



WHAT NEXT? The current New Plymouth District Council. Red crosses mark the mid-term departures of Len Houwers and Horse McLeod, with their replacements inset. The lighter crosses mark the expected end-of-term departure of Mayor Andrew Judd, Grant Coward (back row) and Howie Tamati. The red question marks (Harry Duyhoven and Keith Allum) indicate those undecided (in early July) over whether they'll stand again. Green question marks hover over the mayoral candidates - Richard Handley and Heather Dodunski. The latter will return only if she is elected mayor.

Why we're having the biggest political upheaval of a generation

JIM TUCKER previews the October local body elections.

By the time you read this, it's likely the Brexit word will have faded from your vocab as abruptly as it entered. It may endure in some arenas as a term to describe an unexpected reminder to politicians that the democratic process can sometimes turn on them, that actual real people may rise above perceived ennui and have their say. And sometimes the result can be shocking.

The British vote to leave the European Union hogged headlines, but here in New Plymouth voters in local body politics have flexed their influence in the last few years in no less an extraordinary manner, in ways not seen since the 1980s days of Daisy Lean and his bid for a better sewerage system.

In the first instance, in 2013, the mayor and some councillors lost their seats over perceived financial recklessness (not theirs, actually); and now, with the next local government elections due in October, a number are quitting the council before it happens again. They're going albeit for different reasons, but one is likely to be related to a poll that decisively overturned the council's plan to install a Maori ward with a guaranteed single seat at the table, unelected.

So we could have half a dozen new people on the next New Plymouth District Council. This story is an attempt to explain why, and what you should look out for when you vote in a few weeks' time.

The previous council under first-time mayor and experienced politician Harry Duynhoven was waylaid by events somewhat beyond their control (but not entirely). The biggie was the Global Financial Crisis of 2008, an occurrence so profound that it's now referred to in words with capital letters, and has its own readily recognised abbreviation. To borrow from a former US president: it's the GFC, stupid.

The GFC was a world recession, brought on by a stock market crash second only to the one that caused the Great Depression (more capital letters) of the 1930s, when men jumped out of skyscraper windows in New York. They might not have done that in 2008, but the effects were just as profound, even here at the remote (from the Wall St stock exchange) offices of the New Plymouth District Council.

To understand why, it's necessary to refer to the council's perpetual (meaning constantly renewing) investment fund (the PIF). The fund did well for a while after it was set up in 2004. Councillors thought could safely draw off sums of more than \$20 million a year.

Two things went wrong. Firstly, the GFC, which affected the overall value of the PIF – and reduced its income. Then it turned out the Tasmanian farms bought in 2008 with \$70 million of PIF funds needed a lot of money spent of them to get them up to scratch.

What didn't help was despite the debilitating effects of the GFC and non-returns from the farms, for a while the council kept spending PIF "proceeds" as if everything was sweet. Under Peter Tennent's mayoralty to 2010, the drawdown continued at the rate of \$22 million a year.

By the time Duynhoven took over in 2010, other PIF investments were being sold off to keep up the money flow, until in the end the farms were the bulk of what was left. Then, the council had no choice. The payout had to be dropped from \$20 million (2011) to \$9 million in 2012, as Duynhoven, his colleagues and council officers wrestled to get finances under control.

Fuelled by civil "unrest" at such apparent profligacy – erroneously flag-shipped by controversy over the Len Lye Centre (erroneous, because it was built almost entirely from donations, and would cost the council less than \$200,000 a year extra to operate) – voters severely punished hapless Harry and some of his fellow councillors.

Their places were taken by Andrew Judd and other avowed reformers, people partially swept to power by aging ratepayers fearful of the consequences of seemingly out-of-control spending.

By that time, it wasn't out of control, in fact, because another significant influence was also beginning to bite. Let's call it "bureaucratic reform from within". To some extent, the fact the organisation has radically re-shaped itself was within the control of Judd and his council, because they needed to okay what was going on, and to contribute.

But the key point is, they didn't start it. It was already in progress under Duynhoven's lot, and it had begun for reasons that had little to do with who was sitting around the council table.

The person who can best explain what's been happening at the council over the past few years is the chief executive, Barbara McKerrow. She took over the role in 2008 and recalls at the time there was "a kind of unspoken mandate" that there should be an unspecified period of little change.

"I did that for a while, but I started to feel an increasing sense of unease about it. We were getting to the point where the organisation was resting on its laurels, taking for granted that it was as good as it could be.

"I could see other organisations in local government and in Taranaki doing things that we weren't doing that I thought we should be. I started to realise the issue was both cultural and me giving clear directions about where I thought we should take the organisation, and giving clarity to the staff about what our purpose was.

"We invested in really developing the quality of leadership within the organisation. We also put in place a number of programmes to drive greater efficiency, which we needed to do anyway. We had to adjust to a radical reduction in our income (PIF), and we adjusted the organisation to that drop in income with very little change in the level of service to the community. I think there is a mistaken perception about the change in levels of service."

McKerrow is concerned about that perception. It appears to be a commonly held belief that the current council swept into office and slashed budgets and burned services. But she says the change began in earnest under the Duyhoven mayoralty in 2012 and has been continued apace ever since, and it was a process of being more efficient rather than wholesale slashing and burning.

She believes the point has now been reached where the council is a much more streamlined and efficient organisation, is in sound financial health (the annual payout from the PIF will be held around 3.3 percent or about \$7 million), annual rates rises have been pegged at three percent or less for the average ratepayer, and the district's services and provision for growth have been sustained.

People seem largely happy with what's been done. A survey of 402 citizens by a professional survey company this year on 25 indicators - ranging from parks and reserves to animal control to public toilets – found four out of five of us think things are satisfactory.

While it could be argued the survey needed to be wider (more than 1000 people to get it down to a more acceptable margin of error), its results were so consistently positive that it seems people are struggling to moan about anything much, apart from parking and the Len Lye Centre. The survey avoided questions about rates rises, though, an issue to which we will return.

So what's changed (apart from internal structural reorganisation)? It seems the sum given to what is broadly termed "community development" is the main casualty of the reforming process. Although it wasn't couched in such obviously cynical terms, ratepayers last year were invited to choose between getting dirty water out of their taps on occasion or cutting back on community development funding.

No prizes for guessing what we chose. So what was lost? And what exactly is "community development"?

In addition to a discount on water and sewerage rates, it's been a sum of nearly \$1 million a year the council has spent on supporting hundreds of organisations than run everything from footie clubs to flower shows to bands.

Take one of the latter, for instance: it performs at occasional public events like Anzac Day and has for years received \$10,000 a year from the council to meet its costs. In the first of a staged strategy to cut community development funding in half (to \$470,000 by 2017-18), the council has reduced that support to \$5000 this year.

To put it mildly, the band ain't happy. It raises for them and many of their sister organisations a question about something other than the physical health of the community, something you might term its "spiritual health".

The band, of course, could go elsewhere for help. Taranaki turned out to be smarter than most other places in New Zealand when it decided to keep its bank, and the TSB pays out millions of its annual surplus in grants to the same kind of organisations that have got used to council support. The Taranaki Electricity Trust is another option.

Mayoral candidate Heather Dodunski says when the decision was made, councillors knew it could have an impact on some of New Plymouth's most under-valued community organisations.

"In my role for the last 10 years as Coordinator for Volunteering New Plymouth, I know the importance that our community places around those numerous groups that offer a helping hand to the most vulnerable people in society. They work every day to protect, mentor, feed, support and care for our young, elderly, disabled, lonely or vulnerable people.

"However, we also know that the residents who very often need the support of these groups, who rely on organisations to survive, are also the very people who are struggling to make ends meet. We have to recognise that and develop strategies to hold rates at an acceptable level so that further sacrifices do not need to be made."

She says during the annual plan hearings she moved that a report to evaluate outcomes is brought back to the council prior to setting next year's annual plan. "This allows council the opportunity to make any adjustments, if required."

The other in-council mayoral candidate, Richard Handley, says when the council had to cut \$100 million from the budget for the next 10 years (after the PIF problem) hard decisions were made and the budget cuts went deep across the board.

"We didn't like it. As secretary-treasurer of the Taranaki Retreat and chair of the Taranaki Youth Health Trust, I know we felt the cuts. Others were loud in their criticism, but the council still invested \$670,000 in support of the community.

He has no doubts the \$200,000 cut from funding this year will be reinstated. "We have a responsibility to do our bit to support our communities. The PIF is now starting to perform better and the financial position of council has now settled into a better position."

So, we've avoided the dirty water scenario, the threat of overflowing sewage (largely), the prospect of raggedly roads and un-mowed berms (although those got a bit unkempt in places like Marsland Hill when last summer went on unseasonably long), all the things that make for a tidy district.

According to what I can see in comparisons of the financial state of medium-sized local authorities, the financial position here is now sound. The council's debt of about \$110 million (largely static since 2009) and the amount paid in interest are well within the limits set by central government.

The council has done some hard yards with its planning. The important addition is something called the Blue Print, a detailed 30-year vision driven by McKerrow's right-hand person, Liam Hodgetts, that will be the guiding backdrop when each three years the council adjusts its long-term plan (it did a new, more realistically prudent one in 2015).

It has also, under the auspices of Judd and Hodgetts, started a small revolution in the way it will plan growth in communities other than the central city. Starting with Oakura, it is inviting the hitherto powerless community boards to come up with their own local plans, rather than have planning thrust on them from city central.

As well, McKerrow has been driving adoption of the digital age, and foresees a big current investment to build an online council with whom citizens can interact without having to drive down to the reception desk.

But there has been another cost to all these radical reforms, one deemed unacceptable still by those councillors who rode into office last election on a mandate of minimal rates rises. To them, anything above the rate of inflation – now running at less than one percent – is unacceptable.

It's a fair question: why have councils habitually and for as long as anyone can remember thought it was okay to put the rates up at a greater degree than the rest of us enjoy in pay rises? The latest one works out at 2.8 percent more for the average residence, but that's still about two percent more than the consumer price index rate of increase.

McKerrow and her key staff point to a very simple reason: growth.

Believe it or not, we're growing in population at such a pace that we almost made it into the top growth rate sector, as specified by central government to help it set priorities for itself and local government. We're a medium growth district, expected to grow about 10 percent in the next decade, and it's partly because of this that council managers believe something more than the rate of inflation is needed in rates rises if we are to do more than maintain the status quo.

A lot of the needed growth is in unseen infrastructure, pipes below ground that distribute water and take it way again for treatment. Such systems are hugely expensive to maintain and expand, and we apparently need to renew or spread them out to areas that were neglected in the past (under-investment, its politely termed), as well as other locations - like the Q Block housing area in Bell Block, up Smart Rd and to enclaves around the city's southern boundary, where new housing will go.

New housing? Surely there's a recession on? Not according to the unrelenting demand the council is seeing for land information memorandum (LIM) reports and residential housing consents.

New people are coming here to live. Not in the numbers Auckland, Hamilton, Queenstown and Tauranga are seeing, but as part of that one percent annual growth. Many are families returning from overseas, a preponderance of them aged 35 to 45. Anecdotal evidence suggests some are bailing out of Auckland, cashed up from the insane rise in house values.

Why here? McKerrow: “Obviously, we don’t create the economy, we don’t run the businesses; but we try to create the conditions in which it has a chance of prospering. And so there’s a focus here on growth, a focus on attracting talented people.

“New Plymouth’s growing reputation as a really interesting place in which to live and visit is a key contribution to the economy. Chief executives around the place tell me it’s a selling point when they are competing for qualified, skilled staff to come and work here.

“We have some natural advantages, obviously, but if you were running a business in an area where the council was very conservative, not investing in infrastructure, not conceiving of new, exciting and controversial projects, you might find that people are not that interested in living in your town.”

Now, this question: why, if so much (apart from the rates rise issue) has been achieved over this current term, are we losing so many of the current crop of politicians?

Various reasons are being offered. Howie Tamati is eyeing national politics; Grant Coward hates the grind of meetings and long reports, and is disappointed about the extent of the rates rise; Keith Allum (who said as this was written that he was highly unlikely to stand again) reckons he’s an engineer, not the politician, and is similarly disaffected about the rates; and Andrew Judd has self-destructed, although in a way that has made a telling point about Māori participation in government. After a long stint on council, Heather Dodunski will be going if she doesn’t win the mayoralty.

It’s unlikely any of the departing councillors will concede they’re leaving because the Māori ward issue, but it can’t have been a great feeling to endure national opprobrium after such a rejection in the referendum, and the fallout from Judd’s declarations about racial abuse.

More recently, Judd found himself on the end of severe, behind-closed-doors councillor displeasure at suggestions they didn’t care about the Māori representation issue. It signalled a breakdown in the successful alliance he had formed with many of them during this term of the council, a co-operation that has seen many worthy achievements that ought to have been the focus of a continued mayoralty and another cohesive term for them all.

Meantime, for those brave enough to venture onto the hustings in October, don’t imagine for a moment the challenges have diminished. If anything, they have grown: project costs continue to escalate and must be paid for by a council that appears, prudently of course, to have committed its future incarnations to severely limited rates rises and a third of the investment income previous councils enjoyed.

The aquatic centre needs to roof over its outdoor pool, the TSB stadium needs renovating, the Pukekura Park lakes need cleaning out, the walkway needs extending and further protection from sea erosion, more land needs to be bought for parks, road surfaces and safety need improving, the sewerage system needs more work, as does stormwater drainage.

The rubbish dump is nearly full and generating gas to such an extent a million dollars are needed to fix it. There’s more to come on that issue: the new refuse system is successful as far as it goes, but doesn’t recycle green waste. And when the Colson Rd

tip is full up in a couple of years, the current plan is to simply dig another one at Eltham, as if that town's residents haven't had their fill of bad smells.

And watch out for this one – massive new investment is needed to extend and maintain the water supply, which spends its dry summer months trying to be an irrigation system. In the end, the only way to pay for all that is the adoption of water meters. You read it here first.

Hovering very much in the foreground is the question of how to give Māori a meaningful say. There is room for optimism there. Organisations like Te Ātiawa are run by a new generation of young professionals who are not only smart about how they will use Treaty settlements but also conciliatory.

The debate that claimed our leading local body politician and left others smarting from collateral censure has begun to throw up promising solutions. A way will be found.