Q&A
Government response to the Productivity Commission’s report Towards Better Local Regulation

Who commissioned the Report and why?

In May 2012, the Minister of Finance, the Minister for Regulatory Reform, and the Minister of Local Government asked the Productivity Commission to look into opportunities to improve regulatory performance in local government. The aim was to find efficiency gains; address a lack of a consistency in what regulatory functions are best delivered nationally or locally; and respond to local government concern that councils are allocated functions without adequate mechanisms for funding.

What were the Commission’s findings?

The Commission concluded that the current regulatory system is not working as well as it could. The Commission determined that problems stem from: the central government’s design of regulation; the way regulation is implemented and administered by local government; and generic weaknesses with the regulatory system as a whole.

Does the Government agree with the Commission’s findings?

The Government accepts most of the Commission’s analysis and findings and will implement the majority of the Commission’s recommendations.

Which of the Commission’s recommendations were not accepted and why?

The recommendation that councils should use a standardised template to make the analysis underpinning their regulatory decisions publicly available was rejected because approach would not be appropriate, given existing mechanisms, and the cost/benefit of requiring the use of such templates.

Also, the recommendation to strengthen the law to separate prosecution decisions from political involvement was rejected because statutory change would be an ineffective remedy. The importance of separating prosecution decisions from political involvement will be reinforced in a communication to councils. Local Government New Zealand will update already-available guidance material.

How does this relate to the new Productivity Commission report on regulation published on 16 July 2014?

Local regulation forms part of New Zealand's wider regulatory system. Recognising this, in July 2013 the Government asked the Productivity Commission to review and make recommendations on how to improve the design and operation of regulatory regimes in New Zealand.

The Commission submitted its final report (“Regulatory Institutions and Practices”) to Ministers at the end of June. They are now considering the report and will issue a government response in due course.

What is the Government’s response to the Commission’s report?

The focus of the Government's response is on improving central government regulatory practices as they relate to local government. The Department of Internal Affairs has a role to work with other agencies whose policies and legislative programmes impact on local government. The aim is to better
understand and better manage the cumulative impact of central government policies on local government and the communities they serve.

The Government recognises there is a need to work with local government to improve local regulation. The Rules Reduction Taskforce will look at local concerns and identify opportunities with a focus on regulation and legislation administered by local authorities that adversely and unnecessarily affects property owners.

Lastly, The Treasury, working with key regulatory agencies, will consider how the regulatory planning process can be used to provide better advance information about forthcoming regulatory proposals affecting local government.

**Rules Reduction Taskforce**

**What is the Taskforce going to do?**

It is important that regulation strikes the right balance between benefits and cost. It is also important that complying with regulations is made as easy as possible for property owners.

There are opportunities to reduce local regulation that is unnecessary, and nonsensical. The Taskforce will advise the Minister of Local Government about changes that can be made to regulatory requirements to improve how they work.

**How long is it going to take for the Taskforce to report back?**

It is proposed that the work of the Taskforce would commence in October 2014 and report to the Minister of Local Government in mid-2015.

**Who are the members of the Taskforce? How many members will there be?**

The members of the Taskforce are yet to be determined. It may include representatives of local government or people with a strong understanding and knowledge of local government and local regulation. It may also include people with experience in central government and people from key interest groups. It will probably have about 10 members.

**Is this not duplicating other Government efforts in this space?**

The Taskforce will not duplicate work of other reviews (such as the Resource Management Act 1991 reforms). This can be specified in the final terms of reference for the Review Group.