure and the mechanism for service delivery
- ❖ It is assumed that a transfer to a new entity or arrangement would take place following more detailed analysis and in the most efficient and effective manner with due regard for any statutory or other requirements such as employment obligations and consultation

Conducting the analysis

- ❖ A high level analysis highlighting the advantages, disadvantages and risks of each option was undertaken based on experience in other Councils, readily available information (e.g. Long-Term Plans, Asset Management Plans) and further informed by discussions with the Chief Executives of each Council. Also reflected in the analysis is feedback from Iwi and key stakeholders in Phase 1
- ❖ A high level narrative analysis has also been provided by testing how the options perform against the criteria to highlight the option(s) which are likely to provide the best outcome for the Wairarapa
- ❖ In our view the assessment of the options against each of the criteria shows which option is more efficient, effective, simple and/or equitable and it is not therefore appropriate to have criteria based around these. The criteria used were:
 - Affordability
 - Transparent governance
 - Fairness of representation
 - Ability to deliver and operate 'good quality' infrastructure and services at 'lowest cost'
 - Ability to deliver and implement a cohesive planning framework
 - Ability to deliver Wairarapa's well-beings
 - Risk management
 - Good local government
- ❖ Finally, a matrix style analysis is presented to provide an indication of which in our view is likely to be the best overall outcome for the Wairarapa. For this analysis the criteria were ranked according to their relative importance by the joint working group and weighted accordingly. Sensitivity analysis was conducted to assess whether the impact of changing the ranking of the criteria made a difference to the overall result



High level assessment of advantages, disadvantages and risks

local government

Assessment of options for joint management and service delivery

Shared services – Enhanced status quo

- ❖ This option builds on the existing shared services arrangements between the Councils (e.g. waste, joint District Plan, rural fire etc) to include an extensive range of shared services potentially including:
 - Joint asset management function
 - Joint roading Operations and Maintenance contract
 - Joint 3 waters Operations and Maintenance contract
 - Single planning function implementing the Joint District Plan
 - Shared support services e.g. rating, human resources, procurement
 - Common IT platforms
 - Shared provision of community facilities e.g. swimming pools, libraries
 - Shared management team (potentially including a shared Chief Executive)
- ❖ Each of the services would be provided or administered by one of the Councils and its employees for the benefit of all three
- ❖ Some examples of Councils that currently utilise or have relevant shared services arrangements include:
 - Manawatu District Council and Rangitikei District Council shared infrastructure management unit
 - East Hampshire and Havant Joint CEO and Management Structure
 - The existing Wairarapa District Councils' shared waste contracts

Advantages

- ❖ There would be no change to the existing levels of representation
- ❖ In our opinion shared services can be used to deliver efficiency gains to the three Councils through reduced costs (e.g. joint procurement of the roading operations and maintenance contract) is likely to lead to reduced contracting costs or in improved service delivery (e.g. shared asset management) providing the size and scale to increase capacity and capability of staff, systems and processes
- ❖ Optimised decision making in relation to shared community facilities is an area where efficiencies can be made. This would allow a Wairarapa wide approach to determine the number of regional and sub-regional local community facilities required across the region to meet the needs of the Wairarapa communities. Combined spatial planning would then allow Councils to consider the best locations for those facilities across the Wairarapa
- ❖ Asset management has been highlighted as a key area in which a shared service is likely to provide a better overall outcome for the region because it is our opinion that efficiencies could be generated and a better service delivered by combining the service across the three Councils
 - The three Councils currently have different approaches to asset management across roading and the 3 waters. The current valuation of the applicable assets is shown in brackets for comparison
 - **Carterton:** Use external consultants and an in-house operations team for the 3 waters and roading (Asset value of \$128 million)
 - **South Wairarapa:** Have a Professional Services Business Unit for roading and the 3 waters with 7 existing staff, 1 appointment pending and 2 roles being filled by Contractors. They also use consultants from time to time (Asset value of \$335 million)
 - **Masterton:** 14 staff within the Roading and Utility Engineering Services and the Water & Wastewater Treatment Operations teams. Each engineer performs a range of functions some of which would fall outside the definition of asset management. They also use consultants from time to time (Asset value of \$591 million)

Advantages (cont.)

- ❖ The shared services asset management function would be responsible for over \$1 billion of assets and would be a larger team than any of the three Councils could individually support. We would expect the larger team would be able to deliver a higher standard of asset management through:
 - An increased technical capability and capacity of staff, systems and processes
 - Efficiencies generated (over time) through a single common database, reduced number of contractors/consultants and administrative costs and a single set of Asset Management Plans and reduction in duplication of roles
 - A consistent approach to management of the assets across the region
 - Reduced duplication of roles and rationalisation of resources

Disadvantages

- ❖ High profile shared services are typically very difficult to implement
- ❖ While shared operations and maintenance contracts can be developed across the region which have a level of certainty around their timeframes, the delivery of shared functions such as asset management or joint management rely more heavily on the continued willingness of the Councils to continue to work together

Disadvantages

- ❖ There is the likelihood that for each shared service one or more of the other Councils would be subsidising the others e.g. as South Wairarapa's wastewater infrastructure is newer, a shared operations and maintenance contract is likely to see Carterton and Masterton subsidising South Wairarapa's services under the contract. Shared services may also end up costing more due to increases in Levels of Service. Some examples from the existing shared services initiatives demonstrate this further:
 - The three Councils have a shared waste management strategy and implement that in part through a jointly procured solid waste services contract. All Councils report an increased Level of Service under the contract and operational savings produced by the contract. However the increased Level of Service and its attendant costs means that South Wairarapa pay approximately \$100,000 per annum more now than they did previously whereas Carterton estimate savings of approximately \$50,000 per annum
 - In 2007/8 the Wairarapa Rural Fire Authority was established to undertake a coordinating role across the Wairarapa. Over time the WRFA formulated a business plan to take over all rural fire functions from the three Councils which occurred in July 2011. Again, the three Councils had different Levels of Service and different budgets under the former separate service. With the WRFA now delivering a higher Level of Service costs have increased for all the Councils by approximately 26% in South Wairarapa, 60% in Carterton and 40% in Masterton
- ❖ The three Councils would simply have to accept the overall benefits from the increased capability and services arising from the shared services and accept (as they appear to do now) that there would be cross subsidisation and in some cases cost increases
- ❖ In our experience shared services tend to succeed or otherwise based on the individuals
- ❖ Shared services that lead to centralised contracts and procurement has the potential to negatively impact on the local economy by shutting out smaller local suppliers

Risks

- ❖ The delegation of powers to Joint Committees would in our view be necessary in order to achieve the best possible outcomes from shared services. The impact of this is that Councillors from outside a resident's district have a direct say in decisions about how services and functions are performed in their area (we note that this is the case now in relation to planning). Residents may feel this arrangement reduces their representation, and the sentiment may increase the more that shared services and joint committees are used
- ❖ If a shared Chief executive / Management team was implemented then the results reported by Councils in the UK indicate significant savings would be available. East Hampshire and Havant Borough Councils report reducing their management team from 15 to 7 (including a single Chief Executive) has reduced costs by £620,000 since 2010. The advantage would be the consistent approach to management applied across the three Councils and particularly in the consistency of delivering shared services, however, these arrangements have not been proven yet in New Zealand
- ❖ The extent of shared services considered under this option includes strategic, operational and management services and functions and would require a significantly different approach to shared services which typically fall down at the implementation. For example, consultation undertaken in Phase 1 suggests that stakeholders felt that the implementation of the joint District Plan was not always consistent
- ❖ Any wide ranging local government reform in Wellington may mean that shared services is no longer a realistic option

Conclusion

- ❖ Overall, our view is that it is unlikely that shared services will make a long term difference to the sustainability of the Councils due to the lack of certainty and longevity about the arrangements which rely on individuals and the Councils continuing to work together as they are now

Single CCO

- ❖ This option is based on the concept that a single CCO could deliver a range of services for the three Councils. Rather than being established for a single service its role would be to deliver shared services. In this example the CCO would be established to deliver the following services/functions to the three Councils and their communities:
 - Infrastructure (management and operations)
 - Community facilities (management and operations)
- ❖ The three District Councils would be equal shareholders in the CCO but this does not preclude joint CCOs or any other arrangements with other Councils in the Wellington region
- ❖ Relevant staff would transfer from all three Councils to work in the CCO
- ❖ The CCO would have a board with independent directors appointed
- ❖ The CCO would determine how it delivers the required services e.g. Using in-house staff or contractors
- ❖ We have assumed that a strong SOI would be developed with effective monitoring and transparent oversight implemented
- ❖ An example of a shared services CCO is the Bay of Plenty Local Authority Shared Services Ltd which incorporates 9 Councils across the Bay of Plenty and Gisborne
 - The purpose of BOPLASS is to deliver shared services for the shareholding Councils rather than being a CCO which is designated with delivering a particular service or activity
 - There were early successes in stationery purchases, computer software, aerial photography. However, we note that the Councils are not required to take part in all joint procurement and in the example of stationery one Council had a 'local buy' policy for stationery and opted out, reducing the likely savings that could be delivered
 - The biggest council in a shared services arrangement often makes no gains and may also subsidise the benefits accruing to smaller councils

- ❖ In addition to the advantages, disadvantages and risks of shared services, many of which are equally applicable under this option, the following additional advantages, disadvantages and risks apply

Advantages

- ❖ A CCO provides greater longevity and certainty around the continued delivery of the shared service
- ❖ There are examples of shared services CCOs, such as Bay of Plenty Local Authority Shared Services Ltd, but in order to deliver the greatest benefit from a single shared services CCO it is considered that it should be focussed on the management and operations of Council assets e.g. infrastructure, property and community facilities
- ❖ Separating these functions from the Councils' wider operations and setting a clearly defined role and service specification would in our view lead to an improved service delivery
- ❖ In our view a CCO would be expected to generate greater efficiencies through lower management costs and lower overheads
- ❖ Introducing experienced, competent directors should lead to improvements in the performance of the functions through an increased focus on governance
- ❖ Staff would transfer into the CCO and have a single employer and greater clarity of role
- ❖ Responsibility for asset management and operations would be delivered using the least cost option whether using in-house staff or outsourced.

Disadvantages

- ❖ The perception of a loss of direct control over the service delivery by the Council and the community would need to be managed. It would be important to establish Statements of Intent that clearly specify the required performance targets (service standards as well as financial targets) and to rigorously monitor performance against these standards

Disadvantages (cont.)

- ❖ A CCO introduces administrative and governance costs. Directors fees are estimated as likely to be in the order of \$20,000 for the Chair and \$10,000 per Director, however the remuneration would depend on the final make up of the CCO and the skills and expertise required
- ❖ Does not in and of itself provide for an integrated and coordinated approach to local government across the Wairarapa. It is focussed on integration and coordination of a 'single service'

Risks

- ❖ It would be important that the Councils retain their strategy and policy setting function so that they can set direction and manage performance of the CCO. They need to retain the 'smart buyer' capability
- ❖ Care would be needed so that a single CCO incorporating roading, 3 waters and community facilities did not focus exclusively on roading and/or the three waters but also remained focussed on the asset management and operations of community facilities
- ❖ The Councils would need to understand the wider impacts of removing these functions from their organisations and the impact on their overall efficiency e.g. the proportion of corporate overheads and other costs that could not be shed

Conclusion

- ❖ In our view establishing a CCO is a more formal way in which to deliver shared services as the structure provides greater longevity and certainty around the arrangements and it is therefore a better management model. The costs of establishing and operating the CCO are reasonable given the size and scale of the CCO and likely benefits in terms of efficiencies and improvements in service delivery

Multiple CCOs

- ❖ Under this option four separate CCOs would be established to deliver the following specific services/functions to the three Councils and their communities
 - Infrastructure (management and operations)
 - Support services (e.g. rating, human resources and procurement)
 - Regulatory services
 - Community facilities (management and operations)
- ❖ The Councils would be equal shareholders in each CCO
- ❖ Each CCO would have a separate board with independent directors being appointed to each board
- ❖ Relevant staff would transfer from the three Councils to work in the particular CCO
- ❖ We have assumed that strong SOIs would be developed with effective monitoring and transparent oversight implemented
- ❖ There are examples of CCOs that are jointly owned by one or more Council:
 - *Capacity Infrastructure Services* – Manage 3 waters services (Wellington and Hutt City Councils)
 - *Transwaste Canterbury Ltd* – Landfill ownership (Joint venture between Christchurch City, Ashburton, Selwyn, Hurunui, Waimakariri District Councils and TPI)
- ❖ There are also examples of CCOs being used deliver to deliver specific local government services:
 - *City Care* – Construction, maintenance and management services (Christchurch City Council)
 - *Lakes Environmental Services Ltd* - Provides the processing capability for all resource and building consent processes in the Queenstown Lakes District and delivers a range of regulatory, licensing and compliance services (Queenstown Lakes District Council)
 - *Delta Utility Services* – Infrastructure specialists (Dunedin City Council)
 - *Auckland Transport and Watercare* - deliver infrastructure services relating to the transport and the three waters respectively (Auckland)

- ❖ In addition to the advantages, disadvantages and risks of a single CCO many of which are equally applicable under this option the following additional advantages, disadvantages and risks apply

Advantages

- ❖ Multiple CCOs would allow each organisation to specialise in delivering a particular service and the resulting organisations would have appropriately specialised staff
- ❖ Their focus will also be on delivering the most efficient service within a transparent and clear framework (within specified service requirements set by each Council) which is likely to lead to lower overall costs of the services

Disadvantages

- ❖ Likely to be an increase in potential for perception of loss of direct control for Council and community due to multiple Council organisations delivering services across the region (3 District Councils, 1 Regional Council and 4 CCOs)
- ❖ There would be increased governance and operational costs from having four separate CCOs

Risks

- ❖ Requires Councils to work together to establish, monitor and work with the CCOs. Councils would need agreed direction in terms of strategy and planning to give consistent direction to CCOs and to work together to ensure coordination and consistency across the CCOs

Conclusion

- ❖ Multiple CCOs also provides certainty and longevity to shared services arrangements. In our view specifying particular services for each organisation should focus on that service, which will result is likely to result in better service delivery. However this creates a more complicated governance framework and comes with higher costs than the single CCO model

Wairarapa District Council

- ❖ Under this option a single Wairarapa District Council would be formed from the amalgamation of:
 - South Wairarapa
 - Carterton
 - Masterton
- ❖ All existing Regional Council functions would continue to be exercised by a Wellington Regional Council
- ❖ We have assumed that community/local boards and Maori advisory boards would be put in place within this structure (similar to Auckland Council and as proposed in the recent Nelson/Tasman amalgamation). It is assumed that these bodies would be delegated significant decision-making responsibilities to ensure continued local decision-making
- ❖ The formation of a Wairarapa District Council would not preclude shared services, joint CCOs or any other arrangements with other Councils in the Wellington region
- ❖ Amalgamations are not common in New Zealand; for example, the recent proposal to amalgamate Nelson and Tasman District Councils failed. In Australia “voluntary” amalgamations have occurred in NSW, facilitated amalgamations are currently occurring in Western Australia and forced amalgamation has occurred in Queensland
- ❖ An amalgamated Wairarapa District Council would be a mid-sized District Council and the table on the following page provides a comparison with other similar size District Councils across some key statistics

Comparison of similar size District Councils

| Council | Population | Area (km ²) | Road length (km) | Gross Assets (\$000) | Debt (\$000) | Councillors | Population-member ratio |
|---------------------------|---------------|-------------------------|------------------|----------------------|---------------|-------------|-------------------------|
| Timaru | 44,640 | 2733 | 1710 | 891,187 | 83,155 | 10 | 4,464 |
| Wanganui | 43,500 | 2373 | 835 | 930,430 | 108,068 | 12 | 3,625 |
| Selwyn | 41,080 | 6381 | 2475 | 1,236,822 | 60,402 | 11 | 3,734 |
| Wairarapa District | 40,620 | 5924 | 1885 | 1,231,180 | 35,306 | 12 | 3,385 |
| Whakatane | 34,500 | 4465 | 903 | 670,422 | 40,510 | 10 | 3,450 |
| Taupo | 34,030 | 6334 | 753 | 1,336,522 | 150,464 | 10 | 3,403 |

- ❖ All data from the relevant 10/11 Annual Reports
- ❖ For the purposes of this report we have assumed that a Wairarapa District Council would have 12 Councillors and a Mayor. The number of Councillors varies across New Zealand and we have assumed representation would be at the higher end of the scale to help offset any perceived loss of representation through the amalgamation

- ❖ In addition to the advantages, disadvantages and risks of shared services many of which are equally applicable under this option the following additional advantages, disadvantages and risks apply

Advantages

- ❖ The Council and its Mayor would be seen as a single voice for the Wairarapa empowered to speak for the whole region
- ❖ In theory an amalgamated Council is a lower cost management model as it could generate efficiencies of scale
- ❖ Research suggests that any savings generated by efficiency gains in amalgamated Councils are usually delivered to the community by increased services and depth of services rather than a reduction in rates (*Consolidation in Local Government: A Fresh Look*, Aulich et al May 2011). This is an extension of the advantages identified for shared services in relation to asset management but given a wider scope by an amalgamation
- ❖ A larger organisation is likely to be better able to cope with ongoing demands to fund infrastructure as it will have an increased rating base from which to fund improvements
- ❖ Vesting the roading network under one organisation which would own and manage the network on a whole of network approach is in our opinion likely to lead to reduced operating costs and the best overall outcome for the roading network through consistency of approach and better asset management
- ❖ An amalgamated District Council ensures the integration of all the District Council functions and services across the region. This is likely to lead to better overall outcomes for the region when considered as a whole
- ❖ The Wairarapa is geographically separated from the rest of the Wellington Region. The southern boundary of a Wairarapa District Council would closely align Wairarapa local government and Iwi boundaries

Disadvantages

- ❖ There would be a change in representation from the existing levels and style. Currently there are 27 Councillors and 3 Mayors, under this option that would reduce to say 12 Councillors and 1 Mayor. It would be important that representation reflected the make up of the whole District. An appropriate use of wards would be needed to address this concern and ensure that all communities of interest were represented
- ❖ The Wairarapa may potentially have a reduced influence in some situations by having a single seat at the table rather than three e.g. currently the three Wairarapa Councils each participate in the Regional Land Transport Committee separately, if they were a single District Council then they would only have one
- ❖ There are likely to be community concerns with an amalgamation in terms of a perception of loss of access to services so Council would need to maintain local offices
- ❖ There are likely to be costs in the short to medium term from an amalgamation. Without establishing what the form of the amalgamated Council is it is difficult to estimate these costs
- ❖ The Auckland co-governance model has higher governance and management costs which may not be appropriate for the Wairarapa District Council

Risks

- ❖ There may be community dissatisfaction with changes in the level of representation
- ❖ There will be risks in the transition to an amalgamated Council from a service delivery perspective which would need to be managed so that there was no disruption to business as usual; however, this risk is present to some degree in all options considered here

Risks (cont.)

- ❖ The impact of an amalgamation on the NZTA subsidy rate is difficult to estimate without a detailed analysis of the changes in net equalised land value which underpins the calculation. However based on the existing subsidy rates and the existing programmes an indicative estimate of the likely assistance rate for a combined Council would be 52.6%. This would be a decrease for Masterton from 54%, Carterton from 53% and an increase for South Wairarapa from 49%
- ❖ The impact on rates is difficult to predict as the Councils use different systems of targeted rates, general rates and a UAGC. For example, general rates in Carterton are based on capital value whereas in South Wairarapa it is land value and in Masterton both capital and land value
- ❖ Potentially there could be changes to the Wellington Regional Council funding policies also impacting on the rates in the Wairarapa. The current split between general rates and targeted rates is reported as being favourable to the Wairarapa, for example their river funding is more generous than other regional council's. Whether these policies will stay in place if there are structural changes on the metropolitan side is a risk while the Greater Wellington Regional Council (or a successor) continues
- ❖ Any change to the rating systems will impact some groups more than others meaning that the impact of changing to one system cannot at this stage be quantified

Risks (cont.)

- ❖ Residents' perceptions of taking on debt from other Councils would need to be addressed. The table below compares the rates per capita and debt per capita as an indicator of the existing rates across the different Councils

| Council | Total rates 11/12 (\$000) | Rates per capita | Assets 10/11* (Gross, \$000) | Debt 10/11* (\$000) | Debt per capita |
|-----------------|---------------------------|------------------|------------------------------|---------------------|-----------------|
| Carterton | 7,868 | \$1,028.58 | \$150,095 | \$1,636 | \$214 |
| Masterton | 21,796 | \$927.50 | \$706,738 | \$26,779 | \$1,140 |
| South Wairarapa | 10,698 | \$1,134.47 | \$374,347 | \$6,891 | \$731 |

- ❖ All information taken from the relevant 10/11 annual reports (net of South Wairarapa sinking fund). We note that a snapshot comparison at a particular point in time can be misleading and the Councils generally borrow to invest in infrastructure e.g. Masterton District Council's projected net debt in 11/12 Annual Plan for 30 June 2011 was forecast to increase to over \$50 million, largely as a result of investment in wastewater systems

Conclusions

- ❖ A combined District Council provides a strong, single voice for the Wairarapa. In our view it would be of a size and scale that would enable it to deliver efficiencies in operations, however, we perceive the most significant benefits to be the integration and planning of services, functions and activities across the Wairarapa and the increased capability and capacity of staff systems and processes. The change of representation would need to be balanced with a system that provided for affordable local decision making

Wairarapa Unitary Authority

- ❖ Under this option a Wairarapa Unitary Authority would be created from the amalgamation of:
 - South Wairarapa
 - Carterton
 - Masterton
- ❖ The Wairarapa Unitary Authority would be responsible for all Regional Council functions and services within that area
- ❖ We have assumed that community/local boards and Maori advisory boards would be put in place within this structure (similar to Auckland Council and as proposed in the recent Nelson/Tasman amalgamation). It is assumed that these bodies would be delegated significant decision-making responsibilities to ensure continued local decision-making
- ❖ We note that there would need to be a transfer of relevant assets and liabilities from the Greater Wellington Regional Council to the Wairarapa Unitary Authority
- ❖ The formation of a Wairarapa Unitary Authority would not preclude shared services, joint CCOs or any other arrangements with other Councils in the Wellington region
- ❖ Examples of unitary authorities include Gisborne, Marlborough, Tasman and Nelson and the table on the following page provides a comparison of those authorities to the proposed Wairarapa Unitary Authority

Comparison with other Unitary Authorities

| Council | Population | Area (km ²) | Road length (km) | Gross Assets (\$000) | Debt (\$000) | Councillors | Population – member ratio |
|--------------------------|---------------|-------------------------|------------------|----------------------|-----------------|-------------|---------------------------|
| Tasman | 48,090 | 9,764 | 735 | 1,246,828 | 139,587 | 13 | 3,699 |
| Gisborne | 46,570 | 8,386 | 1,049 | 1,876,548 | 37,107 | 14 | 3,326 |
| Nelson | 46,200 | 447 | 248 | 1,244,155 | 51,550 | 12 | 3,850 |
| Marlborough | 45,620 | 10,773 | 647 | 1,412,344 | 62,251 | 13 | 3,509 |
| Wairarapa Unitary | 40,620 | 5,924 | 1,182 | 1,231,180** | 35,306** | 12 | 3,385 |

- ❖ All data is from the relevant 10/11 Annual Reports
- ❖ **The formation of a Wairarapa Unitary Authority would require a transfer of assets and liabilities from the Greater Wellington Regional Council to the Wairarapa Unitary Authority and no assessment of those assets and liabilities has been undertaken at this stage so these figure are solely the combined District Councils' Assets and Debt and are provided only for comparative purposes

- ❖ In addition to the advantages, disadvantages and risks of the Wairarapa District Council, many of which are equally applicable under this option, the following additional advantages, disadvantages and risks apply

Advantages

- ❖ 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 key benefit of a unitary authority is the improved ability to manage across all of the well-beings of its community and in particular the economic and environmental well-beings. Taking into account the challenges facing the Wairarapa in regards to water quality and land use, these are considered to be significant benefits
- ❖ A Wairarapa Unitary Authority's boundaries would reflect the separate water catchment and air shed for the Wairarapa
- ❖ A single entity would be responsible for all local government services within the Wairarapa and accountable for all decisions

Disadvantages

- ❖ It is assumed that the scope of activities and levels of service provided by a Wairarapa Unitary would be at a level consistent with the current. The issue for the Wairarapa Unitary Authority would be its ability to continue to fund these activities to a similar level (we note that the Wairarapa Unitary Authority could decide to alter the Levels of Service and change service delivery options however those changes and their impact have not been considered as part of this assessment)

Disadvantages (cont.)

- ❖ There would be a change in representation from the existing levels. Currently there are 27 District Councillors, 1 Regional Councillor and 3 Mayors elected from within the Wairarapa. Under this option that would reduce to say 12 Councillors and 1 Mayor, however in regards to Regional Council functions the representation would change from 1 Councillor to 12 Councillors and a Mayor. The use of community/local boards would be required to mitigate representation concerns. The use of wards would also be recommended to ensure all communities of interest are represented
- ❖ GWRC have advised that they do not currently record costs by Local authority area so they cannot provide an accurate assessment of how much is spent in the Wairarapa. A high level assessment is that approximately \$16m is spent on services for the Wairarapa in the following broad categories
 - Public transport \$3.3m
 - Environment (Resource) management \$4.5m
 - Land management including biosecurity and biodiversity \$4.8m
- ❖ The Regional Council notes in particular the difficulty in determining the expenditure on public transport in the Wairarapa and determining which ratepayers should contribute to that
- ❖ Approximately \$15.8 million will be spent and \$5.6m in regional rates will be collected from the Wairarapa in 2012/13. This is a ratio of approximately \$3 of expenditure per \$1 of rates. The estimate of a 3 to 1 ratio of rates collected to expenditure is consistent with other information provided to us during this study
- ❖ The overall average ratio of expenditure to rates collected for Greater Wellington Council is \$2.40 spent for every \$1 in rates collected. This reflects the external revenues that the Regional Council receives in addition to rates e.g. fees and charges, NZTA public transport subsidies and investments. The Greater Wellington Regional Council 10/11 Annual report states that rates made up only 28.5% of revenue
- ❖ On that basis at least another \$1m in rates would be needed from the Wairarapa to support the estimated expenditure of \$15.8 million as \$6.6 million in rates would support expenditure of an approximately \$15.8 million. However, based on advice from the Greater Wellington Regional Council the quantity of rates that would need to be collected in the Wairarapa is likely to be higher than that as a much larger proportion of the external revenue relates to expenditure outside the Wairarapa (primarily due to NZTA public transport subsidies)

Risks

- ❖ The existing unitary authorities e.g. Gisborne do not have the same regional transport connection to a neighbouring authority that the Wairarapa Unitary would have. The 10/11 Greater Wellington Regional Council Annual Report indicates that 56% of commuters from the Wairarapa to Wellington use the train. The shared interests of Wellington and the Wairarapa in the Wairarapa Connection service would need to be recognised and some form of joint management arrangement reached
- ❖ While having a single local government entity responsible for all functions may lead to a better alignment between constituent Councils' Long-Term Plans, funding and environmental standards there is potential for a loss of the tension between a regional council enforcing high environmental standards and community enforcing affordability based standards. However a study of environmental management by local government, which compared the unitary model against the dual territorial authority and regional Council model, carried out by the Parliamentary Counsel for the Environment and the Auditor General found that *'there were more significant factors in determining effective local government environmental management than the nature of the model'* and *'the unitary model is as capable of delivering sound, integrated environmental management as any other model, provided that these other more significant factors are addressed'*. Those were:
 - Integrated management
 - Environmental outcomes
 - Separation of regulatory and service delivery functions
 - Interaction with the public
- ❖ The transitional risks would increase because of the requirement to amalgamate the District Councils and draw in Regional Council functions

Conclusions

- ❖ The Wairarapa Unitary Authority builds on the advantages identified in the District Council option around efficiency or operations and increased capability and capacity of staff, processes and systems which in our view is likely to produce improved service delivery. The wider range of responsibilities for a Unitary Authority would enable the Wairarapa to have the highest level of control over all the well-beings, which given the challenges of water supply and water quality faced by the region is considered to be a significant benefit. Again the loss of representation would need to be balanced with a system that provided for affordable local decision making. However, a greater understanding of the costs of delivering the Regional Council functions is now required

Greater Wellington Unitary Authority

- ❖ Under this option the Wairarapa would be incorporated within a unitary authority for the wider Wellington area following the amalgamation of:
 - South Wairarapa
 - Carterton
 - Masterton
 - Upper Hutt
 - Hutt
 - Wellington
 - Porirua
 - Kapiti Coast
 - Wellington Regional Council
- ❖ We have assumed that community/local boards and Maori advisory boards would be put in place within this structure (similar to Auckland Council and as proposed in the recent Nelson/Tasman amalgamation). It is assumed that these bodies would be delegated significant decision-making responsibilities to ensure continued local decision-making
- ❖ The most relevant example is the recent amalgamation of Auckland into a unitary authority covering the whole Auckland region
- ❖ The table on the following page shows the respective size of the Councils and what their existing rates are

Comparison of the District Councils within the Greater Wellington Regional Council area

| | South Wairarapa District Council | Carterton District Council | Masterton District Council | Kapiti Coast District Council | Upper Hutt City Council | Hutt City Council | Porirua City Council | Wellington City Council |
|-----------------------|----------------------------------|----------------------------|----------------------------|-------------------------------|-------------------------|-------------------|----------------------|-------------------------|
| Population | 9,430 | 7,650 | 23,500 | 48,900 | 41,500 | 103,000 | 52,700 | 200,100 |
| Rates \$000 (2011/12) | 10,698 | 7,868 | 21,796 | 45,447 | 28,516 | 85,384 | 44,634 | 203,282 |
| Rates per capita | \$1,134 | \$1,029 | \$928 | \$929 | \$687 | \$829 | \$847 | \$1,016 |

- ❖ In addition to the advantages, disadvantages and risks of a Wairarapa Unitary Authority many of which are equally applicable under this option the following additional advantages, disadvantages and risks apply

Advantages

- ❖ A single entity would be responsible for all local government services within the Wairarapa and accountable for all decisions
- ❖ The creation of one regional leader (Council and its Mayor) empowered to speak for the whole Wellington Region of nearly half a million people would create a powerful voice for representing Wellington's interests
- ❖ The co-governance model in Auckland with strong local boards and delegated powers may be more appropriate to a larger unitary authority such as the Greater Wellington Unitary Authority
- ❖ A Greater Wellington Unitary Authority has a significantly greater rating base and would be the best placed of all the options to be able to afford costly infrastructure, however this would flow both ways with the Wairarapa part of a Council that would be funding infrastructure across the region

Disadvantages

- ❖ There would be a loss of representation from the existing 27 District Councillors, 1 Regional Councillor and 3 Mayors elected from the Wairarapa to potentially 1 Councillor
- ❖ Likely to be significant short to medium term costs associated with the amalgamation based on the Auckland experience
- ❖ There would be transitional risks which given the scale of the amalgamation required would be greater again than either the District Council or Unitary Authority Options

Disadvantages (cont.)

- ❖ Submissions from Local Boards and residents on the Auckland Councils 2011-2012 Annual Plan, Spatial Plan and Draft Long-Term Plan have shown that:
 - Many residents from across Auckland feel that there is too much focus on the Central Business District (CBD) of Auckland and have noted that while there is agreement that the CBD is important, investment in the CBD must not occur to the detriment of other communities in Auckland in terms of funding, investment and resources
 - Residents from Auckland's rural communities have suggested that there is too much focus on urban Auckland and that the needs and priorities of rural Auckland need to be given greater recognition and are not always reflected in region wide plans
- ❖ We have also been advised that the existing submissions on the PWC review of governance in the Wellington Region generally opposed the single unitary authority option

Risks

- ❖ While a single entity would be responsible for all local government in the Wairarapa there is the potential for the entity to be largely focused on metropolitan Wellington where the majority of the population, assets and services would be
- ❖ There is the potential for urban standards applicable to Wellington to be applied to the rural areas as well

Conclusions

- ❖ The advantages for the Wairarapa of being in a Greater Wellington Unitary Authority are likely to flow from the overall regional benefits of a single, large Council and the efficiencies it could generate and increased capability and capacity of staff, systems and processes. There would however be a significant change in the level of representation from the status quo as well as a risk that the Council's focus would be on the urban centre

Assessment against criteria

local government

Assessment of options for joint management and service delivery

Developing the criteria

- ❖ There were many factors to consider when assessing the merits of the proposed local government management and service delivery options
 - The Local Government Act 2002 defines community well-being as including:
 - Environmental
 - Economic
 - Social
 - Cultural
 - The first phase of this project engaged the Councils and Iwi and identified stakeholders in the Community in determining what a shared vision and objectives for the future of the Wairarapa might be. This provides an indication of what is important to the Wairarapa
 - Additionally the existing framework in the Local Government Act 2002 and how that has been interpreted by the Local Government Commission provides guidance, as does the proposed changes signalled in *Better Local Government*
- ❖ In order to give effect to all of these factors a set of criteria was developed which covers the broad scope of local government and the individual circumstances of the Wairarapa. These criteria were then used to assess the options

- ❖ The following eight criteria developed with and ranked by the joint working group were then used to analyse the options. They are set out below largely in the order which the joint working group ranked them, except that both affordability and the ability to deliver and operate 'good quality' infrastructure and services at 'lowest cost' were considered to be of paramount importance so two separate weightings were developed to reflect their dual importance (refer to **Appendix C** for details)
 1. Affordability
 2. Ability to deliver and operate 'good quality' infrastructure and services at 'lowest cost'. We have assumed that
 - that lowest cost is the lowest whole of life cost
 - an organisation is delivering service levels appropriate to the communities that it services
 3. Ability to deliver and implement a cohesive planning framework
 4. Risk management
 5. Transparent governance
 6. Fairness of representation
 7. Ability to deliver Wairarapa's well-being
 8. Good local government
- ❖ The Table on the following page shows the links between the vision and objectives developed in Phase 1 and the criteria used to assess the options in Phase 2

★ Strong relationship

☆ Relationship

| Criteria | | Objectives | | | | | | | |
|--|-------------------------|--|---|---|---|---|---|---|--|
| | | How | | Why | | | | What | |
| | | Work together for the benefit of Wairarapa now and into the future | Recognise the unique and special relationship that tangata whenau have with Wairarapa | Ensure Wairarapa has safe, healthy, caring communities in which families can thrive | Support relevant, quality life skills and life long learning for everyone | Promote and strengthen our distinct communities' culture, heritage, recreation and events | Protect and enhance our natural environment | Foster and enable economic development and growth | Provide appropriate infrastructure and services to enable thriving connected communities |
| Affordability | Organisational capacity | ★ | | | | | | ☆ | ★ |
| Risk Management | | ★ | | ☆ | | | | ☆ | ★ |
| Transparent Governance | Governance | ★ | ★ | ☆ | | ☆ | | | |
| Fairness of Representation | | ★ | ★ | ☆ | | ☆ | | | |
| Ability to deliver and operate 'good quality' infrastructure and services at 'lowest cost' | Service Delivery | ★ | | ☆ | ☆ | ☆ | ☆ | ☆ | ★ |
| Delivery and implementation of cohesive planning framework | | ★ | | | | ☆ | ☆ | ☆ | ★ |
| Ability to deliver Wairarapa's wellbeing | | ☆ | ☆ | ★ | ★ | ★ | ★ | ★ | ☆ |

| Model | Summary of impacts |
|-----------------------------------|---|
| Enhanced Status Quo | Reduction in operations and maintenance costs for infrastructure and efficiency gains in some areas but unlikely to produce a sustainable long term financial gain for the Councils |
| Single CCO | Reduction in operations and maintenance costs for infrastructure and efficiency gains increased by a more efficient delivery model. Additional governance costs introduced but should be balanced by efficiency gains |
| Focused CCOs | Reduction in operations and maintenance costs for infrastructure and efficiency gains through the more efficient delivery model spread across a wider set of services. Additional governance costs introduced across the CCO group but should be balanced by efficiency gains |
| Wairarapa District | Opportunity for more efficient local government structure with a combined rating base better able to afford future service demands. More efficient management model with efficiency gains returned to ratepayers in improved assets and services. Some short to medium term costs associated with amalgamation |
| Wairarapa Unitary | Opportunity for more efficient local government structure with a combined rating base better able to afford future service demands. More efficient management model with efficiency gains returned to ratepayers in improved assets and services. Some short to medium term costs associated with amalgamation. Would require additional funding from Wairarapa ratepayers to maintain existing levels of service across the Regional Council functions |
| Greater Wellington Unitary | Opportunity for more efficient local government structure with a combined rating base better able to afford future service demands. More efficient management model with efficiency gains returned to ratepayers in improved assets and services. Some short to medium term costs associated with amalgamation. Short to medium term costs of amalgamation likely to be more significant for a Greater Wellington Unitary Authority (based on Auckland) |

Ability to deliver and operate good quality infrastructure and services at lowest cost

| Model | Summary of impacts |
|-----------------------------------|--|
| Enhanced Status Quo | Opportunity to get best possible result for infrastructure depends on the continued willingness to collaborate across the District Councils. Separate funding mechanisms and levels of service may reduce ability to manage across entire networks. Optimised decision making across provision of community facilities is likely to deliver efficiencies for the whole of the region |
| Single CCO | Increased opportunity to get best possible result for infrastructure through more certain delivery model but separate funding mechanisms and levels of service may still reduce ability to manage across entire networks. Optimised decision making across provision of community facilities is likely to deliver efficiencies for the whole of the region. Potential for CCO to focus on one activity to the detriment of another |
| Focused CCOs | Increased opportunity to get best possible result for infrastructure through more certain delivery model but separate funding mechanisms and levels of service may still reduce ability to manage across entire networks. Optimised decision making across provision of community facilities is likely to deliver efficiencies for the whole of the region. Separate CCOs increases specialisation and focus on service delivery and should lead to greater efficiency. Likely to result in organisations with specialist staff better able to efficiently manage the asset or operation |
| Wairarapa District* | Single organisation can manage networks on best for network approach. Likely to lead to greater technical capacity and capability of organisation |
| Wairarapa Unitary* | Single organisation can manage networks on best for network approach. Likely to lead to greater technical capacity and capability of organisation. Greater coordination across well-beings and functions should deliver better outcomes. Potentially loss of tension between Regional Council exercise of functions and District Council exercise of functions |
| Greater Wellington Unitary | Based on efficiency, a larger organisation should be able to deliver infrastructure and services at a lower overall cost. Potentially there is a reduced influence for the Wairarapa community on what services and levels of service are appropriate to them (depending on the governance model adopted) |

*The formation of any of these entities does not preclude joint arrangements or CCOs with other Councils in the Wellington region

Ability to deliver and implement a cohesive planning framework

| Model | Summary of impacts |
|----------------------------|--|
| Enhanced Status Quo | <p>A joint spatial plan would increase strategic alignment across the three Wairarapa Councils and result in a more integrated approach to infrastructure planning and improved management of infrastructure services. Provides partners and stakeholder agencies with an opportunity to have input into the development of the Plan and the opportunity to collaborate and align their activities to the plan.</p> <p>Continued collaboration amongst the three Wairarapa Councils and with Greater Wellington Regional Council would be required to develop and deliver on the agreed framework. Given the high degree of reliance on collaboration, implementation may not always be consistent with the plan</p> |
| Single CCO | |
| Focused CCOs | |
| Wairarapa District | <p>A spatial plan would provide a clear strategic direction for the whole Wairarapa and under this model would align planning and improve implementation. However, continued collaboration with Greater Wellington Regional Council would be required to develop and deliver on the agreed framework</p> |
| Wairarapa Unitary | <p>There would be integrated planning and implementation across all activities and functions in the Wairarapa</p> |
| Greater Wellington Unitary | <p>A spatial plan for the Greater Wellington Region would increase strategic alignment across Greater Wellington. Given the scale of planning across the whole of Greater Wellington, the framework would be at a higher level than a Wairarapa spatial plan. Sub-regional spatial plans for sub-regions (e.g. Wairarapa) would then need to be developed. Wairarapa would have input into the development of the framework but the needs and priorities of the Wairarapa may differ from the rest of Greater Wellington.</p> |

| Model | Summary of impacts |
|-----------------------------------|---|
| Enhanced Status Quo | Risk management is not considered to be improved under the shared services option except where that is part of a particular shared service e.g. Infrastructure management. The introduction of shared services arrangements which rely on goodwill, lack certainty and longevity, thusly introduce further risk to the Councils without appropriate tools to mitigate that risk |
| Single CCO | Improved risk management is generally seen as one of the advantages of a CCO. A single CCO with a wider remit will have greater ability to manage a range of risks but will require coordination across the CCO and three Councils |
| Focused CCOs | Improved risk management is generally seen as one of the advantages of a CCO and a specialised CCO would be better equipped to manage the risks specific to that portfolio. There is a risk that with multiple organisations responsible for different services across the region, risk management could be fragmented as it is difficult to coordinate across the three Councils |
| Wairarapa District | A larger organisation has more capacity and capability to undertake risk management and therefore the amalgamated District Council, Unitary Authority and Greater Wellington Unitary Authority all perform better when considered against this criteria. |
| Wairarapa Unitary | A Unitary Authority by virtue of having a wider set of responsibilities and functions will also be better able to manage a wider set of risks |
| Greater Wellington Unitary | A Unitary Authority by virtue of having a wider set of responsibilities and functions will also be better able to manage a wider set of risks and the largest of the organisations would be better able to withstand any financial shocks |

| Model | Summary of impacts |
|-----------------------------------|--|
| Enhanced Status Quo | Governance structure remains as it is today with 3 District Councils and 1 Regional Council responsible for the Wairarapa. Use of joint committees recommended for governance of shared services but this introduces situation where Councillors participate in decisions that directly impact areas that they were not elected for |
| Single CCO | A single CCO should be able to coordinate across services for which it is responsible. However, has potential for residents to perceive themselves as separated from governance through introduction of appointed board which does not make decisions in a public forum |
| Focused CCOs | A CCO responsible for a 'single' service provides clarity around roles and responsibility, however has potential for residents to perceive themselves as separated from governance through introduction of appointed boards which do not make decisions in a public forum |
| Wairarapa District | Single organisation responsible for all District Council functions. Governance relates to a wider area and public may feel elected members are less accessible. Regional Council functions undertaken by Greater Wellington Council |
| Wairarapa Unitary | Most transparent governance arrangement as a single organisation is responsible for all local government functions across the Wairarapa. Likely perception of a better connection between ratepayers and governance group than with CCOs or with Greater Wellington Unitary |
| Greater Wellington Unitary | Transparent governance arrangement as a single organisation is responsible for all local government functions across the Wairarapa. Potentially a perceived lack of connection to governance group as likely to be limited to single Councillor for Wairarapa. Empowered community boards/local boards likely to be the most accessible form of governance in the Wairarapa. |

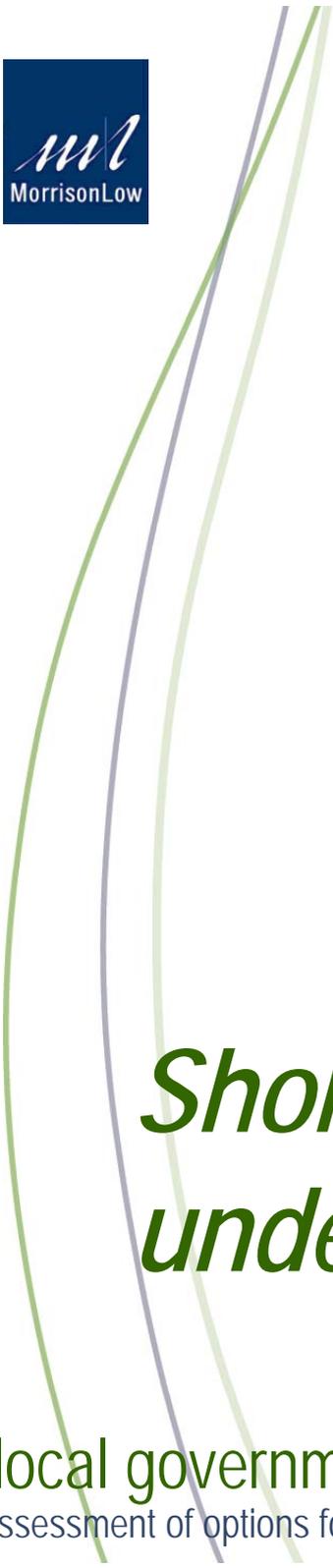
| Model | Summary of impacts |
|----------------------------|---|
| Enhanced Status Quo | No change to representation arrangements |
| Single CCO | |
| Focused CCOs | |
| Wairarapa District | Given the population of Wairarapa and representation levels for similar sized councils, it is suggested that an amalgamated Wairarapa District / Unitary Council would have around 12 Councilors and one Mayor. 12 Councilors would give representation ratio of 3,385. In the Wairarapa District Council there would continue to be one Regional Councillor. |
| Wairarapa Unitary | Under both of these models we recommend that community boards should be established across the whole of the Wairarapa area. The number of community boards established will depend on communities of interest and Community board boundaries may be drawn across existing council boundaries. The establishment of community boards will increase the overall level of representation for local communities in the Wairarapa and seek to address concerns over access to elected representatives. It is also recommended that community boards should be delegated significant decision-making responsibilities to ensure continued local decision-making. |
| Greater Wellington Unitary | Given the population size of the Wairarapa relative to the total population of the Greater Wellington area, it is likely that the Wairarapa might have one Councillor elected from a Wairarapa ward if part of a Greater Wellington Unitary. This would give a representation ratio of 40,620. Under this model it is suggested that community boards of local boards (as per the Auckland model) should be established across the Greater Wellington area with a number established in the Wairarapa area. It is also recommended that community boards should be delegated significant decision-making responsibilities to ensure continued local decision-making. |

Ability to Deliver Wairarapa's Well-beings

| Model | Summary of Impacts |
|-----------------------------------|--|
| Enhanced Status Quo | No substantive change to the Wairarapa Councils' ability to deliver on the well-beings. Assuming a spatial plan is developed as part of this option there may be some minor gains due to increased alignment across the three councils. |
| Single CCO | No substantive change to the Wairarapa Councils' ability to deliver on the well-beings anticipated although actual impacts would depend on the nature of council activity incorporated into the CCO. |
| Focused CCOs | No substantive change to the Wairarapa Councils' ability to deliver on the well-beings anticipated although actual impacts would depend on the nature of council activity incorporated into the CCOs. |
| Wairarapa District | <p>General gain in ability to deliver on the well-beings due to increased / improved:</p> <ul style="list-style-type: none"> • Alignment, coordination and consistency of investment and activity across the Wairarapa • Organisational capacity and capability • Funding base - may allow investment in projects and programmes which have greater impact • Capacity to work collaboratively with partners and stakeholders <p>Wairarapa-wide partners and stakeholders only have one council to work with.</p> |
| Wairarapa Unitary | General gain in ability to deliver on the well-beings due to increased / improved aspects like the Wairarapa District Council, but this is increased through the ability to deliver on environmental well-being due to environmental functions being undertaken by a Wairarapa Unitary. Wairarapa-wide partners and stakeholders only have one council to work with. |
| Greater Wellington Unitary | General gain in ability to deliver on the well-beings due to increased / improved aspects like the Wairarapa Unitary model including the increased ability to deliver environmental well-beings; however, the needs of the Wairarapa may differ from those of the rest of Greater Wellington and would need to be balanced with those of other parts of Greater Wellington. Partners and Stakeholders specific to the Wairarapa may feel that the Greater Wellington Council is difficult to access. |

Good Local Government

- ❖ Clause 3 of Schedule 3 of the Local Government Act 2002 requires that when considering a reorganisation proposal (i.e. an amalgamation of the three Councils into either District Council or a Unitary Authority) the Local Government Commission must "*satisfy itself that the proposal will promote good local government*"
- ❖ The Local Government Commission has interpreted good local government as requiring a proposal "*to enhance, advance or improve*" local government i.e. be better than the status quo. The concept of good local government includes the purpose, role and principles of local government as set out in the Local Government Act. This builds on the four well-beings by introducing elements of democratic decision-making (purpose), performing statutory duties (role) and transparency, accountability and participation in decision-making (principles)
- ❖ In this report, this criteria has been used to filter the options using a pass/fail test. It simply asks: "*is what is proposed likely to be better than the existing arrangement?*"
- ❖ Overall our view is that each of the options is considered to be better than the status quo as they would contribute to a more efficient and effective local government
- ❖ However the following comments are relevant:
 - The extension of shared services to the extent described in this report has the potential to be an unstable option in the long term. While contracts for services (e.g. operations and maintenance) or products (e.g. IT) would provide some certainty for a specified length of time, other arrangements would rely on a strong ongoing relationship between the Councils and individuals involved. While that exists today there is no guarantee that will continue into the future
 - The perceived loss of representation in the Wairarapa District Council, the Wairarapa Unitary Authority and Greater Wellington Unitary Authority models would need to be addressed through community/local boards that provided for effective and affordable local decision making



Short examples of service delivery under the different models

local government

Assessment of options for joint management and service delivery

Service Delivery – Roading

- ❖ Roading is the largest single area of expenditure for each of the Councils and as a group in 2011/12 their combined budget was approximately \$18.4 million
- ❖ Currently the operations and maintenance are delivered by two different contractors Fulton Hogan and Oldfields. Asset Management is carried out by each Council and each District manages its network to its own standards
- ❖ Under the different options the scenario for roading would be likely to change in the following ways:
 - A shared service arrangement could provide for a joint asset management function and joint operations and maintenance contract. The contract should be able to deliver a lower cost service due to the increased size of the contract and likely efficiencies that a contractor could gain across the whole Wairarapa, although there may be some cross subsidisation by one or more Councils. A shared asset management function should enable the Councils to deliver a higher standard of asset management across the region as a whole
 - A CCO would manage the entire network which would enable decisions to be made at a network level although this may potentially be constrained by different funding levels and service levels across the Councils. There would be no impact on the Councils' NZTA subsidy rates as it is only a change in the delivery mechanism
 - Wairarapa District Council or Wairarapa Unitary would fund and operate the roading network as a single network allowing decisions to be on a best for network approach which is considered likely to provide the best overall outcome. A high standard of asset management and a single contract would also be likely outcomes from the larger organisations. Either organisation would have a new subsidy rate
 - A Greater Wellington Unitary Authority would fund and operate the Wairarapa roading network. Given the geographical split between Wairarapa and the balance of the any Greater Wellington Unitary Authority, it may be managed as a separate contract

Service Delivery – Community Facilities

Under the different options we assume that planning for community facilities, through the development of a spatial plan, would be largely the same but the provision of community facilities, particularly new facilities, might differ

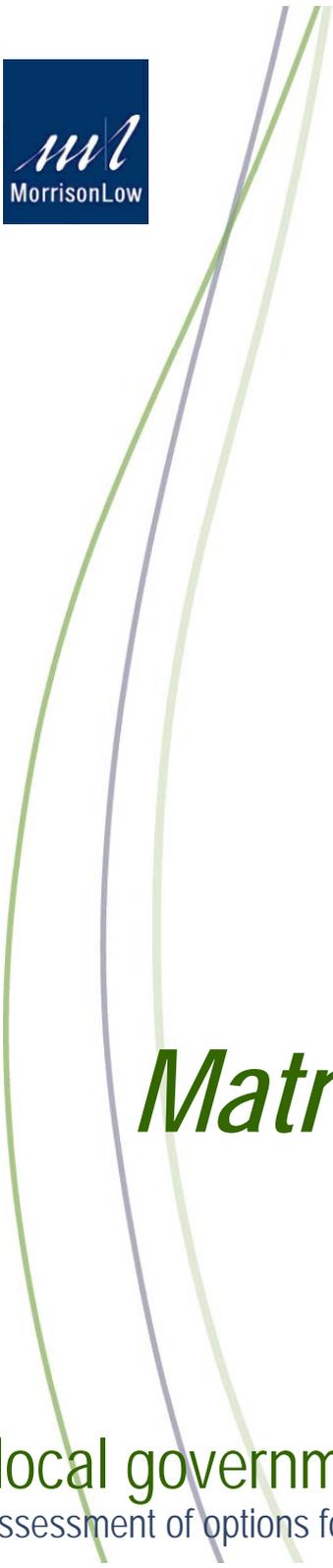
Planning for Community Facilities

For all of the options considered in this report we have assumed the development of a spatial plan that integrates strategy across the well beings, land use and infrastructure planning, including planning for community facilities. The development of a spatial plan would allow a best for region or network approach to be taken in determining the location and number of “regional”, “sub-regional” and “local” facilities needed to meet community needs. We would not expect that facilities would always be located in the largest urban centre

- ❖ In the case of the shared services model and the CCO models, the three District Councils would jointly make the decision about where and when to build the new facility
- ❖ Wairarapa District Council or Wairarapa Unitary Authority would make the decision about where and when to build the new facility
- ❖ A Greater Wellington Unitary Authority would make the decision about where and when to build the new facility

Provision of new facilities:

- ❖ In the case of the shared services model, funding arrangements (construction as well as ongoing operating costs) would be agreed by negotiation between the three Councils. One Council would operate the facility to the agreed standards and could charge users for using the facility
- ❖ In the case of the single CCO and multiple CCOs models, the CCO would build, maintain and operate the facility in accordance with agreed funding arrangements to achieve a specified return on investment. The CCO could, if appropriate, charge users directly
- ❖ In the case of the Wairarapa District Council or Wairarapa Unitary Authority, the facility would be funded in accordance with its funding policy from the ratepayers of Wairarapa which may include targeted rates and user charges
- ❖ In the case of the Greater Wellington Unitary Authority, the facility would be funded in accordance with its funding policy which may or may not include funding from the wider region, targeted rates and user charges



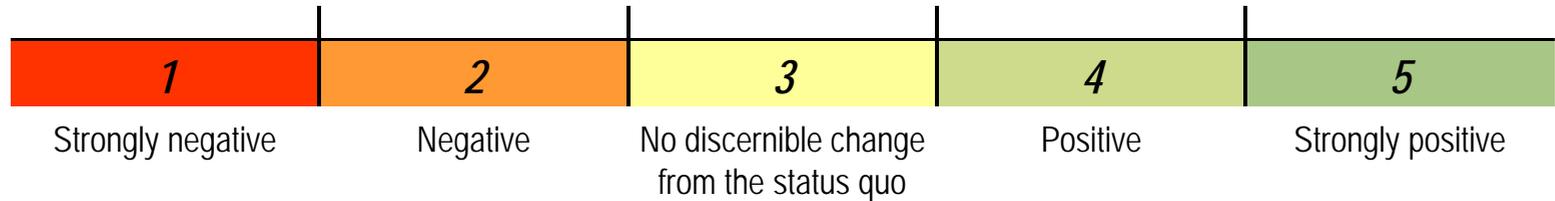
Matrix style assessment

local government

Assessment of options for joint management and service delivery

Matrix Analysis

- ❖ An analysis of the options against the criteria was conducted by scoring each of the options against each of the criteria on a scale of 1 – 5 based on the following assessments against the status quo:



- ❖ Three Morrison Low consultants independently assessed each option using their professional judgement against the criteria and based on their individual views of the high level analysis of the advantages, disadvantages and risks of each option and based on their professional
- ❖ The overall scores were then compared and there was discussion of each criteria and the overall scores where differences arose. Following that a further independent assessment was conducted by the same consultants and the results compared
- ❖ At that stage a consistent ranking of the options was achieved and it is this overall ranking that has been reported as it is the overall result that is considered relevant rather than individual scores
- ❖ Given the uncertainty around the form of any Greater Wellington Unitary Authority it was not considered possible to include that option within the matrix style analysis
- ❖ The joint working group ranked the criteria from most important to least important (refer to **Appendix C**). Both affordability and the ability to deliver and operate good quality infrastructure at lowest cost were considered to be of paramount importance. To test the sensitivity of the criteria two different approaches were used with affordability ranking highest in Weighting Option A and ability to deliver and operate good quality infrastructure at lowest cost ranking highest in Weighting Option B. The result was the same under both weighting options

Results of the matrix style analysis

| Model | Ranking (Weighting A) | Ranking (Weighting B) |
|-----------------------------|--------------------------|--------------------------|
| Enhanced Status Quo | 5 th | 5 th |
| Single CCO | 3 rd | 3 rd |
| Focused CCOs | 4 th | 4 th |
| Wairarapa District | 2 nd | 2 nd |
| Wairarapa Unitary | 1 st | 1 st |
| Greater Wellington Unitary* | Not assessed | Not assessed |

* Given the uncertainty around the form of any Greater Wellington Unitary Authority it was not considered possible to include that option within the matrix style analysis

7. CONCLUSIONS

Conclusions

- ❖ The recent activities and statements made by various Councils in the Wellington region mean that in our view some form of governance change will happen in the Wellington Region in the short to medium term. It is crucial that the Wairarapa Councils and community understand the implications of any change and have formed a view on the best option for the Wairarapa
- ❖ This report is a continuation of long-standing cooperation on shared services by Masterton, South Wairarapa and Carterton District Councils. A Shared Services Working Group oversees this work and consists of three members from each Council including the Mayors. A number of successful initiatives have included:
 - A joint district plan, for which a joint committee was established with delegated powers
 - A common waste management contract
 - Joint rural fire and civil defence operations
- ❖ Consultation by Wairarapa Councils on the 2010 Price Waterhouse Coopers review of governance in the Wellington Region identified the need for more information on options for the Wairarapa
- ❖ In December 2011 the three Wairarapa Councils gave the Shared Services Working Group a mandate 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
- ❖ Since the start of this project, proposals have emerged from both Central Government and Greater Wellington Regional Council relating to possible changes in local government functions and structures. This report provides a high level independent analysis to assist the three Councils' response to these initiatives.

Conclusions (cont.)

- ❖ This review has highlighted that in our view there is benefit in a coordinated and integrated approach to local government in the Wairarapa. The starting point for this under any of these options is the development of a Spatial Plan for the Wairarapa which sets an agreed vision and direction for the Wairarapa over the long-term. However this would most easily be achieved under the District Council or Wairarapa Unitary models. The plan should seek to integrate strategy across the well-beings, land use and infrastructure planning and should include:
 - Social, cultural, environmental and economic aspirations and objectives for the Wairarapa and its communities and strategies for achieving these objectives
 - An integrated, strategic plan for long-term land use and infrastructure (including social infrastructure) development across the Wairarapa
 - An infrastructure plan for the sustainable provision of infrastructure to serve the future needs of the Wairarapa, while ensuring communities have access to appropriate local amenities and facilities
- ❖ The high level analysis concludes that the best local government arrangements for the Wairarapa are likely to be a:
 - Wairarapa Unitary Authority; or
 - Wairarapa District Council
- ❖ There are likely to be significant benefits for the Wairarapa from the coordinated and integrated approach to local government which these options provide. The increase in the size and scale of the organisations would allow for increased technical capacity and capability and management of networks across the Wairarapa in the most efficient and effective way. However, further work is required to consider in detail the costs, benefits and risks of these options and in particular the cost implications of a Wairarapa Unitary Authority which would need to fund activities currently undertaken by Greater Wellington Regional Council in the Wairarapa which are currently funded in part by regional rates

Conclusions (cont.)

- ❖ Overall, our view is that it is unlikely that shared services will make a long term difference to the financial sustainability of the Councils due to the lack of certainty and longevity about the arrangements which rely on individuals and the Councils continuing to work together as they are now
- ❖ Establishing a CCO is considered to be a more formal way in which to deliver shared services as the structure provides greater longevity and certainty around the arrangements and it is therefore a better management model. While there would be costs in establishing and operating the CCO these are considered reasonable given the size and scale of the CCO and likely benefits in terms of efficiencies and improvements in service delivery
- ❖ Multiple CCOs also provides certainty and longevity to shared services arrangements. In our view specifying particular services for each organisation should increase the focus on that which will result is likely to result in better service delivery. However this creates a more complicated governance framework and comes with higher costs than the single CCO model
- ❖ The use of a CCO or CCOs to deliver the shared services does not in and of itself create the same degree of coordination and management across activities and services or the ability to deliver a cohesive planning framework as a Wairarapa District Council or a Wairarapa Unitary Authority would do
- ❖ The uncertainty around whether the existing two tier structure of local government will continue in Wellington and whether a Greater Wellington Regional Council will exist means the enhanced status quo and the use of CCOs to deliver shared services may not be a realistic option
- ❖ A combined District Council provides a strong, single voice for the Wairarapa. In our view it would be of a size and scale that would be able to enable it to deliver efficiencies in operations, however, we perceive the most significant benefits to be the integration and planning of services, functions and activities across the Wairarapa and the increased capability and capacity of staff systems and processes. The loss of representation would need to be balanced with a system that provided for affordable local decision making. The use of wards would be recommended to ensure all communities of interest are represented

Conclusions (cont.)

- ❖ The Wairarapa Unitary Authority builds on the advantages identified in the District Council option around efficiency or operations and increased capability and capacity of staff, processes and systems which in our view is likely to produce improved service delivery. The wider range of responsibilities for a Unitary Authority would enable the Wairarapa to have a greater control over all the well-beings, which given the challenges of water supply and water quality faced by the region is considered to be a significant benefit. Again the loss of representation would need to be balanced with a system that provided for affordable local decision making. The use of wards would be recommended to ensure all communities of interest are represented
- ❖ The advantages for the Wairarapa of being in a Greater Wellington Unitary Authority are likely to flow from the overall regional benefits of a single, large Council and the efficiencies it could generate and increased capability and capacity of staff systems and processes. There would however be a significant reduction in the level of representation from the status quo and a risk that the Council's focus would, as it is perceived to be in Auckland, is on the urban centre
- ❖ The issue would be the degree to which the Wairarapa has any control over the services and activities delivered by the Greater Wellington Unitary Authority and the decreased level of representation the Wairarapa would have overall. The needs of the predominantly rural Wairarapa may also differ significantly from the rest of the predominantly urban authority
- ❖ The uncertainty around the form and function of that entity mean analysis has been confined to comments based on assumption that it would be similar to the Auckland model. Further work on the inclusion in a Greater Wellington Unitary Authority is also considered appropriate

Appendix A: Iwi and Key Stakeholders

Aratoi - Museum & Art Gallery

Forest & Bird Wairarapa

Masterton Lands Trust

NZ Police

South Wairarapa Safe Community Council

Sustainable Wairarapa Incorporated

Wairarapa Chamber of Commerce

Wairarapa DHB

Wairarapa PHO

Wairarapa Road Safety Council

Rangitane

Department of Conservation

Greytown Trust Lands

Masterton Safe & Healthy CC

South Wairarapa Community Boards

Sport WGM Wairarapa

Toi Wairarapa Arts, Culture & Heritage Trust

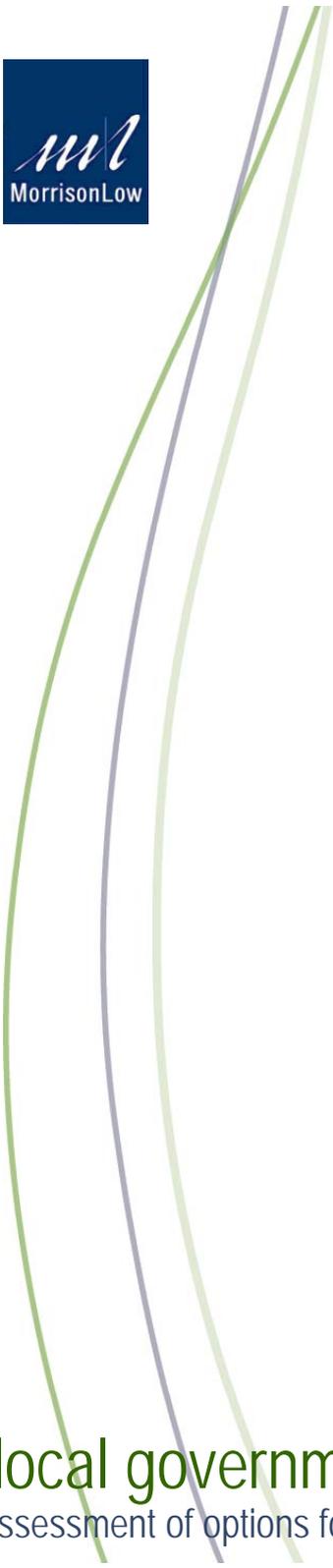
Wairarapa Development Group

Wairarapa Federated Farmers

Wairarapa REAP

Wairarapa Rural Fire District

Ngati Kahungunu



Appendix B: Strategic Initiatives

Appendix B: Strategic Initiatives

| Vision: A Strong, friendly, thriving Wairarapa valuing community and environment | | |
|--|---|---|
| Objectives | Strategic Themes | Strategic Initiatives |
| 1. Work together for the benefit of Wairarapa now and in the future | Leadership | <ul style="list-style-type: none"> • Provide leadership to and on behalf of the communities of Wairarapa |
| | Shared vision and direction | <ul style="list-style-type: none"> • Collaboratively develop and agree a long-term, integrated strategy for the future growth and development of the Wairarapa <ul style="list-style-type: none"> ○ to contribute to the communities wellbeing ○ in consultation with the community, iwi and key stakeholders |
| | Consistent development and implementation | <ul style="list-style-type: none"> • Develop and implement plans and strategies in an integrated and consistent way (across agencies and providers) <ul style="list-style-type: none"> ○ to ensure consistent outcomes across the Wairarapa |
| 2. Ensure Wairarapa has safe, healthy, caring communities in which families can thrive | Safe and secure communities | <ul style="list-style-type: none"> • Urban environments are developed and maintained to provide a sense of safety and security • Ensure that public places and facilities are safe for use during the day and at night • Work with others to make sure we have an environment in which communities are safe and secure |
| | Healthy and active lifestyles | <ul style="list-style-type: none"> • Provide a diverse range of opportunities for active and healthy lifestyles • Provide recreational facilities and public open space to meet the diverse needs of our communities • Advocate for and provide facilities and services to meet the changing needs of our communities |

Vision: A Strong, friendly, thriving Wairarapa valuing community and environment

| | | |
|--|--|--|
| | <p>Strong, connected communities</p> | <ul style="list-style-type: none"> • Ensure that facilities and services are accessible to all members of the community • Plan for and provide or advocate for an efficient and equitable distribution of infrastructure • Build the capacity of communities to take part in planning making decisions for and in their local communities |
| | <p>Involved and engaged communities</p> | <ul style="list-style-type: none"> • Provide opportunities and processes which allow all voices to be heard • Encourage residents to take part in planning and making decisions for their local community • Encourage and support volunteering and participation in community organisations and events (particularly those that provide emergency services) |
| <p>3. Support relevant, quality life skills and life-long learning for everyone</p> | <p>Appropriately skilled workforce</p> | <ul style="list-style-type: none"> • Advocate for the provision of educational and training opportunities that provide people with the skills to access employment opportunities • Support the transition from training to employment |
| | <p>Building communities that have the skills to participate</p> | <ul style="list-style-type: none"> • Support and facilitate life-long learning opportunities which provide skills that support ongoing participation in civic and community life |
| <p>4. Promote and strengthen our distinct communities' culture, heritage, recreation and events</p> | <p>Sense of community Sense of identity and sense of place</p> | <ul style="list-style-type: none"> • Identify, protect and build our cultural identity, neighbourhood character and sense of place and identity • Provide facilities and services to meet the diverse needs of our communities • Facilitate and support events that strengthen and promote our distinct communities culture and heritage • Advocate for and protect our heritage |

Vision: A Strong, friendly, thriving Wairarapa valuing community and environment

| | | |
|--|--|--|
| <p>5. Recognise the unique and special relationship that tangata whenua have with Wairarapa</p> | | <ul style="list-style-type: none"> • Value te Ao Māori (the Maori world view) • Enable Maori to participate in decision-making • Build lasting reciprocal relationships with Maori |
| <p>6. Protect and enhance our natural environment and resources</p> | | <ul style="list-style-type: none"> • Identify and work with others to protect and enhance the natural environment <ul style="list-style-type: none"> ○ ecology, biodiversity, natural heritage, natural landscapes, waterways • Understand the impact of what we do on our natural environment and resources and take account of this when making decisions • Mitigate the impact of natural hazards on the community, economy and infrastructure |
| <p>7. Foster and enable economic development and growth</p> | <p>Develop a shared vision and direction</p> | <ul style="list-style-type: none"> • Work with others to identify and build on the Wairarapa's economic strengths <ul style="list-style-type: none"> ○ Promote and market existing economic strengths to attract business that support and complement the Wairarapa's strengths • Work with others to identify and explore new economic opportunities <ul style="list-style-type: none"> ○ innovation ○ value add |
| | <p>Enable economic development and growth</p> | <ul style="list-style-type: none"> • Ensure we are business friendly <ul style="list-style-type: none"> ○ reduce red tape, simplify processes and ensure a consistent approach to business across the Wairarapa ○ Say no early when a proposal is inconsistent with agreed plans and strategies • Advocate to others for the provision of and provide enabling infrastructure and resources (e.g. broadband, secure energy supplies transport) |
| | <p>Regulate to maintain and optimise economic opportunity</p> | <ul style="list-style-type: none"> • Protect our productive capability and manage threats to biodiversity, ecosystems and primary production |

Vision: A Strong, friendly, thriving Wairarapa valuing community and environment

| | | |
|--|--|--|
| 8. Provide appropriate infrastructure and services to enable thriving connected communities | Plan for and provide enabling and connecting infrastructure | <ul style="list-style-type: none">• Understand what infrastructure we have now and what we will need where in the future• Make the best use of existing infrastructure• Maintain the infrastructure that we require for current and future use• Deliver infrastructure and services in the most cost effective manner given the needs of the end user |
| | Advocate for enabling and connecting infrastructure | <ul style="list-style-type: none">• Advocate to others for the provision of infrastructure that enables the wellbeing of the communities of Wairarapa<ul style="list-style-type: none">○ Telecommunications (including broadband)○ Energy○ State highways○ Public transport○ Social infrastructure |

Appendix C: Ranking of criteria

Ranking of criteria

| Criteria | Weighting A | Weighting B |
|---|-------------|-------------|
| Affordability | 1 | 2 |
| Transparent governance | 5= | 5= |
| Fairness of representation | 5= | 5= |
| Ability to deliver and operate 'good quality' infrastructure at 'lowest cost' | 2 | 1 |
| Ability to deliver of implementation of a cohesive planning framework | 3 | 3 |
| Ability to deliver Wairarapa's well-being | 7 | 7 |
| Risk management | 4 | 4 |

Appendix D: Community Board representation

Community Board Representation

| | | Population | Councillors | Population-Member ratio | | Community Board Members | Population-Community Board member ratio |
|----------|----------------------------|---------------|-------------|-------------------------|--|--|---|
| Existing | Masterton | 23,540 | 10 | 2,354 | | | |
| | Carterton | 7,650 | 8 | 956 | | | |
| | South Wairarapa | 9,430 | 9 | 1,048 | | Greytown = 6 * Featherston = 6 * Martinborough = 6 * | Greytown = 768 ** Featherston = 778 ** Martinborough = 813 ** |
| | Total | 40,620 | 27 | 1,504 | | | |
| Options | 1 Wairarapa District | 40,620 | 12 | 3,385 | | 1 Board = 6 | 1 Board = 6,770 |
| | 1 Wairarapa Unitary | 40,620 | 12 | 3,385 | | 2 Boards = 6 3 Boards = 6 | 2 Boards = 3,385 3 Boards = 2,257 |
| | Greater Wellington Unitary | 487,700 | 1 | 40,620 | | 4 Boards = 6 5 Boards = 6 | 4 Boards = 1,692 5 Boards = 1,354 |
| | | | | | | | |

* Community Boards are made up of 2 Councillors and 4 Community Board Members

** Ratios are based on the 4 Community Board Members excluding the 2 Councillors



local government
procurement
alliance partnering
long term financial plan
asset management
waste management
governance
financial/feasibility modeling
economic development
sustainability