

Draft Proposal for Reorganisation of Local Government in Hawke's Bay

*Local Government Commission
Mana Kāwanatanga ā Rohe
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MIHI

Nei rā te Kōmihana e mihi atu ana ki a koutou ngā hapū, ngā iwi ngā uri whakaheke o te pūtiki wharanui o Kahungunu.

Tēnā koutou e rau rangatira mā i tēnā marae kāinga i tēnā hapori, te mana whenua i Te Matau-a-Māui.

Tēnā hoki koutou o ngā iwi e whai pānga ana ki te rohe nei.

Ko te tūmanako, he kaupapa pūrangiaho, he kaupapa mārama ēnei kia taea ai koutou ki te whakahoki whakaaro mai ki a mātou te Kōmihana.

Nau mai haere mai ki te whakarongo kōrero ki te whakaputa whakaaro!

Nāku, Nā

Basil Morrison
Tumuaki, Mana Kāwanatanga-a-Rohe

Translation

Greetings to you from the Commission, to the sub-tribes, the peoples who descend from the flax knot of Kahungunu.

Greetings to you, the remnant of those [who have died] of each marae, of each community, [those] who hold authority in 'The fishhook of Maui'

The hope is that [our] proposals will be clear for you to consider, and explained in such a way that you will be able to make submissions about them to us, to the Commission.

Your interest in our proposals and your feedback are most welcome!

Basil Morrison
Chair, Local Government Commission

Please note:

The draft proposal for reorganisation of local government in Hawke's Bay begins on page 34.

The remainder of this document is supporting information.

A further document providing more information on the detailed statutory requirements and the Local Government Commission's considerations will be placed on the Commission's website.

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In Brief

The proposal at a glance

1. One Hawke's Bay Council and one mayor to speak with one voice for Hawke's Bay, along with a layer of boards empowered to represent distinct local communities.
2. Hawke's Bay Council would be a unitary authority, combining the functions of a city or district council and a regional council.
3. The district of the new council would include Wairoa, Napier, Hastings and Central Hawke's Bay Districts and a small area of Rangitikei District. It would not include the areas of Taupo District currently within Hawke's Bay Region but the new council would be responsible for regional council functions in these areas.
4. The new council would replace Wairoa District Council (WDC), Napier City Council (NCC), Hastings District Council (HDC), Central Hawke's Bay District Council (CHBDC) and Hawke's Bay Regional Council (HBRC).
5. Nine councillors would be elected from five wards to ensure region-wide representation. The mayor would be elected at large by all Hawke's Bay voters.
6. The council would have five community boards with 37 elected members. The wards and community boards would share the same boundaries. Their proposed names are Wairoa, Ngaruroro, Napier, Hastings and Central Hawke's Bay.
7. Hawke's Bay Council, including community boards, would have a total of 47 elected members. Current arrangements are five councils with 57 elected members.
8. The views of the large Māori population would be heard through a standing council committee (Māori Board) comprising representatives nominated by local iwi and elected members of council. The existing Māori committee dealing with management of natural resources would be retained.
9. Hawke's Bay Council's administrative headquarters would initially be located in Napier City. However if the transition board decides there is a more appropriate location it would make a recommendation to the new council on the future location of the headquarters.
10. Council services would continue to be provided for at least five years at service centres in existing council locations in Wairoa, Napier, Hastings, Waipawa and Waipukurau.
11. Existing council debt and financial arrangements would be ring-fenced for at least six years to the communities which incurred them or benefit from them. Current regional assets would be transferred to Hawke's Bay Council.
12. A 'whole of Hawke's Bay' approach is designed to lift the performance of the entire region by providing strong leadership for the region and better integration of local government services.
13. The layer of community boards would recognise the established distinct local communities of the region. They would be empowered to make decisions on matters that directly affect those local communities.
14. The 'whole of Hawke's Bay' approach coupled with the region-wide layer of community boards would meet the purpose and principles of good local government.

PROPOSED STRUCTURE OF HAWKE'S BAY COUNCIL

**ONE MAYOR ELECTED AT LARGE
NINE COUNCILLORS ELECTED FROM WARDS**



**COMMUNITY BOARDS —
37 MEMBERS ELECTED BY LOCAL COMMUNITIES**



Figure 1: Proposed Structure of Hawke's Bay Council

Executive summary

15. Local government in Hawke's Bay faces pronounced challenges and opportunities. Its structure needs to adapt to population movements and changing patterns of economic development.
16. There is a growing concentration of population and economic activity in Napier City and Hastings District, with the opposite occurring in Wairoa and Central Hawke's Bay. As a result, WDC and CHBDC will find it increasingly challenging to fund core local government services to required standards and expectations.
17. The challenges facing these two smaller councils reflect generational changes and trends that are not unique to Hawke's Bay. Most of New Zealand's rural and provincial areas and smaller towns face the same challenges. However Wairoa and Central Hawke's Bay face accentuated difficulties as a result of significant depopulation, an ageing population, and a reliance on economic activities that have been in recent decline.
18. At the same time there are a number of exciting opportunities for Hawke's Bay. These build on advantages the region already enjoys. The regional economy is based on primary production, underpinned by substantial natural resources, and a warm climate. There are large areas of land suitable for arable farming or able to be irrigated to promote further primary production.
19. The region has an established visitor industry with potential for growth, and also increasing forestry production. New opportunities are likely as a result of Treaty settlements and irrigation projects including further spin-off activities.
20. The region has two distinct but closely related halves. There is the rural hinterland of Wairoa, rural Hastings, and Central Hawke's Bay, and there is the urban conurbation of Napier and urban Hastings.
21. Realising the full benefit for the region requires these two halves to be recognised and also their interdependence. The rural economies are and will remain very important for the well-being of the whole region. However they require good quality infrastructure services to reach their full potential. These include transportation facilities such as the port which is located in Napier but serves the whole region.
22. Other important infrastructural services include roading networks, drinking water schemes, wastewater treatment and waste disposal, that are all the responsibility of local government. Existing council infrastructure systems and assets require constant maintenance and significant upgrading in some cases.
23. Given the challenges facing WDC and CHBDC, it is both appropriate and necessary for local government to take a regional approach to prioritising, planning and funding for provision of key infrastructural services in Hawke's Bay. At the same time, a mechanism for effective community input, to reflect local preferences and priorities, must be established and protected.
24. Napier and Hastings are projected to continue growing though Hastings will grow at a faster rate with a projected lower proportion of the population aged over 65 years.
25. The interests of Napier and Hastings will become more and more aligned. They will increasingly share similar interests in the labour market; in the provision of shopping, education, health and recreational facilities; and in the location of services and facilities. For example, the port and airport will be vital to both and to regional development, commerce and tourism generally.

26. Like elsewhere, the households and businesses in Napier and Hastings will place increasing pressure on local government to provide services to a high standard and at a minimum possible cost. These high standards will include meeting appropriate environmental standards.
27. Hawke's Bay local government must be able to provide good quality infrastructure, public services and regulatory functions. It must be efficient, effective and appropriate to present and anticipated future circumstances.
28. The potential of Hawke's Bay Region was the most common theme raised by affected and interested groups in discussions with the Local Government Commission (LGC). Concerns were expressed that the development of the whole region is being held back by rivalry and lack of cooperation between local authorities. These concerns included the region's inability to speak with one voice or to function as a coherent whole.
29. The opportunities for the whole Hawke's Bay region to lift its game lie in the hands of local authorities. Local government arrangements in Hawke's Bay can be significantly enhanced to provide the sort of strategic leadership that is required for the region.
30. A unitary authority would lift the region's performance through better integration and co-ordination. It would combine the functions of large and small district or city councils and the regional council, and provide the leadership and vision many stakeholders called for.
31. It would provide representation and decision-making at the regional level critical for the effective promotion and advocacy on behalf of Hawke's Bay as a whole. This promotion and advocacy should be aimed at maximising the potential of the region and its resources for the benefit of all Hawke's Bay communities.
32. Hawke's Bay Council would enable enhanced strategic capacity for Hawke's Bay local government as a result of increased scale and specialisation.
33. It would enhance operational capacity for delivery of core services such as roading, drinking water, wastewater and stormwater, particularly in Wairoa and Central Hawke's Bay Districts.
34. The proposal would protect the value of regional and district assets, such as the port and airport, for the benefit of the whole regional community.
35. One council and one mayor would be able to speak with a region-wide voice for Hawke's Bay. At the same time a second tier of empowered boards would represent the established distinct local communities.
36. The new Hawke's Bay District would include Napier City and Wairoa, Hastings and Central Hawke's Bay Districts. It would also include the area of Rangitikei District currently within Hawke's Bay Region so that the Taruarau River catchment is retained within the same local authority area.
37. On community of interest grounds, the new district would not include the two small areas of Taupo District currently within Hawke's Bay Region. However in order that management of the Mohaka River catchments is the responsibility of one authority, this statutory obligation would be transferred to the new council.
38. Hawke's Bay Council would replace WDC, NCC, HDC, CHBDC and HBRC.

39. Hawke's Bay Council would have nine councillors elected from five wards reflecting distinct communities of interest. The mayor would be elected by all Hawke's Bay voters.
40. The council would have five community boards with 37 elected members to provide local representation and decision-making on local matters. The wards and community boards would share the same boundaries and names.
41. There would be a total of 47 elected members: one for every 3,286 people (excluding the mayor). Under current arrangements there are 57 elected members: one for every 2,852 people.
42. Hawke's Bay Council would have a standing committee, called Māori Board, to ensure the views of the large Māori population are taken into account by the council in the exercise of its functions, duties and powers. The board would be made up of elected members of council and representatives nominated by local hapū/iwi. The existing Hawke's Bay regional plan committee, comprising equal numbers of iwi and council representatives, would be retained and be responsible for resource management matters.
43. Hawke's Bay Council's administrative headquarters would initially be located in Napier City and council services would continue to be provided from existing locations for at least five years. These service centres would be located in: Wairoa, Napier, Hastings, Waipawa and Waipukurau.
44. A transition board would be established to decide arrangements for the new council. It would do detailed studies of the new council's requirements and then make recommendations to the new council on the future location of the council's administrative headquarters, the need for any further service centres in the region, and other necessary arrangements.
45. Hawke's Bay Council, including region-wide tier of community boards, would best promote the purpose of local government and help achieve improved economic performance in the region. It would offer more in the way of efficiencies and cost savings; improved productivity for local authorities, the private sector and households; and simplified planning processes or a reduction in the number of plans.
46. A single unitary authority for Hawke's Bay meets the test of good local government better than any other option considered by the LGC.
47. As part of the feedback on this draft proposal, the LGC is seeking views on a possible modification to the proposal to provide for local boards rather than community boards given important differences between these two types of second tier representation and decision-making structures.

The Setting

What is local government?

48. Local government is a network of people, agencies and services. It acts on behalf of communities and works with them to decide what local services, facilities and activities will be provided and at what cost.
49. The purpose of local government is to enable democratic local decision-making within communities. It is also to meet current and anticipated needs for good-quality infrastructure, public services and regulatory services in a cost-effective manner.¹
50. Local government serves households, businesses and communities. It must be efficient, effective and appropriate, now and into the future. It must work with limited funding to meet increasing expectations and demands for services and facilities.
51. Local government across New Zealand receives about 56% of its income from a tax on property - rates. It also receives income from the sale of goods and services, such as a charge to use a swimming pool or to dump rubbish; from fees, such as parking charges; from investments; and from grants and subsidies, especially for roading.
52. Local authorities also borrow money on behalf of communities, to carry out large projects such as sewage treatment plants, transport networks and new sports or recreation centres. Borrowing allows the cost of these projects to be spread over several generations which is fair given future generations will also benefit from these projects.

What does good local government look like?

53. Local government is expected to follow a set of principles.² These include for local authorities to take into account:
 - the social, economic, and cultural interests of people and communities
 - the need to maintain and enhance the quality of the environment
 - the reasonably foreseeable needs of future generations.
54. The principles also include local authorities should:
 - be open, transparent and accountable
 - be aware of all community views and have regard to them
 - take account of the diversity of its communities
 - take account of the interests of future communities as well as current ones
 - provide opportunities for Māori to contribute to decision-making processes
 - use its resources efficiently and effectively including by collaborating with other local authorities
 - use sound business practices and careful and sensible judgment when conducting commercial transactions or running commercial activities, and periodically assess risks and returns from these activities.

¹ This purpose is set out in the Local Government Act 2002, section 10.

² These are set out in the Local Government Act 2002, sections 14.

55. Local government is expected to deliver, or make arrangements to deliver, the following core services³:
- a network of drinking water, wastewater and stormwater services
 - a network of roads
 - community facilities such as libraries, museums, reserves and recreational facilities
 - public transport
 - solid waste collection and disposal (landfills)
 - management of natural hazards.
56. In addition local authorities are required to undertake regulatory activities. Many communities also expect their local authority to carry out activities that assist economic development in the district or region.
57. Any proposed new or changed local authority must have the resources necessary to perform its duties effectively. The authority's region or district must be appropriate for efficiently performing its role. It must contain a distinct community or communities of interest. A regional council or unitary authority must also effectively manage fresh water within defined catchments.
58. The test of good local government is that new or changed local government arrangements will best promote the purpose of local government and help achieve improved economic performance in the region or district. This includes efficiencies and cost savings; improved productivity for local authorities, the private sector and households; and simplified planning processes or a reduction in the number of plans.
59. The LGC must be satisfied that its proposal for Hawke's Bay will best promote the sort of good local government described above.⁴

Hawke's Bay Region

60. Hawke's Bay is a mid-size region of New Zealand being 7th largest out of 16 in terms of area (14,138 km²) and 9th largest in terms of population (151,179 at the 2013 census).
61. At the last local government reorganisation 25 years ago, its population was an estimated 137,840.⁵
62. Between 2006 and 2013 the population of Napier City grew by 3.4% (a gain of 1,881 people in seven years).
63. In Hastings District the population also grew by 3.4% in the same period (a gain of 2,406 people in seven years).
64. In Wairoa District the population shrank by 7.0% in this period (a loss of 594 people in seven years).
65. In Central Hawke's Bay District the population shrank by 1.8% in this period (a loss of 237 people in seven years).

³ These are set out in the Local Government Act 2002, section 11A.

⁴ The specific requirements are set out in the Local Government Act 2002, Schedule 3, clauses 11-12.

⁵ Local Government Commission, *Draft Reorganisation Scheme: Hawke's Bay*, December 1988, p. D3. Other data in this section is sourced from Statistics New Zealand; the Ministry of Business, Innovation and Employment, *Regional Economic Activity Report*, August 2013; the Department of Internal Affairs and PricewaterhouseCoopers reports 'Hawke's Bay Region Population Trends 2011-31' and 'Understanding the Hawke's Bay Region economy'.

66. Twenty-two percent of the Hawke's Bay population is Māori. The highest proportion is in Wairoa District (56%).
67. Approximately 86% of the total Hawke's Bay population now lives in either Napier City or Hastings District and this percentage is projected to increase.
68. The region's total population is projected to grow over the 2011-2031 period by 3.8% or 6,000 people, one quarter of the New Zealand growth rate.
69. All of the growth is projected to occur in Napier City (2.1%) or Hastings District (8.4%). The population in Wairoa District is projected to shrink by 17% and in Central Hawke's Bay to shrink by 2%.⁶
70. Like the rest of New Zealand, the Hawke's Bay population will continue to age with 26% of the population expected to be over 65 years in 2031 compared to 13% at present. The highest proportions of those over 65 will be in Wairoa (30%) and Central Hawke's Bay Districts (29%).
71. The region was ranked 8th of 16 for growth in gross domestic product (GDP) in 2012 (\$6.3 billion or 3% of New Zealand GDP). Nearly one quarter of GDP and employment relates to primary production.
72. The majority of GDP is produced in either Napier City or Hastings District and the majority of the region's approximately 80,000 full-time equivalent workers also reside in these two areas.
73. Important changes have occurred in the Hawke's Bay economy over the last ten years with a decline in some types of primary production, particularly sheep and beef farming, and growth in other areas such as service industries.
74. Population and other demographic changes by 2031 and beyond, and changes in the Hawke's Bay economy, will be particularly significant in Wairoa and Central Hawke's Bay Districts. This will put increasing pressure on local government arrangements in these areas to meet expectations and standards, and to remain viable into the future.

Hawke's Bay local government arrangements

75. Major changes nationwide have occurred in local government funding, costs, community expectations, technology, staff skills and legislative requirements since the last reorganisation in 1989.⁷
76. Central government funding that was previously available for infrastructure in rural and provincial communities is no longer available to the same extent or is likely to decline. Roading subsidies have reduced significantly over the past 30 years. Funding for small community drinking water schemes will be discontinued by 2015 and the wastewater subsidy closed to new applicants in 2009.⁸
77. Some local government infrastructure has in the past not been fully depreciated. Asset evaluations have often failed to identify the full extent of future liabilities. This

⁶ This projection does not take into account the future impact on population of the Ruataniwha water storage project which could be significant if it were to proceed.

⁷ For example, in addition to amendments to the former Local Government Act 1974, Parliament has since 1989 passed the Resource Management Act 1991, the Health and Safety in Employment Act 1992, the Privacy Act 1993, the Historic Places Act 1993, the Dog Control Act 1996, the Hazardous Substances and New Organisms Act 1996, the Land Transport Management Act 2003 and the Building Act 2004, to name a few, as well as a new Local Government Act 2002 which have all had significant implications for local government.

⁸ Advice from Ministry of Health

includes the costs of maintaining and renewing core infrastructure, ranging from local halls to extensive roading and water services networks.

78. These changes and trends in New Zealand local government need to be taken into account when considering appropriate local government arrangements today and for the future.
79. In Hawke's Bay, local government arrangements also need to take into account key demographic, social and economic statistics for the region. In short, the arrangements that are required need to be able to deliver efficient and effective services that meet community needs and expectations now and into the future.
80. Provision of efficient and effective roading, planning and regulatory services in particular will be vital for assisting growth in Hawke's Bay.
81. Good roading links are essential for transporting primary products to the port and airport in Napier and to the state highways out of the region, and also to assist other activities such as tourism across the region.
82. At the same time high quality local government planning and regulatory services will ensure growth is carefully managed and the environment of Hawke's Bay is protected and enhanced for both current and future generations.
83. Local government arrangements need to ensure there is sufficient capacity to provide the quality services needed. The arrangements also need to ensure that both the regional interests of Hawke's Bay as a whole and the interests of the many diverse local communities are effectively represented and they enable effective advocacy on behalf of these communities.
84. Current local government arrangements in Hawke's Bay consisting of a regional council (HBRC) and four territorial authorities (NCC, WDC, HDC and CHBDC) were established nearly a quarter of a century ago.
85. The LGC had to ask itself: are these the best possible arrangements to meet expectations of what good local government must deliver into the foreseeable future? If not, what arrangements would be better for Hawke's Bay?

The Process

Original reorganisation application

86. On 7 February 2013 the LGC received an application (called here the original application) from 'A Better Hawke's Bay' Trust (ABHBT) for the four districts in Hawke's Bay to be united and the four territorial authorities (NCC, WDC, HDC and CHBDC) and also HBRC to be abolished and replaced by one unitary authority.
87. The LGC accepted the application as it met all legal requirements and decided the area affected by the application was all of Hawke's Bay Region. This includes small areas of Taupo and Rangitikei Districts which are included in Hawke's Bay Region so that its boundaries conform with river catchments in those areas. The LGC then called for alternative applications as it was required to do.

Alternative applications

88. Nineteen responses were received to the invitation for alternatives. Not all responses met the test for an alternative application but they were nevertheless all read and considered by the Commissioners.⁹
89. From the nineteen responses received, six alternative proposals were identified. These alternatives were:
 - a boundary alteration between Napier City and Hastings District and no change to other councils
 - union of Napier City and Hastings District, and either no change to the other councils or further change be considered at a later date
 - constitution of a new council based on the "Tuhoe area of interest" and no change to the other councils
 - union of Napier City and Wairoa, Hastings and Central Hawke's Bay Districts and retention of HBRC
 - constitution of two unitary authorities within the rohe of Ngāti Kahungunu with one covering Hawke's Bay and one covering Tararua District and the three Wairarapa Districts
 - constitution of an east coast regional council covering Hawke's Bay Region, Tararua District and the three Wairarapa Districts, and the constitution of three territorial authorities within this region.

Preliminary consultation

90. Before considering the applications it had received, the Commissioners made six visits to Hawke's Bay to hold meetings with a wide range of interest groups and subject-matter experts. These included councils, iwi, local MPs, industry groups, major employers, infrastructure experts, sector groups and local government specialists. The LGC also held eight public meetings in Wairoa, Napier, Hastings, Waipawa and Waipukurau.
91. In addition the LGC met with the mayor/chair and chief executive of neighbouring local authorities Gisborne and Tararua District Councils and Horizons Regional Council.

⁹ An alternative application must propose change to existing arrangements (see Local Government Act 2002, Schedule 3, clause 5).

Reasonably practicable options

92. To decide its preferred option for local government in Hawke's Bay, the LGC's first step was to identify the 'reasonably practicable options'.¹⁰
93. In identifying possible options, the LGC considered the original application and the six other proposals identified in alternative applications. In addition it identified another option of transferring certain statutory obligations from the territorial authorities to the regional council.
94. The status quo, or existing council arrangements, must also always be one of the reasonably practicable options. As a result, the LGC was left with nine possible options for local government in Hawke's Bay Region.
95. In determining which of these nine options could be identified as reasonably practicable options, the LGC first considered the legislative requirements for reasonably practicable options. These are for any new or changed local authorities to be efficient and effective and to have the necessary resources to carry out their role. They must also be able to represent distinct communities of interest and make decisions on behalf of those communities. For regional councils or unitary authorities, they must be able to effectively manage rivers and lakes within defined catchments.
96. In deciding how efficient and effective an existing local authority is and whether it has the necessary resources, the LGC considers how well it is performing at the moment, financial information, information about the organisation and its capacity, and economic patterns and trends for the area.
97. The LGC considers how the responsibilities, duties and powers of local authorities impact on different areas. It looks at which areas benefit from services provided and which areas pay for these services. It also considers how a local authority could be affected by losing an area from its district or region, or by gaining another area.
98. In order to identify a community of interest, the LGC uses three sorts of measures. It looks at residents' perceptions about communities, functional arrangements for providing services to communities, and political arrangements within a community.
99. Perceptions about communities relate to a sense of belonging or identity with an area. Functional aspects include the ability of a community to access council services such as infrastructure for water and roads, libraries and parks; and also access to non-council services like schools, shops, health services, rural fire services and stock sales yards. The political dimension covers arrangements for representing the interests of different communities and processes for decision-making.
100. The perceptions, functional and political dimensions of a community are inter-related. The LGC must exercise its judgement when identifying particular communities of interest as measured by these factors.
101. After carefully considering all of these factors, the LGC decided five of the alternative Hawke's Bay proposals did not meet the requirements for reasonably practicable options.

¹⁰ Requirements for 'reasonably practicable options' are set out in the Local Government Act 2002, Schedule 3, clause 11.

Proposals not considered to be reasonably practicable¹¹

An east coast regional council

102. The LGC identified a clear Hawke's Bay identity which has existed since the constitution of a Hawke's Bay province in the nineteenth century. A functional Hawke's Bay community of interest still exists today, reflected in such things as travel to work and shopping statistics, support for sports teams, and arrangements for managing certain central government services.
103. By way of contrast, there are stronger economic ties between Tararua District, immediately to the south of the region, and Palmerston North than between Tararua and Hawke's Bay. Similarly there are stronger economic ties between the Wairarapa and Wellington than between Wairarapa and Hawke's Bay.
104. The LGC noted that some central government services were based in Hawke's Bay, with areas of responsibility sometimes extending to Gisborne District. However, a number of other services covering Tararua District and districts to the south, were administered out of Palmerston North or Wellington.
105. The LGC concluded that in relation to the requirement to contain one or more distinct communities of interest, the option of constituting one regional council for all of the east coast of the North Island (except Gisborne) did not comply. This option was not, therefore, identified as a reasonably practicable option.

Two unitary authorities for the east coast

106. This proposal involved the same area as that for the east coast regional council proposal. It would divide the area into two with one unitary authority for the Hawke's Bay area and one for Tararua District together with the three Wairarapa Districts.
107. The LGC noted that the proposal had a relationship with the rohe of east coast hāpu/iwi. It considered, however, similar arguments applied regarding other aspects of communities of interest, as applied in respect of the east coast regional council proposal.
108. The LGC noted the original ABHBT application was for a Hawke's Bay unitary authority and this would be given due consideration. It concluded that a unitary authority for the remaining east coast area (Tararua and Wairarapa Districts) did not meet the requirements for a reasonably practicable option.

A council for the "Tuhoe area of interest"

109. The LGC noted that the "Tuhoe area of interest", centred on Te Urewera National Park, potentially crossed the boundaries of seven territorial authorities and the boundaries of three regional councils. As such the proposal would cut across communities of interest reflected in existing local government arrangements in this area.
110. The proposal also raised serious questions in relation to the requirement for reasonably practicable options to enable effective catchment management given it included Lake Waikaremoana but not all associated river catchments.

¹¹ In addition to consideration of the specific requirements of clause 11(5), the LGC noted that three of these alternative proposals involved areas beyond the area initially declared by the LGC to be the affected area, that is Hawke's Bay Region. As a result there needed to be demonstrations of community support for these applications. The LGC carefully considered whether such demonstrations of support had been provided.

111. In addition the proposal was unclear as to specific boundaries so as to enable the LGC to be satisfied that the proposed council would have the necessary resources for it to effectively carry out its responsibilities, duties and powers.
112. The LGC concluded that this proposal did not meet the requirements for a reasonably practicable option.

One Hawke's Bay District Council and one Hawke's Bay Regional Council

113. This proposal would result in a number of efficiencies by combining the four city/district councils. It would also retain separation of regional and territorial functions which is supported by some people.
114. The LGC considered that the size of the proposed new district would require a second tier of more locally-focussed representation and decision-making. This would result in three layers of local government for Hawke's Bay.
115. The proposal would see a mayor elected by and representing all of Hawke's Bay, along with an appointed regional council chair. Having both these positions was seen as likely to create confusion for the public over who had the political mandate to speak for Hawke's Bay.
116. The LGC concluded that this was not a reasonably practicable option.

Transfer of statutory obligations (modified status quo option)

117. This proposal was identified by the LGC after consultation with the community. It would involve the transfer of particular functions or obligations between the councils while keeping the existing council structures in place.
118. The LGC identified the roading function as a possible candidate for transfer. The roading network is a very significant responsibility for local government in Hawke's Bay and efficient and effective roading management is critical to Hawke's Bay development and future well-being. It is also important to be able to coordinate land use planning and roading, and have one local authority responsible for both functions. It therefore considered the transfer of the planning responsibility as well.
119. The roading and footpaths function is a significant activity for the two smaller Hawke's Bay territorial authorities (WDC and CHBDC) in particular. The function comprises 46% and 53% respectively of these two councils' operating budgets.
120. The LGC noted there were similar arguments on efficiency grounds to consider the transfer of other core territorial authority services. However if other core services, such as the three waters (drinking water, wastewater and stormwater services) and the solid waste function were added, this would bring the proportions of the WDC and CHBDC operating budgets subject to possible transfer to 73% and 80% respectively.
121. The LGC concluded that the impact on the two smaller councils of the transfer of statutory obligations would be so significant as to bring into question the ongoing viability of the two smaller councils. On the basis of the need for local authorities to have the necessary resources to undertake their responsibilities, duties and powers effectively, the LGC concluded the option was not a reasonably practicable option.

Proposals identified as reasonably practicable options

122. Having eliminated five proposals, the LGC identified the following four proposals as being reasonably practicable options or containing aspects that could be incorporated into a reasonably practicable option.

Existing arrangements (or status quo)

123. The legislation provides that current Hawke's Bay local government arrangements i.e. one regional council and four territorial authorities, is to be considered a reasonably practicable option.
124. All five councils are viable at least in the short term. All provide, at varying levels, expected core services of a territorial authority or regional council. These services include a network of roads and other transport services; drinking water, wastewater and stormwater services; solid waste disposal (landfills and recycling facilities); management of natural hazards; community facilities such as libraries, museums, reserves and swimming pools. The councils also provide planning and regulatory services to varying levels. In addition a range of activities aimed at promoting economic development in their area are provided by the councils.
125. The financial position of the five councils is summarised in the following table. This shows some significant variations between the four territorial authorities on a per capita basis.

Table 1: Comparative financial information (2012/13 financial year)

	NCC	WDC	HDC	CHBDC	HBRC
Operating revenue	\$85.9m	\$27.6m	\$100.7m	\$26.4m	\$38.3m
Operating revenue/capita	\$1,500	\$3,498	\$1,374	\$2,075	\$253
Operating expenditure	\$78.4m	\$20.4m	\$92.6m	\$26.0m	\$37.4m
Operating expenditure/capita	\$1,369	\$2,585	\$1,264	\$2,044	\$247
Rates revenue	\$45.9m	\$9.6m	\$63.0m	\$16.3m	\$14.5m
Rates revenue/capita	\$801	\$1,216	\$860	\$1,281	\$95
Physical assets	\$1,244.7m	\$190.8m	\$1,668.2m	\$756.1m	\$153.8m
Debt	\$2.0m	\$9.5m	\$55.7m	\$14.7m	\$12.9m
Debt/capita	\$34	\$1,204	\$760	\$1,155	\$85
	Hawke's Bay Region				
Total region debt/capita	\$627				

Boundary alteration between Napier City and Hastings District

126. This proposal would see a large rural section of Hastings District north of Tutaekuri River transfer to Napier City. It would not affect the other councils in the region and therefore the tests for being a reasonably practicable option only applied to NCC and HDC.
127. NCC argued that this option would better reflect communities of interest in the area with residents of this area identifying with Napier and frequently using Napier services such as library services. Given the resources of NCC, with the possibility of the transfer of staff resources from HDC to NCC as necessary, it was argued that NCC could provide the services to this area that are currently being provided by HDC.

128. The LGC concluded that the proposed boundary alteration could be considered to be a reasonably practicable option on the basis of recognition of distinct communities of interest and the changed local authorities having the necessary resources to carry out their responsibilities, duties and powers effectively.

Union of Napier City and Hastings District

129. This proposal would see the union of Napier City and Hastings District and the formation of one council for the combined area, with no changes to other councils.
130. It was argued that this option would reflect the growing connection between Napier City and Hastings District, reflected by the increasing level of commuting between the two centres and facilitated by the expressway now linking the two urban centres. It would also keep the rural area of Hastings District in one territorial authority area.
131. As a district combining both urban and rural areas, this option was seen as providing an area appropriate for efficient performance of the territorial authority role and having a new council with the necessary resources to carry out its responsibilities, duties and powers effectively.
132. The LGC concluded this proposal was a reasonably practicable option.

One unitary authority for Hawke's Bay Region

133. This was the original application submitted by ABHBT with two modifications by the LGC. The first modification was to clarify that the area of Rangitikei District currently in Hawke's Bay Region would be included in the new district. The second modification was for the areas of Taupo District currently in the region to be excluded and become part of Bay of Plenty Region. However responsibility for carrying out regional council functions in these two areas would be transferred to the new unitary authority.
134. The proposal would create one governing body comprising a mayor elected across Hawke's Bay and a specified number of councillors from the different parts of the region. It could also have a second-tier structure, such as community boards, for more local representation and decision-making.
135. The LGC considered the proposal would reflect the existing Hawke's Bay regional community of interest while more local communities of interest could be recognised in a second tier representation and decision-making structure. It would be an appropriate area for delivering regional council functions as it was the same area as HBRC. It would also be an appropriate area for territorial authority functions given the need identified by some applicants for more consistency of approach between the Hawke's Bay councils, removal of duplication, and the potential for efficiencies. It would also have access to the combined resources of the existing Hawke's Bay councils.
136. The LGC concluded this option was a reasonably practicable option.

Identifying the preferred option

137. If the LGC identifies two or more reasonably practicable options it must then decide its preferred option for local government in Hawke's Bay based on particular requirements set out in the legislation.¹²

¹² The requirements for a 'preferred option' are set out in the Local Government Act 2002, Schedule 3 clause 12.

138. The first requirement is finding the best option to achieve what local authorities have to do. These things include enabling democratic local decision-making and meeting the needs of communities, now and in the future, for good quality infrastructure, public services and regulatory functions and for these to be provided in a cost-effective manner.
139. The LGC's preferred option must also help achieve improved economic performance in the area. Improved economic performance includes such things as efficiencies and cost savings, productivity improvements and simplified planning processes.
140. The LGC considered each of these requirements very carefully in relation to the four reasonably practicable options it had identified. Its findings are set out below.

Democratic local decision-making

141. The LGC found that the level of representation under each of the existing councils is good compared to similar sized councils elsewhere in New Zealand. This covers the regional, district and community levels, although only HDC has formal arrangements for local community representation by way of a rural community board.
142. While the level of representation under existing arrangements may be appropriate, representation arrangements must also be as effective as possible. In particular the LGC considered that representation at the regional level was critical to enable effective promotion and advocacy on behalf of Hawke's Bay as a whole. This promotion and advocacy should be aimed at maximising the potential of the region and its resources for the benefit of Hawke's Bay and all its communities.
143. A critical issue to consider in Hawke's Bay is the increasingly uneven spread of the population across the region and of economic activity. There is an increasing concentration of population and economic activity in Napier City and Hastings District with the opposite occurring in Wairoa and Central Hawke's Bay Districts. As a result, WDC and CHBDC will find it increasingly challenging to fund core local government services to required standards and expectations.
144. At the same time both Wairoa and Central Hawke's Bay do have significant future development opportunities. In the case of Wairoa these include forestry and potential new development as a result of future Treaty of Waitangi settlements. In the case of Central Hawke's Bay opportunities include significant agricultural development as a result of the proposed Ruataniwha water storage project.
145. While such developments will benefit the immediate area, they will also have wider regional benefits in terms of employment and also associated spin-off developments of other economic activity. For these benefits to be fully realised infrastructure services such as roading will have to be of an appropriate standard for transporting increased levels of production. This highlights the need for such infrastructure services to be managed on a regional basis and be subject to regional prioritisation and decision-making in order for the full regional benefits of economic development to be gained.
146. The LGC considered that advocacy to central government, public sector agencies and commercial interests would also be most effective on a 'whole of Hawke's Bay' basis. This was firstly because many of the government agencies are structured on either a 'whole of Hawke's Bay' basis or with wider areas of responsibility including, for example, Gisborne. Generally these agencies find it easier to deal with communities on a combined basis up to the regional level.

147. A 'whole of Hawke's Bay' approach also allows for greater resources and level of support to be amassed in support of approaches to government and elsewhere. This was described as the 'ability to speak strongly with one voice' on behalf of Hawke's Bay by many individuals and groups who spoke to the LGC.
148. The ability to speak with one voice is enhanced by having a mayor directly elected by the whole of Hawke's Bay. This would be the case only under the one unitary authority option. The Napier-Hastings boundary alteration and union options would not result in one voice speaking for the whole of Hawke's Bay.
149. The LGC acknowledged that the number of councillors to be elected under one unitary authority would be less than the total number of councillors currently elected across the five councils (49). It considered, however, that this could be addressed by establishing a second tier representation and decision-making structure.
150. A 'whole of Hawke's Bay' approach has the further advantage of being able to foster greater Māori participation in local government. There are a large number of hapū and iwi in Hawke's Bay whose rohe or territory cross existing council boundaries. A 'whole of Hawke's Bay' approach would result in consistency in local government approaches to enhanced Māori participation in decision-making. It would remove duplication in consultation on council plans, strategies and policies. It would also be much easier for hapū/iwi having only to respond to one consistent set of approaches for input and comment.
151. The only option for a second tier structure for Hawke's Bay currently available under legislation is for community boards. The LGC believes a network of elected community boards could effectively represent the diverse local communities that make up Hawke's Bay.
152. The community boards would have as high a degree of empowerment as possible to act on behalf of their local communities and would be responsible for a wide range of delegated functions and services as well as being free to advocate on behalf of their own community.

Good quality infrastructure, public services and regulatory functions

153. In deciding its preferred option, the LGC had to consider which option was most likely to provide good quality infrastructure, public services and regulatory functions in a cost effective manner for Hawke's Bay. The legislation defines good quality as meaning efficient, effective and appropriate to present and anticipated future circumstances.¹³
154. The LGC first considered levels of service currently being provided by the five Hawke's Bay councils and then whether other reasonably practicable options were likely to result in better outcomes in the future. The LGC received reports on the different services but did not rely solely on these when making its decisions.
155. The Hawke's Bay **roading and transport networks** play a vital role in the Hawke's Bay economy. This is because of the importance of primary production, particularly forestry, pastoral farming and horticulture, to the economy and the need to transport production as efficiently as possible either to the port or airport in Napier or to state highways out of the region. The transfer of freight over time from rail to road, and significant growth in the quantity of freight, is putting increasing pressure on the roading network.

¹³ See the Local Government Act 2002 section 10.

156. The LGC noted that over the region approximately two-thirds of the local roading network is sealed with one-third unsealed. This proportion is reversed, however, in Wairoa District where there is a significant amount of forestry, now and planned for in the future, which will place increasing pressure on the roading network. Coupled with this pressure are increasing concerns about affordability of local government services in Wairoa in particular but also Central Hawke's Bay, given the declining and ageing population.
157. The LGC was also aware that the New Zealand Transport Agency is presently reviewing its financial assistance rates for local authority roading. While final decisions are yet to be made, this seems likely to result in a different approach for financial assistance to councils. The LGC noted that WDC and CHBDC are more reliant on government grants and subsidies than the other two Hawke's Bay territorial authorities and therefore changes to roading subsidy rates are likely to put further pressure on WDC and CHBDC in future.
158. These concerns led the LGC to favour the one unitary authority option for local government arrangements in Hawke's Bay. This was on the basis of the importance of the roading network to the region and the need to view the network on a regional basis. Such a regional approach would assist planning, prioritisation and funding for roading and ensure maximum organisational capacity is available to manage the network.
159. **Drinking water, wastewater and stormwater services** face various degrees of pressure across the region but particularly in Wairoa and Central Hawke's Bay Districts. These two districts face the need for upgrading projects in relation to both water and wastewater schemes. In the case of the Wairoa projects some of these have attracted significant Ministry of Health subsidies (up to 85% in one case) but there is no guarantee such funding will be available in future.
160. The LGC noted that NCC is also planning for a very significant primary treatment wastewater plant. Government assistance is not available for larger local authorities, however, and the council proceeded with a domestic wastewater levy on residents to help fund the project. The council has acknowledged the project is not without risk to the community but it is noted that it has significant financial reserves to support the project if it proceeds in its present form.
161. The LGC was advised that concerns in relation to water and wastewater services in Wairoa and Central Hawke's Bay could be addressed by operating smaller plants under the umbrella of a single network and utilising a degree of network pricing. This would result in improved operations from availability of higher skill levels and allow for some cross-subsidisation to help address affordability concerns. The one unitary authority was identified as the best option to achieve this objective.
162. A range of **solid waste collection and disposal services** are presently provided across the region. HDC and NCC have a well-established shared landfill and the two other territorial authorities have their own landfills. The Wairoa and Central Hawke's Bay landfills are relatively recently developed and have significant future capacity. Given declining populations in these areas and effective recycling activities, the councils face issues relating to apportionment of fixed costs per ratepayer for these landfills. Accordingly the councils are looking to enter into arrangements with other districts to increase usage of their landfills to spread costs over a wider area.
163. The LGC noted there may be potential for greater collaboration across the region in these services which may help to alleviate financial burdens. This was likely to be facilitated by the one unitary authority option.

164. The LGC was advised there is the potential for far greater collaboration across the region in the **management of natural hazards and emergency management**. The LGC considered the one unitary authority option was the most likely option to achieve the benefits of collaboration and a pooling of resources and, as a result, achieve the best possible outcomes in these services.
165. All five Hawke's Bay councils have **environmental and resource management plans** and are individually responsible for **regulatory enforcement**. With the exception of the NCC district plan, rolling or comprehensive reviews of district plans in the region are underway separately by the territorial authorities. NCC's current plan became operative in 2011 and HDC is presently undertaking a review and is about to release a new proposed plan.
166. The LGC was advised that NCC and HDC officers are undertaking a "harmonisation" exercise in respect of the provisions of their respective plans. In addition a Heretaunga Plains urban growth strategy is progressing as a joint initiative between HDC, NCC and HBRC.
167. While the harmonisation exercise is to be welcomed, the LGC considered that the proximity of Napier and the urban area of Hastings, together with the adjoining Heretaunga Plains, lends itself to even closer collaboration and possibly a joint district plan initiative. Such an initiative was supported by a number of stakeholders the LGC consulted, with a view to elimination of inconsistency of plans, and duplication in processes for their preparation.
168. The LGC noted there was also potential to integrate regulatory functions such as resource consents, building consents, dog control, liquor licensing, bylaw development and enforcement, and environmental health monitoring across the region.
169. As an alternative, NCC proposed establishment of joint regional bodies to make regional decisions on certain matters without the requirement for ratification of each decision by the five councils. The LGC decided this was different from the (full) transfer of statutory responsibility for a function, from one council to another, under section 24(1)(e) LGA, and was an option that existed under existing arrangements. It would, however, raise significant questions about accountability for implementing decisions taken. It would also require the agreement of all councils to participate.
170. Shared service arrangements between existing councils depend on ongoing political goodwill of the councils in order to be successful. They also do not provide the necessary certainty for long term planning given changes in individual council policies, priorities and commitments. In addition, shared service arrangements often involve big investments of time and resources by each council to get to a position of consensus on individual issues.
171. The LGC considered effective land use planning, coupled with the roading management function, as particularly important for promoting long term social and economic development in Hawke's Bay. This led the LGC, in light of significant shortcomings in a shared services approach, to identify the transfer of territorial authority responsibility for the land use planning function to the regional level (under the modified status quo option) along with roading while keeping council structures in place.
172. As already noted, however, there were arguments to transfer other functions, such as the water and wastewater services, to the regional level as well. If all these services were transferred away from the territorial authorities, this would bring into question the ongoing viability of WDC and CHBDC in particular. On this basis the LGC

eliminated the modified status quo option as a reasonably practicable option and considered there was a strong argument in favour of the one unitary authority option.

173. The LGC noted concerns expressed by some people that the one unitary authority option would mean the loss of the present separation of the regional environmental planning and monitoring role carried out by HBRC, from responsibility for more operational functions carried out by the four territorial authorities. The LGC agrees these are important issues but notes that the necessary separation has been achieved in other unitary authorities around the country.
174. The LGC also noted that past reports investigating this matter had concluded that there were more important factors than institutional arrangements in achieving desired region-wide environmental outcomes. One such report concluded “the unitary authority model is as capable of delivering sound, integrated environmental management as any other model, provided that these other more significant factors are addressed”.¹⁴
175. The LGC noted that for the purposes of effective **catchment management** two small areas of Taupo District and one small area of Rangitikei District are presently included in Hawke’s Bay Region. Following discussion with HBRC officers, the LGC concluded that it would be important for these areas to remain under the authority of any new Hawke’s Bay unitary authority at least for catchment and related purposes.
176. The LGC noted that a letter of support for the original ABHBT application had been received from Rangitikei District Council in support of the application including for a boundary alteration with Rangitikei District. The LGC concluded that if the one unitary authority option were to be adopted as its preferred option, there should be a boundary alteration between Rangitikei District and the new district to allow for all of the Taruarau River catchment to be included in the new district.
177. The LGC noted that the two small areas of Taupo District were in Hawke’s Bay Region in order that the Mohaka River catchments were contained within the boundaries of one regional council i.e. HBRC. The LGC considered that it was important that these catchments were not divided given the national significance of the river which has a conservation order on it, and which has been the subject of a Waitangi Tribunal recommendation relating to interests of Ngāti Pahauwera.
178. On the other hand, the LGC received correspondence from Taupo District Council opposing the separation of these two areas from Taupo District on community of interest grounds.
179. The LGC agreed there were strong community of interest arguments for these areas to be kept within the boundaries of Taupo District and also that this was likely to be supported by Ngāti Tuwharetoa.
180. In order to meet the conflicting arguments, the LGC concluded that if one unitary authority were to be established for Hawke’s Bay, the two areas of Taupo District should be excluded from the new district but that responsibility for the regional council functions presently being undertaken by HBRC should continue to be the responsibility of the new Hawke’s Bay unitary authority. This would involve including

¹⁴ See the report of the Parliamentary Commissioner for the Environment and Controller and Auditor-General ‘Local Government Environmental Management – A study of models and outcomes’ which identified factors such as statements of clear and measurable outcomes, establishment of effective monitoring regimes, and clear separation of regulatory and service delivery functions.

these areas in Bay of Plenty Region and transferring the regional council statutory obligations for these areas to the new council under section 24(1)(e) of the LGA.

181. The four Hawke's Bay territorial authorities provide or contribute to **community facilities** seen to be appropriate for their areas. Not surprisingly, given their populations and resources, NCC and HDC provide a wider range of facilities than WDC and CHBDC.
182. The LGC noted that despite their proximity, there are limited shared service arrangements between HDC and NCC. In areas such as library services, for example, the LGC was advised that shared arrangements are limited to ability for residents to return books from one council's libraries at the other council's. The LGC concluded there was considerable scope for more shared service arrangements but that this, for whatever reason, had not been pursued.
183. An example of the opportunities being missed at the moment as a result of different approaches and lack of coordination between NCC and HDC was noted by Hawke's Bay Tourism in discussions with the LGC. This body observed there was considerable potential to promote Hawke's Bay as a location for national sports tournaments but at the moment this was not made easy by the different approaches of the two councils on such matters as fee structures for sports facilities.
184. The LGC concluded there was scope for more integrated regional planning for community facilities across Hawke's Bay while still acknowledging the different priorities and affordability issues in different areas. While benefits would be achieved under the option of union of Napier City and Hastings District, the LGC believed fully integrated regional planning for community facilities would be best achieved under the one unitary authority option.
185. The one unitary authority option would require, however, an effective second tier local decision-making structure to ensure the interests and priorities of different local communities were properly reflected. Under such a structure, local community boards would have a significant input into planning and development of community facilities. Ongoing maintenance of facilities would remain a local responsibility but within consistent and efficient regional planning and purchasing guidelines and standards.
186. Each of the Hawke's Bay councils takes its own approach to **economic development** depending on its relative strengths and priorities.
187. The HBRC has a broad strategy covering promotion, through funding of Hawke's Bay Tourism, and a range of economic development activities and investment strategies. The principal investment strategy includes establishment of a council-controlled organisation to own and manage the council's investment assets and liabilities. These include the council's shares in the Port of Napier which is now fully owned by the council, and new investments in the Ruataniwha water storage project.
188. If a unitary authority were to be established for Hawke's Bay, these assets and liabilities would be transferred to the new council and the value of the investment would, therefore, be retained. The LGC saw this as an important consideration as the port is a very important asset in the future development and well-being of Hawke's Bay given its size and further growth potential.
189. The LGC noted that in the 2012/13 financial year, NCC spent \$9.1 million or 11% of its operations budget on promotion. While Napier is a significant tourist destination, the LGC questioned how well this expenditure was coordinated with region-wide expenditure on promotional activities given other important tourist attractions and activities in the wider Hawke's Bay Region

190. The LGC was advised by Hawke's Bay Tourism, for example, that there are 15 to 16 websites for the region promoting particular activities and interests, often paid for by the councils, and that this presented a huge opportunity for cooperation. Similarly the McCredy Winder & Co. report noted the opportunity and benefit that would follow from coordination of the 'i-sites' in the region.¹⁵
191. The McCredy Winder & Co. report described the potential contribution of the visitor industry to the Hawke's Bay economy and noted the region has the ingredients necessary to expand the visitor market. However it went on to say that to be effective, the region "will need to commit to a shared vision for the development of the sector, adequately resource the promotion of the region, commit to a long-term single-minded regional marketing and promotion strategy, integrate the i-sites with regional marketing efforts, and work to develop some new products and experiences that will make the visitor experience richer".
192. The LGC concluded that the one unitary authority for Hawke's Bay option was most likely to realise the economic benefits and potential described above.

Improved economic performance

193. In deciding its preferred option the LGC had to consider which option would best assist the achievement of improved economic performance in Hawke's Bay. Measures of improved economic performance set out in the legislation include efficiencies and savings; productivity improvements for local authorities, businesses and households; and simplified planning processes.¹⁶
194. The LGC did identify a number of **efficiencies and savings** that could be achieved by reorganisation of councils in Hawke's Bay. It noted, however, that reorganisation was most likely to result in more efficient and effective processes for delivering services to the community rather than immediate reductions in rates.
195. The savings identified included: elected member remuneration (depending on the final number of elected members in a new structure), chief executive remuneration (for example having only one chief executive under the single unitary authority option as opposed to five chief executives under current council arrangements), and audit fees (say one set of fees compared to five).
196. Further potential annual savings in the order of \$4.5 million were identified in current corporate support costs of the five councils if one unitary authority for Hawke's Bay were to be established. These savings are in personnel as a result of combining activities such as financial services, rating, human resources, information technology, records and particular professional services.
197. Further efficiencies and savings are likely in the delivery of services by combining teams working in particular areas, rationalising contracts for the purchase of goods or the delivery of services, and rationalising office accommodation and vehicles.
198. The LGC noted that while efficiencies and savings would be achieved on an ongoing basis, these would initially be offset against one-off transition costs. Transition costs include the costs of the body appointed to make detailed decisions about the

¹⁵ McCredy Winder & Co. *'Future prosperity of the Hawke's Bay Region: Part 1 Issues and options'*, August 2012.

¹⁶ See the Local Government Act 2002 Schedule 3 clause 12.

structure of the new council organisation and how it would operate, and any staff redundancy costs.¹⁷

199. The LGC concluded that while efficiencies and savings would be achieved, enhanced organisational capacity, consistency of approach and the removal of duplication in processes were more important in promoting economic development and well-being in Hawke's Bay.
200. The LGC identified opportunities for **simplified planning processes** in relation to integration of required statutory plans and also in a reduction in the number of plans. Under the one unitary authority option there would be the opportunity to integrate the regional policy statement, regional plans and the four district plans required under the Resource Management Act 1991. There would be only one long-term plan, including financial strategies and policies, required to be prepared under the Local Government Act 2002 every three years, and also only one annual plan. Only one annual report, instead of the current five, would also have to be prepared.
201. In addition the number of plans, policies and strategies required to be prepared under other legislation would be significantly reduced. These documents include civil defence and emergency management plans, local alcohol policies and dog control policies, as well as a large suite of both general and specific local authority bylaws. The LGC concluded one consistent set of such plans, policies and bylaws, allowing for local variations where appropriate, would be a significant benefit to Hawke's Bay under the one unitary authority option.
202. Simplified planning processes under one unitary authority would contribute to **productivity improvements** in Hawke's Bay. Integration of regional and district plans would significantly simplify and streamline processes and time involved for businesses and individuals seeking planning approvals and consents. These would be based on one consistent set of policies across Hawke's Bay and all approvals and consents would be able to be sought from one local authority.
203. While there would only be one local authority based in one location, the LGC is proposing council service centres be located at accessible sites throughout the region. These centres would be appropriately staffed by professional local authority officers to provide services to local communities across the region.
204. Other examples of productivity improvements include those for businesses wishing to contract with local government in Hawke's Bay. Those businesses could submit single contracts, rather than four as at present, in areas such as road maintenance covering the whole region.
205. Productivity improvements would also be gained by local government and other parties given that only one process for preparation, consultation and publication of plans and policies would be required. There would also be no requirement for local authority consultation with neighbouring Hawke's Bay authorities with a view to ensuring consistency and compatibility of approach and timing.

Possible modification to the preferred option/draft proposal

206. The Local Government Act 2002 Amendment Bill (No 3) was introduced to Parliament on 4 November 2013 and is expected to be referred to a select committee shortly.

¹⁷ The LGC noted that the second McCredy Winder & Co. report '*Potential costs and savings of local government reform in Hawke's Bay*' (June 2013) estimated transition costs relating to the ABHT reorganisation application of \$18.4m. It also estimated this option would produce the greatest net savings of around \$10m per annum.

Amongst other matters, it provides that local boards may be established with a unitary authority, as part of a local government reorganisation in any part of the country.

207. If enacted, this would allow for the establishment of local boards in Hawke's Bay, for example, if a unitary authority were to be established in the region. The Bill specifically provides that the amendments concerning local boards are to apply to every local government reorganisation for which no final proposal has been publicly notified as at the date of commencement of the amendments.
208. There are important differences between local boards and community boards. Firstly, local boards are established as part of a reorganisation scheme in a particular area and can only be removed by another reorganisation scheme. Continued existence of community boards, on the other hand, is less certain as they can be removed as part of a council's representation review which is required to be done at least every six years but can be carried out after three years.
209. Secondly, local boards share decision-making with the governing body of the council (the mayor and councillors) on non-regulatory matters. Unless there are good reasons for decisions on these matters to be made by the governing body, these decisions must be made by local boards. This is different for community boards which rely on delegations from the governing body for important decision-making powers. These delegations can be removed at any time by the governing body.¹⁸
210. Finally, local boards have a more certain level of funding as there is specific legislative provision for a formal process for boards to develop local plans and to agree funding for these with the governing body.
211. Local boards will not be an option for Hawke's Bay unless the Bill providing for their establishment in more areas is enacted by Parliament before any final proposal is publicly notified. The Bill is not expected to be enacted until around the middle of 2014. For this reason the LGC's draft proposal provides for community boards rather than local boards.
212. If the Bill comes into law before the LGC has publicly notified a final proposal on Hawke's Bay, the LGC could modify its draft proposal to provide for local boards in place of the proposed community boards. However the LGC would first need to be satisfied that local boards were the better option for Hawke's Bay.
213. Whether the draft proposal is modified to include local boards rather than community boards, will largely depend on the responses received on the draft proposal. The LGC therefore welcomes views and comments on whether it should modify the draft proposal along these lines.
214. To assist this process, the LGC notes it anticipates local board structures, boundaries and membership arrangements would be similar to those proposed for community boards. The important difference therefore is the more secure position of local boards compared to community boards into the future, the more independent decision-making role of local boards, and guaranteed level of funding.

¹⁸ It is important to note that the LGC can determine the powers of community boards as part of a reorganisation scheme and these powers remain in place for six years.

The Conclusion

215. Local government in Hawke's Bay is currently facing both serious challenges and exciting opportunities.
216. The ability of existing councils, and particularly the region's two smallest councils WDC and CHBDC, to deliver good local government which meets the needs and expectations of the community will become more and more open to question in future given current population trends.
217. At the same time there are a number of exciting opportunities for Hawke's Bay. These opportunities build on advantages the region already enjoys. The regional economy is based on primary production underpinned by substantial natural resources and a warm climate. There are large areas of land suitable for arable farming or able to be irrigated to promote further primary production. In addition the region has an established visitor industry and potential to develop this further.
218. The challenges facing Hawke's Bay's smaller councils reflect generational changes and trends that are not unique to Hawke's Bay. Most of New Zealand's rural and provincial areas and smaller towns face the same challenges. However Wairoa, in particular, but also Central Hawke's Bay, face accentuated challenges as a result of significant depopulation, an ageing population, and a reliance on economic activities that have been in recent decline.
219. While new opportunities are emerging, such as in forestry, or may emerge in future as a result of Treaty settlements or major irrigation projects, realising their full benefits will require appropriate quality infrastructural services. These services include local government responsibilities such as roading networks, drinking water schemes and wastewater treatment and disposal schemes. These systems and assets require constant maintenance and in some case significant upgrading.
220. There are serious questions as to whether WDC and CHBDC will, on their own, be able to meet these challenges into the future.
221. Given the challenges facing WDC and CHBDC, it is both appropriate and necessary for local government to take a regional approach to prioritisation, planning and funding for provision of key infrastructural services. At the same time a mechanism for effective local input to reflect local preferences and priorities, must be established and protected.
222. On the other hand Napier and Hastings are projected to continue growing, though Hastings will grow at a faster rate (8.4% over the next 20 years) compared to Napier (2.1%). A lower proportion of the population of Hastings will be over 65 in 20 years time as well.
223. The interests of Napier and Hastings will become more and more aligned. They will increasingly share similar interests in the labour market; in the provision of shopping, education, health and recreational facilities; and in the location of services and facilities. For example, the port and airport will be vital to both but also to regional development, commerce and tourism generally.
224. These characteristics and trends of Napier and Hastings suggest that there will be benefit in establishing structures for governing the growing urban area with a wider regional perspective while providing for local decision-making on local services.

- 225. The LGC accepts that some improvements could be achieved through more cooperation between councils under existing Hawke's Bay local government arrangements i.e. the status quo option. However these arrangements rely on ongoing demonstrated political goodwill by the councils to ensure they are sustainable across election cycles and this has not been evident to date. They are also not as efficient as structural changes given the resources required to manage these processes on an ongoing basis.
- 226. Neither of the Napier-Hastings boundary alteration or union options address the region-wide issues identified by the LGC. They also do not address the serious issues facing WDC and CHBDC.
- 227. The LGC believes Hawke's Bay local government needs a new framework better able to respond to the challenges and opportunities facing it. Accordingly it has identified the option of a single unitary authority for Hawke's Bay as its preferred option.
- 228. This option best meets the legislative requirements for achievement of good local government in Hawke's Bay. It also meets what the LGC has identified as three key tests for local residents and ratepayers to use to satisfy themselves as to whether local government arrangements best meet their needs and expectations. These tests are for arrangements: which reflect people's identity with the area, which provide fair and effective representation; and are fair about who pays for what services.

Identity: Regional and local communities

- 229. There is a need for arrangements that recognise both a 'whole of Hawke's Bay' regional community of interest and also the distinct local communities of interest.
- 230. A 'whole of Hawke's Bay' approach would bind all communities together to create a stronger strategic vision for the region and provide a single voice to speak on behalf of Hawke's Bay.
- 231. One unitary authority for Hawke's Bay would recognise Hawke's Bay as a distinct regional community of interest to be represented by one mayor and one council.
- 232. The council would be responsible for 'the big picture' across Hawke's Bay. It would develop plans, policies, strategies and budgets for the whole region and how these are to be funded.
- 233. The diverse local communities that make up Hawke's Bay Region would be recognised and empowered through a strong region-wide second tier structure empowered to make decisions on matters that directly affect local communities.
- 234. At present the only option available for this second tier structure is community boards. However the option of local boards may become available in 2014 and the LGC is seeking views on this option as a possible modification to its draft proposal.
- 235. One unitary authority for Hawke's Bay would be best placed to meet current and future needs for good quality infrastructure, public services and regulatory functions and also assist achievement of improved economic performance.
- 236. The new council would elevate Hawke's Bay's relationship with central government, public sector agencies, private sector businesses and other organisations.
- 237. The new council would advocate for Hawke's Bay's social and economic development, its environmental sustainability and its current and future needs. It could negotiate partnerships and joint ventures on behalf of the whole region.

238. The new council would best future-proof Hawke's Bay against projected adverse demographic change and the consequences of economic deprivation in isolated communities.
239. The new council would remove uncertainty about the reliability and stability of current local government arrangements. The alternative of status quo arrangements and voluntary shared service agreements between councils does not have the same level of durability.
240. After consulting their local community, community boards would prepare plans and submit these for inclusion in the council's long-term and annual plans, they would oversee work in their local area and have appropriate delegated budgetary responsibilities.
241. Boards would allocate funding and operational grants to local groups and seek funding from external organisations for local projects. They would recommend new bylaws or changes to existing bylaws and to statutory resource management plans.
242. As a unitary authority, the new council underpinned by community boards, would reflect the social, economic, and cultural interests of the people and communities of Hawke's Bay; be best placed to maintain and enhance the quality of the Hawke's Bay environment; and be best placed to meet the reasonably foreseeable needs of future Hawke's Bay generations.

Representation: Boundaries and members

243. One mayor and one council elected from wards across the region, with a second tier of community boards representing distinct local communities, would provide effective representation of Hawke's Bay communities of interest and enable democratic local decision-making by and on behalf of those communities.
244. A well-designed representation system would address concerns that a single council for Hawke's Bay would be dominated by Napier and Hastings at the expense of the interests of smaller and more rural communities. The following system would provide effective representation for all communities of interest:
- a mayor elected at large across Hawke's Bay
 - five wards electing nine councillors to the new council
 - five community boards electing a total of 37 members
 - a Māori Board as a standing committee of the council.
245. Excluding the Māori Board, which would be partially elected and partially appointed, the new council and community boards would have a total of 47 elected members.
246. The region has a 2013 population of 151,179. The proposed council would have one elected member for every 3,286 people (excluding the mayor).
247. The comparative representation ratios of the current councils are set out in the following table.

Table 2: Elected representatives in Hawke’s Bay

	Hawke’s Bay Council	Current councils: total	HBRC	NCC	WDC	HDC	CHBDC
Population (2013)	151,179	151,179	151,179	57,240	7,890	73,245	12,720
Mayor or chair	1	5	1	1	1	1	1
Councillors	9	48	8*	12	6	14	8
Community board members	37	4	n/a	n/a	n/a	4	n/a
Population per elected representative**	3,286	2,852	16,797	4,770	1,315	4,069	1,590

* Excludes the chair

**Includes community board members but excludes mayors.

248. Local authorities are required to establish and maintain processes to provide opportunities for Māori to contribute to decision-making.¹⁹ The LGC considered options that would best assist the new council to meet its obligations.
249. The LGC does not have the power to establish separate Māori wards as part of a reorganisation scheme. There are also no powers to establish an independent Māori statutory board as was established in Auckland under recent reforms.
250. The LGC therefore considered other options that would enhance Māori representation and participation in local authority decision-making in Hawke’s Bay. It concluded that a two-tier engagement structure between Hawke’s Bay Māori and the new council would be most effective.
251. Under this structure there would be a Māori Board as a standing committee of the new council comprising both council and iwi representatives responsible for assisting the new council meet its statutory obligations in respect of Māori. The board would have the power to appoint members to other council committees.
252. The LGC was aware that a Hawke’s Bay regional plan committee is now in place comprising equal numbers of HBRC and iwi representatives. The purpose of the committee is to review and develop regional policy statements and regional plans for Hawke’s Bay under the Resource Management Act 1991. The LGC was also aware that a Bill is proposed to be introduced to Parliament, as part of Hawke’s Bay Treaty settlements, to entrench this committee.
253. At this time the LGC is proposing retention of the present committee as part of its draft proposal for local government arrangements in Hawke’s Bay. It will await the enactment of the Bill before considering the need for any amendments to these proposals relating to Māori participation in the decision-making of the new council.

Who pays for what: Financial implications

254. One council for Hawke’s Bay operating at the regional level would be in the best position to identify Hawke’s Bay’s needs and priorities, identify the opportunities to

¹⁹ See Local Government Act 2002, section 82

advocate and seek outside assistance to address these priorities, and decide how regional and local funding should be apportioned.

255. To assist the new council meet these expectations, the LGC carefully considered the appropriate approach to a number of important financial issues.

Rates and other income

256. The new council would use a rating system based on the land value of property, i.e. the unimproved value. It would move to an integrated rating system at the time of its first long-term plan for the period commencing 1 July 2018.
257. The council would develop a new integrated set of financial strategies and funding and financial policies as part of its first long-term plan.
258. These strategies and policies should allow for targeted rates to be applied for specific projects to recognise local priorities and desired levels of service on services such as local flood control, wastewater and water supply schemes, or particular community facilities.
259. Targeted rates recognise that benefits for particular residents or ratepayers are significantly greater than for residents or ratepayers elsewhere in the region.
260. However it must also be recognised that over time other communities need to benefit from upgraded systems and infrastructure in their areas. Ultimately communities of similar size or need should receive as a minimum, the same level of service from the new council.
261. Any rate set and assessed to meet annual charges in respect of any loan secured over the district of any of the former authorities, would continue to be set and assessed on the same area for a minimum period of six years.
262. Fees and charges for council services would be reviewed in the council's first long-term plan.

Debt and other financial arrangements

263. The Hawke's Bay councils have borrowed money, or have proposed to do so, to different levels to maintain or to invest in new assets. The LGC noted, however, NCC has recorded its intent to eliminate external debt in the near future. It will instead use its comparatively large financial reserves for the same purpose.
264. Borrowing by local authorities is appropriate where it spreads the costs and benefits of major facilities and assets fairly across generations. This approach is supported by the Auditor-General who commented recently on local authority debt trends around the country:

“overall, local authorities are planning to live within their means, and they are not raising rates to unreasonable levels to do this. Local authorities have a diverse range of circumstances and community requirements, each with its own demands. Local circumstances have led to arrangements that might appear unusual (for example, levels of debt). However, on closer examination, these arrangements are generally fit for purpose rather than imprudent.....Local authorities that do not like to use debt are not necessarily following a risk-free financial strategy. Not using debt can delay important infrastructure projects, which can have significant flow-on effects. For example, traffic congestion can stifle economic growth. Used in an appropriately prudent manner, debt is an

*effective way of spreading the costs of long-life assets. This approach applies the cost of the asset to the generations receiving the benefits.*²⁰

265. The LGC noted the different approaches to debt adopted by the five councils in the region. In particular it noted the intention of NCC to eliminate all external debt in the near future and apply reserves funding it has available. This can be compared to the approaches adopted by the other territorial authorities (WDC, HDC and CHBDC) which are in line with the comments of the Auditor-General.
266. In light of these different approaches adopted by the Hawke's Bay councils, the LGC proposes a ring-fencing of existing local authority debt so that liability for repayment remains with the communities where it was incurred for a period of at least six years. After that time it would be a matter for the new council to determine whether there should be any change to these arrangements.
267. Where development and financial contributions were taken by the existing councils for a specified purpose such as a local park, they would continue to be held and invested for that general purpose.
268. Specific funds may also be ring-fenced on the recommendation of the transition board, established to make decisions about the detailed arrangements for the new council, to ensure that original priorities are retained where appropriate.

²⁰ OAG, Matters Arising from the 2012-22 Local Authority Long-Term Plans, December 2012, pp.8 and 22.

The Draft Proposal

HAWKE'S BAY COUNCIL

1. Constitution

- (1) The proposal is for:
 - (a) a unitary authority to be constituted called Hawke's Bay Council
 - (b) a Hawke's Bay District comprising the area of the existing Hawke's Bay Region apart from the areas of Taupo District currently within Hawke's Bay Region
 - (c) transfer of all regional council statutory obligations to Hawke's Bay Council for areas of Taupo District currently within Hawke's Bay Region.
- (2) The constitution of Hawke's Bay Council will require the dissolution of the following local authorities (referred to in this proposal as the "affected authorities"):
 - (a) Hawke's Bay Regional Council
 - (b) Napier City Council
 - (c) Wairoa District Council
 - (d) Hastings District Council
 - (e) Central Hawke's Bay District Council.
- (3) The area of Rangitikei District currently within Hawke's Bay Region will be included in Hawke's Bay District.
- (4) The areas of Taupo District currently within Hawke's Bay Region will be included in Bay of Plenty Region, and the Bay of Plenty Regional Council's statutory obligations as a regional council will be transferred to Hawke's Bay Council.
- (5) Hawke's Bay Council will come into existence on 1 November 2015.

Note: A consequence of the proposed Hawke's Bay Council having largely the boundaries of the current Hawke's Region will be that Bare Island will come within the jurisdiction of Hawke's Bay Council for territorial authority purposes. Currently the Minister of Local Government is the territorial authority for Bare Island.

2. Status of Hawke's Bay Council

Hawke's Bay Council will be:

- (a) a territorial authority and
- (b) a unitary authority as defined in section 5 of the Local Government Act 2002 with the responsibilities, duties and powers of a regional council.

3. Transfer of statutory obligations

Hawke's Bay Council will have the statutory obligations of a regional council in the areas of Taupo District currently within Hawke's Bay Region.

4. First election

- (1) The first election of Hawke's Bay Council will be held in October 2015.
- (2) The first election of Hawke's Bay Council will be held using the first past the post electoral system.

5. Headquarters and service centres

- (1) The administrative headquarters of Hawke's Bay Council will initially be located in the area of the former Napier City.
- (2) Hawke's Bay Council must maintain services centres in Wairoa, Napier, Hastings, Waipawa and Waipukurau for not less than 5 years.
- (3) The existing services to the public at the time Hawke's Bay Council is established must continue to be provided in those locations for not less than 5 years.
- (4) Nothing in this proposal prevents the council from providing additional services during the five-year period referred to in subclause (3).

REPRESENTATION

6. Wards

- (1) Hawke's Bay will be divided into five wards. The wards are:
 - (a) Wairoa Ward
 - (b) Ngaruroro Ward
 - (c) Napier Ward
 - (d) Hastings Ward
 - (e) Central Hawke's Bay Ward.
- (2) A map of the proposed wards are contained in Schedule A to this proposal.

7. Membership

- (1) Hawke's Bay Council will comprise a mayor and nine councillors.
- (2) The mayor will be elected at large and the councillors from wards, as follows:
 - (a) one councillor elected by Wairoa Ward
 - (b) one councillor elected by Ngaruroro Ward
 - (c) three councillors elected by Napier Ward
 - (d) three councillors elected by Hastings Ward
 - (e) one councillor elected by Central Hawke's Bay Ward.

COMMUNITIES AND COMMUNITY BOARDS

8. Communities

The following communities will be established:

- (a) Wairoa Community
- (b) Ngaruroro Community
- (c) Napier Community
- (d) Hastings Community
- (e) Central Hawke's Bay Community.

9. Community boards

- (1) For each community there will be a community board.
- (2) Each community board will include the councillors representing the ward in which the community is situated, and the number of elected members listed below:
 - (a) Wairoa Community – six members
 - (b) Ngaruroro Community – seven members
 - (c) Napier Community – nine members
 - (d) Hastings Community – nine members
 - (e) Central Hawke's Bay Community – six members.
- (3) The members of the community boards will be elected from subdivisions as indicated in Schedule B to this proposal.

10. Powers of community boards

- (1) The community boards will have the powers and responsibilities listed in Schedule C.
- (2) Hawke's Bay Council may delegate powers to the community boards additional to those conferred by subclause (1) provided that the powers are not inconsistent with the powers conferred by subclause (1).

11. Council's obligations

- (1) The obligations of Hawke's Bay Council in relation to community boards will be to:
 - (a) provide each community board with sufficient information to identify business of the council that relates to the area of that board
 - (b) consult each board on appropriate matters materially affecting its community board area
 - (c) seek each community board's advice on significant council plans and strategies relating to that community board area
 - (d) provide the administrative and financial support needed for each community board to carry out its purpose.

- (2) The council and each community board must meet at least once each financial year to discuss matters of local importance and other administrative matters.

MĀORI PARTICIPATION

12. Māori Board

- (1) Hawke's Bay Council must, until at least the 2019 triennial general election, constitute and maintain a committee to be called the Māori Board.
- (2) The Māori Board will comprise:
 - (a) the mayor of Hawke's Bay and three councillors nominated by the council
 - (b) one representative of each iwi having rohe over part of Hawke's Bay
- (3) The members of the Māori Board will be nominated by each iwi organisation through their own appointment processes and then appointed by Hawke's Bay Council on the nominations.
- (4) The Māori Board will elect a chairperson from amongst its members.
- (5) The role of the Māori Board will be to help ensure that the views of Māori are taken into account in the exercise by the council of its functions, powers and duties.
- (6) The responsibilities of the Māori Board will be to:
 - (a) assist the council to meet its obligations to provide opportunities for Māori to contribute to the decision-making processes of the council
 - (b) advise the council on the application of statutory functions referring to the Treaty of Waitangi
 - (c) assist the council to foster the development of Māori capacity to contribute to council decision-making processes
 - (d) promote cultural, economic, environmental and social issues of significance for all Māori
 - (e) develop and maintain a schedule of issues of significance to Māori and give a priority to each issue in order to guide the committee in carrying out its responsibilities
 - (f) advise the council generally on matters affecting Māori.
- (7) Until at least the 2019 triennial election, the Māori Board may nominate a member for appointment to each of the council's committees other than:
 - (a) any committee established principally to review the chief executive's performance or remuneration
 - (b) subcommittees of council committees
 - (c) joint committees of local authorities.

13. Māori Committee on Resource Management

- (1) Hawke's Bay Council must establish a Māori Committee on Resource Management.

- (2) The Māori Committee on Resource Management will comprise:
 - (a) a representative of each of the nine claimant groups currently represented on the Hawke's Bay regional plan committee
 - (b) nine representatives of Hawke's Bay Council.
- (3) The Māori Committee on Resource Management will have co-chairpersons being one nominated by the claimant groups and one nominated by Hawke's Bay Council.
- (4) The role of the committee is to be responsible for meeting Hawke's Bay Council's obligations under the Resource Management Act 1991.

14. Council's obligations

- (1) Hawke's Bay Council must:
 - (a) provide the Māori Board with sufficient information to enable the board to identify business of the council that relates to the board's purpose
 - (b) consult the board on appropriate matters materially affecting the iwi of Hawke's Bay
 - (c) take into account the board's advice on ensuring that the input of the iwi of Hawke's Bay is reflected in the council's strategies, policies, and plans
 - (d) take into account the committee's advice on other matters
 - (e) make an agreement every year to provide the board with the reasonable funding and support it needs to carry out its purpose
 - (f) work with the board on the design and execution of documents and processes that relate to seeking the input of the iwi of Hawke's Bay.
- (2) The council and the board must meet at least 2 times in each financial year to discuss the council's and the board's performance of their duties.

15. Relationship with Māori

The existence of the Māori Board and the Māori Committee on Resource Management does not affect or reduce Hawke's Bay Council's responsibilities to have direct relationships with Hawke's Bay iwi and to meet any obligations under any Act in relation to Māori.

FINANCIAL MATTERS

16. Rating

- (1) Until Hawke's Bay Council adopts an integrated rating system in accordance with subclause (2), the rating arrangements provided for in the affected authorities' revenue and financing policies and funding impact statements, included in the affected authorities' long-term plans, and as modified by any annual plans, continue to apply.
- (2) Hawke's Bay Council will adopt a single integrated rating system to come into force on 1 July 2018.
- (3) Any general rate forming part of the integrated rating system will be assessed on the land value system.

- (4) In conjunction with adopting an integrated system, Hawke's Bay Council will prepare and apply a rates transition management policy to moderate the impact of the integrated rating system on individual rating units.
- (5) Until a general revaluation of the whole of Hawke's Bay is completed in accordance with the Rating Valuations Act 1998, and all components of that valuation take effect on the same date, section 131 of the Local Government (Rating) Act 2002 will apply to Hawke's Bay Council as if it were a regional council.

17. Loans

- (1) For a period of not less than 6 years, loans raised by the affected authorities will be repaid by targeted rates over the area of the former district for which that loan was raised (or part of the district where a loan was raised for the benefit of part of the area of one of the former districts).
- (2) Notwithstanding subclause (1), the area over which targeted rates are assessed to repay loans may be varied if it is determined that the area benefitting from a loan has changed.

18. Contributions

Hawke's Bay Council must use any development contributions (under Part 8 of the Local Government Act 2002) or financial contributions (under the Resource Management Act 1991) held or owed to the affected authorities for the purposes for which they were required by the affected authorities.

TRANSITION BODY

19. Transition body

- (1) A transition body will be constituted to make arrangements for establishment of Hawke's Bay Council.
- (2) The transition body will comprise:
 - (a) a transition board and
 - (b) an implementation team.
- (3) The purpose of the transition body will be to:
 - (a) prepare and implement a change management plan to guide transition to the new council arrangements
 - (b) undertake any roles and responsibilities specified by Order in Council
 - (c) prepare under delegation, or be consulted on, a reorganisation scheme relating to Hawke's Bay Council
 - (d) carry out any other actions that the Local Government Commission considers are necessary to or desirable for the transition to the new council arrangements.

20. Transition board

- (1) A transition board will be established to allow the affected authorities to work together to implement the final proposal.
- (2) The transition board will comprise 11 members as follows:

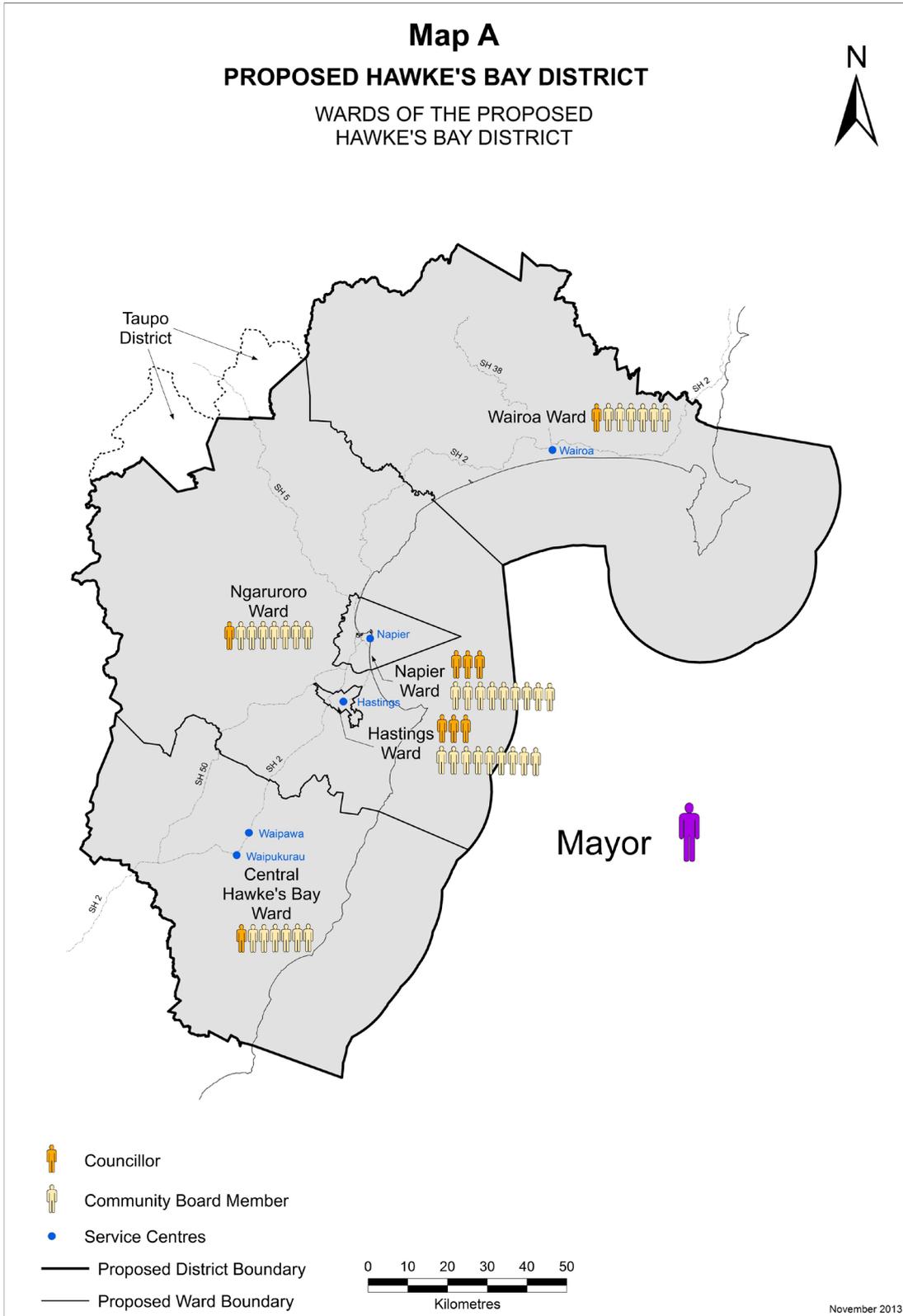
- (a) an independent chair appointed by the Local Government Commission
 - (b) two members nominated by Napier City Council from amongst its elected members
 - (c) two members nominated by Wairoa District Council from amongst its elected members
 - (d) two members nominated by Hastings District Council from amongst its elected members
 - (e) two members nominated by Central Hawke's Bay District Council from amongst its elected members
 - (f) two members nominated by Hawke's Bay Regional Council from amongst its elected members.
- (3) The role of the transition board will be to:
- (a) make recommendations to the Local Government Commission on matters of policy
 - (b) provide advice to the Local Government Commission
 - (c) exercise any powers and responsibilities delegated to it by the Local Government Commission
 - (d) appoint an interim chief executive for Hawke's Bay Council.
- (4) The transition board will review and make recommendations to Hawke's Bay Council on:
- (a) whether changes to the existing council controlled organisations are desirable or if any council controlled organisations should be established or disestablished
 - (b) the future location of the administrative headquarters of Hawke's Bay Council
 - (c) how Hawke's Bay Council can move to an integrated rating system by 1 July 2018.

21. Implementation team

- (1) The Local Government Commission will appoint an implementation team from among the staff of the affected local authorities.
- (2) The role of the implementation team will be to:
- (a) give effect to decisions made by the transition board
 - (b) provide advice on technical and operational matters to the transition board
 - (c) provide support to the interim chief executive.

SCHEDULE A

Map of Areas and Boundaries of the Proposed Hawke's Bay Council



SCHEDULE B

Membership of Community Boards

1. Wairoa Community Board

Wairoa town subdivision	3 members
Wairoa rural subdivision	3 members

2. Ngaruroro Community Board

Mohaka subdivision	2 members
Kahuranaki subdivision	2 members
Heretaunga subdivision	3 members

3. Napier Community Board

Ahuriri-Tamatea subdivision	3 members
Nelson Park subdivision	3 members
Taradale subdivision	3 members

4. Hastings Community Board

Flaxmere subdivision	2 members
Hastings Central subdivision	5 members
Havelock North subdivision	2 members

5. Central Hawke's Bay Community Board

Aramoana-Ruahine subdivision	3 members
Ruataniwha subdivision	3 members

SCHEDULE C

Powers and Responsibilities of Community Boards

1. Statutory role

- (1) The statutory role of a community board, as set out in section 52 of the Local Government Act 2002, is to:
- (a) represent and act as an advocate for, the interests of its community
 - (b) consider and report on all matters referred to it by the council, or any matter of interest or concern to the community board
 - (c) maintain an overview of services provided by the council within the community
 - (d) prepare an annual submission to the council for expenditure within the community
 - (e) communicate with community organisations and special interests within the community
 - (f) Undertake any other responsibilities that are delegated to it by the council.

2. Powers of community boards

- (1) The powers of the proposed community boards, under section 53(1)(b) of the Local Government Act 2002, will be as set out below.

Planning powers

- (2) Each community board may undertake the following planning functions:
- (a) Each community board, in the year following the local authority elections may, after consulting its communities, adopt a plan for its community for the purpose of identifying and communicating the interests, priorities and preferences of the community.
 - (b) The community plan is to reflect that community's priorities and preferences in relation to the level and nature of activities and services, and proposed developments to be provided or approved by the council in that community.
 - (c) A community board is required to use its community plan as the basis for its submissions on the council's long term, annual and other statutory plans.
 - (d) Where a community's desired levels of service are higher than the existing or proposed district-wide levels of service, the community board will recommend to the council the funding mechanisms to address this variation.
 - (e) For the purposes of paragraphs (a) and (b), levels of service relate to:
 - i. local roads, bridges, footpaths, cycleways, carparks and street lighting in the community
 - ii. water supply in the community
 - iii. wastewater collection and treatment in the community
 - iv. stormwater and river management in the community

- v. solid waste management in the community
- vi. coastal structures such as wharves and walls in the community
- vii. local aerodromes and airfields in the community
- viii. the mitigation of natural hazards in the community
- ix. libraries and other community facilities such as halls in the community
- x. cemeteries in the community
- xi. camping grounds, parks and reserves in the community.

Decision-making powers

- (3) Each community board may, provided they act in accordance with approved council budgets, policies, plans and bylaws:
- (a) undertake activities for which a budget has been allocated by the council to the board
 - (b) allocate funding and operational grants to groups in its community
 - (c) authorise member attendance at appropriate conferences and training courses
 - (d) monitor and review funding priorities within the approved community board budget
 - (e) seek funding (to be held by the council) from external organisations which can be applied to community projects within its community
 - (f) undertake the governance of public halls and other meeting and activity venues, public toilets, swimming pools and other community facilities in its community
 - (g) undertake the governance of any council owned museum and similar culture centres
 - (h) undertake the governance in respect of use of public places in its community including disbursement of any surpluses, after costs, for purposes within the community
 - (i) approve management and landscape plans for parks, reserves and public spaces within its community
 - (j) approve the granting of leases or licenses on reserves and public spaces within the community
 - (k) approve the design and location of neighbourhood improvements such as street furniture and artwork in its community
 - (l) grant consent for removal or replacement of trees, shrubs and other plants in parks, reserves, streets or other council land in its community
 - (m) approve traffic control measures, parking restrictions and traffic control signs on streets in its community (for example, stop and give way signs)
 - (n) approve the design and location of bus stops, and similar shelters in its community

- (o) approve the names of roads, streets and parks in its community
- (p) organise or assist in the organisation of public events in its community; for example street parades.

Recommendation and submission powers

- (4) Each community board may make recommendations to the council in respect of:
 - (a) the need for new or amended bylaws in its community
 - (b) traffic speed limits in its community
 - (c) the need for changes to statutory plans under the Resource Management Act 1991
 - (d) the need for changes to statutory plans under other legislation such as the Biosecurity Act 1993.
- (5) The community boards may not make submissions on resource consent applications, but may have comments included in an officers report on an application. This is to avoid conflicting positions within the same organisation, especially if a decision is appealed. The same principle shall apply to boards making submissions on external documents.

Committees

- (6) A community board may nominate a person to sit as a member of any committee of the council when the committee is considering or determining any matter applying to the community of that community board.
- (7) Subclause (6) does not apply to:
 - (a) a finance or audit committee of the council, the Māori Board established under clause 12, the Maori Advisory Committee on Resource Management established under clause 13, or a joint committee established under clause 30(1)(b) of Schedule 3 of the Local Government Act 2002
 - (b) a meeting of any other committee where that committee is considering a matter affecting 3 or more communities.

SCHEDULE D

Advantages and Disadvantages of the Proposal

Advantages

- (a) The proposal recognises the Hawke's Bay's regional community of interest.
- (b) It would provide a single voice to advocate to central government and to other parties on behalf of all of Hawke's Bay in relation to economic, social, cultural and environmental issues, and to negotiate partnerships, contracts and joint ventures.
- (c) The proposal recognises the significant affordability issues facing Wairoa and Central Hawke's Bay District Councils as a result of significant declining and ageing populations.
- (d) It would facilitate improved economic performance both within the new council and for the benefit of Hawke's Bay businesses and households. This would arise from cost savings and efficiencies resulting from consolidation of council activities and elimination of duplication; productivity improvements for those seeking council approvals and consents from a new 'one stop shop'; and simplified planning processes arising from integration of regional and district planning and a reduction in the number of plans.
- (e) It would eliminate confusion caused by the varying policies, standards and approaches of the existing five local authorities.
- (f) The proposal would better distinguish between strategic decision-making for Hawke's Bay as a whole and local decision-making on matters of importance to local communities.
- (g) It would provide for empowered local decision-making under new region-wide community board arrangements.
- (h) The proposal would protect the value of regional and district assets such as the port and airport, including investments in them, for the community.
- (i) The proposal would enable enhanced strategic capacity for Hawke's Bay local government as a result of increased scale and specialisation.
- (j) It would enhance operational capacity for delivery of core council services such as roading and the 'three waters' particularly in Wairoa and Central Hawke's Bay Districts.
- (k) The proposal best provides for future proofing Hawke's Bay communities of interest against projected adverse demographic change and the consequences of economic change in particular parts of the region.
- (l) Establishment of one new authority would provide certainty and eliminate the need for ongoing discussion between the current councils about possible better arrangements and whether voluntary shared service arrangements could achieve desired outcomes.
- (m) Of the available options, the proposal for a single unitary authority for Hawke's Bay best meets the criteria in the Local Government Act for "good local government".

Disadvantages

- (a) The proposal would result in reduced numbers of councillors and mayors to represent Hawke's Bay but this would be offset by significantly enhanced local representation and decision-making by community boards.
- (b) There may be a perceived risk of the new local authority being dominated by the Napier-Hastings area but this has been addressed by a ward system of representation and a structure of empowered community boards able to make decisions on local matters.
- (c) There may be a perceived risk of loss of local identity with the establishment of one council but:
 - i. examples of amalgamation do not support the argument that a local area loses its identity as a result of local government reorganisation, for example amalgamation of the former Taradale and Havelock North Boroughs
 - ii. the ongoing viability of local communities is more significantly impacted by economic decline than by local government arrangements
 - iii. the proposed system of community boards would address any concerns raised about local matters not being dealt with locally.
- (d) There will be uncertainty for staff as a result of the union of existing authorities and in the period immediately after the establishment of the new council. This can be addressed by effective transition processes including good communication.
- (e) There is a risk to continued delivery of services to the public during the transition period and for a time after establishment of the new council. This will need to be addressed through the transition process.
- (f) There will be one-off costs arising from transition, such as staff redundancies, development of new plans and policies, and new integrated support systems including information technology systems. Apart from staff redundancies, most one-off costs will occur over several years and be carefully planned, funded and managed over an appropriate period.
- (g) There is potential for loss of employment in local areas because of council redundancies and a possible shift towards fewer council contracts. The new council will be able to develop strategies to address these concerns.
- (h) There may be concerns about excessive centralisation of council functions in the largest centre(s). This can be addressed through the transition process and decisions by the new council. Creative use of technology and the spread of service centres across the region will assist good distribution of resources.
- (i) There may be concerns about the spread of existing localised debt across the region but this is addressed through proposals about ring-fencing of debt for a period of at least six years. After that period it will be up to the new council, reflecting the views of Hawke's Bay residents and ratepayers, to decide whether there should be any changes to these arrangements.

SCHEDULE E

Iwi and Hapū in Hawke's Bay Region

Introduction

Clause 14(3) of Schedule 3 of the Local Government Act 2002 requires a draft reorganisation proposal to list the names and areas of interest of iwi and hapū in the reorganisation area, in this case, Hawke's Bay Region.

The Commission has used information on the website Te Kahui Mangai (www.tkm.govt.nz), based on advice from Te Puni Kokiri for this purpose. The Commission has supplemented this advice with information from the Office of Treaty Settlements. Larger maps of rohe and areas of interest are available at Te Kahui Mangai.

Iwi and claimant groups

- Ngāti Kahungunu
- Ngai Tūhoe
- Ngāti Tūwharetoa

- Ngāti Kahungunu ki Heretaunga Tamatea
- Mana Ahuriri (representing Ahuriri hapū a group of seven hapū)
- Maungaharuru Tangitu
- Ngāti Hineuru
- Ngāti Pāhauwera
- Ngāti Ruapani ki Waikaremoana
- Te Wairoa

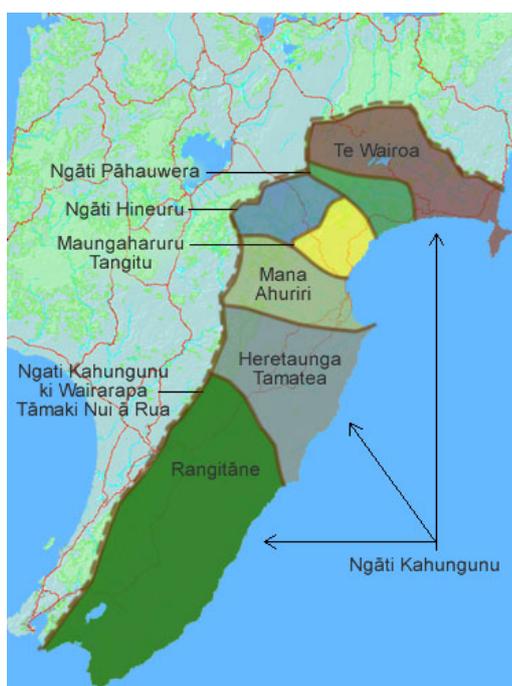


Figure 2: Hawke's Bay Iwi Map, courtesy Te Puni Kokiri/Te Kahui Mangai

Ngāti Kahungunu ki Heretaunga Tamatea

Ngāti Kahungunu ki Heretaunga
Tamatea hapū are:
Ngai Tahu ki Takapau
Ngai Te Ao
Ngai Te Kikiri o Te Rangī
Ngai Te Oatua
Ngai Te Rangikoianake
Ngai Te Ūpokoiri
Ngai Toroiwaho
Ngāti Hāwea
Ngati Hikatoa
Ngati Hinemanu
Ngati Hinemoa
Ngati Hinetewai
Ngāti Hoata
Ngāti Whatuiāpiti
Ngāti Honomokai
Ngati Hōri
Ngāti Hōtoa
Ngati Kautere
Ngati Kere
Ngāti Kotahi
Ngati Kurukuru
Ngati Mahuika
Ngati Manuhiri
Ngati Mārau o Kahungunu
Ngati Mihiroa
Ngati Ngarengare
Ngāti Pōporo
Ngati Pukututu
Ngati Rahunga
Ngāti Takaroa
Ngāti Tamatea
Ngāti Tamaterā
Ngati Te Rangitekahutia
Ngati Te Rehunga
Ngāti Toaharapaki
Ngāti Tukuaterangi
Ngati Urakiterangi
Ngati Whakaiti
Rangitotohu
Ngāti Pīhere
Ngāti Papatuamāro

Mana Ahuriri

Mana Ahuriri hapū are:
Ngāi Tāwhao
Ngāti Tū
Ngāi Te Ruruku ki Tangoio
Ngāti Matepu
Ngāti Hinepare
Ngāti Pārau
Ngāti Māhu

Ngāti Hineuru

Ngāti Hineuru does not have hapū.

Maungaharuru Tangitu

Maungaharuru Tangitu hapū are:
Marangatuhetaua (Ngāti Tū)
Ngāi Te Ruruku ki Tangoio
Ngāti Kurumōkihi (Ngāi Tātarā)

Ngāti Kahungunu

The hapū of Ngāti Kahungunu within the affected area are:

WAIROA
Kurahikakawa
Mātawhaiti
Ngāi Rākatō
Ngāi Tamaterangi
Ngāi Tānemitirangi
Ngāi Te Apatu
Ngāi Te Ipu
Ngāi Te Kapuamātotoru
Ngāi Tū
Ngāti Hine
Ngāti Hinehika
Ngāti Hinemihi
Ngāti Hinepehinga
Ngāti Hinepua
Ngāti Hingānga (Te Aitanga o Pourangahua)
Ngāti Kahu
Ngāti Kōhatu
Ngāti Kurupakiaka (Te Kāwiti)
Ngāti Mākoro
Ngāti Mātangirau
Ngāti Mihi
Ngāti Moewhare
Ngāti Pāhauwera
Ngāti Peehi
Ngāti Tama
Rakaipaaka
Rongomaiwahine
Ruapani

Ngāti Kahungunu

The hapū of Ngāti Kahungunu within the affected area are:

TAMATEA
Ngāi Tahu o Kahungunu
Ngāi Te Kikiri o Te Rangī
Ngāi Te Oatua
Ngāi Toroiwaho
Ngāti Hinetewai
Ngāti Kekehaunga
Ngāti Kere
Ngāti Manuhiri
Ngāti Mārau o Kahungunu
Ngāti Parakiore
Ngāti Pihere
Ngāti Pukututu
Ngāti Tamatea
Ngāti Tamaterā
Ngāti Whatuiāpiti
Rangī Te Kahutia
Rangitotohu
Tamatea Hinepare o Kahungunu

Ngāti Kahungunu

The hapū of Ngāti Kahungunu within the affected area are:

WHANGANUI A OROTU
Marangatuhetaua (Ngāti Tū)
Ngā Hau E Whā
Ngāi Tātara
Ngāi Tāwhao
Ngāi Te Ruruku ki Tangoio
Ngāti Hinepare
Ngāti Hineuru
Ngāti Hōri
Ngāti Kurumōkihi (Ngāi Tātārā)
Ngāti Māhu
Ngāti Matepu
Ngāti Pārau
Ngāti Toaharapaki
Ngāti Tū
Ngāti Whakaari

Ngāti Kahungunu

Some hapū in TAMAKI NUI A RUA may also be in the affected area:

Ngā Hau E Whā
Ngāti Hāmua
Ngāti Mutuahi
Ngāti Pakapaka
Ngāti Te Rangīwhakaewa
Te Hika a Pāpāuma

Ngāti Kahungunu

The hapū of Ngāti Kahungunu within the affected area are:

HERETAUNGA
Ngāi Te Rangikoianake
Ngāi Te Ūpokoiri
Ngāti Hāwea
Ngāti Hikatoa
Ngāti Hinemanu
Ngāti Hinemoa
Ngāti Honomokai
Ngāti Hōri
Ngāti Hōtoa
Ngāti Kautere
Ngāti Kurukuru
Ngāti Mahuika
Ngāti Mihiroa
Ngāti Ngarengare
Ngāti Paki
Ngāti Papatuamāro
Ngāti Pōporo
Ngāti Rahunga
Ngāti Tama
Ngāti Tamaterā
Ngāti Taraia
Ngāti Te Rehunga
Ngāti Urakiterangi
Ngāti Whakaiti
Ngāti Whatuiāpiti
Ngāti Whiti
Ngāti Whitikaupeka

Ngāti Pāhauwera

Hapū of Ngāti Pāhauwera are:

Ngā Uri-o-Māmangu
Ngāi Tahu
Ngāi Tāne
Ngāi Tāpui
Ngāi Taumau
Ngāi Te Ao Kapiti / Aukapiti
Ngāi Te Aonui
Ngāi Te Āwhā
Ngāi Te Huki
Ngāi Te Ngau Pātea
Ngāi Te Rau
Ngāi Te Rauiri
Ngāti Iriwhata
Ngāti Kapekape
Ngāti Katihe
Ngāti Kōtihe
Ngāti Matengahuru
Ngāti Moe
Ngāti Pāhauwera
Ngāti Pāroa
Ngāti Peke
Ngāti Poupou
Ngāti Rāhui
Ngāti Rangitohumare
Ngāti Tahiroa
Ngāti Tataku
Ngāti Taumau
Ngāti Wera
Ngāti Te Rangitakuao
Ngāi Te Rongo
Ngāi Te Ruatai
Ngāi Te Ruruku
Ngāitahiao
Ngāitahuao
Ngāitaraparao
Ngāti Hine Kū
Ngāti Hine Mura
Ngāti Hine Rākai
Ngāti Hine Tunge
Ngāti Hineiro
Ngāti Hinekaraka
Ngāti Hinemōkai
Ngāti Hineterangi/NgātiHinePaia
Ngāti Honomōkai
Ngāti Huatu
Ngāti Ira
Ngāti Irirangi
Ngāti Kaihaere
Ngāti Kapukapu
Ngāti Kawe
Ngāti Kura / Kurahikakawa
Ngāti Mawete
Ngāti Paeahi
Ngāti Pari
Ngāti Pēhi
Ngāti Pouanga

Ngāti Pāhauwera (continued)

Ngāti Purua / Popoia
Ngāti Rangiaitu
Ngāti Ruakōhatu
Ngāti Taponga / Tapunga
Ngāti Tauhere
Ngāti Te Pānga
Ngāti Tuhemata
Ngāti Ao Kino
Ngāti Heki
Ngāti Heouri
Ngāti Hikapii
Ngāti Hine Kete
Ngāti Hine Kino
Ngāti Kahu-o-te-Rangi
Ngāti Kapua Mātotoru
Ngāti Kautata
Ngāti Kukura
Ngāti Matewai
Ngāti Mouru
Ngāti Paieka
Ngāti Patupaku
Ngāti Pōporo
Ngāti Pūraro
Ngāti Rangi Haere Kau
Ngāti Ririwehi
Ngāti Tangopu
Ngāti Tātua
Ngāti Te Māha

Ruapani ki Waikaremoana

Ruapani ki Waikaremoana hapū are:

Ngāti Hinekura
Ngāti Taraparao
Te Whānau Pani

Te Wairoa

The hapū of Te Wairoa within the affected area are:

NGĀTI TAMATERANGI /
HINEMANUHIRI
Ngāti Mākoro
Ngāti Tamaterangi

Te Wairoa

The hapū of Te Wairoa within the affected area are:

NGĀTI RAKAIPAAKA
Ngāi Tamakahu
Ngāi Te Rehu
Ngāi Tureia
Ngāti Kauaha
Ngāti Rangi

Te Wairoa

The hapū of Te Wairoa within the affected area are:

RONGOMAIWAHINE / TE
RĀKATŌ
Ngāi Rākatō
Ngāi Tārewa
Ngāi Tū
Ngāti Hikairo
Rongomaiwahine

Te Wairoa

The hapū of Te Wairoa within the affected area are:

TE WAIROA TAPOKORAU
Ngāi Tanemitirangi
Ngāi Te Apatu
Ngāi Te Kapuamātotoru
Ngāti Hinemihi
Ngāti Kahu
Ngāti Kurupakiaka (Te Kāwiti)
Ngāti Mātangirau
Ngāti Mihi
Ngāti Moewhare
Ngāti Peehi

Te Wairoa

The hapū of Te Wairoa within the affected area are:

WAIROA-WAIKAREMOANA
MĀORI TRUST BOARD
Ngāti Hinehika (Ngāti Kōhatu)
Ngāti Hingānga (Te Aitanga o
Pourangahua)
Ngāti Kurupakiaka (Te Kāwiti)

Te Wairoa

The hapū of Te Wairoa within the affected area are:

WHAKAKĪ NUI-A-RUA
Mātawhaiti
Ngāi Te Ipu
Ngāti Hine
Ngāti Hinepua

Ngai Tūhoe

The hapū of Ngai Tūhoe are:
MAUNGAPOHATU
Tamakaimoana

Ngai Tūhoe

The hapū of Ngai Tūhoe are:
WAIMANA
Ngā Maihi
Ngāi Tama
Ngāi Tamatuhirae
Ngāi Tātua
Ngāti Raka
Ngāti Rere
Tamakaimoana
Tamaruarangi
Te Whakatāne
Tūranga Pikitoi

Ngāti Tūwharetoa

Hapū of Ngāti Tūwharetoa are:

Ngāti Hā
Ngāti Hikairo
Ngāti Hine
Ngāti Hinemihi
Ngāti Hinerau
Ngāti Hineure
Ngāti Hineuru
Ngāti Kurauia
Ngāti Manunui
Ngāti Moekino
Ngāti Parekaawa
Ngāti Rauhoto
Ngāti Rongomai

Ngai Tūhoe

The hapū of Ngai Tūhoe are:
RŪĀTOKI
Hāmua
Ngāti Kōura
Ngāti Mura
Ngāti Rongo
Ngāti Tāwhaki
Te Māhurehure
Te Urewera
Te Whānau Pani

Ngai Tūhoe

The hapū of Ngai Tūhoe are:
RUATĀHUNA
Kākahu Tāpiki
Ngāi Te Paena
Ngāi Te Riu
Ngāti Kurī Kino
Ngāti Manunui
Ngāti Rongo
Ngāti Tāwhaki
Tamakaimoana
Te Urewera

Ngāti Tūwharetoa (continued)

Ngāti Ruingarangi
Ngāti Tamakōpiri
Ngāti Tarakaiahi
Ngāti Te Kohera
Ngāti Te Maunga
Ngāti Te Rangiita
Ngāti Te Urunga
Ngāti Turangitukua
Ngāti Turumakina
Ngāti Tutemohuta
Ngāti Tutetawhā
Ngāti Waewae
Ngāti Wairangi
Te Kapa o Te Rangiita

Ngai Tūhoe

The hapū of Ngai Tūhoe are:
WAIKAREMOANA
Ngāti Hinekura
Te Whānau Pani

Ngai Tūhoe

The hapū of Ngai Tūhoe are:
TE WHĀITI
Ngāti Hāmua
Ngāti Whare
Te Karaha
Warahoe

Ngai Tūhoe

The hapū of Ngai Tūhoe are:
WAIŌHAU
Ngāti Haka
Patuheuheu

How to Make a Submission

The Local Government Commission welcomes your feedback on any part of the draft proposal. The format below can be used as a guide.

Name:

Is your submission on behalf of a group? Please identify the group.

Contact details - phone number, email, postal address:

Which council(s) is most relevant to your home or business?:

Do you wish to appear before the Commission at public hearings?

Do you support all or any part of the draft proposal?

What do you support and why?

Do you oppose all or any part of the draft proposal?

What do you oppose and why?

Do you feel certain parts of the draft proposal should be changed? Can you suggest new wording?

What do you think good local government would look like in Hawke's Bay?

The closing date for submissions is **7 March 2014** Please send your submission to:

email: info@lgc.govt.nz

or by post to: Hawke's Bay Reorganisation Proposal
Local Government Commission
PO Box 5362
Wellington 6145
NEW ZEALAND

We will not treat any part of your submission as confidential unless you specifically request it. We may make submissions publicly available on our website, or compile a summary of them, or highlight individual submissions. Please clearly state if you want us to withhold any part of your submission.

Appendix

Consultation and meetings

In addition to the original application, the Local Government Commission considered 19 responses to the invitation for alternative applications.

It also held a number of meetings between February and October 2013:

1. Five Hawke's Bay councils (individually) – elected members
2. 'A Better Hawke's Bay' Trust
3. Ngati Kahungunu Inc
4. Ministry of Health officials (LGC staff)
5. Ministry for the Environment officials (LGC staff)
6. NZ Council for Infrastructure Development
7. National Council of Women
8. Rural Women
9. Auckland Council – chairs of local boards (11)
10. Five Hawke's Bay councils (individually)
11. 'A Better Hawke's Bay' Trust
12. NZ Transport Agency officials Wellington (LGC staff)
13. Mayor of Gisborne District
14. Mayor and chief executive of Tararua District Council
15. Chair and chief executive of Horizons Regional Council
16. NZ Transport Agency
17. Napier & District Grey Power Association
18. Hawke's Bay Fruitgrowers Association
19. Pan Pac Forest Products Ltd
20. Ken Gilligan – ex Port of Napier CEO
21. Hawke's Bay Chamber of Commerce
22. 'Dedicated and Democratic' group
23. Napier Port Ltd
24. Whanganui A Orotu
25. Hawke's Bay Tourism
26. 'Upstream Wairoa' business group
27. Hawke's Bay District Health Board
28. Andrew Newman – manager Ruataniwha water storage project
29. Office of Treaty Settlements (LGC staff)
30. Five Hawke's Bay councils' staff individually (LGC staff)
31. Ministry of Civil Defence and Emergency Management officials (LGC staff)
32. Auckland Council - chairs of local boards (2)
33. Auckland Mayor's Office - advisors on local boards
34. Tuwharetoa
35. Tuhoë
36. Hawke's Bay regional planning committee (iwi representatives)
37. Public meetings: Wairoa (2), Hastings (2), Napier (2), Waipawa, Waipukurau
38. Local MPs, party representatives

Bibliography and Glossary

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- McCredy Winder & Co 'Future Prosperity of the Hawke's Bay Region, Part 1: Issues and Options' August 2012
- McCredy Winder & Co 'Potential Costs and Savings of Local Government Reform in Hawke's Bay' June 2013
- Ministry of Business, Innovation and Employment, *Regional Economic Activity Report*, August 2013.
- Office of the Auditor-General, *Matters Arising from the 2012-22 Local Authority Long-Term Plans*, December 2012
- Parliamentary Commissioner for the Environment and Controller and Auditor-General, *Local Government Environmental Management – A study of models and outcomes*
- PricewaterhouseCoopers, *Hawke's Bay Region Population Trends 2011-31*
- PricewaterhouseCoopers, *Understanding the Hawke's Bay Region economy*

Central government and local government agency websites:

- Dept. of Internal Affairs: *Local Government in New Zealand*, <http://www.localcouncils.govt.nz/lqip.nsf>
- Local Government New Zealand: <http://www.lgnz.co.nz/>
- New Zealand Transport Agency: <http://www.nzta.govt.nz/index.html>
- Statistics New Zealand: <http://www.stats.govt.nz/>

Legislation

- Local Government Act 2002
- Local Government (Rating) Act 2002
- Local Electoral Act 2001
- Resource Management Act 1991

GLOSSARY OF LOCAL AUTHORITIES

Structure

There are 78 local authorities in New Zealand:

- 11 regional councils
- 12 city councils (largely urban populations of more than 50,000 people)
- 54 district councils
- 1 Auckland Council (following amalgamation of 8 former councils on 1 November 2010)

New Zealand has 108 regional councillors, 67 mayors, 716 territorial authority councillors and 149 Auckland local board members. Approximately 30,000 people work in local government.

Regional councils

A regional council manages a region's natural and physical resources and environment. It must manage the resources in a sustainable way, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety.²¹

This includes flood control, soil erosion, air and water quality, the use of water and geothermal energy, pest control, public transport, regional parks, harbour navigation and marine pollution, regional emergency management and civil defence preparedness, and bulk water supply.

Regional councils have between six and 14 members, including a chairperson who is elected by the councillors.

Territorial authorities

A territorial authority is either a city council or a district council. Territorial authorities have between six and 30 members, including a mayor elected by the community at large. Responsibilities include:

- local infrastructure, including water, sewerage, storm water, roads
- libraries, museums, reserves, sports facilities
- rubbish collection and disposal

²¹ Resource Management Act 1991, s.5

- environmental safety and health
- district emergency management and civil defence preparedness
- regulating services e.g. dog control, liquor licensing
- building control
- public health inspections and other environmental health matters
- controlling the effects of land use including hazardous substances, natural hazards and indigenous biodiversity
- noise control
- controlling the effects of activities on the surface of lakes and rivers
- town planning
- economic development.

Unitary authorities

Six territorial authorities also have the powers of a regional council. They are referred to as unitary authorities. Auckland, Gisborne, Nelson, Tasman, Marlborough and the Chatham Islands are unitary authorities.

Community boards

More than 100 community boards operate in urban and rural areas of territorial authorities. They were created by the local government reforms in 1989. Community boards are a link between the council and the community. They have input into some council decisions and can have specific powers delegated to them by the council. Community boards can be established at any time but may only be abolished as part of a council's regular representation review carried out before local authority elections although any such decision can be appealed to the Local Government Commission. A community board cannot levy rates, make bylaws, buy property, borrow money, sell assets or hire or fire staff. A community board can make recommendations and submissions on issues such as speed limits and other traffic and roading issues in its area; it can manage community halls and reserves and sports grounds; and help co-ordinate civil defence preparation.

A community board has between four and 12 members. It must have at least four elected members and other members may be appointed. A community board must have a majority of elected members.

Local boards

The 2012 reforms enabled the Auckland local boards model to be copied but only for an urban unitary authority with a population of more than 400,000. This population limit effectively made local boards unavailable as an option for Hawke's Bay at the present time. Local boards share governance on non-regulatory matters with a council's governing body (i.e. mayor and councillors), and they can only be established or abolished by a local government reorganisation scheme.

A 2013 Amendment Bill would enable the 'two-tier' governing body/local boards governance model to be introduced for any unitary authority in the country. Further, it would enable local boards to be established in only one part of a district. This recognises circumstances where some services and facilities overseen by local boards are not provided in some rural areas. Other arrangements, such as community boards or area sub-committees, would continue to be an option for providing a local voice in those areas.

New local board planning, funding and accountability processes would be determined initially by the Local Government Commission through the reorganisation process and could later be varied by agreement between the governing body and the local boards.

Acronyms

ABHBT	A Better Hawke's Bay Trust
CHBDC	Central Hawke's Bay District Council
CCO	Council controlled organisation.
GDP	Gross Domestic Product: the value of all goods and services produced in a certain time
HDC	Hastings District Council
HBRC	Hawke's Bay Regional Council
LGA	Local Government Act 2002
LGC	Local Government Commission
NCC	Napier City Council
WDC	Wairoa District Council



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