

26 February 2015

Sandra Preston
Chief Executive Officer
Local Government Commission
PO Box 5362
WELLINGTON 6145

Dear Sandra

Kāpiti Coast District Council Submission on the Draft Proposal for Reorganisation of Local Government in Wellington

Thank you for the opportunity to submit on the above proposal.

The Council has been engaged in this process since it began in 2010, and while it declined the invitation to submit an alternative application on the understanding that the Commission must consider the status quo as an option, it submitted principles and objectives that it sought be taken into account should the Commission decide to issue a Draft Proposal. That submission and supporting information is attached to this submission.

Council's overall position

1. Council's overall position on formal reorganisation in Wellington is neutral, given the even split in the community evidenced by previous surveys. We urge the Commission to satisfy its own requirements to have demonstrable support for the proposal before proceeding with the next steps of the process. Council is firmly of the view that in the event that the Commission does proceed and issues a Final Proposal, the matter must go to a poll to enable the communities to express their voice on the future form of local government in the Wellington region.

Process concerns

2. Council wishes to register its frustration with the Commission's timeframes surrounding its process. To receive the proposal on 4 December 2014 and require submissions by 2 March 2015 and the intervening Christmas and New Year period has significantly challenged Councils and Communities adequate engagement in the process. Council is also concerned at lack of information and debate being held at the community level. As the final form is likely to be determined by the communities that make up the region, we urge the Commission therefore to engage more at that level. At the very least we would expect hearings to be conducted in each district to ensure that communities can be heard from directly. It is this Council's preference that the Commission also engage directly with the Community Boards of this District.

3. We also encourage the Commission to conduct its own surveys. This Council has previously undertaken polling that has indicated ambivalence, and it is our understanding that polls being returned to other councils are not strongly supportive of the proposal. Given that the final decision is likely to be in response a poll, it seems sensible to understand the communities' views sooner.

Council's views on the Proposal

4. While we can see distinct benefits in many of the elements of the proposal, we can also see disadvantages in areas that are important to the Kāpiti Coast community. Some of these disadvantages can be overcome by strengthening the role of Local Boards, but other disadvantages and uncertainties will remain.
5. The Council is pleased that a significant number of the issues raised by this Council have been addressed in the Draft Proposal, and in the event that the Commission sees fit to issue a Final Proposal, there are matters that the Council would like to see retained or strengthened.
6. This submission is therefore couched in those terms.
7. Among the benefits Council can see are distinct advantages in linking regional infrastructure to regional spatial planning, a better voice for the wider region, particularly on business and economic development matters, more efficient regulatory systems bringing benefits both of scale and capability, and a reduction in compliance costs for activities that span more than one district.
8. Disadvantages that Council believes are difficult to mitigate include the loss of local democracy and local voice; and the cost of change – where it is likely to be a close to a decade before financial benefits outweigh the transition costs, and the inevitability of changes to the rating system that will impact on the ratepayers of Kāpiti Coast.

Aspects supported

Two Tier Council

9. The elements that the Council actively supports relate to the model of combined council selected by the Commission. Should the Commission proceed to a Final Proposal, the two-tier Council model is supported, as it best gives effect to the concept of local decision-making on those matters that are local in nature and should be managed closest to the community affected. The Council does not support the alternative single tier model as this would not give effect to the principles outlined in this Council's previous submission.

Transparency between tiers of Council

10. Council supports the level of transparency and functional distinctness between the two tiers. The lack of clarity around some current functions, such as natural hazard management and spatial planning, have been a source of concern for this Council,

and we are keen to ensure that this is not replicated in future organisations of local government.

Creation of Wards

11. The ward structure responds to the distinctiveness of parts of the Wellington community, and in particular the Kāpiti Coast community.

Number of representatives from Kāpiti Coast

12. Council supports at least two Kāpiti Coast representatives on the new Council. This is the minimum number that could be expected to adequately represent the interests of the Kāpiti Coast community on a combined council. The Kāpiti Coast community has a different set of needs to the broader Wellington community, and this will continue to evolve with changing demographics, particularly with the growth pressure that will eventuate as a result of the improved transport linkages with Wellington. These differences need to be responded to, and a single representative would be under significant pressure to represent fully the breadth of the community.

Kāpiti Coast Local Board

13. The concept of a Kāpiti Coast Local Board is supported. This ensures that those matters that are genuinely local in nature can be managed at an appropriate level, and provides a vehicle for local views and preferences to be expressed.

Subdivision of Ward – protecting geographical communities of interest

14. Council also supports the further subdivisions within the Kāpiti Coast Ward that ensure that the voice of each distinctive part of its geographical community and village identity is appropriately retained and represented. While its preference was to retain the Community Board structure, the subdivision creates the opportunity for a mechanism such as local committees to be created around those geographical units.

Appointment of elected Councillors to Local Boards

15. It is important that the appointment of the Kāpiti Coast representatives back on to the Local Board is retained. This ensures strong linkage and accountability between those members that are elected at large from the Kāpiti Coast Ward, and Local Board members drawn from each of the subdivisions.

Provisions for Māori involvement

16. Council supports in principle the provision for the Māori voice to be adequately represented at Council. We urge the Commission to ensure that it has made adequate provision to hear and listen to Iwi and the local Māori community of interest.

Retention of area offices and service centres

17. Local facilities where communities can connect their Council are vital. Retaining these within the Kāpiti Coast will ensure that the services that are local are delivered close to the community. While the proposal commits to maintaining service centres in Ōtaki and Waikanae for not less than 5 years we are seeking a longer and firmer

commitment to maintaining these facilities. A minimum of 10 years is requested given the urban growth that is taking place at these locations.

Debt pooled at regional level

18. Council is pleased to see that the Commission has made no determination in respect of ring-fencing of debt, and strongly encourages it to maintain this approach. While we disagree with some of the assumptions made about the quality of the Kāpiti Coast District Council infrastructure assets and therefore some of the assertions about the future costs attributable to this community (outlined later in this submission), Council supports the concept of equitable charging, whether through rates or fixed charges, for a community-agreed service level via the LTP process, throughout the region.

Aspects to be strengthened

19. Should the proposal proceed to the Final phase, there are aspects that this Council would like to see strengthened or clarified in order to best serve the Kāpiti Coast community and the region. While Council accepts that there are properly limits to the degree which a current council should be able to fetter the actions of a future council, there are matters that are of such importance to the community that clarifying them now will avoid future avoidable concerns.

Direct Management of infrastructural assets

20. This Council is totally opposed to transfer of its infrastructure assets to a Council-Controlled Organisation. We are opposed to the transfer of infrastructure management to CCO's on the basis that it is the desire/will and expectation of the community that the elected representatives will have control and responsibility for the vast majority of community assets and the implementation of the operational matters. We have specifically established policy with regard to directly managing the community's water supply assets through a robust public process. This is highlighted in its significance policy in the Kāpiti Coast District Council Long Term Plan (2012 to 2032). The community therefore has reasonable expectation that no changes to the management of these assets will occur without going through due process.
21. With the exception of public transport infrastructure, other infrastructure currently managed by this Council is geographically isolated from Wellington, and given the geo-physical limitations and natural hazard risks of the area, it is unlikely that combined systems would ever be achieved. Separate management is therefore already required. Council requests therefore that its water supply assets continue to be managed directly.

Strengthening signals around retaining progress in new practice

22. This Council has also invested heavily in developing new policy regarding water management, and in particular implementing water metering; and in developing its new District Plan. Water metering is now established and implemented, and is consistent with Government's direction on water management. The District Plan is still under development; and this Council is committed to its finalisation. Any signals that an incoming council may wish to start this process from scratch, and revisit the District Plan, (as is the case in Auckland) is likely to lead to significant costs and

delays. While the Commission quite rightly does not have the power to determine policy on behalf of an incoming Council, it can signal a strong direction. To this end the Council invites the Commission to specifically encourage the incoming Council to retain the Kāpiti Coast District Council's water metering policy and continue the District Plan review, until such time in the future that they are harmonised through normal processes over time.

Signalling bias to maintaining beneficial partnerships and agreements

23. Council also has in place some very beneficial partnerships and community agreements. Its relationship with Te Whakaminenga o Kāpiti was one of the earliest in the region and has established a strong working relationship to the benefit of the entire community. Signals are made encouraging Local Boards to establish relationships with Iwi, Hapu and local taura here. This Council invites the Commission to go further than this and encourage adoption of existing partnership agreements at the Local Board level where the Iwi, Hapu and local taura groups agree.

Correction of the record

24. The Council has noted that there are areas where assumptions have been made that are not correct, and statistics used that are, in Council's opinion, sub-optimal. While Council is of the view that these are not significant in terms of the Commission's overall consideration, they do reflect on this Council's performance, and we would like to ensure that the Commission is making its final decision based on the best possible information available.

State of water and wastewater assets

25. The MWH report (Asset Management Activities, Wellington Region Local Authorities, November 2013) has classified an average of 60% of pipe assets in the Kāpiti Coast District Council as being in the "poor to very poor" category (Table 18 of the Draft Proposal Volume 2), with a short life expectancy and therefore a very high near-future cost to any Council (see Table 12 of the Draft Proposal Volume 2). The report appears to have reached this conclusion based on the nature of the pipes (AC) and an assumption about age. AC pipes do have a shorter life than more modern materials; particularly those made and installed prior to 1970. A majority (85%) of Kāpiti Coast District Council's pipes have been installed after 1970, and the Council's own assessment based on testing indicates that they are not in poor condition.
26. Council's own assessment of asset replacement requirements is appended to this submission (Appendix 1). Council requests that the Commission reviews the data underpinning the MWH report, and the analysis drawn from that report to ensure that any decision is based on accurate information.

Use of per capita costs as a comparator

27. Table 9, Volume 2 refers to very high operating costs per capita for the Kāpiti Coast District Council. We are unsure of the source of the figures; however Council's own information records its operating expenditure at \$1,237 per capita, placing it at second lowest in the region, rather than the highest at \$2,048 per capita. More

recent information presents operating expenditure per ratepayer, which in our minds is a more useful measure of actual cost of service delivery. Again, using these figures, Council's operating costs are the lowest in the region and 4th lowest in NZ.

28. Detail is provided in Appendix 2

Conclusion

29. The Kāpiti Coast District Council wishes to thank the Local Government Commission for its thoughtful approach to reorganisation in the wider Wellington region. There is much in the proposal that reflects views expressed by this Council, and the Commission is to be commended for its approach. We continue to urge the Commission to continue this approach, and ensure that it adequately engages with community to hear its views directly.

The Council wishes to be heard.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R Church', with a long horizontal flourish extending to the right.

**ROSS CHURCH BCA, JP
MAYOR, KĀPITI COAST DISTRICT**

Appendix 1 – Pipe asset available condition data.

Water supply network condition

Councils assessment of water supply pipe condition is based on industry expected base life knowledge, results of pipe sampling and Kapiti risk profiling. The current assessment of pipe condition for the water supply network ($\geq 50\text{mm}$) by proportion of length is shown in the table below.

Condition grading	% of length
Condition grade 1 (Very Good)	32%
Condition grade 2 (Good)	18%
Condition grade 3 (Moderate)	22%
Condition grade 4 (Poor)	24%
Condition grade 5 (Very Poor)	3%

Wastewater network condition

Councils assessment of wastewater pipe condition is based on industry knowledge, CCTV surveys and sampling and risk profiling. The current assessment of pipe condition for the wastewater supply network by proportion of length is shown in the table below.

Condition grading	% of length
Condition grade 1 (Very Good)	0.10%
Condition grade 2 (Good)	23.20%
Condition grade 3 (Moderate)	76.50%
Condition grade 4 (Poor)	0.20%
Condition grade 5 (Very Poor)	0.00%

Age Profile of Council Asbestos Cement pipe networks

Proportion of the Asbestos Cement pipe	Water Supply	Wastewater
Installed pre 1970	15%	<1%

Appendix 2 – Total Operating

Total operating expenditure per ratepayer: 2012/13	
Kāpiti Coast District	\$2,497
South Wairarapa District	\$2,632
Upper Hutt City	\$2,705
Carterton District	\$2,797
Masterton District	\$3,280
Lower Hutt City	\$3,489
Porirua City	\$3,886
Wellington City	\$5,738