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Vote: Local Government

1. Sector Overview: Local Government Sector

Vote Local Government is the primary means by which central government links its activities with those of local government to promote local participation and democracy.

The fundamental role of the 86 local authorities in New Zealand is to enable local communities to make collective choices and decisions to shape the communities in which they live, through their locally elected representatives.

The activities of the 12 regional councils include:

- biosecurity (including pest management)
- catchment control
- harbour administration
- hazardous substances management
- regional emergency management
- regional land transport
- resource management.

The activities of the 74 territorial authorities include:

- community well-being and community development
- emergency management
- environmental management (including waste management)
- infrastructure (roading and transport, sewerage, water and storm water)
- public health and safety issues (including building control)
- recreation
- resource management (including land use planning and development control).

Local government activity accounts for 2.5% of GDP. In addition, the taxation and regulatory powers exercised by local authorities have significant influences on local economies and, collectively, on the regional and national economies.

Financial Facts: Local Government

- annual operating income (total revenue) of \$3,500 million as at June 2001
- capital expenditure of \$1,386 million as at June 2001
- income from sales of goods & services \$736 million as at June 2001 (19.1% of total revenue)
- investment income \$301 million as at June 2001 (7.8% of total revenue)
- Government grants and subsidies, primarily roading, \$395 million as at June 2001 (10.3% of total revenue).

2. Strategic and Legislative Framework: Local Government Sector

Constitutional issues

Local government does not have a formally recognised constitutional status. It is a "creature of statute".

Parliament's Standing Orders grant local authorities the right to promote legislation affecting their own districts independently of central government.

Local authorities are separate legal entities from the Crown, and are not generally subject to direction by Ministers. The rights and powers of local authorities are those given to them by statute, and correspondingly, the powers of ministers over local authorities are also limited to those conferred on them by statute.

Policy development

The local government reforms of the late 1980s and 1990s provided clarity on the structure, governance and accountability of local government. The reviews of key local government legislation during the past three years have aimed to:

- encourage local government to be responsive to community needs, and accountable to communities
- find an appropriate balance between flexible local decision-making and the rights of individuals and communities to participate in and understand what the local authority is doing
- define the purpose and powers of local government appropriate for the future, within a coherent legislative framework

- clarify local government's relationship with the Treaty of Waitangi.

The local government policy environment

There is no single policy agency responsible for issues affecting local government. Several other portfolios cover policy and legislation affecting local government. Most notably the Resource Management Act is within the Environment portfolio, while roading policy falls within the Transport portfolio, and public health lies in Health. The Department of Internal Affairs is responsible for core policy issues relating to the constitution, structure, accountability and funding of local government.

The activities undertaken by central government and local government are now strongly interlinked. Most areas of government responsibility involve both local and national interests.

Central government's policy solutions and interventions need to recognise this mix of national and local interest. Over the last three years, this has happened through the establishment of the Central/ Local Government Forum to agree common priorities, and through departments involving *Local Government New Zealand* more in policy development processes (such as the review of the Local Government Act 1974).

Existing Legislation

Act	Key Features
Local Government Act 1974	Specifies the roles and responsibilities of local authorities; funding powers and accountability processes; by-law making powers; the conduct of affairs; ensuring opportunities for public participation in the decision-making process; the delivery of some services (including provisions relating to local authority trading enterprises); and the role of the Local Government Commission. <i>This Act is currently under review with much of it being incorporated into the Local Government Bill.</i>
Local Electoral Act 2001	Sets out the procedures for conducting triennial local authority elections and provisions for the adoption and use of STV (Single Transferable Vote).
Local Government (Rating) Act 2002	Specifies rating powers and procedures for local authorities. Generally takes effect from 1 July 2003.
Local Government Official Information and Meetings Act 1987	The local government equivalent of the Official Information Act 1982.
Local Authorities' (Members' Interests) Act 1968	Outlines the responsibility of elected members to declare interest in council business.

Other Local Government Related Legislation

Significant local government-related legislation is administered by a range of other ministries or departments, including:

- Resource Management Act 1991 (Ministry for the Environment)
- Hazardous Substances and New Organisms Act 1996 (Ministry for the Environment)
- Soil Conservation and Rivers Control Act 1941 (Ministry for the Environment)
- Biosecurity Act 1993 (Ministry of Agriculture and Forestry)
- Building Act 1991 (Department of Internal Affairs through Vote: Internal Affairs)
- Forest and Rural Fires Act 1977 (Department of Internal Affairs through Vote: Internal Affairs)
- Health Act 1956 (Ministry of Health)
- Civil Defence Act 1983 (Ministry of Civil Defence and Emergency Management)
- Reserves Act 1977 (Department of Conservation)
- Land Transport Act 1998 (Ministry of Transport)
- Transit New Zealand Act 1989 (Ministry of Transport)
- Transport Act 1962 (Ministry of Transport)
- Public Works Act 1981 (Land Information New Zealand).

Bills carried over to the next Parliamentary Session

Bill	Key Features
Local Government Bill	<p>The cornerstone of the new legislative framework intended to:</p> <ul style="list-style-type: none">• reflect a coherent overall strategy on local government• establish an empowering legislative framework, in place of the previous prescriptive framework• develop partnership arrangements between central and local government• clarify local government's relationship to the Treaty of Waitangi. <p>At the end of the last parliamentary session, the Bill was before the Local Government and Environment Select Committee, which was due to report back by 15 July 2002.</p> <p>Generally the Bill is intended to take effect from 1 July 2003.</p>
Local Government Law Reform Bill (No. 2)	<ul style="list-style-type: none">• reported back to the House under the 1996-1999 Government• contains provisions relating to dangerous dogs, in particular the banning of specific breeds of dog• awaiting its second reading.

Local Bills	
Local Bills	<ul style="list-style-type: none"> • New Plymouth District Council (Land Vesting) Bill • Rodney District Council (PENLINK Toll Road) Empowering Bill • Te Whanau-a-Taupara Trust Empowering Bill • Masterton Trust Lands Bill

3. Minister's Role: Local Government Sector

The Minister of Local Government has primary responsibility for legislation concerned with the system of local government in New Zealand, and with its overall efficiency and effectiveness. The Minister is not answerable for the decisions of local authorities, and cannot intervene in their decisions¹.

The Minister is also responsible for maintaining the overall coherence of Government policy impacting upon the local government sector.

Minister's specific portfolio responsibilities

- appointment of members of the Local Government Commission
- ministerial reviews of local authorities
- a variety of minor statutory approvals (such as authorising the sale of endowment land and approving minor boundary alterations)
- territorial authority for some offshore islands
- administration of the harbourmaster function at Lake Taupo.

4. Department's Role: Local Government Sector

The Department advises the Minister on policy and has regulatory responsibilities under the Local Government portfolio.

The Department:

- provides policy advice on local government and support to the Minister of Local Government
- provides advice to select committees
- administers acts and regulations on behalf of the Minister of Local Government

¹ However, in extreme situations, the Minister can have a council's performance reviewed.

- provides support services to the Local Government Commission
- administers the following on the Minister's behalf:
 - the Lake Taupo harbourmaster functions
 - the Rates Rebates Scheme
 - local government functions for some offshore islands
- develops and maintains relationships with key stakeholders.

5. Key Issues in Vote for next Three Years: Local Government Sector

Introduction

The primary focus of Vote Local Government over the next three years will be the enactment of the Local Government Bill, the implementation of the full legislative reform programme, and the monitoring and evaluation of the effectiveness of the new statutory frameworks.

The key projects in the portfolio are to:

- advise and support Parliamentary and Cabinet processes on the Local Government Bill 2002 (carried over to the new Parliamentary session)
- work with the local government sector to develop guidelines and other resource material, to ensure the successful implementation of the Local Electoral Act 2001, the Local Government (Rating) Act 2002 and the Local Government Bill
- enhance the Department's role in the monitoring and evaluation of the impact and effectiveness of legislative reforms, and of the operation of the system of local government more generally
- following through on the Local Electoral Act 2001, including input into the possible uptake by local authorities of STV (Single Transferable Vote).

Priority issues

Local Government Bill

An early decision will be required on the timeframe for enacting the Local Government Bill.

The Local Government and Environment Committee was due to report the Bill back to the House by 15 July 2002. Due to the timing of the election, that report back deadline could not be met. The select committee had not completed consideration of departmental reports, and a new committee may wish to re-hear some submitters. The House will need to provide instructions to the select committee, including a new report back date. It should be possible for the Bill to be passed in December 2002.

Implementation of Legislative Reforms

Throughout the reform process the Department and the local government sector have been conscious of the experience with previous major legislative reforms (such as the Resource Management Act), where a lack of support for the initial implementation of the new regime led to difficulties, and to a lasting legacy of negative public perceptions.

The success of the new local government frameworks will depend not just on the content of the legislation but also on it being implemented effectively. The Department is working with the local government sector to ensure appropriate implementation of the new Acts. A joint local government/central government steering group has been established to oversee the development of programmes aimed at councils implementing the Local Government Bill and the Local Government (Rating) Act. Although the Local Government Bill has not been enacted, preliminary work on its implementation can commence. The joint process is similar to the process that the Department established for the review of the Local Government Act 1974 - and will again use joint working groups - but the implementation phase for these two Acts will be facilitated by Local Government New Zealand.

There is a parallel process for the implementation of STV for District Health Boards, and those local authorities that choose to adopt it, for the 2004 elections. That implementation project is being undertaken by an interdepartmental taskforce led by this Department and involving Local Government New Zealand and the Ministry of Justice. It involves the preparation of regulations for running STV elections, and supplying information to councils to assist them and their communities to decide whether or not to adopt STV for 2004.

The Department will take the lead role in providing information to the public on the local government legislation reforms.

Monitoring and Evaluation

The new legislative regimes, and particularly the Local Government Bill, will bring about changes in the range of activities that local authorities will be able to undertake, and the ways they will go about their business. It is considered desirable that sufficient monitoring is undertaken to provide a strong basis for future policy advice to:

- assess the impacts and effectiveness of the new legislation in terms of its high level goals, and its effect on economic, social, cultural and environmental outcomes
- provide a basis for factually based policy advice to Ministers, on the operation of the system of local government.

In addition, the Local Government Bill places a premium on local decision-making and accountability. This relies heavily on local communities having access to information that allows them to make an informed assessment of the performance on their local councils. Monitoring can also contribute to this by providing a basis for the provision of improved information to the public.

Work on the development of proposals for future monitoring and evaluation activities is currently at a preliminary stage. Giving effect to this change of focus is likely to impact significantly on the design of work programmes for the portfolio over the coming years.

6. Crown Entities and Statutory Bodies: Local Government Sector

The Local Government Commission

The Local Government Commission is an independent statutory body established under the Local Government Act 1974 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, the electoral arrangements of local authorities, and the establishment of communities.

The Commission has three members:

Grant Kirby (Chairperson – term expires on 30 June 2005) has held a number of senior administrative positions with the Auckland City Council. In April 2000, Mr Kirby was appointed as the Rodney District Council Commissioner, to act as a replacement for the Rodney District Council until its elections in March 2001. He was recently appointed as the Auckland Transport Advocate by the Minister of Transport.

Kerry Marshall (term expires 30 June 2004) has 16 years' experience as an elected member of local authorities, including nine years as Mayor of Tasman District. He is a former president of Local Government New Zealand and is also currently Chairperson of the Conservation Authority and the New Zealand Lotteries Commission.

Linda Constable (term expires 30 June 2004) is a specialist in resource management law. She is a former member of the Christchurch City Council.

Minister's Role: Local Government Commission

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: Local Government Commission

- provides administrative support and policy advice to the Commission
- an employee of the Department is the Chief Executive Officer of the Commission.

7. Key Stakeholders: Local Government Sector

- **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, Mayor of the Hauraki District Council and the Chief Executive is Peter Winder
- **Society of Local Government Managers (SOLGM)** – represents senior local government officers. A small staff supports the organisation. The President is Warwick Bennett, Chief Executive of the Waikato District Council, and the Executive Director is David Smith
- **Local Government Reform Implementation Steering Group** – a joint local and central government group to guide the implementation programme for Local Government (Rating) Act and the Local Government Bill. The secretariat is *Local Government New Zealand*. The Chairperson is Hon Margaret Shields, Chair of the Wellington Regional Council

The Minister of Local Government's representatives are Kerry Marshall, Local Government Commissioner and former Mayor of the Tasman District Council, and Judy Voullaire, community representative and journalist

Central Government representatives are Christopher Blake, Chief Executive of the Department of Internal Affairs, and Rosalind Plimmer, Manager Local Government Policy, Department of Internal Affairs

Under the control of the Steering Group, a number of project teams involving both local and central government have been established to develop various aspects of the implementation programme. A central government core group has also been established to co-ordinate the contributions of various Departments to this programme.

- **Local Government Forum** – consists of a number of business-oriented organisations that have an active interest in local government, including Federated Farmers, Business New Zealand, the Forest Owners' Association, and the Property Council
- **Metropolitan Mayors' Forum** – an informal grouping of mayors from Auckland, Waitakere, North Shore, Manukau, Hamilton, Wellington, Hutt, Christchurch and Dunedin
- **Auckland Region 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.

