

News Release

Thursday 12 June 2014

Regional amalgamation: at what cost for Rotorua?

Rotorua Mayor Steve Chadwick is warning that a single Bay of Plenty 'super city' council could be financially crippling for Rotorua and may stifle the voice of local communities.

"We best be careful what we wish for," says Mrs Chadwick. "The evidence is growing rapidly that in Auckland the super city just isn't working, with local services set to be cut because of a crippling \$7 billion debt that's rising by \$3 million a day, and average rates that are now 30 per cent higher than Rotorua."

Against a backdrop of financial sustainability central government has been advocating, through the Local Government Commission, for amalgamation of some councils in New Zealand. Auckland's amalgamation has already been completed while Northland, Wellington/Wairarapa and Hawkes Bay local authorities are all currently debating the prospect of super cities replacing existing councils.

"Local government reform in itself isn't a bad thing. But what really counts is the nature of the reform and ensuring that it is best for our district and our communities. It certainly makes sense to be collaborating with other council partners so we can collectively achieve economies of scale, and create more effective regional hubs for the likes of water and transport needs."

Mrs Chadwick's comments follow a recent decision by Bay of Plenty Regional Council to prepare a report with their views on local government reorganisation for the Bay of Plenty region.

The regional council, which had previously committed to a neutral stance on amalgamation in the region, is now taking what they have called a "pre-emptive strike" as a response to a group business people who have signalled their probable intention to lodge an application with the Local Government Commission for amalgamating Tauranga City Council and Western Bay of Plenty District Council.

It is expected that the Bay of Plenty Regional Council's report will likely propose a single super city unitary authority for the whole of the Bay of Plenty, including Rotorua.

Mrs Chadwick is fearful that such an approach would have a detrimental impact on Rotorua, where a fresh partnership of community and council is moving in a new direction, and could put the community's Rotorua 2030 vision at risk.

“We know we have to work differently than in the past but this council is already focussed on a solid path to financial sustainability. An amalgamation of all councils in the region would likely derail our plans for that better future,” Mrs Chadwick says.

“Part of the case touted for amalgamating local councils is that of improving financial sustainability. But if you look at the wider Bay of Plenty’s figures, Rotorua and the Eastern Bay residents would potentially have to share responsibility for Tauranga and Western Bay of Plenty’s much higher debt levels, currently 64 per cent of the region’s total net debt.”

“Our own rates levels are already high enough but they’re actually right in the middle of the pack compared to councils across the country. However Tauranga’s average rates are now nine percent higher than Rotorua’s, and Western Bay of Plenty District Council’s are the highest in the country at an average of \$3274, a staggering 61 per cent higher than Rotorua.

“While Rotorua liabilities per ratepayer are \$6669, Tauranga’s are 50 per cent higher at \$9971 and Western Bay of Plenty’s 31% higher at \$8745 per ratepayer.

“So, a super council for the Bay of Plenty: is this really the right direction for our region?

“Does Rotorua really want to see democracy reduced to a local committee with all the real decisions on our future made from Tauranga? Realistically, that’s the likely scenario if all the councils in our region amalgamated into one,” Mrs Chadwick warns.

Mayor Chadwick said communities need to be able to determine what was best for them and their futures on a local level. She said there was clear evidence emerging that Auckland’s amalgamation had produced crippling financial implications for the future of that region and there were now moves from some communities to ‘de-amalgamate,’ as had happened in Australia.

Napier Mayor Bill Dalton has been reported as saying that the Auckland Super City’s wage bill now exceeds \$700 million, more than the total wage bill of all Auckland councils prior to their amalgamation.

In an article in a Hawkes Bay publication he says Auckland debt is predicted to continue rising to over \$12 billion. Interest costs alone are already \$1 million a day - \$365 million a year.

Mr Dalton says Auckland mayor Len Brown has admitted they have problems and that council service levels will have to fall, while promised projects will be shelved or postponed due to the unsustainable debt situation.

Last December Bay of Plenty city, district and regional council chief executives agreed to work together on joint research to understand the real opportunities that exist for improving services, cost efficiencies and economic growth for the region. That body of work is expected to be reported on at the next chief executives’ triennial meeting on 22 August.

ENDS

Factbox

<http://ratepayersreport.co.nz/>

This is a link to the online Taxpayers' Union/Fairfax Ratepayers Report which is now live.

According to this report, RDC's average rates bill, at \$2033, sits right in the middle of New Zealand councils, ie 30 councils have higher rates than Rotorua and 37 lower. In the Bay of Plenty average rates bills shown are:

1. Western Bay \$3274
 2. Whakatane \$2468
 3. Tauranga \$2217
 4. [Rotorua \\$2033](#)
 5. Opotiki \$1958
 6. Kawerau \$1756
- (Taupo \$2105)

Average liabilities per ratepayer are:

1. Tauranga \$9971
 2. Western Bay \$8745
 3. [Rotorua \\$6669](#)
 4. Whakatane \$3829
 5. Opotiki \$1691
 6. Kawerau \$667
- (Taupo \$8753)

<http://youtu.be/82vXxqqOCdY>

This is a link to Mayor Steve Chadwick's amalgamation video.