

Should Northland Local Government become a Unitary Authority?

A report prepared by

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Table of Contents

| | |
|---|-----------|
| Executive Summary | 4 |
| Introduction | 6 |
| Background | 7 |
| Northland as a Region | 7 |
| History Regarding Local Government Structure | 10 |
| Authority Structures - Who does what? | 13 |
| Summary of Current Northland Structures..... | 18 |
| Is There a Call for Change? | 23 |
| Northland now and moving forward | 24 |
| Structures | 25 |
| Governance | 29 |
| Efficient and Effective Compliance | 33 |
| Change for the sake of change?..... | 37 |
| Recommendations..... | 39 |
| Central Government..... | 39 |
| All Northland Regional Entities (Whangarei, Kaipara and Far North District Councils and the Northland Regional Council). | 40 |
| Northland Regional Council..... | 41 |
| Whangarei District Council..... | 42 |
| Concluding Thoughts | 42 |
| References..... | 44 |
| Appendix One - Comparison of Strategic Statements of the Four Councils | 48 |
| Appendix Two – Candidate Assessment Panel | 51 |

Table of Figures

| | |
|--|----|
| Figure 1: 2006 Census Data: population comparison of Northland Councils & New Zealand .. | 8 |
| Figure 2: Northland Regional Population Age Profile, | 9 |
| Figure 3: The purpose of Local Government..... | 13 |
| Figure 4: Kaipara’s contribution to community outcomes by activity..... | 14 |
| Figure 5; Northland Region District Councils | 18 |
| Figure 6: Table Comparison of District Council Information..... | 21 |
| Figure 7: Far North Ward/Community Board Boundaries | 22 |

Executive Summary

This report explores local government reform within Northland. A mayoral forum in 2009/2010 recognised issues of dysfunctionality and inefficiencies in the current system and began a process of targeting the formation of a single unitary authority within Northland. To date this process has failed to effect any significant structural or procedural change.

In researching for this report, I have spent time reading and analysing consultants' reports, council papers, trolling website documents and speaking to councillors and management; all of which have given me an insight to some of the issues. With the acknowledgement of these issues by and within my research sources, there is also agreement that if the organisations and the people within them worked together better, the people of Northland would get better service, more opportunities would emerge for Northland and the growth of Northland and its communities would continue to improve.

I believe the current method of electing all councillors once every three years is flawed. There is inconsistency of governance and variation of skill and experience on council. The election could be improved to give a better assessment of each candidate's skills and experience with the use of a candidate assessment tool. A third of councillors being elected every year will create more consistency in decision making, and less focus on electioneering. Greater training of governors within their role would increase their skills and contribution to council.

Having joint consenting councils creates confusion and poor process pathways for clients. A unitary authority type structure could address this issue. The creation of a one-stop-shop type system with case managers that become responsible for taking a client/ratepayer through a consent process to completion could enhance transition through this process for clients/ratepayers under the current structure. The councils need to become output focussed which in turn will develop a more customer focussed culture within the organisation.

Environmental monitoring within all councils needs to be independent. I do not believe a unitary authority can behave responsibly enough to monitor its own environmental performance. Central government needs to increase the role of the Environmental Protection Authority to enhance a more national standardised monitoring and reporting system. This is a step forward in giving consistency of rules for consent holders and also national environmental reporting standards.

The suggested unitary Environmental Protection Authority model looks uncannily similar to the Regional/District Council model originally set up in 1989, with perhaps the roles more clearly defined. Effectively the models have gone complete circle, but hopefully this time the role of the Environmental Protection Authority will be more clearly defined, fit for purpose and accountable.

In Northland, rather than go through a lengthy process of reform, I believe resources would be better spent on enhancing the current structures to achieve targeted outcomes. I have outlined my recommendations for this within the report.

The current governors have a responsibility to do what is right and affordable for Northland. It is time that they accelerate this process.

Introduction

As part of the requirements to complete the Rural Kelloggs Leadership Programme 2011, I am required to investigate a topic of interest and write a report regarding this subject.

The topic of local governance and the formation of a Unitary Authority in Northland has interested me as there has been recent controversy stemming from disagreement within councils. During the 2010 public “consultation” process, I became interested in how a district council with a poor environmental record could be self regulating. As both a ratepayer and an environmental consent holder I have chosen to look at this from two sides of the relative same coin – both as a service user and one whose rates pay to run the service.

My goal with this project is to create a discussion document that will be useful not only for ratepayers by outlining and simplifying the current issues, but also to management, councillors and central government to reflect on current issues as a basis for recommendations for future changes. It may be an introduction to new ideas, or merely a reflection of current ideas that clarify why the issues are leading to council discontent, process inefficiencies and customer dissatisfaction. In preparing this report, I have read a number of reports, trolled through website documents and spent time talking with council staff and councillors both within Northland and also from Gisborne District Council which is a Unitary Authority. These reports and discussions have helped to inform this report and have shaped my opinion on what a sustainable and appropriate way forward might be.

During the course of this research not only have my initial concerns been reinforced but I have also become aware of other issues which have caused me some concern. I have addressed these as well within this report. As I have progressed I have found the topic to be a minefield of personal opinion, buck passing and political manoeuvring. However, there is in the majority of cases a strongly held belief that local government in Northland would benefit from more cooperation and pooling of resources.

I think it is impossible to go into significant detail within this short report, as this goes beyond my current brief and timeframe, and it would result in the report being impossible to digest and could be conjecture on my part. I have merely snorkelled in a small part of an ocean and from this have come to gain an insight, understanding and a belief that there is potential to improve local Government in Northland.

Background

Northland as a Region

Northland is the upper most region of New Zealand. The Northland Regional Council describes Northland as “a long narrow peninsula with a subtropical climate. It is a diverse region in both socio-economic pattern and environmental characteristics” (Northland Regional Council, 2009). While diversity can bring richness to a community and region there are also issues that sit alongside it.

| Variable | New Zealand | Far North | Kaipara | Whangarei | Kerikeri | Kaikohe |
|---|-------------|-----------|----------|-----------|----------|----------|
| Population | 4,027,947 | 55,842 | 18,135 | 74,463 | 5,856 | 4,133 |
| Population % Māori | 14.6% | 43.9% | 22.3% | 25.2% | 13.8% | 73.5% |
| Population % European | 67.6% | 59.5% | 76.7% | 71.9% | 80.4% | 35.5% |
| Population over 65 | 20.4% | 13.8% | 15% | 14.9% | 20.4% | 10.7% |
| Population under 15 | 20.6% | 24.4% | 23.3% | 22.8% | 20.6% | 32.3% |
| % with post-school formal qualification | 39.9% | 33.7% | 30% | 37.6% | 44.1% | 27.9% |
| % over 15 with no formal qualification | 25% | 33.6% | 35.9% | 29.7% | 21.5% | 40.8% |
| Median income (individual) | \$24,400 | \$19,200 | \$20,200 | \$22,500 | \$23,300 | \$17,900 |
| Household access to cell phones | 74.2% | 67.1% | 68.4% | 74.0% | 74.3% | 66.5% |
| Telephones | 92% | 84.1% | 87.3% | 89.2% | 93% | 72.3% |
| Internet | 60.5% | 49.3% | 48.9% | 54.3% | 64.7% | 32.4% |

Figure 1: 2006 Census Data: population comparison of Northland Councils & New Zealand

Source: (McKinlay Douglas Limited, 2010).

The statistics of the 2006 Census (Figure 1) paint a picture of a population that has the largest ethnic group being European but there are pockets within the region that have a higher percentage of Māori in comparison to the national average. These ethnic populations and groupings bring their own issues in relation to cultural considerations, community/health care, employment and infrastructure requirements. These statistics also paint a picture of a young population, many of who have little or no post school qualification, with less than the national average access to telephones and internet. Within Northland currently 8.5% of the Northland population is unemployed vs. the national average of 6.6% to June 2011 (Regional Labour Market Reports, 2011). Recorded offences per 10,000 population is 10.5% above the national average (Police National Intelligence, 2011). The age profile for the Northland region shows an “under 20yrs old bubble” (figure

2). A growing population will exceed the current statistics which already have their own issues. This population extreme is more pronounced in some districts within Northland e.g. Far North (in particular Kaikohe – 73% Māori and 40% under the age of 20years), Whangarei and Kaipara. Along with other documented extremes in population idiosyncrasies, this population data will impact on future planning considerations and change the shape of Northland as the years pass. The time to prepare for this future populations’ needs is running out.

Northland Region Population Age Profile

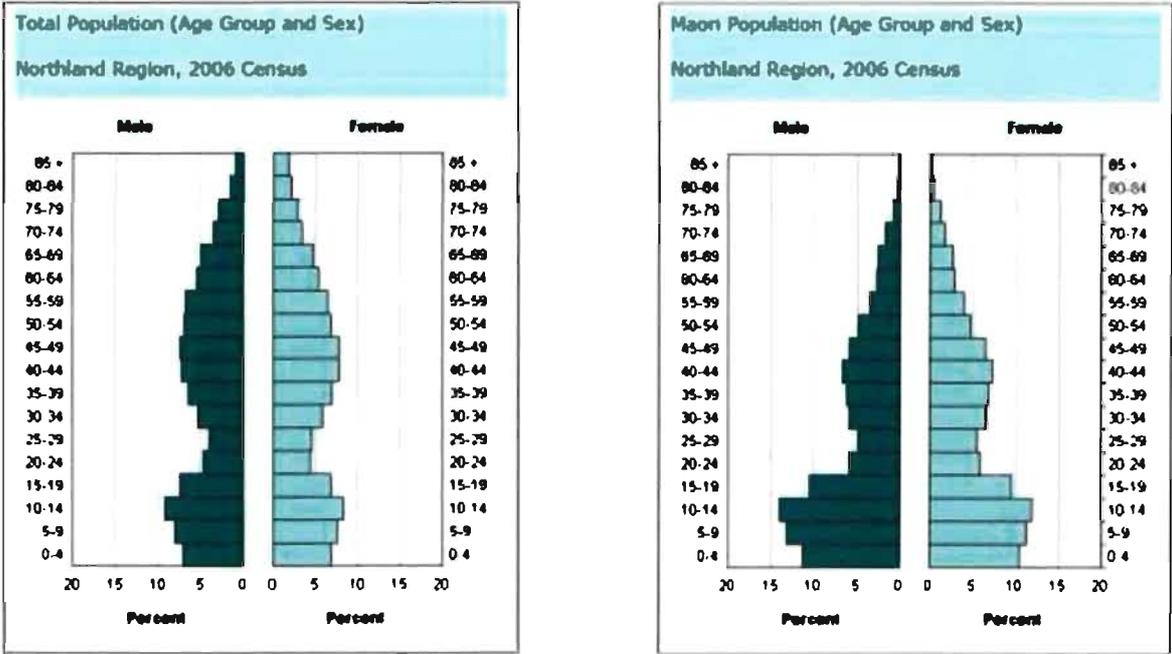


Figure 2: Northland Regional Population Age Profile,
 Source: McKinlay Douglas Limited, 2010, p59

History Regarding Local Government Structure

It is over 20 years since the major restructuring of local government took place. These changes created the main elements of the present structure of local government in Northland.

As McKinlay Douglas Limited (2010) points out when the current structures were put in place at this time:

- The internet did not exist
- Personal computers and mobile phones were still in the future
- Climate changes was not yet an issue
- The treaty settlement process had yet to begin
- Few, if any councils or communities (or national governments) had any idea of how important the role of local government would become in shaping and creating the places where highly mobile people would want to live and work.

Central to this 1989 reform was a need to improve the performance of New Zealand's public sector and wider economy, with a particularly strong emphasis on efficiency and the role of organisational design in achieving this. Reform of local government took place at the same time as the major review of planning legislation which eventually gave rise to the Resource Management Act 1991. This Act entrenched regional planning and the environmental management role within regional councils and saw district councils becoming primarily responsible for service delivery functions.

One of the intentions of the Resource Management Act 1991 was to develop a set of environmental standards that the Regional Councils would consent and monitor (Wilson, 2011). Unfortunately this has never eventuated and now a situation prevails where all councils have different interpretations of the Act. With the discussions around developing the role of the Environmental Protection Authority (Ministry for the Environment , 2011), we are effectively revisiting the early 1990's and finishing off what should have been done by the Ministry for the Environment when the Act was first passed. If this is the case what is wrong with the current structure? On the surface they seem to be just variations of each other.

Comparison of Existing Council Structure vs. a Unitary Authority

| REGIONAL COUNCILS | | DISTRICT COUNCILS | |
|---|--|-------------------------|--|
| <i>Environmental Protection</i> | | <i>Service Delivery</i> | |
| Characteristics of this structure include: <ul style="list-style-type: none"> • Regional differences in environmental standards – monitoring and reporting • Political differences • Disjointed objectives • Overlap of services – confusion - not customer focussed • Non-standardised monitoring and reporting | | | |

Versus

| UNITARY AUTHORITY | |
|--|-------------------------|
| <i>Environmental Protection</i> | <i>Service Delivery</i> |
| Characteristics of this structure include: <ul style="list-style-type: none"> • Unknown environmental monitoring • Politically influenced • Internally more efficient? • Major consents heard by independent commissioners | |

In reality all of the structures are similar, it is just how and where the roles and responsibilities are defined that determine how successful they are in meeting their core purpose.

As a result of this reform, Northland was set up with one regional council overseeing the region north of Auckland with three district councils being set up within that region.

Between this initial reform and 2010 a few minor attempts to create a Unitary Authority were made with none being successful.

In 2010, the combined mayoral forum decided to investigate the rationalisation of local government in Northland. This resulted in a recognised level of inefficiency and dysfunctionality within all levels of local government within Northland (Trapski, 2010).

Trapski (2010) concludes in his investigation that

A recent myriad of legislative changes have caused an overlapping of roles in local government that has created tensions, division and mistrust amongst local authorities. There are serious disputes over (interalia) regulatory standards; Northland's local authorities are not working together; they are not collaborating or council-operating; they are looking and thinking inwardly with little perceivable consideration being given to Northland and what is good for Northland. Residents and ratepayers do not know where they are. Many think that they have over-governed – but the governance arrangements are not delivering, effectively or efficiently, and it is the customer, and the Northland community that is suffering.

This process quickly fell apart as Trapski (2010) identified as the district council mayors had preconceived ideas and were prepared to debate these in public prior to any report being released. The regional council hence disengaged itself from the process. The mayors' objective was to abolish the regional council and form one or two unitary authorities within the region. In 2011, the parties are no further ahead in their bid for a Unitary Authority so by default a status quo has emerged.

Authority Structures - Who does what?

The legislation outlined in the Local Government Act 2002 defines the purpose of local government to “enable democratic local decision-making and action by, and on behalf of, communities, and to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future”. The Kaipara District Council outline this diagrammatically on their website (Figure 3), which depicts all of these dimensions as interrelated parties – all equal in their importance and all having an impact on each other.



Figure 3: The purpose of Local Government

Source: www.culturalwell-being.govt.nz

This diagram is expanded (Figure 4) to include and outline the various outcomes that the council will strive to deliver to their residents. It is clear that many amenities and services cross different quadrants, indicating one cannot be developed/serviced without affecting other areas of community wellbeing.

| Outcome Sustainable Economy | Outcome Strong Communities | Outcome Safety and a Good Quality of Life | Outcome Special Character and Healthy Environment |
|--|---|---|---|
| Kaipara District has a diversified and sustainable economy that supports the well-being of its communities and residents | Kaipara District is built on strong communities where people have a sense of belonging and work together to shape their collective future | Kaipara District is a safe place to live and raise a family, where people enjoy a good quality of life | Kaipara District is proud of and renowned for its beautiful environment and sound management of natural resources, where residents enjoy a clean, healthy environment |
| Roading Wastewater Water Supply Stormwater Land Drainage Refuse Community Spaces Economic Development Development Management Policy and Planning | Roading Water Supply Refuse Community Spaces Economic Development Development Management Community Development Democracy Policy and Planning | Roading Wastewater Water Supply Stormwater Land Drainage Refuse Community Spaces Economic Development Development Management Community Development Policy and Planning | Roading Wastewater Stormwater Refuse Community Spaces Development Management Policy and Planning |

Figure 4: Kaipara’s contribution to community outcomes by activity
 Source: Welcome to Kaipara District Council, 2011

In order to gain a foundational understanding of the authorities that currently exist in Northland, it is important that some terms are explained and the actions of each particular party is outlined and defined.

The Free Dictionary, (2011) defines authority as having the “power to enforce laws, exact obedience, command, determine or judge”. While there are many definitions regarding council entities available I have chosen to use ones outlined in the McKinlay Douglas Limited report (2010). Using McKinlay Douglas’ definitions and taking the meaning of “authority”

into consideration one can get a feel of the power and delegated responsibilities that various bodies have within Northland.

The current local government entities in Northland include:

Regional Council

- Set up to act primarily as technical, science-based, entities to focus on environmental management including setting the frameworks within which territorial local authorities would develop their own planning and land use controls. They were designed with the expectation they would have relatively minimal direct engagement with the public's of their regions (McKinlay Douglas Limited, 2010).

City and District council (Territorial Local Authorities):

- Are responsible for the broad range of local government service delivery. Although since 2002 the primary legislation (Local Government Act, 2002) under which they operate describes the principal purpose of local government in terms of enabling democratic local decision-making and promoting community well-being, the principal focus remains one of efficient service delivery as can be seen from the very extensive and financially-based accountability requirements under which councils function (McKinlay Douglas Limited, 2010).

A Unitary Authority is “a territorial authority that also has all the responsibility of a regional authority – unifying both roles in one local government body which covers one geographical area” (Tasman District Council , 2011).

Community Boards are defined by (McKinlay Douglas Limited, 2010) as being

- A lower tier of local government which can be established or disestablished by territorial local authorities to represent part of the district for which the authority is responsible (most existing boards were established at the time of the 1989 reforms as a means of providing some form of continuing community voice for areas which had previously had their own council but were now being amalgamated into a larger entity). Under the Local Government Act, the functions of community boards are largely at the discretion of the parent council.

One consequence of the way in which councils have typically treated community boards is a very real ignorance of their potential – they are typically seen as little more than ratepayer associations limited to being paid advocates for the community. The reality is that community boards have the potential to provide genuine local governance for individual communities within the council area provided both the will and the understanding is there.

The Guide to Local Government (2011) outlines some of the roles of a community board which might include:

- Representing the interests of its community

- Considering and reporting of matters referred to it by council, or of interest or concern
- Maintaining an overview of council services to the community
- Preparing an annual submission to council for expenditure
- Communicating with community organisations and special interest groups.

Due to the extremes of the communities of interest in the Far North, community boards are a way of providing a local level of governance and management for local issues.

Council Controlled organisations

Previously known as local authority trading enterprises. Councils have used these structures for property development; road and other maintenance, professional services and some infrastructure e.g. water. These may include charitable trusts to manage activities such as arts, culture and recreational activity.

These have several advantages in that elected councillors can exercise more influence over their Council Controlled Organisations activities than they could if the role was part of the business of council where the overriding statutory role of Chief Executive Officer can restrict the ability of the councillors to influence the way in which the activity is managed. It also gives the ability to attract a “fit for purpose” governance structure and support e.g. members managing a cultural centre versus managing a water company (McKinlay Douglas Limited, 2010, p.8)

Officer within each council requires elected members to only deal with one staff member. The intention was to minimise the ability of councillors to “interfere” with the way council business was actually managed. The reality is often somewhat different.

Northland Regional Council

The Northland Regional Council is well funded with substantial reserves and investments. Currently 50% of its income stream comes from these. The other 50% comes from rates and charges.

These include 53% shareholding in the Port Corporation plus Enterprise Northland (Trapski, 2010). The income from these shareholdings has been used to subsidise rates rather than develop the regional assets. Currently Northland Regional Council is looking at restructuring how they charge their rates. They are looking at fully charging ratepayers for their service as a council and then utilizing the investment income stream to invest into large singular projects that benefit Northland e.g. Toll Stadium and a direct rail link to the port.

Commercial income should not be subsidising the services provided to the rate payer, which is currently the case. It has been noted within council arenas (Northland Councillor, 2011) that the motivation for creating a Unitary Authority by the debt ridden District Councils was to grab these assets to sell off and pay off debt.

Whangarei District Council

The Whangarei District Council has a high population density due to Whangarei City and therefore has a strong rating base. Rate payer debt is not excessive however over a period

of time infrastructure maintenance has been neglected e.g. sewerage systems (Northland Councillor, 2011).

Kaipara District Council

Kaipara has the smallest rate payer base with a large land area. It is predominantly rural and has an excessive high debt of approximately \$4400/household (Northland Councillor, 2011). This council struggles due to its small size and relies on consultants rather than internal expertise.

Far North District Council

The Far North District Council is in a different situation than the other two councils. It has three distinct areas within its district. These have been recognised by creating three wards (Figure 7) and a community board sitting within each ward. The functional structure of the Far North District Council is appropriate with the use of community boards, empowering local expectations and decision making, recognising three major communities of interest in the Far North.

Comparison of Northland District Councils' Information

| | Whangarei District Council | Kaipara District Council | Far North District Council |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Population | 80,000 | 18,950 | 58,400 |
| Mayor | 1 | 1 | 1 |
| Councillors | 13 | 8 | 9 |
| Councillors per resident (2010) | 6153 residents per councillor | 2368 residents per councillor | 6488 residents per councillor |
| Council Employees (2009) | 317 | 54 | 235 |
| Council employees per resident (2009) | 340 residents per employee | 350 residents per employee | 317 residents per employee |
| Operating Revenue per resident | \$1.12 | \$2.15 | \$1.50 |
| Operating Expenditure per resident | \$1.43 | \$2.46 | \$1.48 |
| Capital Expenditure per resident | \$1.15 | \$3.65 | \$1.17 |
| Rate Revenue Per resident | \$.79 | \$.96 | \$1.12 |

Figure 6: Table Comparison of District Council Information

Source: (Local Councils, 2011)

Examining the district council information (Figure 6) it is clear that each district has differing needs and rating pressures, based on its populations representation and expenditure per resident.

Ward/Community Board Areas within Far North District Council

The Far North is divided into three separate wards (Figure 7) with a community board sitting in each ward. Each ward has its own idiosyncrasies.

Eastern Ward

This centres around Paihia and Kerikeri and up the east coast. It is well positioned to meet ongoing capital and operational costs and it could be challenged that this ward cross subsidises the other two wards with 80% of the population being European and 14% Māori, with a higher qualified population (Figure 1) and a higher mean individual income than the other areas in Northland.

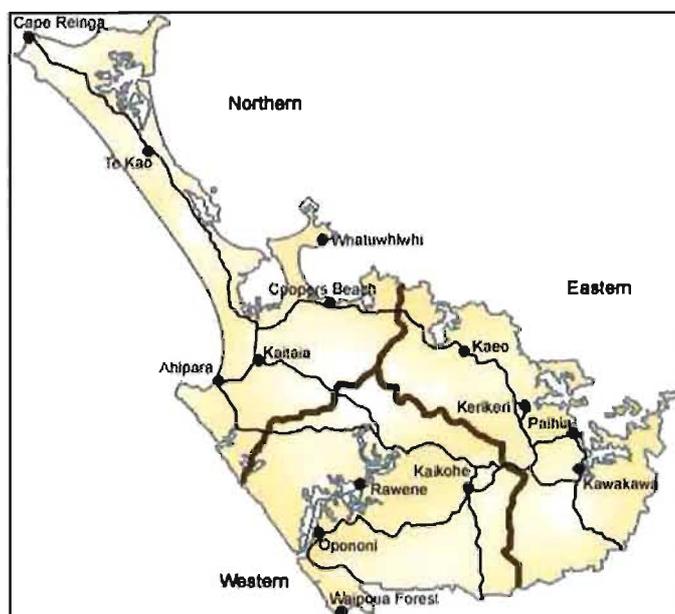


Figure 7: Far North Ward/Community Board Boundaries

Source: Far North District Council, 2011

Western Ward

This comprises an area of poorer quality land and a high Māori population (Figure 1).

It has higher unemployment and lower educational achievement. This ward has the highest population of under 15 years old (Figure 1) which in time could create major pressure on issues such as employment, crime, housing and current/future infrastructure.

Due to high unemployment and lower than average mean income (Figure 1), the western ward is poorly placed to fund a reasonable standard of services especially in roading and water/wastewater infrastructure.

Northern Ward

Geographically this is an isolated part of Northland. This ward is centred around Kaitiā and struggles to provide a reasonable standard of service and infrastructure. It has a high Māori

population (50%) and youth population (28%) and the population have lower qualifications and income (McKinlay Douglas Limited, 2010).

However, within the Far North District Council there are a high proportion (14%) of unpaid rates (Council, Staff Member , 2011) and little legislative support from central government regarding this issue. Given the extremes of the populations between each ward and their financial ability to pay rates for user-pay services, it could be questioned whether the communities should enjoy the same high waste water, sewage and drinking water standards at costs way beyond the community's ability to pay. Conversely, do they have the same right to expect the same standards and should the Regional Council take this into account when issuing consents?

Ultimately, the financial viability of the Far North District is dependent upon and influenced by the funding infrastructure of the western and northern wards. With current debt owed the ongoing viability of the council may turn out to be a taxpayer rather than a rate payer issue.

Is There a Call for Change?

There seems to be little call from the Northland community for structural change. Public meetings called in March 2010 to discuss the McKinlay Douglas report were extremely poorly attended (Northland Councillor, 2011).

A large number of the submissions to local Government reform focussed on “the way” the present structure is operated, in particular concern at the display of public infighting amongst their local government leaders and executive officers.

Current arguments for change are derived from previous/existing mayors and Chief Executive Officers and revolve around dysfunctional local government and the need for improved efficiencies. There is a willingness amongst political leaders and management to move forward for the economic advancement of Northland. Yet these leaders, who are responsible for the very organisation they govern also accept that their current agenda may not be in the best interest of their district or the people of Northland (McKinlay Douglas Limited, 2010).

Northland now and moving forward

The following is an excerpt from the public consultation document from the Far North Council.

WHAT'S WRONG WITH WHAT WE'VE GOT? *He aha ke te he i nga mea kei a tatou?*

It has been suggested that there are too many fingers in the local government pie and this means it may not work as well as it could for the Far North. Here are some of the views being expressed:

- It's confusing for you the customer having to deal with two different councils and not knowing who to talk to about what
- Some people believe local government in Northland is too Whangarei-centric

- It is difficult for the regional council based outside our district to keep on top of all the big issues for the Far North
- The region is just too big and too diverse to be treated as a single entity. Take roading: the issues in the Far North are very different from those in Whangarei. Lumping us all in together means the unique challenges facing the Far North may fail to get sufficient of an airing with decision makers in Wellington
- The politics sometimes don't work well with differing views at regional and district council levels about what's best
- Too many plans, too much complexity, duplication and bureaucracy – there is a need to simplify and move to a more straightforward structure of local government.

(Far North District Council , 2010, p.3.)

This statement does nothing to give rate payers confidence in the current structure and if anything encourages them to push for the initiation of substantial reform.

Structures

Alignment of vision, mission and values

When reviewing the vision, mission and values of each council, (Appendix One), there seems to be little that binds the councils in their collective approach forward. Each of the councils has a vision and mission statement and values. However it would seem that all are far from aligned for a regional approach. In order for Northland to flourish as a region going forward a more closely aligned strategic vision, mission and values statements must be created for a collective regional strategy rather than a divided one. A joint strategic vision, mission and values needs to be considered. This would give a clear strategic direction to central government, those governing within local government, those employed by and servicing local government and those residing within Northland. It would also underpin the various

decisions that need to be made so that Northland would be the central figure in the decision rather than the current authority/council body/councillors.

Having a unified region speaking with “one voice” would strengthen the relationships within authorities, create credibility with major investors and stakeholders and create a critical mass when negotiating with central government (e.g. for funding for major projects such as roading).

Council confusion

There is confusion about which council does what and to whom they are accountable. One could question what is stopping the two councils jointly creating a one-stop-shop for consent applications. The process changes that are needed can be instigated immediately at little cost; it is the attitudinal, behavioural, relationship and organisational cultural changes that will take a little longer and will require good role modelling and mentorship by governance and management. These changes will result in a functional entity similar to the creation of a high performing unitary council with the same challenges of attempting to get planning/consent departments to collaborate.

Politics and Tensions within local government

Differing views between Regional and District Councils generate conflict. This conflict/tension can be aligned to many relationships e.g. central government/local government or within local government/community based community boards. It is based on either competition for limited resources (roading) or differing opinions on compliance and

funding issues. When looking at local government structure and current dysfunctionality of existing structures it is important to look at the tensions that exist (Gisborne District Councillor, 2011).

The majority of focus has been placed on inter-council tensions i.e. between regional and district councils. Often these have a political basis.

These generally lie in three areas:

1. Environmental requirements
 - a. Sewerage treatment
 - b. Storm water
2. Consents
 - a. Process
 - b. Conditions
3. Central Government Funding
 - a. Roading allocation/regional representation

However, to gain a better understanding we must consider where else tensions and conflicts of interest exist within local government and communities. All councils have common issues of internal coordination, capability, organisational culture, and inter-council coordination which makes things more difficult when a proposal requires consent from more than one council. Within a Unitary Authority the same inter-council tensions exist, except they are now inter-departmental tensions e.g. environmental/resource consents and planning versus service delivery.

Will these tensions change if governance structures are changed? At the face of it this question appears simple and yet is it one fundamental question that is behind the whole process of reform. There is the potential for these tensions to be healthy as they create a “knife-edge” on which productivity and quality are continually challenged. Conversely in cases where there are economic and environmental issues it could be questioned if such tensions do in reality achieve a better result? E.g. the Kaeo/Whangaroa sewerage treatment plan where regional and district councils disagree on standards required. It is interesting that a District Council would advocate removal of “unrealistic” environmental controls to save money.

Herein lies the problem – who is the poacher and who is the game keeper? What motivates a district council to lower environmental standards? Costs! Why are costs a concern? Increased costs reflect in increased rates and increased rates equal ratepayer revolt which leads to councillors being voted out. How can these decision makers be responsible decision makers when they are motivated by voters? This may answer why the structure and role of Regional Councils is structured as it currently is. The question remains - have regional councils become too unwieldy by demanding excessive compliance standards on businesses and communities? Should these councils have the authority to set standards? Are the standards they set based on science and sustainability or are they politically motivated from within councils as a justification of individuals’ employment positions?

Should Central Government set the standards and the Regional Councils merely be responsible for the monitoring? This would remove the inter-council argument of what environmental standards are appropriate. If central government sets standards that are too

onerous on a community, then they become responsible for funding those projects. The tensions still exist but by distancing those from the community involved hopefully better and more balanced outcomes would exist. If the country had standard methods of monitoring and reporting, would some of these tensions be removed and a better environmental outcome achieved?

Simplification of local government

Complexity, duplication and bureaucracy are challenges in any organisation, and more difficult in two. However, by creating a customer focussed ethos, then in time rationalisation can occur. It does however require a more aggressive approach and extension to rationalising consent requirements and procedures. Considering that all consent requirements need to comply with the same national legislative acts, ultimately all three district councils should have the same procedures and policies and consent requirements. These will then mesh in with regional council consent procedures and generate the same process throughout Northland.

Governance

Recruitment to Council – Getting the Right Skill Sets

Any person within the community can put their name forward to run in local council elections. They need only to be a “New Zealand Citizen and be enrolled as a parliamentary elector” and be nominated and seconded by electors (Voting and Becoming a Councillor, 2011). Despite them taking an oath when they enter office which binds them to “making

decisions for the overall benefit of the community” (Local Government New Zealand, 2011), they are not required to have any governance experience and often will use popular issues to campaign on. This recipe does not create the ideal election platform or ultimately the ideal governor. Attracting the correct people with the correct skill sets requires vision and planning. Given the size of Northland, there is a limited pool of experienced governors from which councillors could be drawn from. It also requires communication of the available candidates to the voters in a more engaging way based on their skills and experience rather than their political stance.

Candidate Assessment

I believe it is important that when a person puts themselves forward in a major governance role such as council, they should go through a rigorous process, (Appendix Two) where their skills (such as governance experience, strategic thinking, communication, business knowledge, financial knowledge) can be assessed and then presented via a candidate profile to the voters for their information and consideration. This enables voters with no personal knowledge of the candidate to make an assessment of the candidates’ suitability. It also sets benchmarks for future councillors to aspire to. Voters will develop higher expectations of governors. This will lead to more skilled and experienced governors leading our councils therefore higher productivity and outputs of the council.

Training Councillors

Training is achieved both formally and through job experience. It is important that the right people are supported and trained to become leaders in our societies. Investment in training will develop these people further with the investment paying dividends in a more knowledgeable, capable and productive governor. There is already an avenue for training within Local Government New Zealand (n.d.) offering training in the following skills;

1. Role of elected members,
2. Media and presentation skills,
3. Consultation skills,
4. Effectiveness of elected members,
5. Understanding orders,
6. Chairing meetings,
7. Conflicts of interests,
8. Team review,
9. Ethical responsibilities,
10. Local government,
11. Effective directorship.

While these half day trainings are available as well as a host of other applicable trainings nationally, it would be interesting to poll how many of the current councillors have availed themselves of ALL of the Local Government New Zealand sessions or have completed similar training to gain these important governance skills?

Mentoring is often an important and yet undervalued role in the development of new councillors. A structured mentorship programme using experienced councillors could prove valuable to new members while validating the input of those already within council.

Electoral Rotation and Council Succession Planning

Currently every three years all councillors simultaneously are up for renewal. I believe this is a fundamental fault. It may be the most cost effective way of holding elections but little regard is given to other implications and the continued functioning of the councils for the benefit of those they serve. Decision making has the potential of becoming political rather than outcome focussed especially in the times closer to elections.

Following elections a new council could potentially have the majority of councillors change, therefore creating little continuity with dealings with the Chief Executive Officer and management leading to a possible lapse/loss of control and slowing of the various projects in the council pipelines. Lack of consistency in committees in the early part of a council tenure is an opportunity for management to “runaway” until councillors/governors are up to speed. This costs ratepayers both in time and money in getting council back on track and performing at pre-election productivity levels.

A more robust policy would be for one third of council up for rotation at any one time. It lessens risk and allows better long term focus by councillors. This is because two thirds of council know they are not up for immediate election within the next twelve months, therefore continuity and momentum in council governance continues.

As well as community boards being utilised as better community representation and more localised governance they can also be a great platform for local communities to identify their leaders early. Within this structure these potential leaders can gain experience and knowledge of the business before putting themselves forward for a more advanced role in council. Investment in training at this level is important in developing potential and therefore future governors.

Efficient and Effective Compliance

Consent Processing

There has been widespread dissatisfaction with the district councils meeting their statutory timeframes in consent approval. The four councils rank between 7th out of 85 local authorities to 81st. This is in contrast to the Northland Regional Council who is “one of New Zealand’s top performing local authorities in terms of processing consents within statutory timeframes” (McKinlay Douglas Limited, 2010, p.35).

There can be very substantial costs in dealing with the council with the implication that staff generally do not understand factors such as the opportunity cost of time, or the costs of providing additional information, and thus the very substantial financial costs that may result unnecessarily from the way in which they process consent applications. There can be a lack of a “can-do” approach, and variable technical skill within the planning department.

There is a documented commitment to do better and cooperate and collaborate more (Northland Regional Council , 2011) but integrating this commitment into a team can pose

more of a problem than a solution. Management of consent processes is needed to minimise costs and delays for applicants.

The challenge for the future is to develop a culture within the planning/consents department that is fit for purpose. That is, one that enhances the sustainable economic advancement of Northland. The culture also needs to include recognition of the adverse impact which council performance can have on the viability of individual projects.

The Northland Regional Council has potentially forgotten the economic advancement requirements when considering environmental consents. Is imposing increasingly higher standards on communities that cannot afford them appropriate? Work needs to be carried out at a higher level of engagement with the community to see how this could/should be fostered.

A One-Stop-Shop Option

There has been discussion that forming a unitary council would allow consent applications to be a “one-stop-shop” rather than dealing with both a regional and district council. While this suggestion is admirable the question remains whether this would resolve performance issues within departments. The other issue to be taken into consideration is whether the current culture is correct for this to flourish.

Another discussion revolves around creating case managers. Here, a consent application would be assigned a case manager who would become responsible and accountable for overseeing the approval process. This then becomes customer focussed. Guidelines

regarding case manager delegated authority would need to be developed to outline how they become empowered within the system to make a difference, versus becoming victims of the existing system. Consideration could be given as to whether a case manager/one-stop-shop could work under the existing structure between regional and district councils, outlining who they report to. Given the correct roles and responsibilities this solution could have the ability to lift performance within council(s).

Monitoring Of Environmental Issues Within a National Framework

New Zealanders are quite rightly proud of their environment. The problem is that we also need to be in a position to provide hard nationally benchmarked evidence that our clean, green brand is justified. It is critical that environmental reporting is a robust, factual, auditable and nationally linked assessment – not just a public relations advocacy exercise.

Just as the Independent Auditor General is central to the credibility of the financial reporting, the state of the environmental reporting must be independent of the government of the day and the council of residence (Ministry for the Environment , 2011).

The government is currently reviewing the Environmental Protection Authority as an arm's length environmental regulator. Its role is to be an auditor of New Zealand's environmental systems, with this is a statutory role of state of the environment reporting. There is currently no specific compulsion on local authorities to supply standardised data to a national environmental statistics programme. For example, current legislation does not require local authorities to all monitor the same aspect of the environment in a consistent way, nor is there the need for councils to comply with the same rules that they set their

ratepayers or consent holders. This is an anomaly which reeks of “big brother” approach and provides a culture of shame and blame rather than council lead example. The Whangarei District Council has had at least 50 sewage spills into the Whangarei Harbour and contributing streams from the city wastewater treatment system since 2002, often creating swimming and shellfish collecting bans from the Northland Medical Officer of Health (Northern Advocate, 2010). How would a unitary authority deal with these types of issues?

The government intends to introduce legislation that provides for impartial and regular environmental performance reporting (Ministry for the Environment , 2011). Over time this will provide a more robust picture of New Zealand’s current and projected environmental performance.

While regional differences in soil types, climatic conditions (e.g. rainfall) and waterways exist, a national monitoring system that takes these idiosyncrasies into account would create national benchmarking opportunities to be instigated, with all monitoring and auditing reporting through to the Ministry for the Environment. This in itself will have a major impact on local Government. It will allow the public to have increased confidence (McKinlay Douglas Limited, 2010) that the environment will be protected by an independent auditor verses being politically manipulated by local politicians and council personnel.

If New Zealanders accept their collective responsibility in caring for the environment, it then becomes important that the governance of environmental responsibility is distanced from local community level.

This was the view when current local government structures were put in place in 1989 and I believe this is still as important today. I question whether the 1989 structure of regional (environmental) and district (service delivery) is any different to that of Unitary Authority/Environmental Protection Authority proposal looking forward. How significantly different is this model to that of a Regional and District Council model? This is in contrast with the view that local issues are best dealt with locally. If this is the case, then how can a Unitary Authority maintain National environmental standards unless central government in some way monitor and audit consent, monitoring and compliance by councils?

Change for the sake of change?

When is the right time?

When looking at the option of changing the existing structure in Northland to a Unitary Authority it is important to comprehend the process and time associated with this process. Is establishing a Unitary Authority a viable option and if so how many and which communities should they cover? When is the appropriate time to change? How long should this change take?

A proposal to merge the Otorohanga and Waitomo Districts to form a King Country District took a period of two years and eight months (Wright, 2008). Northlands proposal involves four councils and is therefore more complex and understandably will take more time.

Will it save money?

The financial cost of transitioning to a Unitary Authority for Northland is unknown, yet suspected to be significant. Experience from off shore and within New Zealand indicates change within local government typically comes at greater than expected cost and with greater than expected disruption (McKinlay Douglas Limited, 2010).

Whangarei District Council commissioned Deloitte to investigate financial savings which might occur with a Unitary Authority. The result was potential savings of up to \$10million per annum; however this result was within the margin of error and therefore not felt to be beneficial enough to drive such a significant change in the short term. (Deloitte, 2010)

What would a new structure look like?

Before any change can be commenced, Northland's governors must first agree upon what the final outcome will look like. Is it a service delivery model, a regional representational model, central government mandated model, or a customer focussed model – the options are wide and varied. Once this agreement is reached the governors need to proceed with the most immediate and cost effective approach in attaining this outcome for all of Northland. This could be immediate or alternatively strategic piece-meal changes could happen over a set period of time with the ultimate outcome being a Unitary Authority.

Consideration must also be given to Central Governments indication that after the 2011 election, local government and environmental protection will come under scrutiny. Under

this environmental pretence, it would be unwise to allocate further resources into a process that may not fit with central government direction.

However, whatever happens Northland's local government performance must be lifted and this is recognised amongst its leaders and management. There is a willingness to do what is best for Northland. Those expressions of willingness must be carried forward into the district plan as urgent prioritised actions with a clear goal of addressing what is best for Northland and its communities.

Recommendations

For ease of reading and for consideration by the appropriate bodies I have outlined my recommendations general to the region as a whole (which encompasses all bodies) and specific recommendations for each appropriate body.

Central Government

Central government has a role to play in creating and maintaining a "shared focus on contributing positively to the wellbeing of communities" (Local Government Commission, 2008). It needs to have the structure to develop systems for standardised monitoring of environmental indicators e.g. Water quality and water discharges.

The Environmental Protection Authority needs to have authority to audit regional council/unitary authorities consent and monitoring and reporting. This in turn must be

consistent throughout the country; standards, monitoring and reporting to justify our clean, green New Zealand brand.

I believe central government must assist Northland Local Government in developing more efficient governance and delivery of services to the people of Northland. This maybe simply facilitating differing political agendas with the outcome being a more collaborative pathway towards a more unified governance model. It must take responsibility and have better systems of engagement with local authorities.

All Northland Regional Entities (Whangarei, Kaipara and Far North District Councils and the Northland Regional Council).

It is recommended that all of the Northland Regional Entities:

1. Develop a Northland Best Culture in conjunction with the three district councils aligned to a strong strategic combined vision, mission and values.
2. Strengthen Northlands representation as a whole with central government to capitalise targeted delivery of central government services and resources e.g. roading, consent compliance, and development of lower socio-economic regions.
3. Consider the way in which governors are chosen, training and succeeded within their organisations and develop and sustainable model for recruitment, election and tenure.
4. Strengthen shared governance with Northland Regional Council.
5. Take into account more holistically not only the environmental, but economic and social aspects as required by the Resource Management Act when issuing consents in line with the purpose of the Local Government Act 2002.

6. Continue to developing the concept of shared services and systems, standardising processes between councils with regard to such things as building code, consent conditions etc.
7. Amalgamate as many services, resources and systems as possible with the district councils to maximise the overall regional benefit to Northland.
8. Develop an integrated service delivery structure with district councils in order to build the “one-stop-shop” joint delivery of planning and consents departments.
9. Help to develop case managers. These may be initially independent and report directly to CEO’s or a joint committee charged with unifying Northlands local government.

Northland Regional Council

It is recommended that the Northland Regional Council:

1. Transfer their current investment/assets to a trust in order to distance itself and potentially the district councils from these assets.
2. Set up a governance structure that protects these assets in Trust so that the income from this trust can be used for “Northland” projects of significance e.g. Toll Stadium, a rail link to the port, International Airport at Kerikeri.
3. Charge operational costs as rates, unsubsidised by investment income.
4. Consideration is given to restructuring representation on council. Consideration needs to be given to a member of district councils sitting on Regional Council i.e. each current District council would provide one or two of its councillors to make up half of the Board of the Regional Council.

5. Consider the effects of an Environmental Protection Authority model and its implications moving forward and driving a fit for purpose/outcome focussed culture.

Whangarei District Council

It is recommended that the Whangarei District Council:

1. Consider strengthening community representation by forming community boards
2. Consider integrating Kaipara to create a stronger Northland local government and better utilisation of resources between councils
3. Rapidly invest in infrastructure with particular regard to sewerage.

Concluding Thoughts

After completing this small review, I have concluded that there is no one recommendation that would “fix” the current situation. A final outcome of efficient, effective governance and servicing body/bodies for Northland revolves around changes in more than one area.

Loosely these can be separated into the areas of governance, process/service delivery and compliance monitoring and auditing. Central government needs to be more actively involved in order to make all of these areas mandated which will ensure they are integrated into the local government arena.

From my investigation, there is little in my opinion that demonstrates the current structure is a major issue. The issues appear to centre more on the workability of the current structures and the commitment, cooperation and collaboration of those within them to carry out their core purpose. However, misaligned common visions, poor governance and

inconsistent standards of compliance monitoring and auditing on a regional basis as well as national auditing, reporting and compliance add to this confusion and functionality.

In time, I believe a hybrid of a Unitary Authority and Environmental Protection Authority will prevail. This is uncannily similar to the original 1989 version of Regional and District Councils. The time is right now for progress to be made forward versus going back around in a circle. Time is of the essence, money is a limited resource and people are the key.

He aha te mea nui o te ao?

Maku a ki atu.

He tangata.

He tangata.

He tangata.

If you should ask me, what is the greatest thing in this world?

I would answer, it is people, it is people, it is people.

(Anonymous, n.d)

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Appendix One - Comparison of Strategic Statements of the Four Councils

Mission Statement Comparison of the Four Councils

A mission statement is defined as “A written declaration of an organization's core purpose and focus that normally remains unchanged over time. Properly crafted mission statements (1) serve as filters to separate what is important from what is not, (2) clearly state which markets will be served and how, and (3) communicate a sense of intended direction to the entire organization. (The Business Dictionary, 2011)

| Council | Mission Statement |
|---|--|
| <p><i>Northland Regional Council</i> (Northland Regional Council, 2011)</p> | <ul style="list-style-type: none"> • Through growth, putting Northland first by providing regional leadership, environmental protection, economic opportunities and integrated infrastructure |
| <p><i>Whangarei District Council</i> (Whangarei District Council, 2011)</p> | <ul style="list-style-type: none"> • Creating the ultimate living environment |
| <p><i>Kaipara District Council</i> (Welcome to Kaipara District Council, 2011)</p> | <ul style="list-style-type: none"> • We will work with the community to preserve our heritage, enhance our environment, and provide the best possible services and facilities to make Kaipara an excellent place to live. |
| <p><i>Far North District Council</i> (Far North District Council , 2011)</p> | <ul style="list-style-type: none"> • To provide effective leadership and responsive, affordable services • To value our diverse lifestyles and unique environment • To build trust within stronger and safer communities • To promote economic, social and cultural advancement of the Far North |

Vision Statement Comparison of the Four Councils

A vision statement is “an aspirational description of what an organization would like to achieve or accomplish in the mid-term or long-term future. It is intended to serves as a clear

guide for choosing current and future courses of action.” (The Business Dictionary, 2011) A mission is different from a vision in that the former is the cause and the latter is the effect; a mission is something to be accomplished whereas a vision is something to be pursued for that accomplishment. (The Business Dictionary, 2011)

| Council | Vision Statement |
|---|---|
| <p><i>Northland Regional Council</i> (Northland Regional Council, 2011)</p> | <p>Creating a region of choice</p> |
| <p><i>Whangarei District Council</i> (Whangarei District Council, 2011)</p> | <p>To be a vibrant, attractive and thriving District by developing sustainable lifestyles based around our unique environment: the envy of New Zealand and recognised worldwide.</p> |
| <p><i>Kaipara District Council</i> (Welcome to Kaipara District Council, 2011)</p> | <p>West Coast: Increasingly attractive to tourism and lifestyle. An area with high ecological, historical, environmental and cultural values.</p> <p>Dargaville: An attractive place to shop, visit, live and work. A service and tourist centre.</p> <p>Kaipara Harbour: A taonga preserved for all to enjoy. Retaining a rural atmosphere. Balancing competing demands of commercial and recreational activities.</p> <p>Mangawhai: Fully serviced urban centre located in an outstanding coastal environment. Kaipara’s largest town.</p> <p>Rural Heartland: Farming and forestry support the District’s economy with an increase in rural lifestyle uses.</p> |
| <p><i>Far North District Council</i> (Nelson, 2011)</p> | <p>The Top Place Where Talent Wants to Live, Work and Invest</p> |

Comparison of Values of the Four Councils

Values are defined as “Important and enduring beliefs or ideals shared by the members of a culture about what is good or desirable and what is not. Values exert major influence on the

behaviour of an individual and serve as broad guidelines in all situations.” (The Business Dictionary, 2011)

| Council | Values |
|---|--|
| <p><i>Northland Regional Council</i> (Northland Regional Council, 2011)</p> | <ul style="list-style-type: none"> • Put our community and region first • Be a champion for our natural environment • Be forward thinking and innovative • Be flexible and open • Be responsive and deliver value • Be professional and accountable • Work with others |
| <p><i>Whangarei District Council</i> (Whangarei District Council, 2011)</p> | <ul style="list-style-type: none"> • Communication • Customer First • Innovation and Excellence • Valuing Employees and Partnerships • Visionary Leadership |
| <p><i>Kaipara District Council</i> (Welcome to Kaipara District Council, 2011)</p> | <ul style="list-style-type: none"> • People First – the council realises that its first responsibility is to the people of the district • The council will protect and enhance the positive aspect of living in the Kaipara District • The council is a service provider to the community • In partnership with the community the council will facilitate, plan and encourage economic growth. |
| <p><i>Far North District Council</i> (Far North District Council , 2011)</p> | <ul style="list-style-type: none"> • Enabling • Enthusiastic • Innovation |

Appendix Two – Candidate Assessment Panel

CANDIDATE ASSESSMENT PANEL MATRIX – EXPLANATION

DEFINITIONS OF ASSESSMENT COMPETENCIES

Candidates will be assessed on the following key governance competencies:

(a) Governance

Demonstrates complete integrity in his/her conduct.

Understands corporate governance. Director responsibilities and obligations to shareholders.

(b) Communication and Leadership

Is able to be an effective and open communicator.

Is able to contribute effectively to group discussion

Has demonstrated effective leadership.

(c) Strategic Thinking

Probes and challenges key strategic issues, and participates effectively in specific strategic decision-making.

Demonstrates an ability to think both logically and laterally in a constructive and independent manner.

(d) International Experience/Perspective

Has in-depth experience and/or appreciation of general global trends which have the potential to impact significantly on Fonterra's performance.

(e) Business and Finance

Has experience and/or qualifications in financial literacy.

Has commercial acumen and understanding of business knowledge.

Experienced in monitoring or managing financial indicators against performance projections, and analysing investment proposals.

(f) Industry Knowledge

Has an in-depth understanding of the dairy industry.

ASSESSMENT CRITERIA DEFINITIONS

Candidates will be assessed on each of the key governance competencies using the following assessment criteria:

(a) Experienced

Consistently demonstrated the necessary skills and has the experience, in this particular competency, needed to act as a director of Fonterra.

(b) Potential

Demonstrated sufficient skill and capacity, in this particular competency, to be able to act as a director of Fonterra without having had the relevant experience

(c) Not Demonstrated

Did not demonstrate the relevant skills, in this particular competency, to be able to act as a director of Fonterra

Candidate Assessment Panel Matrix – EXPLANATION

| Competency | Assessment Criteria | | |
|--------------------------------------|---------------------|-----------|------------------|
| | EXPERIENCED | POTENTIAL | NOT DEMONSTRATED |
| Governance | | | |
| Communication and Leadership | | | |
| Strategic Thinking | | | |
| International Experience/Perspective | | | |
| Business and Finance | | | |
| Industry Knowledge | | | |

Voters should note the very specific definitions of the competencies and criteria that the Candidate Assessment Panel has used in forming its judgement.

CANDIDATE INTEREST STATEMENT – EXPLANATION

To provide shareholders with more information, each candidate was required to include an interest statement with their profile, outlining any business, investments or other relationships the candidate has with Fonterra, or with any third party that transacts with Fonterra or carries out business in competition with Fonterra.

Candidates prepared their own interest statements and are solely responsible for ensuring they are accurate and complete.

(Fonterra Shareholders' Council, 2011)