

Special Issue Article

Understanding the downside of Council amalgamations: A possible solution for the ‘zombie town’ syndrome

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Introduction

New Zealand has embraced many aspects of ‘regionalism’ by establishing numerous Regional Councils, Regional Tourism, Regional Development, Regional Health Services among others (see Collits and Rowe, 2015). Many see the next logical step to regionalism is to amalgamate territorial local authorities (TLAs) into mega or super councils such as the recently created Auckland supercouncil (Rowe 2010). This does however raise some key questions. Does the size of local councils really contribute to the decline of smaller rural and remote communities? Who are the real losers? This paper examines the amalgamation debate in New Zealand and offers an alternative suggestion for dealing with declining provincial communities.¹

Recently, Shamubeel Eaqub coined the term ‘zombie towns’ to describe the statistical decline of provincial communities (Eaqub 2014). Eaqub asserted that the gaps between New Zealand’s regions and their more remote communities are increasing. Statistically, many local economies are stagnating, some are faced with grave decline, and just a select few are advancing. Research indicates that deep-seated economic forces are driving these tectonic-like shifts. But, are TLAs to blame for this decline? And more importantly, will amalgamating TLAs solve the economic and social problems of these communities?

With so many small communities in decline, the key question is what can be done to reverse

the trend? The pro-amalgamation debate often suggests that small communities are declining because the local councils are not efficient. The same narrative incorrectly assumes that Councils somehow drive the local economy. As a result, some believe that Councils are the problem. In reality, most councils have not done anything wrong and therefore do not ‘deserve’ to be looked upon as the problem that needs to be fixed. We maintain that a TLA can only influence the local economy by facilitating initiatives, collaborating with key stakeholders and potential partners and creating a ‘business friendly’ culture in the community.² This opinion piece suggests that facilitating the growth of micro-businesses in small communities may be a viable alternative to Council amalgamations.

Background

There is one crucial challenge that regionalisation or potential Council amalgamations just cannot seem to solve – and that is: Why many small communities still seem to be ‘going nowhere’? We argue that the real solution to the declining small community syndrome needs to be driven from bottom-up, and not by top-down support which is not a ‘blanket solution’ that does not take each community’s uniqueness into account.

Instead of looking for realistic, sustainable ways of strengthening local economic zones in smaller communities, government often seeks to reduce costs through TLA amalgama-

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tions. Unfortunately, this simply does not address the root cause of the reasons why many communities are declining and, in fact, will make the situation decidedly worse for some, if not many of them.

The age of regionalisation – what does this mean for small communities? Does this mean growing globalisation³ under debt-driven ‘casino economics’ and technology which is rapidly changing the world? However, there are many serious questions in relation to the sustainability of debt-driven economics.

Political leaders are always saying we have to increase ‘economic growth’ and create more jobs to maintain and improve standards of living. But as many economists will tell you: Infinite growth in a finite world is totally unsustainable, as it consumes resources and our natural environment like a virus until there is nothing left. And unlimited access to credit (the illusion of wealth) is what increases the consumption rate uncontrollably, using debt to rob the earth of the resources of future generations.

What are zombie towns?

Zombie towns have low incomes, declining or flat populations. These communities offer very few economic opportunities, and consequently, many suffer from declining populations. Equb (2014) also states that there may be an irreversible decline in some towns and that there are no quick solutions, and unfortunately, we do not necessarily have the levers to pull to stop that from happening. It will take time to reverse those trends, and the precarious job market predicted for the future might discourage people from wanting to tie themselves down with a property or a mortgage anyway. It should also be noted that restricting growth in Auckland would not benefit the regions.

As the development continues, the cost of maintaining what has been developed just continues to grow with it, along with debt. So while we have out of control ‘development’ in many places, in our rural Communities, we have stagnation and ‘decline’ to the opposite extreme. Neither is sustainable (see Neville, 2015a).

Sustainable wealth is ultimately pegged to maintaining a clean, safe, productive living environment. We cannot eat our computers and we cannot drink the ‘goodwill’ of the money-

lenders. Clearly, the current drive for ‘Economic Growth’ is unsustainable, but we seem obsessed with following this path towards the edge of the cliff, hoping that it will move further away. The Global Financial Crisis and many indicators around the world at present should have provided a clear warning.

Possible solutions

Real economics – that which REALLY sustains everything – is about living within your means and ensuring sustainability of natural resources for future generations – whether you are the Federal or State Government, a Council, a family or an individual. Amalgamation is a government top-down answer where what is really needed is a bottom-up solution.

We maintain that ‘A Community’s capacity for sustainability does NOT relate to its SIZE, but to its “liveability” – which can be consistently regenerated from its own ever-present “Community Gold” – dug, refined and value-added from the seed-ideas of the community itself’. Even a large city can be unsustainable, ‘sustained’ only by a treadmill of debt-driven ‘development’ which calls for continual expansion. The point is, as cities are continually expanded, the cost of sustaining and maintaining them continually increases, and unfortunately, much of the essential micro-diversity (which sustains community liveability) falls through the cracks. This leads to ever-increasing social challenges. These challenges are often used as a reason to amalgamate TLAs even though social development is a central government responsibility.

There are two distinct levels of community sustainability – the Macro and Micro. The Macro level (decisions on the overall whole-of-community economic, social and environmental needs and services – the bigger picture) is the responsibility of elected governing authorities, while the Micro level (the enormous micro-diversity essential to community economic survival, liveability and sustainability) is the responsibility of everyone in the community – individuals and groups of individuals who share a common need or goal. Councils cannot do both – they cannot afford either the people or the resources to do so, yet over recent generations, we have mistakenly led communities

to think that 'Government' is responsible for all of our needs. In our opinion, amalgamation will not solve the social problems that many New Zealand communities face because a real solution requires a 'whole' of government response.

Further, consider this: while amalgamation of smaller councils into Mega-Regional Councils may reduce the overall Council operating costs and make them more sustainable at the Council Macro-level in the short term, amalgamation does not reduce the level of need and, in fact, just reduces Council capacity to target and fully service such specific local needs. It also reduces capacity for individuals and groups of individuals to work with their Council because the leadership of mega-councils is harder to access. This further alienates communities – exacerbating the 'them and us' syndrome.

Mass amalgamations are only driven by one thing – they are seen as a shorter-term way of improving 'economic efficiency' – but it will only be a matter of time in our debt-driven economy when Councils are called upon to become even more efficient. This is where the line of practical operation is crossed in the efficiency drive (if it has not been crossed already) and services are further compromised, while upper-level expectations and demands of Government on Councils go up. Council's only choice is to reduce services or increase rates. This will only drive an even deeper wedge between Councils and Communities.

Regionalisation has its correct place in certain circumstances, as there can be strong cases in favour of such action, but only in certain situations. However, potential amalgamations should not be based so much on historical statistical data, but rather on evaluating a Community's 'capacity for regenerative change' – not just on assuming that regenerative change cannot be achieved. Future sustainability projections for provincial communities are currently based too much on past statistical trend and thus on the assumption that nothing is going to change for the better.

In our opinion, there are many examples of successful amalgamations such as the Gold Coast in Australia; however, one should remember that there are just as many examples of failed forced unions. Groups promoting amalgamations should carefully consider the

potential danger of social and economic impacts on the community itself, not just on the Council's operational budget (see Neville, 2015b). This is because all communities are absolutely unique in terms of 'everything' (location, climate, natural and built environment, history, culture/s, businesses, services, opportunities and people). Therefore, we should not dismiss each community's capacity to find local solutions for improving the sustainability of their local economic zones and improving liveability.

The current pressures placed on our rural communities (issues of flooding and other natural disasters included) are causing a continual exodus of rural people to cities. The proverbial 'penny' must drop in the next 10 years or less, when governments will, once again, suddenly realise that economic regionalisation and its rationalisation policy is not benefiting the grass roots level of thousands of communities and will only exacerbate the enormous social, economic and environmental challenge that many small communities face. Consequently, central government periodically rediscovers the regions by initiating new programmes that are designed to spur local economies at the grass roots level. Unfortunately, in the meantime, some declining communities may not be able to be saved.

Conclusions

Localised solutions are possible, but it requires willingness of the part of both councils and communities to understand how they can each help each other and be willing to communicate effectively, and Councils themselves must take the lead in this process. Some Councils are unwittingly 'obstructive' rather than 'facilitative' in their dealings with their communities, and, paradoxically, many communities are obstinately unrealistic in their expectations of Council – thus the effect of two opposing magnets. There has to be a meeting of minds before progress can be made. Those willing to do this will have the best chance for future sustainability, whether they are a small rural, a regional or metro community. If not, then nothing can change them for the better. They will have no excuse, as the cold reality of change leaves them behind.

There will/must be a turning point, and those councils and communities (regardless of whether they face the threat of amalgamation) who have the vision to see the problem clearly and start preparing now will be in the box seat as more and more people realise they cannot afford to live under extreme debt and seek a realistic path forward. Where amalgamations do occur, this makes the need for council-supported/community-driven regeneration even more imperative.

Some councils are now at a crossroads. These TLAs need to bridge to gap between the macro and micro-levels of community sustainability, where councils can help communities to help themselves, not do it all for them and where communities can come to better appreciate the challenges faced by their Councils.

Small community regeneration offers a clear pathway forward for provincial communities to consider instead of assuming that a larger amalgamated regional council will somehow generate economic prosperity across the landscape. Again, it is important that small communities understand that local councils can only enable, facilitate and collaborate. Economic development and job creation can only be generated by the business community from within. We argue that small community regeneration merits further research and investigation by the so-called 'zombie towns' of New Zealand.

Endnotes

- 1 We recognise that there are cases where it may be in the best interest of a small community. However,

there needs to be consideration of the impact from a social as well as from an economic perspective. This article offers an alternative path forward.

- 2 A business-friendly environment means that the planning regulations and development contributions encourage new investment and growth.
- 3 Globalisation can be defined as the rapid proliferation of cross-border production, trade and investment activities spearheaded by global corporations and international financial institutions that facilitate the emergence of an increasingly integrated and interdependent global economy seeking to maximise financial returns (Yeung 2002, p. 289).

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