

**SUBMISSION
to the
Local Government Commission
on the**

Draft Proposal for Reorganisation of Local Government in Wellington

The Normandale Residents Association wish to make the following submission on the proposals in this draft.

We would also appreciate the opportunity to speak in support of our submission at the appropriate time.

Summary

We reject the proposed re-organisation of local government in the Wellington Region as unnecessary and contrary to the principles of good governance.

We consider that there are two viable reasons for change. First as part of a continuous improvement process driven by internal identification, and secondly, a step change in process or structure to address a major failure.

We consider that the Local Government Commission report 'Draft Proposal for Reorganisation of Local Government in Wellington' (the report) fails to establish any case for the latter. We further consider that the collaborative initiatives taken by Wellington councils on the delivery of region wide services demonstrates a commitment to on-going improvement and so negates any requirement for external intervention.

We therefore consider that no case has been made for a change being necessary. Nor has any credible evidence been presented in the report to suggest that 'substantial' support for a change exists, and consider that the proposed change should be withdrawn and the status quo remain.

We would however point out that this option does not preclude the option to re-align functions as well as to widen and increase collaboration. In particular we would strongly advocate for region-wide spatial planning and do not consider that this would in any way be inimical to the retention of effective local democracy.

Analysis

The case for change

We concur with the report's statement that the Wellington Region has '*... strong factors which inter-connect the region and give it a common future goal.*' And that a spatial planning approach would be of benefit to the region as a whole. We also concur that any viable regional decision-making must be based on a collaborative approach. We note the acknowledged importance of local decision making, and of place and neighbourhoods (Vol 1, para 1.7). This apparent support for the principle of subsidiarity and its requirement for trust, openness in

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decision making, and competence at all levels of civic society¹ is seen to be at odds with the proposed model.

We acknowledge that the Wellington region faces ‘... *region wide and long-term challenges...*’ but would reject the notion that those listed as examples are in any way peculiar or restricted to the Wellington Region eg ‘uneven patterns of growth and expected decline² and climate change. We cannot therefore see any justification for suggesting these problems result in a need for a change to the region’s governance structure.

We note that the report acknowledges that ‘*On balance, the case for change in Wellington is not as compelling as it was in Auckland. Wellington does not face the growth pressures of Auckland. Nor does it have the level of dysfunction between current councils that was evident in Auckland prior to amalgamation. None of the current councils is in a situation of immediate crisis or at risk of short-term failure.*’

We therefore conclude that so far from making a case for it, the report fails to find any valid reason for change.

Demonstrable support

We acknowledge that the Commission is only required to show ‘...*demonstrable community support*’ and that as the Commission Chair noted at a public meeting, a single person in support would meet this criteria. However we believe this view does not meet the intent of the law.

We therefore submit that the Commission has relied solely on evidence provided by applicants and other sponsor related surveys whose results are highly dependent on the questions put and that for example a choice between options cannot be interpreted as a desire for change.

We consider that the use as justification the ‘*considerable work and region-wide debate on reorganisation since 2010*’ also fails to contextualise the data. Once again, debate does not imply support.

We consider that with the exception of the Wairarapa authorities, demonstrable ie a ground swell of public support for change has not been established in any local authority area.

Practicable options

We note that the Commission acknowledges in para 5.13 that ‘The **Stronger Regional Delivery** option of transferring functions to the regional council would, for less cost and lower risk, secure many of the benefits of the proposed Greater Wellington Council.’ We consider that the subsequent claim that ‘... *collaborative processes have not been sufficiently successful to date for Wellington to be able to rely on them to meet the challenges of the future*’ is presented without support.

We are concerned at the lack of correlation between the arguments presented to support the tables of comparison presented and the scores awarded. We consider the arguments leading to

¹ McDermott, Philip, 2012, A view from the Antipodes: Comparing the Lombard and New Zealand Ways of Government, Subsidiarity Governance: Theoretical and Empirical Models

Gussen, Benjamin F, 2014, Subsidiarity as a Constitutional Principle in New Zealand, New Zealand Journal of Public and International Law,

² Johnson Natalie, 2014, New Zealand's demographic accounting model – movers, stayers, and policy, Treasury Guest Lecture Series, The Treasury, Wellington

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‘Table 32: Comparison of the “reasonably practicable options” regarding democratic decision-making’ inconsistent with research³ and practical experience, to the extent that it is tempting to interpret statements as ad hoc justification for a pre-determined conclusion.

We note and support the contention that spatial plans have major benefits and enable a hierarchical catchment and regional view of planning and further note that para 6.246 acknowledges that the **Stronger Regional Delivery** option would enhance spatial planning. Further that the **Stronger Regional Delivery** option enables an integrated environmental management with other infrastructure and planning processes in a way that could be far more effective. We therefore conclude that the case made here also contradicts the selection of a unitary authority as a preferred option when the record of these bodies’ effective environmental management falls far short of areas where both local and regional authority exists.

Economy

The literature search quoted in the report that in local government amalgamations the incidences of diseconomies of scale out-weigh those where savings are achieved by a factor of three is consistent with our own research which concludes that in both private and public sector amalgamations the overwhelming evidence is of a failure to deliver projected benefits and an escalation in costs of several orders of magnitude.

We also note the contentious and misleading economic data quoted on relative performance of the Wellington region. In particular we would point out that contrary to the view in para 2.39 which consider overall GDP growth, the per capita GDP of Wellington is higher than Auckland and is growing at a faster rate. As the report acknowledges, Wellington region specialises, very successfully, in the provision of knowledge services and as an IT ‘Hub’. Secondly that the future infrastructure spend necessary to maintain quality and capacity has already been allowed for in the Long Term Plans of responsible councils. The issue of mismatch between a local authority’s revenue base and future spending needs is again a problem that is neither restricted to the Wellington Region⁴ nor one that can be addressed by amending governance structures.

We therefore conclude that no case has been made for any economic benefit arising from change.

Cost Benefit Analysis

We understand the constraints on the Commission in carrying out any CBA as aprt of an initial investigation, and the consequent tentative nature of any quantum derived from these calculations. We would however note that this constraint applies equally to all options and should not therefore influence the order or proportionality of results. We are therefore at a loss

³ Nash, S. J. (2007). Integrating citizens' agendas in New Zealand local government environmental planning and decision-making: An examination of two wastewater planning processes and implications for deliberative democracy School of Health and Social Services. Palmerston North, New Zealand, Massey University. **PhD**.

Matcham, P. J.(2013) Both sides now: Weltanschauung and offset Mitigation, Environmental decision making in New Zealand, Massey University

Leinster, P. R. (2013). The Dynamics of Creating Strong Democracy in Portland, Oregon – 1974 to 2013 Portland State University USA. **PhD**.

⁴ 2015, Local Government Funding Review, LGNZ

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to understand why of the region-wide proposals, the one that has the highest transitional cost, the lowest NPV over the period considered, and the longest payback period is selected as 'preferred'.

We note that since the report was published the expected transition costs for the preferred option have risen by over 16%. We would add that in the author's experience of major IT projects such as the amalgamation of disparate systems, the underestimate of costs is normally of an order of magnitude, and project failure occurs in over 60% of cases (see also KPMG Project Management survey report 2013). We would also quote the example of IT integration in Auckland (incomplete with costs more than doubled and a year overdue)

Local Democracy

We are pleased to note that the report emphasises that the fundamental purpose of local government is to enable local decision-making by and on behalf of communities. We consider the leap from this contention to the proposed solution is counterfactual and inimical to principle stated. We further consider that the implication that effective local democracy might *'...place an undue burden on those who participate in the process.'* is unworthy and inconsistent with the view that local government arrangements that *'...best align decision-making with functional, political and perceptual communities of interest will result in improved democratic decision-making.'*

We concur that effective local democracy based on communities of interest leading to collaborative and participative decision making will have benefits that are both more important and of higher value than monetary savings. We are therefore at a loss to understand how a solution which removes both participation and budgetary control to a level further removed from communities can be considered preferential to the status quo, or indeed the 'stronger regional delivery' option which also retains local decision making.

Environmental Management

A key role of regional Councils is to manage the wider environment and the use of resources to ensure their sustainability. Where this control is removed or where the Regional council also adopts an economic growth policy as part of its core strategy, all evidence indicates that a 'business friendly' regime is allowed to develop at the expense of the role of environmental Kaitiaki. The Wellington Regional Council has been very effective in its role as Kaitiaki, especially in developing Regional Parks and in the control of environmental degradation. We note that a Natural Resource Management Committee is proposed as part of the proposal, but have no confidence that this Committee's functions will be allowed to override proposal for economic growth and private profit at the expense of public good.

Conclusion

We conclude that no case has been made for change, there is no demonstrable support for change amongst the population of the region and that the proposed option is the worst of those considered by the Commission. We can only concur with Peter McKinley that debate on governance in New Zealand is conducted without reference to objective evidence or informed public debate⁵. The unwillingness to learn from both our own mistakes and those of others is

⁵ McKinley, Peter (2013), Rethinking local government for rural and provincial New Zealand – a new look at community governance, A presentation to a joint session of the rural and provincial groups of Local Government New Zealand.

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understandable, although regrettable, within a political forum. However we consider that the Commission has failed to provide independent evidence of benefits and has downplayed the substantial body of research that contradicts the preferred option. We therefore consider that the proposed Reorganisation of Local Government in Wellington should be abandoned as unwarranted, unwanted and unjustified.

P. Matcham

President, Normandale Residents Association