



# Cabinet

CAB Min (10) 7/15

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## Minute of Decision

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### Local Government Transparency, Accountability and Financial Management: Revised Proposal for a Local Government Performance Measurement System

Portfolio: Local Government

On 1 March 2010, Cabinet:

#### Measurement standards

- 1 **noted** that on 27 October 2009, Cabinet agreed that the Local Government Act 2002 (the Act) provide for:
  - 1.1 a system of standard measurement systems for local authority services;
  - 1.2 responsibility for preparing measurement standards to lie with Standards New Zealand;
  - 1.3 mandatory development of accredited performance measurement systems for water supply, sewage treatment and disposal, stormwater drainage, flood protection, and roading;
  - 1.4 inclusion of performance targets for mandatory performance measurement systems in council long-term council community plans, annual plans, and annual reports;

[CAB Min (09) 38/16, paragraph 15]
- 2 **noted** that alternative arrangements can achieve the government's policy intention and introduce competition into the regulation-making process, with potential cost reductions for local government;
- 3 **rescinded** the decision referred to in paragraph 1.2 above; and instead
- 4 **agreed** that the Act provide for:
  - 4.1 responsibility for preparing performance measurement systems to lie with the Secretary for Local Government (the Secretary);
  - 4.2 the Secretary to be required to consult relevant stakeholders in preparing performance measurement systems;

- 4.3 performance measurement systems to be subject to the Regulations (Disallowance) Act 1989;
- 5 **agreed** that, to maintain fiscal neutrality, the Act's regulation-making power be extended to allow the making of regulations for the Secretary to recover, by way of a levy, the reasonable costs of preparing and maintaining measurement standards from local authorities;

#### Disclosure requirements

- 6 **noted** that on 27 October 2009, Cabinet agreed that the Act be amended to require each council to show, for each activity, the total of any internal loans applied to that activity, reductions and increases in the balance of those loans, and interest charges on those loans [CAB Min (09) 38/16, paragraph 7.2]
- 7 **rescinded** the decision referred to in paragraph 6 above; and instead
- 8 **agreed** that the Act be amended to require each council to show, for each group of activities, the total of any internal loans applied to that group of activities, reductions and increases in the balance of those loans, and interest charges on those loans,

#### Financial implications

- 9 **noted** that an appropriation for expenses restricted by revenue in Vote Local Government would be the most appropriate vehicle to implement the above proposal;
- 10 **authorised** the Minister of Local Government and the Minister of Finance jointly to establish the necessary appropriation for expenses restricted by revenue at a suitable baseline update;

#### Legislative implications

- 11 **authorised** the Minister of Local Government to incorporate the proposals outlined above into drafting instructions to the Parliamentary Counsel Office;
- 12 **noted** that the Local Government Amendment Bill (No 2) has a category 3 priority (to be passed if possible in 2010) on the 2010 Legislation Programme;
- 13 **noted** that the Minister of Local Government will communicate the changed proposals as part of the overall communication package when the Bill is introduced.

*Rebecca Kitteridge*  
Secretary of the Cabinet

Reference: CAB (10) 68

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Proactively Released by the Minister of Local Government