

**Think-piece prepared for Ali Boswijk,
Chief Executive of the Nelson Tasman Chamber of Commerce.**

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Introduction

Thank you for the opportunity to develop this paper which combines the history of the past proposals, current factors, options, opportunities and my views. It is refreshing to openly share my opinions drawn from my experience with Tasman District Council and discussions held. As is the nature of local government it is very difficult to contain the discussion and I hope I have struck the right balance.

Executive Summary

1. Any discussion on a union of Nelson City Council (NCC) and Tasman District Council (TDC) sits within the context of a failed reorganisation proposal in 2012 (the 2012 proposal).
2. A further proposal may be put to the Local Government Commission (the Commission) by one or both of the councils, a group of 10% of electors, or the Minister of Local Government.
3. From initiation of an investigation through transition to adoption of a single Council long term plan a timeframe of at least 5 years can be expected.
4. A union would likely increase democracy costs and require significant resources for transition. Once fully transitioned cost savings up to 6.1% of total annual operating and capital expenditure was estimated in 2012. New work would be required to provide updated and accurate information.
5. A review of submissions to the 2011 draft proposal provide insight into the views of those for and against a union.
6. The final 2012 proposal made further changes and there was no opportunity for submission on those changes which reinforced a perception of Nelson ratepayers as winners, and Tasman ratepayers as losers.
7. There are material differences between Nelson and Tasman districts which are resulting in tensions and undermining collaboration.
8. Financial sustainability is becoming a critical issue for many councils and reinforces the importance of taking measures to maximise efficiency and effectiveness.
9. The dialogue needs to shift from “shared services or amalgamation” to “optimal shared services and amalgamation” with a willingness and commitment to examine both.
 - a. There are numerous options to build on the current platform of shared services including many where work could commence immediately
 - b. Current shared services are taking the heat out of reasonable expectations that the two councils are progressing every opportunity to work together for better value for money and enhanced services
 - c. Optimal shared services could bring most of the benefits proposed by amalgamation while maintaining the current level of representation. However, it would require enduring shared accountability, commitment and resources that may not realistically be achieved without amalgamation.

10. Any move towards a new amalgamation proposal must address the key issues that led to the defeat of the 2012 proposal i.e. rates, debt and representation.
11. Any initiation of a proposal by a particular interest group is likely to galvanise opposition.
12. There are options to progress a proposal that is not seen as aligned to any particular group or agenda.
13. Nelson and Tasman councils need to accept responsibility for genuinely examining both shared services and amalgamation. Any reluctance to do so is not in the best interests of the region.

Background

In 2010 a proposal for a union of NCC and TDC was initiated by a petition to the Commission signed by more than 10% of electors in both Nelson and Tasman districts. Significant work was undertaken by the Commission to investigate the implications of a union with a Final Reorganisation Scheme put to a poll of electors in March/April 2012. The proposal was defeated when it failed to receive a minimum 50% in favour from each district. The process and timeline from initiation to conclusion is shown below:

Date	Action
Jul 2010	Petition meets 10% threshold of electors
Aug 2010	Commission appoints Aldo Miccio as 'representative of electors'
Sep 2010	Call for submissions by 9 Nov 2010
Dec 2010	Hearings
Jun 2011	Commission decides on draft reorganisation scheme
Jun 2011	Draft Reorganisation Scheme proposing union released, submissions by Aug 2011
Sep/Oct 2011	Hearings: 107 submitters (402 total submissions)
Jan 2012	Commission releases Final Reorganisation Scheme
Apr 2012	Voting: 57% in Nelson for, 74% in Tasman against, proposal defeated

NB. A vote if undertaken today would require at least 50% of total voters of the proposed Council area (not 50% in each electorate). If the 2012 votes were combined the proposal would still have been defeated at 66% opposed).

This paper discusses a number of factors relating to that proposal and subsequent developments with a focus on the question “If a future amalgamation of Nelson and Tasman districts is likely, what factors should be considered?”

The Local Government Commission process

A request may be made to the Local Government Commission to consider a proposed local government reorganisation (a reorganisation initiative) or to conduct an investigation into an issue with current local government arrangements but without proposing a particular reorganisation (a reorganisation investigation). The request can be made by:

- one or more affected local authorities, or
- a group of at least 10% of electors of an area, or
- the Minister of Local Government.

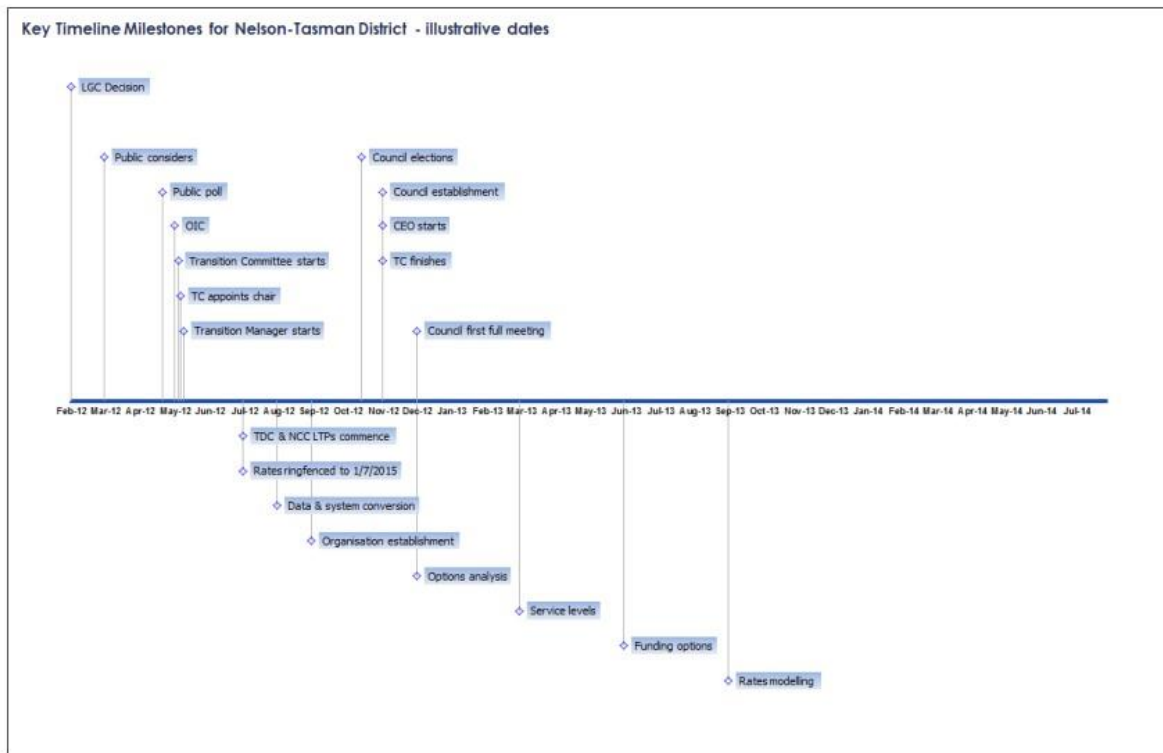
If all requirements for information and evidence relating to any request are met the Commission will consider factors specified in legislation and consult the affected local authorities before deciding whether to undertake an investigation. However, a request may also be made to the Commission for it to conduct an investigation into an issue or a matter without proposing a particular reorganisation. This is called a request for a reorganisation investigation.

Timeline from commencement to full implementation

The last investigation and proposal (2010-2012) took 22 months from acceptable petition to vote. The Commission have confirmed that this continues to be a realistic timeframe.

Had the vote been in favour the transition process was to commence in May 2012 with a Transition Manager and a Transition Committee to provide advice and recommendations to the new council which would commence in November 2012. As soon as practicable a new CEO would be appointed and the Transition Manager would finish. The Transition Manager and project team were estimated to be in place for 12-18 months. The timeline below shows a total of 16 months to deliver all transition milestones.

Figure 2. The timing and stages of the 2010 proposal.



Source: Addendum Report for the Local Government Commission on financial and service delivery matters relating to the proposal for a union of Nelson City and Tasman District.

Implementation would have been considered complete with the adoption of a Nelson Tasman District Council Long Term Plan required by 1 July 2015.

As shown below from initiation of an investigation to full implementation a period of 5 years can be expected.

- July 2010: Investigation initiated
- April 2012: Poll of electors
- October 2012: New Council elections
- September 2013: Transition milestones complete
- July 2015: Adoption of a Nelson Tasman District Long Term Plan

Cost

The Commission undertakes and funds the investigation through to the poll of electors. Councils incur costs through the provision of information to both the Commission and the community, the preparation of submissions, and the response to increased public interest.

In order to consider likely costs of amalgamation I have outlined below the key factors of the 2012 proposal and the predicted costs and savings that would arise during and after transition through to implementation.

The key factors of the 2012 reorganisation proposal

Immediately following a successful poll, a transitional committee and project capacity would be established with an election for the newly constituted Unitary Authority of Nelson Tasman District Council to take place in October 2012 (including election of the two new Community Boards for Motueka and Golden Bay¹). The new Council would come into force on 1 November 2012 and remain in place until the 2016 Local Government elections i.e. a 4-year term.

- The united district would comprise a Mayor and 16 ward Councillors across 8 wards with two Community Boards:

Ward	No. of Ward Councillors	Community Boards
Golden Bay	1	4 elected members plus 1 appointed ward councillor
Lakes Murchison	1	-
Motueka	2	4 elected members plus 2 appointed ward councillors
Moutere-Waimea	2	-
Richmond	3	-
Stoke	3	-
Nelson	3	-
Atawhai	1	-

¹ Community Boards currently exist for Motueka and Golden Bay but would be disbanded and reformed with the new Council.

- A Māori Board would be established comprising the mayor, one representative of each iwi, and one representative of Mātāwaka
- A Rural Advisory Committee would be established comprising the mayor and one representative nominated by each of the following bodies:
 - Federated Farmers, Golden Bay and Nelson
 - Rural Women NZ, Golden Bay and Nelson
 - Fruit growers
 - Wine and grape industry
 - Forestry industry
- The administrative headquarters of the new council would be located in Richmond.
- The existing services to the public, provided in Nelson City, Motueka, Murchison, Richmond and Takaka were required to continue to be provided in those locations for a period of not less than five years from the date the scheme came into effect
- The rating arrangements of each Council would continue to apply until a new long-term plan would come into force on 1 July 2015, in which the united Council was required to adopt the capital value system. Until then the long-term plan prepared by each Council would remain in effect.
- Money borrowed by the affected local authorities was to be repaid by targeted rates over the area of the former district for which that money was borrowed
- Each Council's Regional Policy Statement and Resource Management Plans would be considered regional statements and plans until superseded by a single Council statement and plan.
- Other statements, plans, policies, rules or strategies remain applicable to each area until revoked, expired or superseded by the new council's statements, plans, policies, rules or strategies.

The above is a broad summary only and the full reorganisation proposal (which includes details of transition and implementation) should be read for a detailed summary. For the purposes of this paper, I have focused on the headlines that were likely to draw public attention.

Predicted costs and savings arising from a Nelson Tasman Union:

The proposal includes estimated costs and savings arising from a union as shown in the table below:

Remuneration for elected members	Additional cost \$362k pa	Even with 10 less elected members the remuneration increases resulted in significant additional costs i.e. 34% increase
Remuneration for Māori Board and Rural Advisory Committee	Additional cost \$107k pa	Estimated on an outdated fee of \$400 per meeting for the Chair and \$200 per meeting for members.
A single system in each functional area	Cost savings of \$150k-\$280k pa	Once fully transitioned but initially offset by greater transition costs.
Service activity costs	Potential savings in the order of 5.5%-6.1% of total annual operating and capital expenditure	Once fully transitioned from economies of scale and scope including: <ul style="list-style-type: none"> • staff costs • efficiencies in procurement • enhanced asset management • simplification and standardisation of business processes • rationalisation of the council property portfolio • online servicing of customer needs, and • other efficiencies such as consolidation of the treasury function
Audit costs	Cost savings of \$30-\$50k	

Source: Addendum Report for the Local Government Commission on financial and service delivery matters relating to the proposal for a union of Nelson City and Tasman District.

Transition Costs

After the poll, if the vote were successful the Councils were required to jointly fund a transition programme estimated in 2012² to require a project team of 25-30 FTEs over a period of 12-18 months. The main task areas would include:

- design of the new organisation structure, and appointment to positions
- staff accommodation
- set Chart of Accounts
- system conversion/consolidation
- analysis and recommendations on service levels
- funding policy analysis and long-term financial and rates incidence modelling
- forward planning of processes to consolidate and align regional planning and regulatory instruments (i.e. Regional Policy Statement, growth strategy, district plan, bylaws)
- consolidation of asset management plans for infrastructure and community services
- changes to stationery, signage, website
- overall project management of the transition and amalgamation process
- etc

In addition to the project team (50% of which were estimated to be external consultants), other transition costs signalled were:

- Redundancy costs \$0.7m - \$1.3m
- Branding (including interim branding) \$100k to \$200k
- Professional services, HR and recruitment, legal advice and IT migration expertise (costs not specified)

The costs outlined will obviously have increased significantly and I would further argue that many of the costings are flawed including comparisons to non-unitary councils, and grossly underestimated ICT costs, among others. New work would be required to provide updated and accurate information.

What can we take from the 2010-2012 proposal process and outcome?

As we know the proposal was defeated at the polls with a strong opposition from Tasman (74%) and a moderate majority in favour in Nelson City (57%).

The submissions to the draft reorganisation proposal reflect the views of those for and against a union. The full list of submitters and key points is available on:

https://ndhadeliver.natlib.govt.nz/webarchive/20120404211512/http://www.lgc.govt.nz/lgcweb/site.nsf/wpg_URL/Proposals-Current-Proposals-Nelson-Tasman-District-ReorganisationScheme!OpenDocument

² Addendum Report for the Local Government Commission on financial and service delivery matters relating to the proposal for a union of Nelson City and Tasman District.

I have summarised the material points below (please note that these submissions relate to the draft proposal released in June 2011 which included additional factors such as five Community Boards which were not carried through to the final reorganisation scheme) :

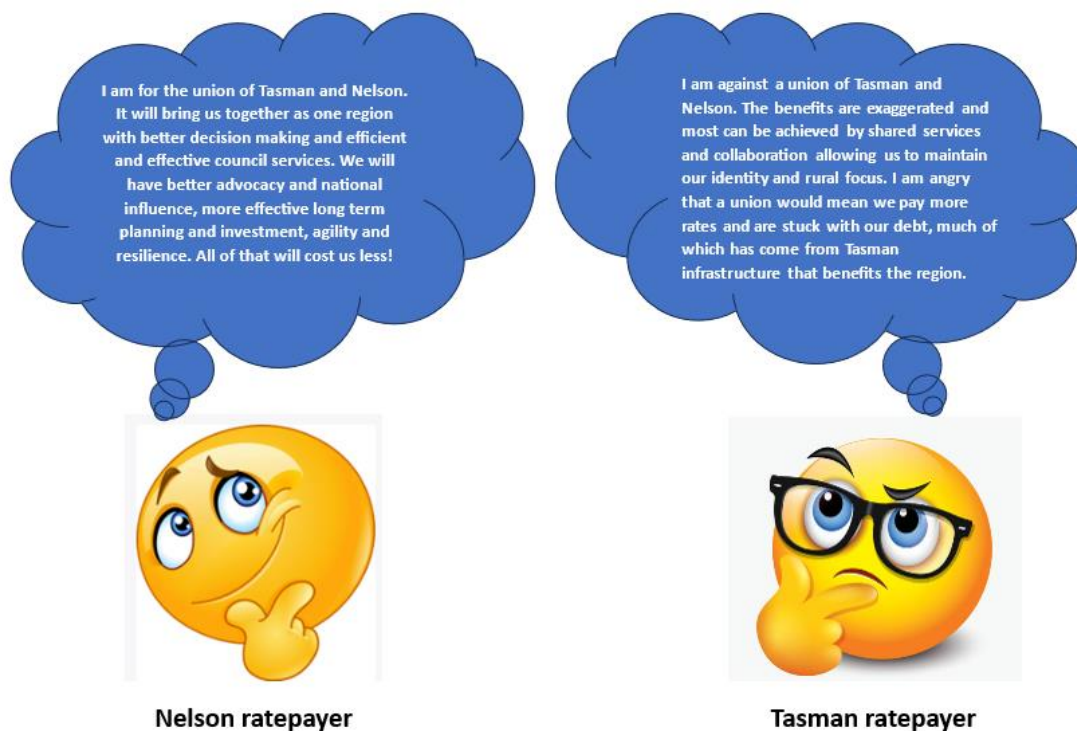
For	Against
Effective and efficient governance (including CCOs) reflecting the high degree of economic, environmental and social interdependence, including between urban and rural areas.	Increased shared services and collaboration is preferred including one Regional Plan and Policy statement
Better regional advocacy	Weaker governance, more dysfunction, loss of rural focus
Long term approach to regional planning and investment.	Existing arrangements work and councils have effective processes to deal with regional issues and shared services
Greater service delivery capacity	There are no unaddressed wider regional opportunities now or foreseeable
Enhanced ability to adapt to change in circumstances	Regional planning is not needed and would potentially add additional complexity and loss of rural focus
Remove the 'them and us' debate	Common planning rules would be inappropriate
More effective council-iwi relationships	An urban (10 councillors) versus rural (6 councillors) voting bias -poor outcomes for rural ratepayers and rural communities.
Address inequity of funding for regional facilities/activities	Lower Councillor to population will weaken representation of Communities of interest
Think, plan and invest for the longer term and from a regional perspective	Question the accuracy and realism of savings given experience of other amalgamations
Reduce costs for parties who engage with the two councils	Potential for more levels of management/bureaucracy
A unified approach to regional planning to better manage urban growth, transport and facilities planning for current and future generations with streamlined, simplified and more consistent processes; better alignment with regional strategies; enhanced democratic participation	Potential for privatisation of assets
Greater consistency in regulatory services	
Enable representation and participation of Māori	
Staff savings and consistent delivery	
Enhanced financial capacity	
Frees up specialist staff to work on their field rather than regional coordination activities	
Greater focus on delivering services to community	
Different approach to supply of professional services	
Council headquarters should be in Nelson	

In addition there were several matters that related to elements of the proposal that cannot be assigned clearly to those for or against amalgamation (see Appendix 1).

It must be noted that the final proposal included significant changes which did not feature in the proposal consulted on including:

- Breaking the Nelson area into three wards
- Reducing the number of Community Boards to the two existing boards
- The establishment of a Māori Board
- The establishment of a Rural Advisory Committee
- Specifying that money borrowed by the Nelson City and Tasman District Councils will be repaid by targeted rates levied over the same area of Nelson City or Tasman District for which the money was borrowed

The outcome of the vote in April 2012 shows support in Nelson at 57% and opposition in Tasman of 74%. While it is clear that there were supporters in Tasman and many opposed in Nelson, on the face of it, and based on the submissions and final vote, Nelson ratepayers were perceived as winners and Tasman ratepayers as losers from the union.



I would break this discussion down to 3 factors as follows:

- 1) The material differences between Nelson and Tasman district
- 2) Resulting tensions
- 3) Shared Services Vs Amalgamation

Material differences between Tasman and Nelson Districts

Tasman has a very large district to service with 17 townships and their infrastructure and service requirements. Large scale cost differences exist in building and maintaining infrastructure, and providing community facilities and services. With more than 9,000 kilometres of rivers and streams, and a coastline stretching for 817 kilometres Tasman has extensive environmental responsibilities. The combined differences of many smaller scale costs also add up e.g. the time and cost of travel, servicing community boards, working with multiple resident associations and special interest groups. As a unitary authority the regional council demands on Tasman are greater. Yet the funding model for Nelson and Tasman is the same with a similar ratepayer base, shared holdings and other income.

	Nelson	Tasman
Land area	422 km ²	9,615 km ²
Coastline	92 kms	817 kms
Water supply schemes	1	17
Road network	Sealed 263 kms Unsealed 18.6 kms	Sealed 990.1 kms Unsealed 724.5 kms
Rivers and streams	580 kms	9,000 kms

Ironically it is the environment and landscapes of Tasman that draws hundreds of thousands of visitors to the region each year.

On the Pure NZ website, the top 10 things to do in Nelson are:

- 1) **Visit Abel Tasman National Park**
- 2) Visit the home of **hops (Tasman)** and sample beer
- 3) **Skydive over the North and South Island (skydiving over Abel Tasman)**
- 4) Explore the Founders Heritage Park museum
- 5) **Visit Nelson Lakes National Park**
- 6) **Go to Golden Bay and Te Waikoropupū Springs**
- 7) Visit the Nelson Classic Car Museum
- 8) **Experience a white water rush (rafting in Murchison)**
- 9) Discover local art
- 10) **Cycle Tasman's Great Taste Trail**

Nelson City in turn delivers more events than Tasman due to a range of factors including suitable venues, and council event planning and investment priorities.

Tasman is more costly to run than Nelson but the benefits to the Nelson economy from Tasman are indisputable.

This is an argument that I could extend on through many examples including the benefits to Nelson of the Tasman primary sector and the strategic advantage of future water security for industry and urban growth.

Resulting tensions

There are obvious tensions including (but not limited to) funding of projects or facilities with cross region benefits and the impacts of different financial positions.

There are many examples of each Council being aggrieved at the lack of funding contributed by the other for projects or facilities with cross region benefits.

Port Tarakohe was a case in point:

Port Tarakohe

TDC were approached by MBIE to apply for Government funding for Port Tarakohe (PT) through the Regional Development fund and did so working with a wide range of stakeholders. When a loan was offered, Tasman Council declined for many reasons but primarily those related to debt and risk. These were to be entirely borne by Tasman ratepayers but the benefits of the PT improvements were firstly to the national economy, secondly to Nelson City and thirdly to Tasman. MBIE officials were driven by the gains to the economy and showed little tolerance for local issues. When an alternative lower cost option was put forward by Tasman it was rejected.

Fortunately, in 2023 Tasman working with other stakeholders and with different MBIE officials who showed a greater awareness of local government context, a deal was struck for a loan on favourable terms to undertake partial improvements that would allow for the growth of the aquaculture industry. Noting that the benefits of these improvements would go to Nelson more so than Tasman, NCC were invited to contribute funding, they declined.

While it might seem a short-sighted response from NCC, the reality is that there are years of disagreements over council projects that deliver cross regional benefits and whenever either Council is criticised for not funding work or projects of the other, the long list of grievances comes out. It is an unhelpful argument and one that impacts on funding recipients and hinders regional progress.

The Waimea Dam funding debate has been largely focused on the quantum of NCCs contribution but we should ask a different question “what value might have been achieved by the Councils working together?” arguably the project may have been delivered sooner, with greater government funding, and at a lesser cost.

It should not be surprising to anyone that TDC has significantly more debt than NCC. The infrastructure across a large geographical region and multiple communities is simply more costly to provide and maintain. This inequity is likely to grow as Tasman faces the disproportionate impacts of climate change and natural disasters. Without doubt the Waimea Dam has also impacted heavily on debt.

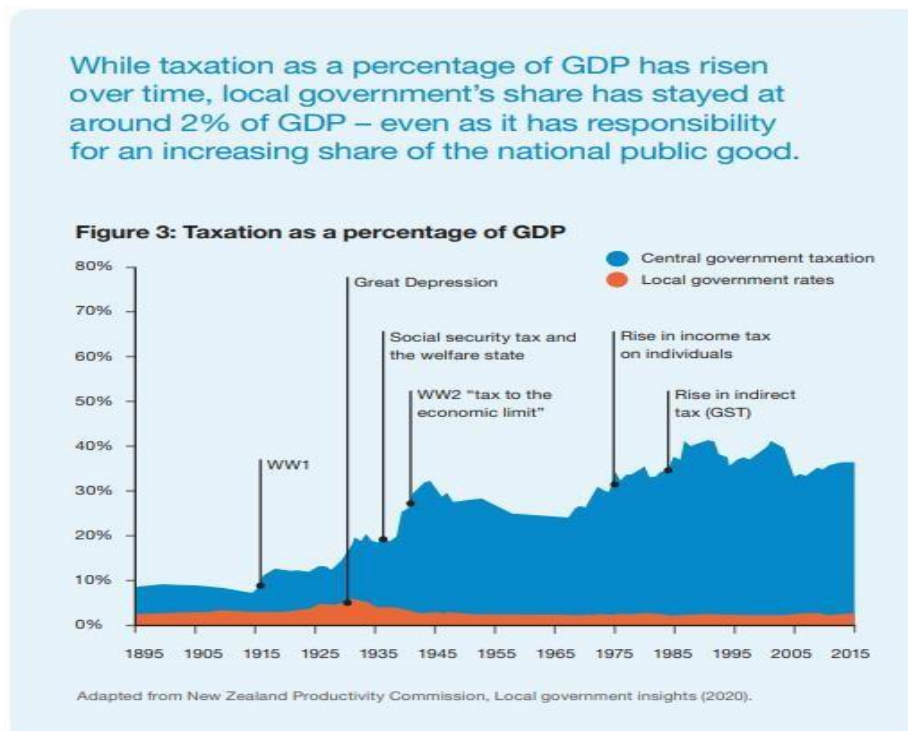
TDC has the same capacity as NCC to raise revenue i.e. rates, fees and charges, and other income, yet its responsibilities are significantly greater. It is akin to expecting the upkeep of a large property to be managed on the same budget as the upkeep for a small property.

Tasman ratepayers have had no control over the boundary lines arbitrarily set in 1989 and yet the Commission in its 2012 proposal required that in an amalgamated Council, Tasman residents would remain responsible for paying the district's debt. There was no opportunity for submissions on this requirement but I expect that if there had been, there would have been vigorous opposition.

The proposal also contained a shared rating system based on capital value. While already the case in Tasman, due to the high proportion of property values there, if the proposal had been successful there would have been a shift in proportionate rating increasing Tasman rates by 13%. Had a land rating been used the increase to Tasman would have been 24%!

Financial sustainability is becoming a critical issue for many Councils and the Future for Local Government Review highlighted that. Government and communities continue to place high demands on Councils and their capacity to respond is running thin.

The graph below brings stark clarity to the issue of funding for Local Government, and reinforces the importance of taking measures to maximise efficiency and effectiveness.



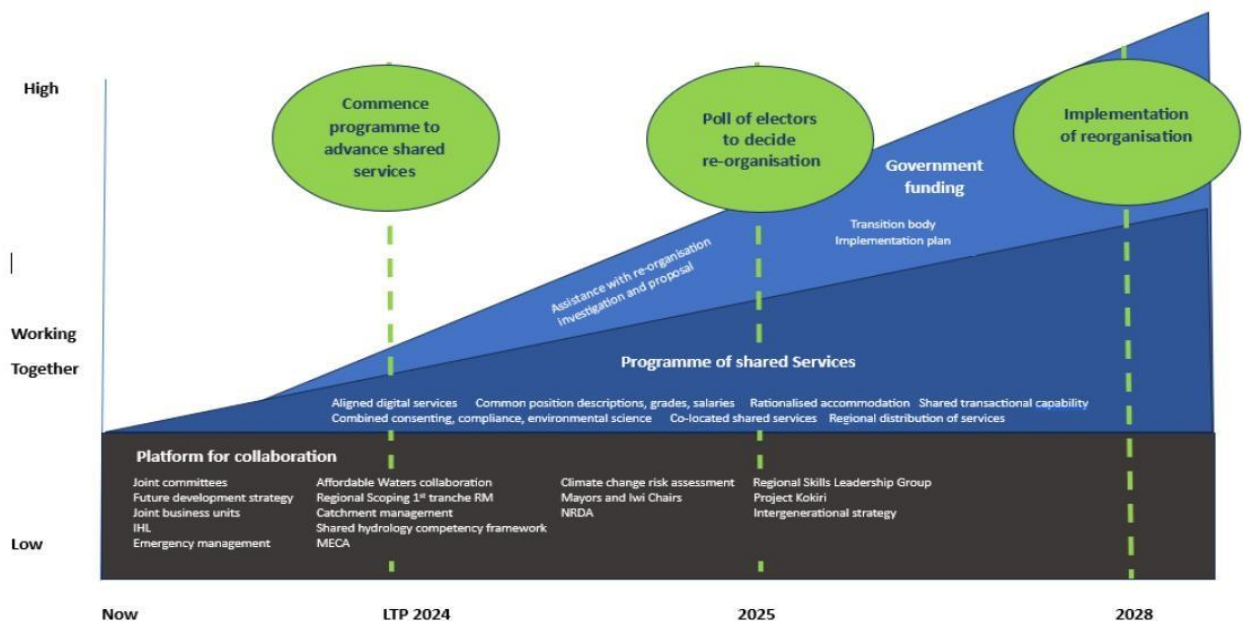
Source: He piki tūranga, he piki kōtuku The future for local government Final report

Shared Services Vs Amalgamation

The current discussion tends to suggest that the two Councils could take either a path to increased shared serviced OR amalgamation but, in my view, they should be looking at both. Optimal shared services may reduce the call for amalgamation, and conversely may lead to it being a natural conclusion. Furthermore, with the timeframe for amalgamation requiring at least 5 years, the region cannot afford the ongoing cost of the status quo.

The diagram below was prepared in 2023 for the Tasman Mayor to respond to renewed discussion on amalgamation. It demonstrates the areas where shared services and collaboration exists, some of the obvious potential to grow that, and the benefits of pursuing a programme of shared services while embarking on a process towards amalgamation. This is illustrative only and should not be used as a reference document because it includes a number of assumptions and is not an exhaustive list of the current or future shared services options. Importantly the timeframes and stages are open to question, and the government funding which was indicated at the time is no longer available.

Figure 1. A path to shared services and re-organisation



Source: Tasman District Council

This also illustrates that a programme and increasing benefits of shared services could continue to progress up to the point of voting on amalgamation and beyond, whether or not the amalgamation proposal is successful.

The table below broadly demonstrates the roles and functions of council, the degree to which NCC and TDC are collaborating now, and the obvious opportunities:

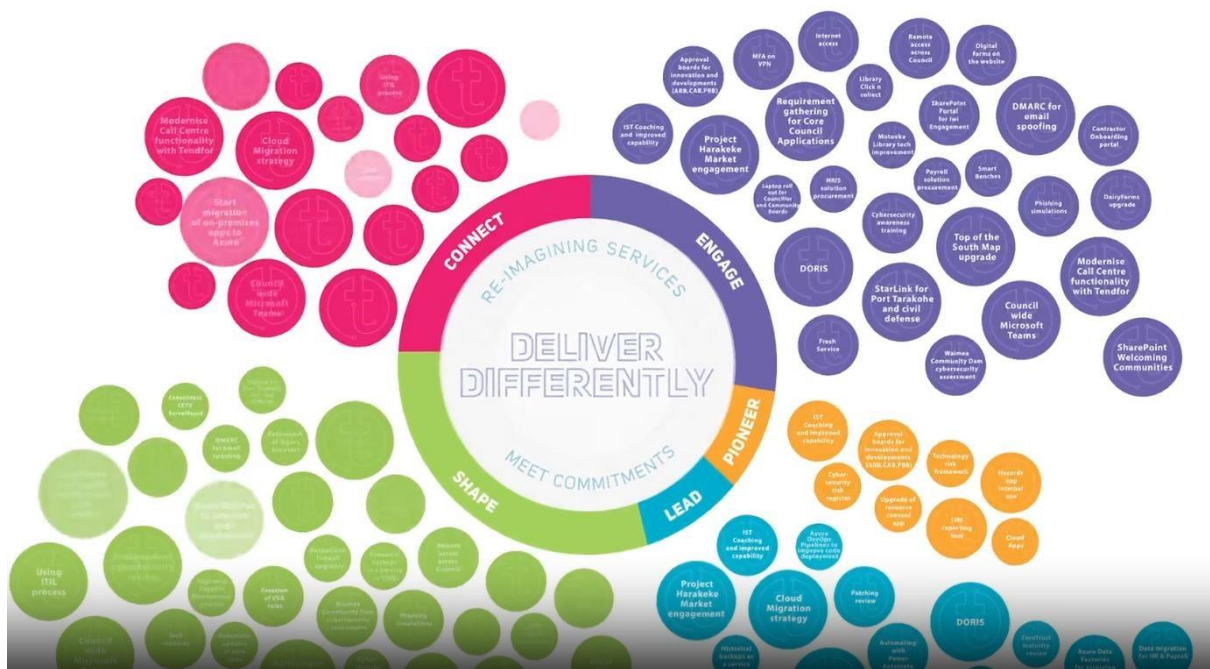
Roles and Functions	Degree of collaboration	Shared Service opportunities
Water: potable/waste/storm	Low	Combined waters capability for the region. Potential for single water entity
Land use planning/Environmental administration	Moderate	One Resource Management Policy statement and Plan Single compliance, monitoring and enforcement, shared climate change planning, policies and responses, single hydrology and GIS expertise
Recreational and social facilities	Low to Moderate	Harbourmaster functions Maintenance Cost sharing across all regionally significant facilities
Cultural services, e.g., libraries/museums	Low to moderate	Joined up approach to all libraries and museums
Public transport	High	Extension of services
Economic development	Low	Sustainable funding and a united council approach for NRDA to deliver greater regional strategic advantage
Housing and building	Low to moderate	Regional partnerships with stakeholders including iwi, social housing providers, developers and government agencies, a single Building team
Public health	Low	Joined up approach with common processes
Waste management	Moderate to high	Joint contracting
Roads	Moderate	Combined roading contract
Emergency Management	High	A single decision-making body with mandate for approving funding.
Democracy support	Low	Streamlined and common processes/shared training/complaints and LGOIMA administration.
Customer services	Low	Single approach with wider distribution of services
ICT/Digital	Low	Joined up systems and investment
Human resources	Moderate	Recruitment, pay and conditions, greater flexibility in working location, payroll and HR systems
Legal Services	Low	Common legal panel, shared expertise, increased in-house capacity.

As demonstrated above there are numerous options for progressing shared services. The following delves into some of those where rapid progress could be made. These are examples only and should not be interpreted as being limited to these options.

1. Digital services

In my experience there is a very poor understanding across central government and communities of the state of council systems and lack of online services.

Coming from a Government department with well-established ICT and digital service offering that was common to all customers, it was a shock to discover how fragmented and backward Council systems were. Far from being about Tasman this is a huge problem and lost opportunity for the sector. The growth of digital service and cyber security risk has left councils behind and that gap is growing every day. Tasman has made a large investment (in excess of \$13m over 10 years) in improved systems (such as information management) and has embarked on a digital innovation programme. The significant progress already made by Tasman can be seen in the diagram below with each of the coloured circles representing improvements by scale (size of the circle).



Source: Tasman District Council

Each council has its own systems and investment cycle. Automated online services are almost non-existent. This is coming at a cost to ratepayers in terms of unnecessary administration and inconvenience. Using an example of dog registration, it is indefensible that this is still a manual process when considering how easy car registration is. Council systems don't talk to each other and for the many people who use multiple council services there is huge frustration over duplication and silos.

The sector as whole has no capacity to progress local government joined up systems and digital services. There are pockets of collaboration but they are small and limited to particular councils.

This was highlighted in the Local Government Review and I was optimistic when MfE formed a Digital Futures Steering Group to drive improvements as shown below:

“The new digital system aims to provide users with an improved customer experience and to foster greater public participation.

A key feature, will be ensuring it allows easy flow of data and information across the system, underpinned by consistent data and reporting standards. This is known as data interoperability and refers to the ways in which data is formatted to allow datasets from different sources to speak to each other so they can be merged or aggregated in meaningful ways.

A Resource Management Digital Futures Steering Group has been set up to provide expert leadership and governance in the development of the Resource Management Digital Futures programme. This group of local and central government agencies and iwi/Māori representatives will oversee the development of a business case as the first step in the programme.”

Source: <https://environment.govt.nz/news/rm-reform-update-july-2023/#new-system-new-enhanced-digital-future>

I chaired the Digital Futures Steering Group and have direct knowledge of the potential of this work. Unfortunately, it was “paused” by the incoming Government and as far as I am aware there have been no further developments.

There are significant risks to Councils of poor systems and continued underinvestment including security and accessibility to vast amounts of personal information, and the volume of financial transactions undertaken by Councils.

In Nelson and Tasman, we can work together to build greater security and improved services but it will require a willingness to move from current disparate systems and to co-invest.

Tasman district has commenced a project to introduce a customer relationship management system which will enhance the service to customers and provide self-service options that will reduce manual staff transactions. In time, if Nelson does not make a similar investment, Tasman and Nelson residents and businesses will have a completely different experience (even more so than they do now from different processes and plans).

This area is one the most obvious areas for working together. Both Councils make significant investment that could be combined and refocused for greater effect. This is not a contentious topic and the collaboration could start immediately. The councils can work together, they can team up and make better use of their resources for the best value for money and customer service. They can lead the way nationally and influence greater government investment, but they don't, and there is no indication that we will see a change anytime soon.

I also note that the current financial positions of many Councils and pressure to limit rate rises could see reductions to ICT budgets. I am reliably informed that at least one Council is known to have cut its ICT budget by 50%.

2. Compliance monitoring and enforcement

Regulatory enforcement is not constrained by different governance structures and could easily be delivered by a single team. NCC have previously contracted this service and are now embarking on a new in-house service which is likely to replicate the Tasman model, a lost opportunity to have a single regional service.

3. Consenting and building functions

Both Councils have been under pressure with recruitment and retention issues arising from peaks in labour demand. There are opportunities to work together particularly where the rules are not specific to any locality e.g. NZ Building standards.

4. Harbourmaster functions

This is a highly specialist function with significant responsibilities that differ for each district. However, an office of harbourmaster functions, shared fleets and administrative capacity could be achieved while meeting each district's obligations.

5. Biosecurity and biodiversity

With the progress already made and having gone through the layers of governance and decision making there is an opportunity to deliver a joined-up approach to biosecurity and biodiversity with colocation of staff and common information and monitoring systems.

6. Human Resources

Both Councils along with Marlborough District Council are party to a Multi Employment Collective Agreement (MECA). There is an opportunity to align systems, grades and remuneration. There is a further opportunity in cross boundary employment i.e. Tasman residents work for NCC and Nelson residents work for TDC, and greater flexibility of workplace could provide for more advantageous work conditions and greater collaboration.

7. Partnering with iwi

Both Councils have taken significant steps to build an effective relationship and partner with the iwi of Te Tau Ihu, noting that there is still a long way to go. Iwi are frustrated by the duplication and demands placed on them by the two councils. Ideally, they would see one council across Te Tau Ihu and while that may not be practicable, a Nelson Tasman united Council would go some way to addressing their concerns. Considerable progress could be made without an amalgamation if Nelson and Tasman agree to combine their staff resources, funding and collaboration with iwi. The increased capacity arising from treaty settlements and the value of Māori business interests in the region should not be underestimated.

8. Hydrology

TDC already provide hydrology advice to NCC and this could be formalised into a single team of experts.

9. Economic Development

Both Councils have obligations to advance the economic wellbeing of the community. The differences in priorities and funding have impacted the viability of the Nelson Regional Development Agency (NRDA) at a time when in my view it is more responsive and effective than it has ever been. In my term at TDC I observed an increasing level of confidence in the

NRDA but the ability to even maintain funding was under question. The longstanding inequity of funding from the Councils has come to a head with NCC questioning their ongoing level of higher funding, further jeopardising the future of NRDA. Nelson and Tasman can work together to ensure that there is security of funding and to provide regional strategic direction instead of the current situation where the NRDA CEO's interaction with the two councils is largely about going cap-in-hand to justify their existence and appeal for funding.

The above examples could be described as low-hanging fruit and there are many more options to progress shared services that will produce longer term benefits such as a single resource management plan noting that TDC have budgeted \$10m for a plan review and NCC \$12m over the ten years in their respective 2021-2031 Long Term Plans.

It is fair to say that there has been progress with shared services, providing a great platform for a programme to deliver optimal shared services but there are no plans to implement such a programme.

The achievement of optimal shared services requires the enduring commitment and resources of both councils and decision making that has regard to regional benefit. That is not the case now, and even if it could be achieved, future changes could disrupt collaboration, as can be seen in the example of Rangitikei District who are exiting shared services arrangements for water and roading from 1 July 2024 (Bulls Community Committee Mtg 27/06/2024).

That is not to suggest that only amalgamation can achieve the enduring commitment, resources and effective decision making required for optimal shared services. There are options such as introducing a CCO to oversee shared services as shown in the Bay Of Plenty Local Authority Shared Services (BOPLASS) website:

Welcome to BOPLASS

BOPLASS Ltd is a company owned by nine councils – Bay of Plenty Regional Council, Rotorua Lakes Council, Western Bay of Plenty District Council, Kawerau District Council, Tauranga City Council, Ōpōtiki District Council, Whakatāne District Council, Taupō District Council and Gisborne District Council. The company has been established to promote shared services between local authorities in the Bay of Plenty/Gisborne regions and elsewhere.

Working together with the full support and involvement of council staff, BOPLASS provides benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiencies and/or increased value through innovation. This is achieved primarily through:

- **Joint Procurement:** being the collective procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.
- **Shared Services:** being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

NB. Without a more detailed examination of the BOPLASS arrangements I am unable to comment as to whether this is an effective vehicle for shared services or the extent to which it captures the opportunities of shared regional long-term planning.

Current Shared Services are taking the heat out of reasonable expectations

Ratepayers could reasonably expect that the two councils take every opportunity to work together for better value for money and enhanced services. As seen in Figure 1, there are several current examples of shared services which may be contributing to a level of confidence that this work is progressing. I would argue that it masks the fact that the two councils should work together more actively with a targeted programme of shared services, but there is no such programme underway.

If a future amalgamation of Nelson and Tasman districts is likely, what factors should be considered?

I firmly believe that optimal shared services could bring most of the benefits of amalgamation while maintaining the current level of community representation. However, I am less convinced that optimal shared services are achievable because that would require enduring shared accountability and commitment. Even if that could be achieved there is no guarantee that future political changes would not create disruption. The two Councils should be genuinely examining the potential of shared services whether or not amalgamation is on the table. Without amalgamation it would bring greater efficiency and effectiveness, with amalgamation shared services would allow progress to be made without waiting for the protracted process of reorganisation to be completed.

I often hear “bigger is not better” but in my view a combined district would still be relatively small. With 78 Councils across New Zealand and a dysfunctional relationship between Local and Central Government, larger councils are likely to be more influential. Given the low success rates of various amalgamation bids in NZ, Nelson and Tasman have an opportunity to set the path showing leadership and innovation.

The case for amalgamation in NZ is well made in an article by Mark Thomas- “NZ’s Maddening Local Government”³ there are some very compelling sound bites.

Any moves toward amalgamation must address the key issues that led to the defeat of the proposal. In my view that is rates, debt and representation.

Any proposal that signals an increase in rates for one district and a reduction for the other is likely to polarise voters. It is to be expected that the Tasman proportion of land and property values would be greater than Nelson but the conclusion that all Tasman ratepayers would incur a rate increase is incorrect. A much more detailed examination is required which includes the context of targeted rates, differentials and uniform annual general charges. Any proposed

³ <https://newsroom.co.nz/2024/06/13/nzs-maddening-local-government/>

changes need to be broken down by sample properties across both districts to ensure transparency of impact.

In my view any proposal that includes the requirement that each district retains responsibility for their own debt prior to amalgamation, is likely to fail. Even if a proposal gained a majority there would be ongoing ill-feeling that would undermine the union. Consolidation of debt will be less favourable for Nelson residents and could influence their vote. It will be important to provide information and perspective of the impacts which may not be as material as people think.

In 2011 the Commission made comparisons to Tauranga as an equivalent population to a Nelson Tasman combined Council. Any comparison of a unitary council to a non-unitary council is flawed as it entirely excludes the regional council factors. To test this, I made a comparison to Hutt City Council (with a very similar population) and the Greater Wellington Regional Council as shown below.

Please note that these calculations are estimates based on available information and would require further analysis for correctness (see footnotes for additional information) :

Council	Population	Avg Rates per residential unit	Rates per non-residential unit	Debt per rating unit
Tasman	59,000	3230	5091	7305
Nelson	56,000	3207	9774	4884
NT combined	115,000	3219⁴	Insufficient information to accurately calculate	6153⁵
Hutt City	114,000	2950.20	\$11,873	6234
Greater Wellington Regional Council	N/A	374	\$10,155 CBD \$2,219 commercial \$538 rural	3090
Hutt City with Regional Council element included	114,000	3,324	Insufficient information to accurately calculate	9324⁵

Source: The Tax Payer Union Ratepayer Report 2023

⁴ Due to the variations in residential and non-residential figures it is difficult to accurately estimate the rates for a combined council, however, residential rates can be estimated by multiplying the current residential rates by households for Tasman, then Nelson to reach a combined figure divided by the total number of households.

⁵ While not an exact calculation I have taken the debt per rating unit and multiplied by households for each district then divided the total by the combined total households (45,276)

⁵ This combines the current debt per rating unit of both the Hutt City Council and Greater Wellington Regional Council, however given the potential variation by council within the greater Wellington area this is also likely to be inexact. You can safely conclude though that the debt per rating unit in Hutt City is significantly more than that of the combined Nelson Tasman councils.

The comparison shows a similar level of rates and a considerably lower level of debt per rating unit for a united Nelson Tasman district.

The final representation proposed in 2012 was seen to favour urban over rural with 10 of the 16 councillors representing the Nelson/Richmond urban area. In my view it is unreasonable to suggest that there should be an equal level of representation given the population distribution. However, a reduction in the number of ward Councillors representing Nelson and Richmond to 8 instead of 10 (6 in Nelson and two for Richmond) may provide for more even representation. This would mean that the +/- 10% rule is breached similarly for Nelson and Richmond, but the Commission has the flexibility to deviate from the rule and has done so frequently. This would also allow for the inclusion of a Māori ward which was not factored into the 2012 proposal.

Options to move forward

A petition could be put to the Local Government Commission and (provided it meets the threshold) would be treated by the Commission as a completely new investigation.

In my view the initiation of an amalgamation proposal should not come from any particular interest group as it will be seen to have an agenda and is likely to galvanise strong opposition. If a petition is to be the starting point it should only occur after widespread community conversations.

There may be some merit in establishing a community reference/working group to examine options and advance discussion but thought would need to go into whether that can truly be seen as independent i.e. who would lead the formation of such a group and what parties would be represented? I believe LGC could play a role in setting up a reference group and supporting it. This is not the norm but just as councils need to think and act differently, so do LGC, particularly given the potential for another failed proposal. Appendix 2 shows amalgamation proposals and outcomes since the failed Nelson Tasman proposal. A total of four failed proposals covering 20 district councils would tend to reinforce that the process has a pattern of poor success.

Nelson and Tasman can develop their own proposal and provided it meets the aims of the Local Government Act⁶ the LGC would be likely to support it.

The Commission could be asked to undertake an investigation not specified to a particular outcome and thought should be put to how the LGC can support the development of a proposal which is either led by a reference group or both Councils.

Conclusion

The Aspire conference will ask attendees “Would we benefit from having one region-wide local authority? If not, why not?”

⁶ <https://www.legislation.govt.nz/act/public/2002/0084/latest/DLM4927101.html>

I suspect that the majority of attendees will be in support given the compelling case for businesses and the regional economy. A call for cooperation and understanding of the issues that may lead to opposition would, in my opinion, lead to a more constructive way forward.

Nelson and Tasman Councils need to accept responsibility for genuinely examining both shared services and amalgamation. Any reluctance to do so is not in the best interests of the region.

Appendix 1.

Matters that related to elements of the proposal that cannot be assigned clearly to those for or against amalgamation (assuming that many of these would have been in support of arguments for or against)
Support and opposition for increased Māori representation
Support and opposition to rural advisory panel
Suggestions for co-mayoralty and other representation changes
Suggestions for change in number, coverage, duties, powers, term and funding of community boards
Disagreement with ward numbers and boundaries, future insecurity
Questions around nature of communities of interest- future growth and populations, technology
Support and opposition to capital value rating scheme, queries on the impacts on different properties across Nelson and Tasman, and of a rates review.
Issues and need for guidance around rating, tools and rules including general, targeted, differentials and UAGC
Suggestions on rate freezes
Concerns over lack of detail of true costs and need for a full financial review on implications
Concerns about nature of comparisons to other councils
Concerns about priorities and process for reconciliation of existing policies
Suggestion to ring-fence existing loans
Concerns that increased financial capability has been equated to increased borrowing
Need to protect/establish register of community assets
Concerns over and suggestions for transition and review
Concerns over process (petition, quality of information, meeting statutory requirements)
Other options suggested including reestablishment of regional council, functions, boundaries, impacts
Suggestions that LGC lead communication
Various other less material suggestions

Appendix 2. Table of proposals since 2012 provided by the Local Government Commission

Proposal	Amalgamating ...	Outcome	Process ended
Wairarapa District Council	Masterton District Council Carterton District Council South Wairarapa District Council	Defeated by poll	December 2017
Northland Unitary Council	Northland Regional Council Far North District Council Whangarei District Council Kaipara District Council	Process stopped. Commission concluded that there was no option for local government reorganisation in Northland that would have a sufficient level of community support to be successfully implemented – that is have a reasonable chance of success at a poll of affected electors.	October 2017
Hawke's Bay Unitary Council	Hawke's Bay Regional Council Wairoa District Council Hastings District Council Central Hawke's Bay District Council	Defeated by poll	September 2015
Wellington Unitary Council	Greater Wellington Regional Council Kapiti Coast District Council Porirua City Council Wellington City Council Hutt City Council Upper Hutt City Council Masterton District Council Carterton District Council South Wairarapa District Council	Process stopped. Commission concluded that there was no option for local government reorganisation in Wellington that would have a sufficient level of community support to be successfully implemented – that is have a reasonable chance of success at a poll of affected electors.	June 2015

References:

- Local government reorganisation: Guidelines relating to reorganisation initiatives and reorganisation investigations <https://www.lgc.govt.nz/assets/Reorganisation-Files/General-ReorganisationFiles/Local-government-reorganisation-guidelines.pdf>
- Decision on proposal for the union of Nelson City and Tasman District- (LGC June 2011)
- Background Report on Communities of Interest and Planning in relation to Proposal for Union of Nelson City and Tasman District- (LGC June 2011)
- Draft Reorganisation Scheme for the Nelson City and Tasman District (LGC June 2011)
- Report for Local Government Commission on financial and service delivery matters relating to the proposal for a union of Nelson City and Tasman District- (Strateg.Ease May 2011).
- Reorganisation Scheme for the Union of Nelson City and Tasman District (LGC January 2012)
- Addendum for the Local Government Commission on financial and service delivery matters relating to the proposal for a union of Nelson City and Tasman District- (Strateg.Ease January 2012)
- List of submitters at hearings on draft reorganisation scheme and main points made in submissions and at hearings:
[https://ndhadeliver.natlib.govt.nz/webarchive/20120404211512mp_/http://www.lgc.govt.nz/lgcwebsite.nsf/Files/NelsonTasmanSubmittersAndMainPoints/\\$file/NelsonTasmanSubmittersAndMainPoints.pdf](https://ndhadeliver.natlib.govt.nz/webarchive/20120404211512mp_/http://www.lgc.govt.nz/lgcwebsite.nsf/Files/NelsonTasmanSubmittersAndMainPoints/$file/NelsonTasmanSubmittersAndMainPoints.pdf)
- Tasman District Council website(<https://www.tasman.govt.nz/my-property/water/>)
- Nelson City Council website <http://www.nelson.govt.nz/council/plans-strategies-policies/strategiesplans-policies-reports-and-studies-a-z/state-of-the-environment-reports/>
- LAWA: <https://www.lawa.org.nz/about/councils/tasman-district-council>
- Stats NZ: <https://datafinder.stats.govt.nz/layer/111194-territorial-authority-2023-generalised/>
- PureNZ website: <https://www.newzealand.com/nz/feature/top-experiences-in-nelson-tasman/>
- Future for Local Government Final Report October June 2023
[https://www.dia.govt.nz/diawebsite.nsf/Files/Future-for-Local-Government/\\$file/Te-Arotake_Finalreport.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Future-for-Local-Government/$file/Te-Arotake_Finalreport.pdf)
- MfE website <https://environment.govt.nz/news/rm-reform-update-july-2023/#new-system-newenhanced-digital-future>
- Tasman District Council presentation video on Digital Innovation Programme
- Minutes of the Bulls Community Committee Mtg 27/06/2024
<https://www.rangitikei.govt.nz/files/meetings/council-meetings/2024-06-27/Under-separate-coverMinutes-from-Committees.pdf>
- Bay of Plenty Bay Of Plenty Local Authority Shared Services (BOPLASS) website
<https://www.bopllass.govt.nz/>
- Mark Thomas- “NZ’s Maddening Local Government” <https://newsroom.co.nz/2024/06/13/nzs-maddening-local-government/>
- The Taxpayer Union Ratepayer Report 2023

Interviews conducted with:

Judene Edgar (previous elected member for both TDC and NCC)

Richard Kempthorne (Previous Mayor of Tasman)

Richard Kirby, Infrastructure Manager, Tasman

Steve Manners, Chief Operations Officer, Tasman

Penny Langley, CEO Local Government Commission