
**LOCAL GOVERNMENT NEW ZEALAND CONFERENCE 2012 –
REPORT BACK**

1. Purpose of report

The purpose of this report is to feedback the key messages from the Local Government New Zealand (LGNZ) conference.

2. Executive summary

The LGNZ conference for 2012 was held in Queenstown from the 15-17 July 2012. The theme of the conference was “*Fantastic, Brilliant, Amazing, Remarkable*”. In the words of the LGNZ President Lawrence Yule, “taking inspiration from those mountains that characterise a spectacular landscape the conference celebrates all that’s remarkable in the local government sector”.

The conference was attended by Deputy Mayor McKinnon and Councillors Ahipene-Mercer, Coughlan, Eagle and Foster accompanied by officers.

3. Recommendations

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*

4. Background

The LGNZ conference this year remained consistent in format with previous conferences except that the AGM was held at the beginning of the conference. Traditionally it is held as the final session. The conference comprised a series of key note addresses and workshop sessions. The local government reform package currently proposed by the Government was a focus for many speakers and participants. The sessions are outlined below. The full presentations are available of the LGNZ website at www.lgnz.co.nz/events/conference.

5. Keynote addresses and presentations

5.1 Annual General Meeting

The Annual General Meeting comprised the accountability and financial reporting as well as report backs from the various zone and sector groupings within LGNZ.

Jonathon Salter from Simpson Grierson did a presentation looking at the reform package proposed by the Government. He talked about the context of recent local government reform in New Zealand:

- 1989 Imposes structural reorganisation, accountability to community, annual planning, separation of regulatory from non regulatory functions, and territorial from regional functions, establishment of LATES.
- 1996 Introduces financial management, long term financial strategy, benefit principles, intergenerational equity (hence growth in debt), allow modern corporate borrowing.
- 2002 LGA 2002. first coherent articulation of 'reason for being'. Principles and powers of local government, decision making requirements and the introduction of the Long Term Council Community Plan.
- 2010 The Rodney Hide changes around transparency, accountability and financial management (TAFM). Introduces core services, the requirements around a financial strategy, refines planning and renames to Long Term Plan (LTP), introduces benchmarking (not active yet), the pre election report and simplifies decision making, to an extent. In parallel the Auckland reform is implemented.
- 2012 'Better Local Government' – eight target areas starting with changes to the purpose of local government and fiscal responsibility. The first four elements of the package are encapsulated in the LGA 2002 Amendment Bill.

His key points were:

- The disorderly nature of the reform (i.e. not waiting for the Hide reforms to work through, having an 8 point reform package that prioritises the solution before defining what the problem is, poor factual basis etc).
- Issues around the new proposed purpose of local government – i.e. imposing a prescriptive purpose while still retaining the detailed decision making requirements, opening up local government to new vulnerabilities under judicial review.

A remit considered under general business called for the Government to modify its stand on the purpose of local government as outlined in the proposed reform package. There was unanimous support for the retention of the four wellbeings.

5.2 Opening addresses

Minister David Carter opened the formal sessions of the conference with an address on Monday 16th July 2012.

His key messages from the Government were:

- The economic climate is difficult. Central Government has imposed fiscal constraints on itself and is now looking to local government to do the same.
- Local government needs to concentrate on the things only they can do and do them well.

- In terms of the reform package he saw this as a “once in a lifetime opportunity to see reforms through” and saw it as an opportunity to achieve better and greater results and get the reforms right by working together.

The Mayor of Queenstown, Vanessa van Uden welcomed delegates to the conference and encouraged people to enjoy Queenstown while they were at the conference.

Lawrence Yule, President of LGNZ asked the Government to change its position on the purpose of local government as outlined in the reform package and pointed to the unanimous vote taken at the previous day’s AGM.

The Right Honourable John Key, Prime Minister, made his opening address and referred to the importance of the relationship between central and local government. He spoke about the Government’s four priorities:

1. The responsible management of the Government’s priorities – achieving a surplus by 2014/15.
2. Continuing to build a more competitive economy.
3. Building better public services within tight financial constraints.
4. The rebuild of Christchurch.

He talked about public expectations being greater than the Government’s ability to meet.

He spoke about the local government landscape referring to the fact that there are 78 Councils making up 4% of GDP and referred to the Government last two budgets being zero based. He looked to local government to pick up the efficiency challenge and referred to the Resource Management Act as an example where improved efficiency would deliver economic benefit.

5.3 Sir Graeme Henry – Building a remarkable team

Sir Graeme Henry outlined his 5 key strategies for building a winning team:

- Chunking objectives into small sections each with its own goals.
- Building relationships with and between players, external stakeholders, wider public.
- Self improvement – each player aiming to improve their own skills and performance.
- Handling mental pressure.
- Empowering players and using leading players to take ownership.

5.4 Fran O’Sullivan – The Central Local Government Nexus

Fran O’Sullivan’s address critically focussed on the central/local government nexus. After a decade of “grumpy” growth she expressed the view that not enough was being made of New Zealand’s position in the “sweet spot of the Asia Pacific”. External forces are constraining local government but central government is also hobbling what local government does. She was critical of the

Government's lack of vision and underperformance (internationally, socially, in infrastructure and in Christchurch) and wanted more aspirational national goals about growing a prosperous New Zealand.

She talked about the need for strong leadership in local government. She also outlined the top growth trends:

- The New Zealand domestic recovery.
- Asian spending power.
- China's demand for commodities.
- Australian sustained growth.
- The Christchurch rebuild.

She talked about local government's opportunities to leverage the gaps in central government:

- the Mayoral delegations to China that needed greater follow through (good prospectuses, company portfolios etc).
- housing – more work on intensification, urban limits and solutions that blend cost and funding.
- transport – requiring more creative thinking about funding.
- provision of finance – taking control, leveraging balance sheets, liquidating holdings and investing in growth areas.

5.5 Hon. John Brumby – former Victorian premier

John Brumby talked about “seeing around corners” i.e. trying to foresee future global trends and working to harness them. He talked about the following forces:

- geopolitical – e.g. the growing influence of China.
- technological – the all pervasiveness of new technology e.g. internet connected devices.
- epidemiological – the trending shift from communicable to non communicable diseases e.g. diabetes and cardiovascular diseases. Life expectancy is predicted to fall as a result of this shift.
- environmental – investment going into the environment particularly renewable energy.

Key success factors are:

- Partnerships – between and with Government, business, overseas investors.
- Plans – building on strengths, looking forward not back.
- Projects – jobs and growth, facilities and lifestyle.
- Attitudes - being positive is critical, always looking for new opportunities.
- Leadership – persevering and seeing around corners.

There is growing potential in research and development e.g. China for instance spends 1.7% of GDP on research and development. In the new China 5 year

plan they are targeting 2.2%. New Zealand has very good universities to work with in this area.

5.6 Hon Annette King MP – Opposition Spokesperson for housing and local government

Annette King talked about the Labour Party recognising the importance of local government. They are committed to local community decision making. She stressed that the Labour Party was not against change but that the Government had forgotten the first rule of reform – analyse, measure twice and cut once (Rod Oram Sunday Star Times 7 July). The question that needs to be asked is will reform improve local government performance? The predictions are that it will lead to a legal nightmare.

The Government claims that cost and debt and the involvement of local government in “dubious” activities are due to the failings of the Local Government Act. She believes that the evidence doesn’t support these claims and the Department of Internal Affairs regulatory impact statement reinforces the lack of robust analysis in preparing the current bill.

5.7 Russell Norman – Green Party Co-leader

Russell Norman spoke about local government’s huge role in issues around environment, economy and quality of life as well as wider roles in events, youth services, employment etc. He saw Councils being accessible and accountable to their communities and saw the vision for local government to be the voice of their communities. Finances need to be managed prudently and any changes to the resource Management Act or the Local Government Act need to deliver on environmental outcomes. He saw local government as critical in terms of protecting the environment.

5.8 Phil O’Reilly Business NZ Chief Executive

Phil O’Reilly talked about New Zealand’s growth being “muted” but better than most countries although it was not translating into employment. We are as a country saving more and spending less. We have a competitive advantage around innovation and the new Ministry of Building, Innovation and Enterprise will be helpful as long as it is not too bureaucratic.

Science is becoming closer to business with the establishment of the Advanced Technology Institute with its headquarters in Auckland and branches in Hutt city and the South Island.

The business view of local government is that there are generally good relationships with councillors and senior management. Compliance, rising rates, rating differentials, zoning issues and high development contributions are all issues. There is some concern about Councils setting up businesses. On the public good/private good continuum there isn’t really a sharp dividing line but Council’s should be cautious as they enter new areas of activity. Business loves quality infrastructure, transparency, green growth and a focus on the future.

Capability issues exist on both the business and Council side. There is not necessarily good understanding of each others world view. He thinks it is up to local government to facilitate the communication.

5.9 Andrew Hamilton - ICEHOUSE

ICEHOUSE is the International Centre for Entrepreneurship. It is based in Auckland. Its mission is to be a significant player in the growth of internationally capable Kiwi businesses. It offers a range of support mechanisms for start up businesses:

- Hatchery – learn about your market and make sure you're prepared to tackle the opportunities ahead.
- Market Validation – find out if there's an addressable market for your idea.
- Incubation.
- Start building, find a workspace and get cracking on the nitty gritty of your business.
- Funding – seed and angel funding.

Between 2001 and 2010 10,000 businesses were touched by ICEHOUSE, 600 of them in depth. There are 20 internationally capable companies grown per annum. The aim is to more than double that in the next 10 years. While start ups are sexy ICEHOUSE spends more time with existing businesses.

What can Councils do to help?

- Embrace the special people who support businesses to grow but they don't have to be employed by Councils.
- Know who your top 50 employers are in the region, visit them regularly, find out how to help them.
- Be careful – purpose is critical e.g. chasing hi tech start ups blindly won't be helpful.
- Think about innovations – where do they exist and what could you do to help.

The two hurdles for existing businesses to overcome are aspiration and competence. The focus of ICEHOUSE is to build competence.

6. Technical Tour and Workshops

Prior to the conference starting there was a technical tour on Council Controlled Organisations (CCO) that Councillor Foster attended on the Sunday.

Held at the Lakes Leisure complex (Frankton), the speakers were Mayor Vanessa van Uden and Board Chairs John Gilks (Chair of the airport company) Mike Saunders (Chair of Lakes Leisure) and Anne Urlwin (Chair of Lakes Environmental).

The background, form and details of each CCO were outlined and the merits of each compared and discussed:

- Lakes Leisure – grew out of Events Centre trust, when a \$19 million aquatic complex was built in 2008. Around \$3million came from trusts for the construction. 160,000 people per year use the pool complex. Council funding has reduced from 44% to 41% of opex (but excludes capital costs). Revenue has been built through development of a fitness centre. The CCO also runs turfs and the cricket venue and has recently taken over a 9 hole golf course. Directors are paid \$20,000 each. It was noted some similar CCOs don't pay at all. The Council sets fees and decides capital investment. The total revenue is now \$5.6m.
- Lakes Environmental – in 2007 this CCO took over from Civic Corp. The Council investment was -\$50K capital and a Council guaranteed loan of \$3m to purchase Civic Corp. Commissioners decide formal decisions. Lakes Environmental is not set up for profit but for break even.
- It was noted that the letter of intent and SOI are crucial.
- Queenstown Airport – in the last 5 years has gone from 350,000 to 1 million passengers. It is important to understand the distinction between ownership and governance.

There were comments around board selection and the fact that boards are getting smaller – they used to be 8-10, now 5-6 is normal. The term of board member shouldn't be left open. Having the right skillset is crucial. They have a preference to have no councillors on boards because of the risk of conflict. They like having a liaison group between the Council and the company to meet regularly. This includes the Mayor, key councillors and the CEO.

There were a number of workshops that were held concurrently throughout the conference. Those attended by elected members and officers attending were:

Reorganisation and Consolidation: What does this look like?

Facilitated by Local Government New Zealand.

This workshop outlined the Government's reform package and raised key questions about the impacts and likely effectiveness of the reforms. It looked at collaborative models such as shared service arrangements as an alternative solution.

Resilience and Infrastructure

Presented by Jane Parfitt, Christchurch City Council and Richard Ward, The Treasury.

Jane Parfitt talked about the impact of 5 major earthquakes and 10,000 aftershocks on Christchurch.

She defined resilience as the ability of a system to withstand or recover quickly from significant disruption.

Important resiliency concepts include:

- Expecting service interruptions.
- Requiring the quick restoration of services.
- Ensuring infrastructure networks are robust and flexible.

Resilience requires a different approach to the traditional return on investment.

Richard Ward talked about the desirability of using existing infrastructure better and improving the allocation of new investment. New Zealand's infrastructure is vulnerable to outages, including through natural hazards and we have insufficient knowledge of network resilience at a national level.

The immediate focus is to improve coordination and collaboration, develop a common understanding of infrastructure attributes, develop a national picture including indicators, hot spots or pinch points and interdependencies, improving our research and information and facilitating an integrated work programme.

Alcohol Reform Bill

Presented by Basia Arnold, Ministry of Justice.

This presentation outlined the content of the new alcohol reform package including:

- New provisions around supplying alcohol to a minor.
- Age changes for supply.
- Future licensing criteria.
- New licensing system and licensing bodies.
- Criteria around eligibility for licences, maximum hours, mandatory requirements around on and club licences.
- Merchandising at supermarkets.
- Local Alcohol Policies.
- Liquor bans.
- Risk based fee structure.

The overall outcome is more community say, alcohol availability more controlled, increased industry and personal responsibility and more leadership from local authorities.

Research Outcomes from the New Zealand Core Cities Project

Presented by Greg Simmonds, Tauranga City Council and Melissa Hall Ministry of Economic Development.

The Core Cities project is a joint partnership project between local and central government aimed at assessing the unique capabilities of New Zealand cities and establishing a collaborative model that will tap the economic growth potential of our cities.

The benefits so far have been:

- Improved knowledge.
- Better city to city networks.
- Opportunity to highlight strengths.

Earthquake Prone buildings

Presented by Michael Mills from Martin Jenkins and Councillor Andy Foster, Wellington City Council.

Michael Mills talked about the review of the Earthquake Prone Building Policy. This review is currently underway and is a response to concerns arising from the Canterbury earthquakes. It is focussed on policy and practice around the seismic resilience of existing commercial and public buildings and will allow the Government to respond quickly to the Canterbury Royal Commission findings.

Councillor Foster also gave a presentation using Wellington City Council's work over the last 15-20 years in building disaster preparedness. He focussed on:

- Improving the resilience of infrastructure.
- Working with lifelines group.
- Rethinking emergency management delivery.
- IEP process.
- Council's building stock including social housing and Civic Complex.
- Policy work with the Government.
- Council's policy and implementation work.

Delivering Safer Journeys

Lisa Rossiter (NZTA) explained Safe System approach key features:

- We are human and all make mistakes.
- Human capacity to survive crash.
- Shared responsibility system users and system designers.
- All parts of the system interact and we need to strengthen all parts of the system. (4 parts – safe roads and roadsides, safe road users, safe vehicles, safe speeds).

- Safer Journeys vision: A safe road system increasingly free of death and serious injury.

Harry Duynhoven discussed the new Local Government Road Safety Leadership Group. Interesting facts that Councils own 90% of NZs roads by length, carrying 50% of traffic volumes and 60% of truck tonne kms involved in exports.

Cameron Bayly (MOT) KiwiRAP is an excellent assessment system for state highways. Ideally we should develop a similar risk rating for local roads and urban arterials. (opportunity for TRAFINZ ?)

Workshop split into small groups to develop ideas across all 4 parts of safe system for input into the second (2012-15) Safer Journeys Action Plan.

Extra session - Auckland Councillors and Local Board Chairs

At the request of the meeting an extra session was scheduled on the Auckland experience post-amalgamation. This was a warts and all session with Deputy Mayor Penny Hulse, Councillors Penny Webster and Richard Northey and four community board chairs. Comments included:

- Greater shared understanding of the region.
- Some winners and losers in rates levels and services.
- Constituents still struggling to know who to contact – councillor or board member.
- More bureaucratic with longer lines of accountability.
- Amalgamation of rates and fees “hideous” and much too rushed.
- Best thing to happen to Auckland, but will take 9 years to get on top of restructuring.
- Boards having to work out their roles.
- Boards working together in approaching Council.
- Small communities enjoying getting the power of the Super City behind them.
- Mayor’s office sets the budget.
- It will be very difficult to calculate whether or not there have been any material savings from the new structure.

There was a unanimous comment that the Auckland model may not work for other places. The advice was that people should take their time and take the people with you. Form should follow function.

Board members were saying that they are working 40 hours a week. Remuneration is clearly a concern. Councillors are feeling distant from their constituencies.

7. Conclusion

This report outlines the content at the at the 2012 Local Government New Zealand Conference. The content of the formal sessions was very good overall. In addition there were informal opportunities for networking and knowledge exchange.

Contact: Deputy Mayor McKinnon*, Councillors Foster, Ahipene-Mercer, Coughlan, Eagle and Best.

* Withdrew on Monday morning for a family bereavement

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The conference theme and content were strongly aligned to Wellington City Council's strategic direction and business priorities

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

See above

3) Treaty of Waitangi considerations

There are no direct Treaty of Waitangi implications. Some of the conference content focussed on the interface between Maori and local government

4) Decision-making

NA

5) Consultation

a) General consultation

NA

b) Consultation with Maori

NA

6) Legal implications

NA

7) Consistency with existing policy

NA