



Media information

5 October 2012

Council amalgamation report answers some questions and raises others

An independent report on the assumed finances of an amalgamated Wairarapa district council and adding regional council responsibilities to that has found that savings would be made by a district council and raised further questions about the future cost of adding regional council activities.

The report by local government experts Morrison Low was the third phase of a Wairarapa governance study begun earlier this year. It follows the adoption a vision for 'a strong, friendly, thriving Wairarapa, valuing community and environment' by the region's three district councils. Five broad options were then assessed and phase two concluded that the best local government arrangement for Wairarapa would be one of two forms of a single Wairarapa council.

The latest report identified the short-term operational costs of a Wairarapa district council and those of a single Wairarapa council that took on regional council responsibilities – or a unitary authority. Drawing on data supplied by Greater Wellington Regional Council, Wairarapa and other councils, the costs of a Wairarapa unitary council were then compared with those for existing unitary authorities with similar populations.

The report assumed the same level of service as that currently delivered across the four councils in Wairarapa, current rating levels and policies and similar staff levels, operating and capital costs, although this is unlikely to be the case in future years following expected changes to local government.

Amalgamating the three Wairarapa councils would achieve an initial operating surplus of \$1 million due to reduced governance and management costs. Areas of additional savings in the medium to long-term were likely to occur in items such as roading and purchasing of materials and contracts. A district amalgamation would bring a range of other benefits include improved management and capability plus more unified decision-making across the region.

The study suggested that a Wairarapa unitary authority would have a net shortfall of \$10.9 million, based on Greater Wellington Regional Council's current rating policies and estimations of what it

collects and spends in Wairarapa. This dropped to \$8.6 million after taking into account the initial operating surplus achieved by an amalgamated district.

Compared with unitary authorities in Gisborne, Marlborough and Tasman, the relative costs of some activities under a Wairarapa unitary authority would be significantly higher.

“The report raises questions about why so much more is spent on some regional council activities in Wairarapa and, what are appropriate levels of service here,” Wairarapa mayors Garry Daniell, Adrienne Staples and Ron Mark said.

“Any question about affordability must also go hand-in-hand with questions about levels of service actually needed and the future rating policies of new councils.”

Together with its communities, any new Wairarapa council would need to establish the balance between service levels that comply with the law, community preferences and affordability.

“What is certain is that there is uncertainty – especially new funding and rating policies that future councils may put in place – as in Auckland, everything will be up for review,” said the Wairarapa mayors.

Local government laws are set to change by the end of this year, making reorganisations easier with rationalisation of councils in the greater Wellington region a government priority. “We don’t yet know what shape that will take but what we do know is that Wairarapa people want control over their own destiny, and to retain strong local representation and decision-making.”

“Our three councils are now concentrating on what we can control – working on a single district council as a minimum that is achievable, affordable and manageable and makes sense.”

“We absolutely recognise the need to be open-minded and work strategically on some issues with neighbouring councils on both our western and northern boundaries. However, it is unlikely to be as simple as becoming a Wairarapa district council and leaving regional functions to Greater Wellington when that possibility depends on reorganisation proposals that might be made by other councils.”

The three mayors said they were open to exploring arrangements with neighbouring councils through shared services, joint ventures, council controlled organisations or outsourcing to reduce costs to ratepayers, while retaining local representation.

Over the next six weeks the governance review working party representing the three Wairarapa councils will continue discussions with Wellington councils on they could work together and will consider the Wellington Review Panel’s report due at the end of this month.

The working party will then present a final report with recommendations on a preferred option to its councils. The report will bring together the various independent reports done, lessons from Tasman

District Council which shared its experience during a recent visit to Wairarapa, results of the Colmar Brunton opinion survey and submissions and feedback received from the public over the past year.

Wairarapa residents will be asked for their views on any draft proposal for change in Wairarapa through a consultation process.

“In the meantime, we continue to encourage public feedback and questions - people to have their say through the Wairarapa’s Future website or Facebook page or by writing to or emailing their district council,” the Wairarapa mayors said.

Further information and the Wairarapa governance reports are available on the working party’s website www.wairarapasfuture.govt.nz and at district council offices in Wairarapa.