
REPORT 4
(1215/52/01/IM)

IMPLICATIONS OF PROPOSED “BETTER LOCAL GOVERNMENT” REFORMS

1. Purpose of Report

The purpose of this report is to update the Subcommittee on the local government reforms that were released by Hon Dr Nick Smith on 19 March 2012. This is an eight point reform programme aimed to improve the legislative framework for local authorities.

2. Recommendations

Officers recommend that the Audit and Risk Management Subcommittee:

1. *Receive the information.*

3. Summary of “Better Local Government” reforms

On 19 March 2012 Hon Dr Nick Smith aiming to provide better clarity about council’s roles, stronger governance, improved efficiency and more responsible fiscal management. The aim is to ensure prudent public spending and debt levels within local government.

“Better Local Government” is an eight point reform programme:

1. Refocus the purpose of local government
 - The four well-beings are removed and replaced with a new purpose of “providing good quality local infrastructure, public services and regulatory functions at the least possible cost to households and business.”
2. Introduce fiscal responsibility requirements
 - Encourages financial prudence by having benchmarking for income and expenditure, and prudent debt levels.
3. Strengthen council governance provisions
 - Councils can set staff number limits and remuneration policy.
Increases Mayoral powers – Mayor would appoint Deputy Mayor and establish committees and their role will explicitly include leadership of plans, policies and budgets.

4. Streamline council reorganisation procedures
 - A Council or community can lodge proposal to Local Government Commission (LGC) for consideration against statutory criteria with a focus on simplifying planning processes and efficiency improvements. The LGC will call for public submissions. If it considers that there is sufficient public support, the proposal will be implemented.
5. Establish a local government efficiency taskforce
 - Taskforce to be established in consultation with Local Government New Zealand to review the planning, consultation and reporting requirements of the Local Government Act 2002.
6. Develop a framework for central/local government regulatory roles
 - The Productivity Commission to review the balance of functions allocated to local government by central government and ways to improve regulatory performance in the sector.
7. Investigate the efficiency of local government infrastructure provision
 - Expert advisory group to look at how good quality infrastructure to support a growing economy can best be delivered at least cost.
8. Review the use of development contributions
 - Undertake a review of the development contributions policy to ensure that there is a balance between ensuring developments do not unfairly impose costs on the rest of the community and ensuring that new jobs and investments are not discouraged.

Reforms are to be introduced in 2 stages:

Stage 1 – points one to four: introduced by legislation in May, adopted by September 2012.

Stage 2 – points five to eight: from 2013 onwards.

A copy of “Better Local Government” is attached in Appendix 1. Officers will provide a short presentation on the reforms at the meeting.

Contact Officer: *Nicky Blacker – Manager, Financial Accounting and Allan Prangnell – Executive Strategist*

Supporting Information

1) Strategic Fit / Strategic Outcome

This project supports Activity 1.1 Information, Consultation and Decision Making, specifically 1.1.1 City Governance and Engagement. As per the Annual Plan, City Governance and Engagement includes all those activities that make the Council accountable to the people of Wellington and ensure the smooth running of the city. That includes all meetings of the Council and its committees and subcommittees.

2) LTCCP/Annual Plan reference and long term financial impact

The report has no specific Annual Plan reference. There is no long term financial impact arising from the report.

3) Treaty of Waitangi considerations

There are no specific Treaty of Waitangi considerations.

4) Decision-Making

There are no significant decisions required by the paper.

5) Consultation

a) General Consultation

There are no parties significantly affected by this paper.

b) Consultation with Maori

Maori are not significantly affected by this paper.

6) Legal Implications

This report has no specific legal implications.

7) Consistency with existing policy

This report is consistent with existing policy.