Better Local Government

- Proposed reforms are collectively significant for local government
  - Reforms being introduced before the effects of TAFM reforms can be assessed

- Reforms are to be introduced in 2 stages
  - Stage 1: introduced by legislation in May, adopted by September 2012. Timing aimed at measures being introduced for 2013 elections
  - Stage 2: is further work, largely a 2013 and onwards timetable and non-legislative

- Given implications an immediacy of Stage 1, most of the focus is on that for now

Stage 1: May to Sept 2012

1. New purpose statement for local government

2. Fiscal Responsibility requirements

3. Strengthen governance provisions

4. 'Streamline Council reorganisation procedures'

Refocus purpose of local government

- Four wellbeing's are removed, replaced by:
  - "providing good quality <u>local</u> infrastructure, <u>public</u> services and regulatory functions at least possible cost"

- This definition is still wide open to interpretation
  - Minister on record saying galleries, economic development and fireworks and events are OK
  - Perhaps a signal about refocusing priorities

Fiscal responsibility requirements

- Aim is to mimic central government's new fiscal responsibility – inflation plus population growth only, except special circumstances. Also prudent debt levels etc

- New benchmarks will be introduced by regulation, done in consultation with LGNZ

- 'Soft' caps – but linked to sliding scale of interventions from central government

- This area is of direct relevance to Wellington City Council's Financial Sustainability Working Party

Strengthen governance provisions

- Elected members can set staff number limits and remuneration policy. CEO remains sole employee of Council.

- Mayoral powers – Rollout of Auckland Council powers
    - Gets an office budget
    - appoints Deputy Mayor and establishes Committees, leadership of plans, policies and budgets.

- Power for government to intervene – sliding scale of interventions is provided
    - Very similar to Education system interventions

Amalgamation process

- Major changes to reform proposals. Burden of change now lies with the community to resist, rather than proponents of change

- Council or community can lodge proposal to LGC. LGC considers proposal, where new criteria are weighted to supported 'big' over small, and unitary over non-unitary

- LCG, if it likes the proposal, will call for submissions. If its considers that there is sufficient public support, will become law

- For a poll to be held requires 10% of affected area to sign up – although individual Councils could potentially hold a poll that would be persuasive for LGC and central government

Overview of Stage 2

- Local government efficiency taskforce
  - Focus on planning, consultation and reporting requirements

- Develop a framework for central/local government regulatory roles
  - Productivity Commission lead

- Investigate efficiency of local government infrastructure provision
  - Procurement; scale; local v national

- Review the use of development contributions

Key issues

- New amalgamation process
  - High probability that a proposal/s will be submitted to LGC
  - Means if this Council (and/or others in the region) wish to be involved in the conversation, speed is now important
  - Councillors have agreed to consider an options paper and process for public engagement
  - Aimed at being ready with a preferred proposal by October 2012 for submitting to LGC, if public feedback and analysis suggests that is the right thing to do

Key issues

- Fiscal responsibility requirements
  - Given that the Minister has watered down 'core services' provisions, next best tool for constraining rates lies in this area
  - Currently stated as a 'soft cap' but will need to understand what this means in practise
  - Blunt rates caps have led to very poor outcome in international experience
- Select Committee will be the formal channel for submitting views, but equally important will be overall reaction government receives from different sectors

Absolutely **POSITIVELY**
ME HEKE KI PŌNEKE **Wellington**
WELLINGTON CITY COUNCIL