



## **Submission on: *Auckland* Governance Arrangements - Proposals for Wards, Local Boards and Boundaries for Auckland**

To: The Chief Executive  
Local Government Commission  
PO Box 5362  
Wellington

Submission on: Auckland Governance Arrangements:  
Proposals for Wards, Local Boards and Boundaries for  
Auckland

Name: Waikato District Council

Address: Waikato District Council  
Private Bag 544  
Ngaruawahia  
Attn: Tess Owen

### **1. Waikato District Council makes the following general submission:**

Waikato District Council (WDC) supports the broad intent of the report *Auckland Governance Arrangements: Proposals for Wards, Local Boards and Boundaries for Auckland* subject to the clarifications and amendments pertaining to the decision making process, legislative change and costs and funding issues sought below. The relief sought is done with respect to serving the interest of our ratepayers as the WDC endeavours to ensure that the 'best value' for our communities is provided for in this process.

#### Decision sought:

- That the Auckland Governance Arrangements: Proposals for Wards, Local Boards and Boundaries for Auckland be confirmed subject to the clarifications and amendments sought below.
- 2. Waikato District Council makes the following specific submissions on the report *Auckland Governance Arrangements: Proposals for Wards, Local Boards and Boundaries for Auckland* and seeks the following relief:**

## **2.1. With Reference to part two of the report: The Boundaries of Auckland – Southern Boundary**

### **Issue: Shared Services**

WDC acknowledges the need for shared service arrangements to be in place between ourselves, the Auckland Transition Authority (ATA) (on behalf of the Auckland Council) and Watercare Services. This would ensure that citizens of the Waikato would be able to continue to use key community facilities (wastewater facilities, library, swimming pool, *Franklin – The Centre* and related activities). We have initiated discussions with the ATA and plan to meet shortly with Watercare Services. The WDC already has service arrangements with Franklin District Council (FDC), Waipa District Council and Hamilton City Council for library services and a similar arrangement for shared services could be looked into with the ATA.

### Decision Sought

- The WDC would like the LGC to highlight the importance for the ATA and Watercare Services to be committed, in good faith, to shared service arrangements in relation to community facilities.

### **Issue: Office Location**

The LGC recommends that the WDC and the Auckland Council have an agreement that permits residents north of the Waikato River to access appropriate services through Auckland Council offices located in Pukekohe. It is our intention to have an office that would best accommodate the people of Franklin south of the boundary and our initial research, backed up by feedback from the community, suggests that an office in Tuakau would be a more logical choice for a council office to service the area. Sharing the office in Pukekohe would not allow us to optimally serve the citizens south of the boundary from a locational and accessibility point of view. We have already discussed this issue with the ATA in terms of what is best for our ratepayers and they understood our view.

### Decision Sought

- That WDC be able to serve the people residing in the area to be transferred into the Waikato District by being able to have an office established in Tuakau.

### **Issue: LGC's recommendation for the review of the boundary in the short to medium term**

The LGC has indicated *"to ensure good local government for the boundary area in the future, we are of the view that the appropriateness of the boundary and the best means of delivering services will need to be reviewed in the short to medium term"*. However, in the interest of our ratepayers and, bearing in mind that considerable expenditure is being spent on the current process, the WDC contends that it is not prudent for any review of the boundary to be conducted in the short to medium term. It should also be noted that a large portion of the cost associated with the current process would be paid over a period of time, which makes the suggestion for a boundary review in the short to medium term, ill advised.

## Decision Sought

- That it is not in the best interest of the local authorities concerned, and the ratepayers whom they serve, for a review of the boundary to be conducted in the short to medium term.

## **2.2. With reference to part two of the report: Transitional Issues**

### **Issue: Wastewater treatment plant in Tuakau**

With regards to the wastewater treatment plant, it is important that the WDC has a say over its use and pricing arrangements especially since it currently services Tuakau (and has the potential to supply Pokeno in the future). The wastewater treatment plant is an asset that, whilst located in the new Waikato District, will be managed and operated by Watercare Services. Whilst we believe that this asset should be vested in the WDC (rather than in Watercare Services) we want to ensure that ratepayers connected to the plant pay a fair price for access to the service particularly given that they have already contributed to the cost of the plant. We also wish to ensure that any arrangement provides for growth opportunities. Historically WDC has delivered wastewater services at an affordable level and at the lower end of the cost scale. WDC would therefore like to ensure that ratepayers in the Franklin area are not disadvantaged.

WDC also wishes to ensure that the debt funding that financed the Tuakau wastewater plant is correctly allocated to Watercare Services (should Watercare Services take it over) and not either to the WDC or to Auckland Council. This would be inequitable. However, WDC is prepared to challenge the issue of the wastewater treatment plant should any decision not work in our, and that of our ratepayers', favour.

The Minister of Local Government has also recently provided a paper outlining the key decisions regarding the governance and operation of Auckland. Our understanding is that this paper is a prelude to the Third Bill and provides the background to key decisions contained in the proposed legislation.

This paper suggests that all assets and liabilities will be transferred to the Auckland Council. This is not our understanding. We understood that with the express exclusion of the wastewater treatment plant, all other assets located on the WDC side of the boundary (such as roads, reticulation pipes that serve WDC areas predominantly, parks and other facilities) would be transferred to WDC. This needs to be urgently clarified, as it will directly affect our ability to serve the needs of the community.

WDC also needs to be involved in any decision-making that will impact our future community. The decision regarding the wastewater assets was taken without reference or discussion with WDC. Whilst the outcome may have still been the same, at least we would have had the opportunity to advocate for our community.

## Decision Sought

- That any debt associated with the Wastewater Treatment Plant is transferred with the asset.

- That WDC be involved in the decision-making process regarding pricing arrangements for the service provided by the wastewater treatment plant in order to ensure that WDC ratepayers pay a fair price for accessing the service.
- That, with the express exclusion of the wastewater treatment plant, other assets such as roads, parks and other facilities would be transferred to WDC.

**Issue: Public ablution facility alongside Karioitahi Road and the water reservoir in the Karioitahi Reserve**

The proposed southern boundary incorporates the public ablution facility alongside Karioitahi Road (on the west coast) into the Auckland Council area of jurisdiction. The balance of the reserve and a reservoir that serves an area on the Auckland side is currently on the WDC side of the boundary. We also understand that the FDC has had a discussion on this matter with the LGC.

Decision Sought

- That the southern boundary (Karioitahi Road) near the west coast be moved south to follow the adjacent property boundary to incorporate the area (that would include the public ablution facility and the reservoir) into the Auckland boundary.

**Issue: Being considered an 'equal party' in discussions with the ATA**

As an affected party and a key stakeholder in the Auckland transitional process, the WDC is not only fully prepared to co-operate with both government and the ATA but we would also want to be considered an 'equal party' in any discussions that has a direct bearing on the area of Franklin District to be transferred to the WDC.

As outlined above, the lack of consultation regarding the Tuakau Wastewater Plant has potentially placed this Council at a serious disadvantage.

Decision Sought

- An acknowledgement that WDC is an equal party in any discussion relating to the area of Franklin District to be transferred to the WDC.

**2.3. With reference to part two of the report: Representation Issues**

**Issue: Representation Issues**

The WDC acknowledges that the inclusion of approximately 13,000 additional residents will have a significant impact on the District's representation requirements. The council would like to advise that it is currently working on a representation review in conjunction with the FDC and the Onewhero/Tuakau Community Board. The results of our consideration will be made available to the Commission by the beginning of February.

Decision Sought

- That the LGC give due consideration to the WDC representation proposal for adoption by the Commission on 1 March 2010.

## **2.4. With Reference to part two of the report: Service Delivery by Other Organisations**

### **Issue: Service Delivery by Other Organisations**

The WDC notes the boundaries of other organisations (e.g. District Health Boards) but we contend that this would not have a major impact on our organisation. It is already a matter that affects our Council in the Waikato area.

#### Decision Sought

None.

## **2.5. Other Issues that need to be brought to the attention of the LGC**

### **1. Transition Costs**

WDC is incurring, and will continue to incur, considerable costs associated with the transition both in terms of time and resources. The transition process associated with Auckland's future governance is an unfunded mandate that is already placing strain on our organisation. WDC recently underwent a restructuring to remove organisational inefficiencies and adopted mechanisms in favour of cost reduction that are commensurate with current levels of activity. Costs of the transition include but are not limited to communication, building facilities (office, depot), computer systems, and transitional staffing and project management. It is our express view that our ratepayers should not subsidise these costs.

Whilst some funding arrangements are available to the ATA, there is no indication that these facilities extend to the WDC.

Furthermore, our early assessment indicates that there is likely to be an imbalance between rates and income collected from the new area and the operating cost of the assets and activities therein.

We also note that the LGC proposal contains provision for staff transitioning to the new Auckland Council but no similar proposal is suggested for staff transitioning to the WDC. In order for WDC to adequately provide service to the future WDC ratepayers, additional staff will be required. WDC believes that continuity of employment should extend to staff transitioning to the WDC.

#### Decision Sought:

- That the LGC recommend that government assist with the transition cost bearing in mind that we do not believe that it is the intention of government for our existing ratepayers to subsidise the transfer of the new area.
- That provision be made for extending the continuous employment record of FDC staff should they be transferred to WDC as part of the transition process.

### **2. Annual Plan**

WDC is working cooperatively with the FDC and we understand the approach that is being undertaken with regards to its Annual Plan for the period 1 November 2010 to 20 June 2011. We have assumed that we don't need to include any additional information into our own Annual Plan for 2010/2011 to cover the changes to the boundaries. It is assumed that FDC will develop an Annual Plan on behalf of the WDC for the area to be transferred. We also assume that no consultation will be required on the FDC Annual Plan for our expanded area. It is also important for the respective Annual Plans to be kept discrete so that we, as a council, would know if we are getting a financial imbalance.

Decision Sought:

- A recommendation from the LGC to government that the approach being adopted by WDC is the only practical alternative to meet our legislative requirements. Furthermore, WDC should not unfairly be singled out for any intransigence by the Office of the Auditor-General with regards to the Annual Plan based on the above approach.

### **3. LTCCP**

Since the incorporation of part of Franklin District into an expanded Waikato District represents a significant change for WDC it would, ordinarily, require an amended LTCCP. However, we are of the view that it would be imprudent to trigger an LTCCP process for 2010/11 or 2011/12. We therefore would not want an amended LTCCP to be mandated. WDC may still choose to undertake an amended LTCCP process but we seek flexibility to make this decision based on the best interests of the community at the time.

The 2011/2012 Annual Plan may still rely on Year 3 of the FDC LTCCP. This is due to the timing of the Annual Plan process and the still nascent nature of our knowledge of the area.

Decision Sought:

- That it should not be a requirement for WDC to do an amended LTCCP for 2010/11 or 2011/12.

### **4. Annual Plan Imbalance**

As noted above, we are concerned that WDC may not receive a balanced budget from the FDC portion that is to form part of the expanded WDC.

Under the boundary changes, approximately 25% of the population of FDC will transfer to WDC.

The rating base is unclear at this stage but is probably less than 25%. The asset base is likely to be closer to 50% (roads certainly, but other assets are unknown at this stage) and the cost of maintaining the assets is likely to exceed the rating income available from the ratepayers transferring to WDC.

It is highly likely therefore that the Annual Plan would not balance. The WDC will have to 'subsidise' to address any financial imbalance and we would certainly not

want to be in a situation in which the Annual Plan 2011/12 and future plans incorporate a cross-subsidisation regime for WDC ratepayers, which could lead to an increase in rates or a decrease in the levels of service for ratepayers.

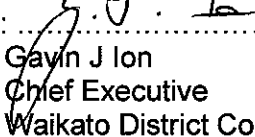
A suggestion to address this imbalance is to ensure that the allocation of assets (for example, capital development fund or investments) or the allocation of liabilities (such as debt) could be used as a means of addressing any imbalance. This could provide relief for the medium to long-term.

Decision Sought:

- That the LGC recommends that government put in place a plan that articulates how any imbalance will be addressed in the a) short term and b) long term.
- That the LGC recommends that the split between Auckland, Waikato, Hauraki, Watercare Services and the new transportation authority, is fair.

Council wishes to be heard in support of its submission if required.

The Waikato District Council appreciates the opportunity provided to make a submission to the Local Government Commission.

Signed:   
Gavin J Ion  
Chief Executive  
Waikato District Council

Date: 11 December 2009

Address for service of submitter:  
Waikato District Council  
15 Galileo Street  
Private Bag 544  
Ngaruawahia 3720

Telephone: (07) 824 8633; Fax: (07) 824 8091  
E-mail: [Tess.Owen@waidc.govt.nz](mailto:Tess.Owen@waidc.govt.nz)  
Contact Person: Tess Owen, Executive Assistant