

# Briefing for Incoming Minister

## LOCAL GOVERNMENT

October 2007

THE DEPARTMENT OF INTERNAL AFFAIRS



*Te Tari Taiwhenua*

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# Introduction: Local Government

## Introduction to Internal Affairs

The Department of Internal Affairs' purpose is to serve and connect citizens, communities and government to build a strong, safe nation. The Department's vision is to be a recognised leader in public service – known for innovation, essential to New Zealand, and trusted to deliver.

In 2007, the Department administered six votes:

- |                        |                                  |
|------------------------|----------------------------------|
| - Internal Affairs     | - Community and Voluntary Sector |
| - Ministerial Services | - Emergency Management           |
| - Local Government     | - Racing                         |

(Ethnic Affairs is a separate portfolio within Vote Internal Affairs.)

The Department administers approximately 80 Acts and sets of Regulations.

The Department employs around 1,300 people in 17 centres in New Zealand, plus small offices in Sydney and London. It has revenues of approximately \$200 million per year from both Crown and external sources. It is the responsible department for many Crown entities and other statutory bodies.

By working with communities and local government, the Department is actively promoting the Government's themes. Under this portfolio, our actions include

- **Economic transformation** – looking after the system of local government makes a vital contribution to provision of infrastructure, environmental sustainability and helping Auckland become a world-class city.
- **National identity** – helping councils to define and work towards their own visions, to assist in building a cohesive society and promoting participation in civil society and local decision-making.

## Ministerial Role at a Glance

### STATUTORY POWERS OF THE MINISTER

The specific responsibilities of the Minister of Local Government under the Local Government Act 2002 include:

- appointing members of the Local Government Commission
- appointing a review authority where there is a significant council failure to meet its statutory obligations or management responsibilities
- appointing Commissioners to act in the place of local authorities in certain circumstances
- making the final decision where regional councils and territorial authorities cannot agree on how to avoid duplication of functions
- a variety of minor statutory approvals (such as authorising changes to the purpose for which endowment land is held, and approving minor boundary alterations)
- being the territorial authority for some offshore islands.

### FUNCTIONS OF THE DEPARTMENT OF INTERNAL AFFAIRS

The Department's activities under the Local Government portfolio focus on policy advice and support to you as Minister. The Department also provides support services to the Local Government Commission, is harbourmaster for Lake Taupo, administers the Rates Rebate Scheme, and undertakes, on the Minister's behalf, territorial authority functions for some offshore islands.

### CROWN ENTITIES AND OTHER STATUTORY BODIES

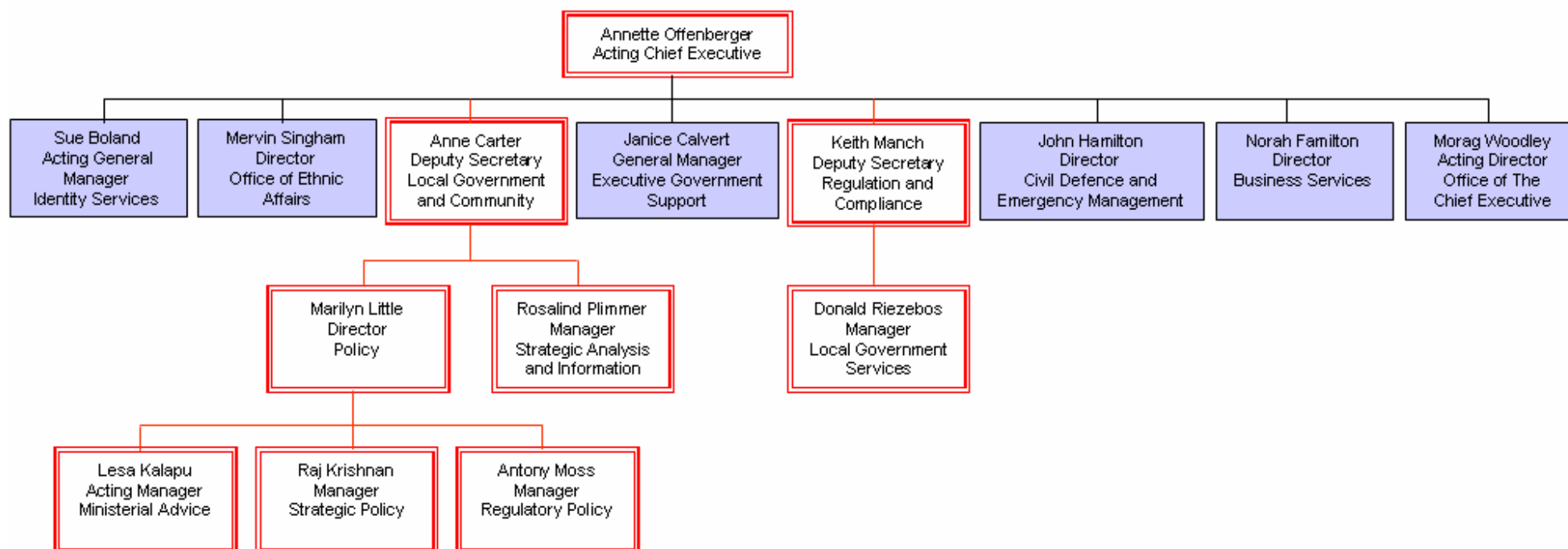
- Local Government Commission.

## KEY STAKEHOLDERS

- **Local Government New Zealand (LGNZ)** – represents the local government sector and, particularly, the elected members of local government
- **Society of Local Government Managers (SOLGM)** – represents senior local government officers
- **Auckland Regional Mayoral Forum** – a group consisting of the chairperson of the Auckland Regional Council and the mayors of each of its constituent territorial authorities.

# Minister of Local Government Department of Internal Affairs accountability arrangements

This chart shows the areas and people of the Department of Internal Affairs (in red) who report to you as Minister of Local Government.



## 1. Sector Overview: Local Government

Central and local government form the two arms of New Zealand's system of government. Local authorities are autonomous and are accountable to the communities that they serve. They are funded largely by locally raised funds (88 percent of total revenue) and regulated by a range of Acts. Under the Local Government Act 2002, the fundamental purpose of local government is to:

- a) enable democratic local decision-making and action by, and on behalf of, communities; and
- b) promote the social, economic, environmental and cultural well-being of communities, in the present and for the future.

Local authorities make local decisions having regard to their communities' needs and priorities. Their responsibilities involve both leading and representing their communities. This means engaging with communities and encouraging community participation in decision-making, while thinking about the needs not only of the people currently living in communities but also of those people who will live there in the future.

Collectively, local authorities make a significant contribution to New Zealand's economy. They have:

- total assets of \$79.4 billion
- an annual operating income of \$5.4 billion (for year to June 2006)
- a total rate take of \$3.0 billion
- an annual income from sale of goods and services of \$1.1 billion
- an annual investment income of \$308.1 million (for year to June 2006)
- 1025 elected members plus 721 community board members
- approximately 40,000 employees.

New Zealand's local government system comprises two sets of local authorities - regional councils and territorial authorities. There are currently 85 local authorities consisting of:

- 12 regional councils which cover most of New Zealand's land area
- 73 territorial authorities (comprising 57 district councils and 16 city councils).

Five of the territorial authorities also have the powers of a regional council.<sup>1</sup>

Regional councils' activities include:

- managing the effects of using freshwater, land, air and coastal waters, by developing regional policy statements and issuing of consents
- managing rivers, mitigating soil erosion and flood control
- regional civil defence emergency management and preparedness
- regional land transport planning and contracting passenger services
- regional economic development and tourism
- harbour navigation and safety, oil spills and other marine pollution
- regional parks in Auckland and Wellington.

Territorial authority (city and district councils) activities include:

- controlling the effects of land use (including hazardous substances, natural hazards and indigenous biodiversity), noise, and the effects of activities on the surface of lakes and rivers
- providing local infrastructure, including water supply, waste-water and sewerage, and roading network
- environmental safety and health, district civil defence emergency management and preparedness, building control, public health inspections, dog control, and other environmental health matters
- social and community development activities, including providing community centres, community grant funding, social housing and community safety initiatives

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<sup>1</sup> These are the Nelson City Council, the Gisborne, Marlborough and Tasman District Councils, and the Chatham Islands Council. The first four are sometimes referred to as unitary authorities.

- recreation, leisure and culture services, including provision of recreation facilities and programmes, public libraries, parks and open space, and art and cultural programmes and facilities
- economic development and tourism promotion.

The mix of activities undertaken by regional councils and territorial authorities is expected to change over time as local authorities and their communities continue to define their roles.

The two types of local authority are not hierarchical, nor are they subsidiary to central government. However, in some instances, specific statutes may establish responsibility or accountability relationships between local authorities and central government, for example the Health Act.

Councils generally raise their own funds by way of rates, development contributions, fees and charges and investments. They also receive a significant contribution towards roading, and transport costs from central government. For example, in the year to June 2006, local government received \$684.1 million in government grants and subsidies. The provision of funding can establish local government responsibilities and accountabilities to central government agencies.

Local authorities do not (and cannot) achieve their objectives alone. They work closely with other organisations including central government, public bodies, businesses, iwi, voluntary sector and citizens to help achieve community well-being. The focus of the current central/local government relationship has been on identifying ways to work collaboratively on issues of common concern.

## **2. Strategic and Legislative Framework: Local Government**

Local authorities are separate legal entities from the Crown. Like other legal entities, their existence, powers and obligations are formally defined by Parliament through legislation as are their relationships with other legal entities including, most importantly, the citizens they represent.

Local government in New Zealand has undergone radical transformation over the last 20 years, involving a number of changes to the structure, role and powers of local authorities. The structure of local government itself was significantly reformed in 1989 when approximately 700 councils and special purpose bodies were amalgamated to create 87 local authorities.

Legislative changes since that time have focussed on increasing the transparency of council decision-making, efficiency and effectiveness, and accountability. Over the same period a number of new Acts (including the Resource Management Act 1991, the Biosecurity Act 1999, and the Land Transport Act 1998, among others) clarified and modernised local authorities' functional responsibilities.

The Local Government Act 2002 resulted from a three-year review of the legislation providing for the constitution and processes of local authorities. Coordinated reviews also led to the enactment of the Local Electoral Act 2001 and the Local Government (Rating) Act 2002 within the same period.

The Local Government Act 2002, as well as articulating the purpose of local government, sets out the role of individual local authorities and overarching principles to guide their operation. It provides local authorities with more flexible powers and tools to work with and for their communities, but balances this with explicit decision-making, consultation, strategic planning, and accountability expectations. It also includes modernised and simplified governance procedures, regulatory powers and processes, and a limited number of restrictions on council decisions. The Act is also where the statutory powers of the Minister of Local Government, and the role of the Local Government Commission, are set out.

The Local Electoral Act 2001 prescribes the conduct of local authority elections and polls. It also provides opportunities and procedures to allow local communities to choose local electoral systems (first past the post and single transferable vote), and for reviews of council representation arrangements including the constitution of community boards and Māori wards and constituencies. The Act also provides the basis for District Health Board and Licensing Trust elections.

The Local Government (Rating) Act 2002 provides modern and flexible rating mechanisms which are the primary means by which councils raise revenue from their communities. The exercise of rating powers is subject to the transparency, consultation and accountability requirements under the Local Government Act 2002.

The overall objective of these three Acts is to enable local authorities to be responsive to the diverse current and future needs of the communities they represent, and to provide greater scope for those communities to participate in the decision-making processes that determine what their local authorities do. They seek to provide an appropriate balance between flexible local decision-making, and the rights of individuals and communities to understand, and influence, what their local authority does.

#### OTHER LEGISLATION ADMINISTERED BY THE DEPARTMENT

As well as the three Acts mentioned above, the Department administers a number of acts within the Local Government portfolio, including:

- Local Government Act 1974 (remnant provisions not replaced by Local Government Act 2002)
- Local Government Official Information and Meetings Act 1987
- Bylaws Act 1910
- Chatham Islands Council Act 1995
- Dog Control Act 1996
- Land Drainage Act 1908
- Litter Act 1979
- Local Authorities (Members' Interests) Act 1968
- Local Legislation Acts 1926-1992

- Municipal Insurance Act 1960
- Public Bodies Contracts Act 1959
- Public Bodies Leases Act 1969
- Rates Rebate Act 1973

#### OTHER LOCAL GOVERNMENT-RELATED LEGISLATION

Significant local government-related legislation that is the responsibility of other Ministers, and administered by their ministries or departments, includes:

- Biosecurity Act 1993 (Ministry of Agriculture and Forestry)
- Building Act 2004 (Department of Building and Housing)
- Civil Defence Emergency Management Act 2002 (Department of Internal Affairs through Vote Emergency Management)
- Forest and Rural Fires Act 1977 (Department of Internal Affairs through Vote Internal Affairs)
- Hazardous Substances and New Organisms Act 1996 (Ministry for the Environment)
- Health Act 1956 (Ministry of Health)
- Land Transport Management Act 2003 (Ministry of Transport)
- Land Transport Act 1998 (Ministry of Transport)
- Public Works Act 1981 (Land Information New Zealand)
- Reserves Act 1977 (Department of Conservation)
- Resource Management Act 1991 (Ministry for the Environment)
- Soil Conservation and Rivers Control Act 1941 (Ministry for the Environment)
- Transit New Zealand Act 1989 (Ministry of Transport)
- Transport Act 1962 (Ministry of Transport).

In addition, Parliament's Standing Orders grant local authorities the right to promote local legislation specifically affecting their own districts or region.

### 3. The Minister's Role: Local Government

The Minister of Local Government has primary responsibility for the legislative framework under which the system of local government in New Zealand is constituted, and for its overall effectiveness. While the Minister is responsible for the framework, this does not extend to specific decisions or actions of local authorities. The Minister's powers to intervene in the decisions of individual councils are extremely limited and available only in specific circumstances where the risk to the well-being of local communities or representative democracy justifies overriding local accountability.

#### **The specific responsibilities of the Minister of Local Government include:**

- appointing members of the Local Government Commission
- appointing a review authority where there is a significant council failure to meet its statutory obligations or management responsibilities
- appointing Commissioners to act in the place of local authorities in certain circumstances
- making the final decision where regional councils and territorial authorities cannot agree on how to avoid duplication of functions
- a variety of minor statutory approvals (such as authorising changes to the purpose for which endowment land is held, and approving minor boundary alterations)
- being the territorial authority for some offshore islands.

Within government and Cabinet, the Minister's role can include promoting the importance of an effective, responsive and democratic system of local government as an important outcome. This may involve considering the overall coherence of government policy as it impacts on the local government sector, and the consistency of that policy with the purposes, principles and processes set out in the Local Government Act 2002.

You are likely to work in close liaison with other Ministers (for example, Health, Environment, Economic Development, Transport and Community and Voluntary Sector) whose portfolios cover major functional responsibilities where local government may be involved. The Minister of Local Government has a role in promoting the broader concern for effective local governance and community wellbeing.

## 4. The Department's Role: Local Government

The Department of Internal Affairs has a central role in facilitating effective relationships between central government, local government and communities. This spans the Community and Voluntary Sector and Internal Affairs portfolios, as well as Local Government.

In the Local Government portfolio, this role is manifested in policy advice to the Minister, policy advice on behalf of the Minister to other Government agencies, information and advice to the local government sector and communities, and some regulatory responsibilities. The Department has a specific role in facilitating the interface between central and local government in processes to identify and contribute to community outcomes.

In particular, the Department:

- provides policy advice on local government and support to the Minister of Local Government
- supports and develops effective central government engagement with local authorities and their communities at local and regional level
- provides advice to select committees on Government legislation within the portfolio, local Bills, and enquiries or petitions dealing with relevant matters (for example, 2005 Justice and Electoral Committee Inquiry into the 2004 local authority elections)
- administers acts and regulations on behalf of the Minister of Local Government
- provides support services to the Local Government Commission
- develops and maintains relationships with key stakeholders
- maintains [www.localcouncils.govt.nz](http://www.localcouncils.govt.nz) – a website providing a range of public information about the local government sector and statistical profiles of all local authorities
- has developed a National Dog Database to record the details of registered dogs and their microchip numbers
- administers the Rates Rebate Scheme
- undertakes territorial authority functions for some offshore islands on the Minister's behalf
- provides harbourmaster services on Lake Taupo.

It is important that the Government is assured that the system of local government is operating effectively, efficiently and accountably. The Department is undertaking an evaluation programme to:

- consider the impacts and effectiveness of the Local Government Act 2002, Local Electoral Act 2001, Local Government (Rating) Act 2002 and other new legislation in terms of its high level goals
- provide a basis for evidence-based policy advice to Ministers on the operation of the system of local government
- provide information to the public on the activities of their local authorities.

The Department is involved in a wide range of other policy initiatives affecting local government, led by other departments. These vary from time to time in their currency and priority. Present initiatives that the Department is involved with include the review of walking access, affordable housing, and flood risk management.

## 5. Key Issues and Themes: Local Government

### Strategic issues

There is a number of strategic issues that face the sector and an incoming Minister of Local Government.

#### LOCAL GOVERNMENT FUNDING

The independence of local authorities and their accountability to their communities is partly based on the responsibility of local communities to meet the costs of council responses to local preferences and needs. For this reason, local authority rating processes are designed to make the cost of local government, and the contribution ratepayers are making to different council services and facilities, explicitly transparent.

In recent years, the local government sector has expressed concerns about the ability of local authorities to meet the cost of rising community expectations of improved quantity and quality of services from existing revenue sources. There has also been public concern about increasing levels of local government rates.

In November 2006, the Government established an independent inquiry into local government rates. The objective of the Rates Inquiry was “to provide an independent assessment of New Zealand’s local government rating system and identify options to enhance rates as a funding tool for local authorities.” The Rates Inquiry presented its report *Funding Local Government* on 3 August 2007, and the report was publicly released on 28 August 2007.

The report made 96 recommendations. The Department of Internal Affairs is responsible for co-ordinating a whole of Government response to the Inquiry’s recommendations.

The report’s starting point is that local government generally works well in meeting the diverse needs of communities at reasonable cost. The funding system is, however, seen as being under pressure from significant growth in expenditure and because some sections of

the community are having affordability problems with rates. The report notes that prime responsibility rests with local government itself, and that many of the remedies for these problems lie in self-management and the adoption of good practice.

Key recommendations for local government are to:

- develop longer-term funding policies and make more use of debt to finance long-term assets
- provide greater transparency around the holding and operation of business investments and council controlled organisations
- improve consultation and planning processes
- improve financial reporting and develop a system of performance benchmarking.

The main actions recommended for central government are to:

- provide some new funding mechanisms to, and increased funding for, local government
- improve rates affordability through the Rates Rebate Scheme
- change some rating legislation
- improve central government's internal co-ordination of local government issues and liaison with local government.

Overall, the Rates Inquiry's report is comprehensive and offers some thoughtful and innovative solutions to the problems it identifies. The specific recommendations require careful consideration to ensure that implementation would not result in any unintended consequences, and that any changes work as an integrated package. The Department has actively engaged Local Government New Zealand and the Society of Local Government Managers, as appropriate, in developing the Government's response.

Material related to the development of the Government's response is not available for public release at this time

## **AUCKLAND REGIONAL GOVERNANCE**

On 30 July 2007, Cabinet made two major decisions concerning the future governance of the Auckland Region:

- Cabinet agreed to support the governance model proposed in the Final Report on joint work between government and Auckland council officials to develop a proposal for strengthening regional governance in Auckland that the Auckland councils had submitted to Government in December 2006;
- Cabinet also agreed to establish a Royal Commission of Inquiry to report to the Government by 1 December 2008 on what local and regional governance arrangements are required within the Auckland region for the foreseeable future.

These initiatives have significant but different implications for the Local Government portfolio.

### ***BACKGROUND - AUCKLAND GOVERNANCE PROPOSAL***

A proposal to strengthen Auckland regional governance, developed collaboratively by the eight local authorities in the region, was submitted to the then Minister of Local Government in December 2006. The Auckland councils had identified a lack of a single vision and coordinated regional strategy, together with fragmented responsibility for the decision-making and funding required to achieve regional goals, as key governance problems facing the region. The proposal consisted of a report outlining a package of reforms, together with formal resolutions from each council in respect of the package.

The key governance proposals in the Auckland package involved:

- the constitution of a Regional Sustainable Development Forum (RSDF), as a standing committee of the strengthened regional council, comprising representatives of all councils

- the RSDF having responsibility for developing a single integrated "One Plan" for the region, and recommending specific actions and commitments by its members to implement it.

In response, Cabinet directed joint work by Government and council officials to develop the proposal with emphasis on the development, implementation and funding of an overarching regional plan. A progress report developed by the Joint Steering Committee was considered by Cabinet and each council in May, and feedback on that progress report informed the preparation of the *Final Report*. The *Final Report* was formally considered by each of the councils in the Auckland Region, prior to Cabinet consideration and agreement to support its recommendations.

#### ***IMPLEMENTATION OF GOVERNANCE MODEL***

The agreed Governance model has a number of components, some requiring action by Auckland councils, some by Government and some joint. The key implications of the package and subsequent Cabinet decisions for the local government portfolio are:

- the Minister of Local Government is to continue to be the key point of liaison with Auckland local government politicians in relation to regional strategic planning;
- Cabinet agreed that a group of Ministers focused on Auckland will meet from time to time to overview and provide direction on strategic issues. It is envisaged, given the above role, that the Minister of Local Government would convene that group;
- relevant Ministers are to meet periodically with the RSDF. The Minister of Local Government, in consultation with the Office of the Prime Minister, is to liaise with the Auckland Regional Council to arrange an initial meeting;
- core Government representation on the RSDF will be provided by a number of Chief Executives (or their appointees) including the Chief Executive of the Department of Internal Affairs.

The Department of Internal Affairs has a leadership role in coordinating Government involvement with strategic planning processes in Auckland, as well as in working with the Auckland councils and other Government agencies to implement various aspects of the Auckland Governance package.

A key feature and advantage of the agreed Auckland Governance package is that many of its components can be advanced and implemented without any immediate need for legislation.

#### ***ROYAL COMMISSION OF INQUIRY INTO GOVERNANCE ARRANGEMENTS FOR AUCKLAND***

The Government has also announced that it will establish a Royal Commission of Inquiry to examine and report on what local and regional governance arrangements are required for the Auckland region over the foreseeable future. The Royal Commission will provide a broader and independent assessment of what is needed to achieve effective governance in Auckland over the longer term.

The Terms of Reference and membership of the Royal Commission were announced on 30 October, with a reporting date of 1 December 2008. The Royal Commission's independent status precludes any significant involvement or engagement by Ministers. The Local Government Portfolio will, however, have primary responsibility for developing and implementing the Government's response to the Royal Commission's findings.

#### **PUBLIC SAFETY AROUND DOGS**

The Department administers the Dog Control Act 1996, which resulted from a review of the Dog Control and Hydatids Act 1982. The Dog Control Act was amended in 2001, 2003, 2004 and 2006.

The Department has responsibilities in respect of the National Dog Database (NDD) established in accordance with the 2003 amendment to the Act. The NDD has been operational for over a year. One councils has yet to 'go live' on the NDD, as at 31 October.

Following a fatal attack in April 2007, the Department was directed by the Associate Minister of Local Government to review public safety and dog control under the Dog Control 1996.

On 9 October, Cabinet considered a paper prepared by the Department to undertake the following work:

- prepare a bill for introduction and referral to select committee before the end of December 2007 which will:
  - require the mandatory neutering of dogs that are classified as menacing because their breed or type is listed in Schedule 4 of the Dog Control Act
  - create a regulation-making power to flexibly add matters which councils must consider in developing their dog control policies
  - simplify the process for adding more breeds to the Schedule 4 import ban (councils must classify these dogs as menacing)
- develop a public policy options discussion document for release before Christmas 2007, seeking views on options to improve public safety under the Act. Submissions are likely to be received up until February 2008, with a report to Cabinet by 30 April 2008
- start the process for the addition of the Presa Canario breed of dog to Schedule 4 of the Act (ie import ban)
- undertake collaborative work with affected parties to:
  - enhance the data available on dog safety and control (report back to Cabinet on 30 April 2008)
  - develop national enforcement guidelines to provide councils with practical support in the implementation of the Act
  - develop consistent public messages on dog safety.

Between 2004 and 2007, the Department also had responsibility for a dog safety public education programme aimed at providing information to children on interacting safely with dogs. Funding has now expired for this programme.

## STATUTORY FUNCTIONS CONFERRED ON LOCAL AUTHORITIES

The Local Government Act 2002 states that the roles of local authorities include performing duties and exercising rights conferred under other statutes, as well as giving effect to the purpose of local government. Local authorities have significant roles and responsibilities,

mainly of a regulatory nature, under a large number of Acts administered by a range of different government agencies.

This situation can create tensions for individual local authorities between the exercise of statutory responsibilities and associated government agency expectations, and responding to the needs and preferences of their local communities. Sometimes central agency expectations directly conflict with the expectations expressed by local communities. This can make it difficult for those local authorities to both fulfill the purpose of local government (democratic local decision-making and the promotion of community well-being) as well as performing their statutory duties.

These tensions and issues can be exacerbated because responsibility for the relevant legislation and government objectives is spread over a number of government agencies, because different functions involve different mixes of national direction and local discretion, and because of differing legislative formats and styles.

On the agreement of the Central/Local Government Forum, a joint working group has developed *Policy Guidelines for Regulatory Functions Involving Local Government*, which included guidance material for central government agencies on:

- the nature of local government and the processes and requirements under which it operates
- local government issues and impacts that may need to be considered in regulatory policy development
- involving the local government sector in policy processes, to obtain expert input about these issues and impacts.

The guidelines have now been distributed to central government agencies.

## IMPLEMENTATION OF LEGISLATION

The legislative regime, and particularly the Local Government Act 2002, has brought about changes in the way local authorities go about their business. The Act places a premium on the linkage between information, local decision-making processes, strategic planning and accountability.

The objectives of the new legislation were fundamentally concerned with changing behaviour and attitudes on both sides of the relationship between local authorities and their communities. Such changes do not occur immediately when laws are changed, and will evolve over time. The effectiveness of the changes relies heavily on local communities having access to information about their opportunities to engage with their council, and incentives to do so. Information is also required to allow people to make an informed assessment of how their local councils are operating.

The Local Government Act 2002 requires councils to prepare a Long-term Council Community Plan (LTCCP) every three years. The LTCCP is the key long term planning tool for councils and it sets out a council's priorities for the medium term. It outlines how the council intends to contribute to community outcomes and it provides the main opportunity for the community to participate in local decision-making. All councils have completed two or more two LTCCPs since the Act was introduced.

Both draft and final LTCCPs are required to be audited under the Local Government Act 2002. The Auditor-General's recent report found that, overall, the 2006-2016 LTCCPs have improved compared to the 2004-2014 LTCCPs. Local authorities have made progress in addressing the intentions as well as the specific content and process requirements of LTCCPs. Further improvement is needed particularly in the presentation of information in LTCCPs and ensuring that the LTCCP functions as a bridge between high level strategic planning and detailed work planning.

Increased and better coordinated collaboration between local authorities and other agencies in addressing community needs is a further objective of the legislative change. Support is required to assist building necessary relationships, particularly at the interface between central and local government, to ensure that agencies are able to work effectively together on

issues affecting local and national communities. While the current focus on central government involvement with the community outcome process is an important part of this, there continues to be a need for ongoing broadly focused support for collaborative initiatives.

Some provisions of the Local Government Act 1974 were not included when the Act was reviewed. These include Auckland-specific provisions relating to Infrastructure Auckland, Watercare Services Ltd and the Auckland Regional Growth Strategy, which will be reviewed following completion of the Royal Commission of Inquiry into Auckland Governance. Remaining provisions of the 1974 Act that need to be reviewed include roading and land drainage provisions. Waste management provisions in the 1974 Act are currently being reviewed by the Local Government and Environment Select Committee and are likely to be replaced. In these cases, coordination will be required with the work programmes of other departments, e.g. the roading provisions in the 1974 Act were left untouched pending the Ministry of Transport's review of land transport, but a review of their application to unformed roads is now being undertaken in the context of the Government's land access policy.

## Other issues

### LOCAL ELECTIONS

The Local Electoral Act 2001 has been in place for two local authority triennial elections. The Act was amended in 2002 to include new representation arrangement provisions formerly in the Local Government Act 1974. These provisions, along with the option to change electoral system, i.e. between first past the post (FPP) and single transferable vote (STV), took effect for the 2004 elections.

The conduct of elections is the responsibility of electoral officers appointed by local authorities. The Department of Internal Affairs is responsible for the following activities

- The Secretary for Local Government approves the general formats of voting documents to used at local elections
- The Secretary for Local Government appoints an independent certifier to approve any STV counting programmes (STV calculators) used in local elections

- The Department provides a main and backup calculator to local authorities subject to a licence agreement
- The Department provided a communications campaign to advise electors of the opportunity to vote in the 2007 local elections and to remind voters how to vote in an STV election. It involved advertising on television, radio, popular websites and in newspapers, the STV website, and brochures.

Local elections were held in September – October 2007. The Department is now compiling election statistics and conducting a survey of candidates.

The Local Government Commission will consider the conduct and outcomes of the 2007 local elections as part of the review of the Local Government Act and Local Electoral Act it is currently carrying out.

#### RATES REBATE SCHEME

The Rates Rebate Scheme was introduced in 1973 to assist homeowners on benefits and low incomes to pay rates. Over time the number of rebates granted decreased significantly because the Scheme's income threshold was not increased at a rate that kept pace with changes in income. The maximum rates rebate available (\$200) also no longer provided a significant contribution to the estimated average residential rates bill (\$1301). In 2005/06 approximately 4,000 rebates were granted compared with 102,000 rebates in 1976.

In light of the above, the Government agreed in 2005 to the following changes to the scheme which took effect from 1 July 2006 –

- the maximum rebate increased from to \$200 to \$500
- the income threshold increased from \$7,400 to \$20,000
- the additional income allowance for each dependant increased from \$156 to \$500.

In 2006/07 under the new scheme approximately 112,000 rebates were granted to a value of \$50 million. The scheme continues to operate in 2007/08.

As noted in the section above on Local Government funding, the Department is required to report to Cabinet in November 2007 on a number of aspects of the scheme, including a review of the income threshold and maximum rebate.

## LAKE TAUPO

As a consequence of its role as Harbourmaster for Lake Taupo, the Department administers boating facilities and has regulatory functions in respect of navigational safety for the Lake. The Department of Conservation (DOC) also has an interest in the lake (the Minister of Conservation was a signatory of the deed revesting the bed of the lake in Tuwharetoa, and DOC has responsibility for the trout fishery.) Regulations administered by the Department provide for navigation safety and fees for launching ramps, berths and jetties.

The Government vested the bed of Lake Taupo in the Tuwharetoa Māori Trust Board in 1992. The extent of the property rights assigned to the Tuwharetoa Māori Trust Board as a consequence of that vesting has been the subject of ongoing discussion. The Crown has been engaged in negotiations with the Tuwharetoa Māori Trust Board over the extent of the Board's property rights over the lake bed. Those negotiations were undertaken within a framework and report back requirements approved by Cabinet in July 2005. DOC was the lead agency for the negotiations with support from the Department of Internal Affairs, Te Puni Kōkiri, Treasury and the Crown Law Office. The Board and the Crown negotiator reached agreement on a new deed between the Board and the Crown and the deed was agreed to by Cabinet on 3 September 2007. It was signed on 10 September 2007 by the Ministers of Conservation and Māori Affairs on behalf of the Crown and representatives of the Trust Board. Initial payments under the new deed have been made to the Trust Board. Those payments were (and future payments will be) made through Vote Local Government.

A number of related issues still require consideration, including whether there should be a lead agency to coordinate the Crown's relationship with Tuwharetoa. At a departmental level there are several practical issues, e.g processes for approving the placement of moorings on the lakebed, which require arrangements between the Department and the Trust Board.

## 6. Statutory Bodies: Local Government Sector

### The Local Government Commission

The Local Government Commission is an independent statutory body established under the Local Government Act 2002 and funded from Vote Local Government. Members are appointed by the Minister of Local Government. The Commission's prime tasks are decisions on the structure of local government, the boundaries of local authority districts and electoral arrangements of local authorities. The Commission is also required to review the operation of the Local Government Act 2002 and the Local Electoral Act 2001. It proposes to complete this review and report to the Minister of Local Government by 30 June 2008. The Commission has three members:

**Sue Piper** (Chairperson) is Executive Director of the Wellington Community Foundation and a member of the board of Quotable Value New Zealand and the New Zealand Law Practitioners Disciplinary Tribunal. She was a member of the Wellington City Council from 1995 to 2004 and has been a member of the National Council of Local Government New Zealand. Her term expires on 30 June 2008.

**Gwen Bull** was a member of the Auckland Regional Council from 1995 to 2004, and chairperson of the Council from 2002 to 2004. She also chaired the Auckland Regional Growth Forum between 2002 and 2004. Her term expires on 30 June 2008.

**Wynne Raymond** was Mayor of Timaru District from 1992 to 2004 and had been an elected member in local government for 28 years. He has also been a member of the National Council of Local Government New Zealand. He practices as a lawyer. His term expires on 8 December 2008.

## MINISTER'S ROLE

### The Minister:

- appoints the Chairperson and members of the Commission
- appoints deputies for members
- appoints temporary members
- may request the Commission to report and make recommendations to the Minister on matters related to local government
- arranges for the implementation by Order in Council of some Commission decisions, i.e. those relating to the constitution, amalgamation or abolition of local authorities and boundary alterations.

## DEPARTMENT'S ROLE

### The Department:

- provides administrative support and advisory services to the Commission
- provides an employee of the Department to be the Chief Executive Officer of the Commission.

## 7. Key Stakeholders: Local Government

- **Local Government New Zealand (LGNZ)** – represents the local government sector and, particularly, the elected members of local government. It is supported by a number of full-time staff. The President is Basil Morrison and the Chief Executive is Eugene Bowen.
- Since 2000, the biannual Central/Local Government Forum, chaired jointly by the Prime Minister and the LGNZ President, has provided the opportunity for an open exchange of views and concerns between the LGNZ National Council and Ministers.
- **Society of Local Government Managers (SOLGM)** – represents senior local government officers. A small staff supports the organisation. The President is Steve Parry, Chief Executive of Gore District Council, and the Chief Executive is David Smith.
- **Auckland Regional Mayoral Forum** – a group consisting of the chairperson of the Auckland Regional Council and the mayors of each of its constituent territorial authorities. The Forum has consistently pressed for increased central government investment in the Auckland region.
- **Regional Sustainable Development Forum** – Local government representation on this group is still to be confirmed. Relevant Ministers, convened by the Minister of Local Government are to meet with the RSDF periodically.

Membership of Statutory Bodies

## LOCAL GOVERNMENT APPOINTMENTS:

## LOCAL GOVERNMENT COMMISSION

Name	City/Town	Date of original appointment	Expiry date of present term
Wynne Raymond	Timaru	9 December 2005	8 December 2008
Gwen Bull	Papakura	1 June 2005	30 June 2008
Sue Piper (Chair)	Wellington	1 June 2005	30 June 2008

**Note:** Colin Dale was appointed as a temporary member to the Local Government Commission for a term commencing on 12 February 2007 and expiring on 31 May 2007. Cabinet agreed that Colin Dale can be appointed again in a temporary capacity over the next three years for a specified term or terms as the need arises, subject to his availability. Cabinet agreed that the Minister of Local Government may make such temporary appointments by notification in writing to Colin Dale, specifying the purpose, conditions and duration of each appointment.