
**SUBMISSION ON THE PRODUCTIVITY COMMISSION'S DRAFT
REPORT - TOWARDS BETTER LOCAL REGULATION**

1. Purpose of report

This report provides for a Wellington City Council submission to the Productivity Commission (the Commission) on their draft report Towards Better Local Regulation. The submission supports the Commission's draft report and recognises the way they have consulted with, and taken on the views of the local government sector.

2. Recommendations

Officers recommend that the Strategy and Policy Committee:

- 1. Receive the information.*
- 2. Agree the submission to the Productivity Commission on their draft report 'Towards Better Regulation' attached as appendix one.*
- 3. Note the summary of key findings of the Productivity Commission attached as appendix two.*
- 4. Agree to delegate to the Chief Executive Officer and the Governance Portfolio leader, the authority to amend the proposed submission from Wellington City Council to the Productivity Commission to include any amendments agreed by the Committee and any associated minor consequential edits.*

3. Background

The Government launched the 'Better Local Government' programme in March 2012. The reform programme aims to improve the legislative framework for New Zealand Councils and is part of the Government's broader programme for building "a more productive, competitive economy and better public services"¹.

The Better Local Government programme consists of a series of work streams – one of which is the development of a framework to guide the allocation of regulatory roles between local and central government.

¹ <http://www.dia.govt.nz/better-local-government>

The work is being led by the Productivity Commission and its terms of reference broadly require it to determine:

- where regulatory roles should be allocated (tier of government)
- when local regulatory variance is desirable
- how regulation can be improved.

The terms of reference need to be viewed in the context of the revised Local Government Act 2002 'purpose' statement for local authorities which require local authorities to provide:

'good quality local infrastructure, public services and regulatory functions at the least possible cost to households and business.'

The Productivity Commission has undertaken a thorough consultation process that started with the release of an issues paper in July 2012 for consultation. They received 59 submissions, held 80 meetings with various groups and conducted two surveys – one to gather the view of local authorities, and the other surveyed businesses and their view of local regulatory services.

The Wellington City Council Submission on the issues paper stressed the following:

- The importance of better local and national collaboration to improve regulation.
- The presence of overly prescriptive legislation and inflexible mandatory processes.
- The importance of legislation makers understanding the costs they are imposing on local govt and the community.

The Productivity Commission considered all feedback and produced their draft report *'Towards Better Local Regulation'* in December 2012.

The draft report is thorough, reflects local government sector concerns, and provides realistic and workable options for making improvements to the regulatory framework. The Commission has taken a 'whole of system view' to their review – from regulation making and design, the allocation of regulatory functions, through to regulation implementation, monitoring and enforcement.

4. Discussion

The Productivity Commission's draft report contains a range of draft findings and questions that they now want to have feedback on by 6 March 2013.

Local Government New Zealand has consulted the local government sector and prepared a submission that addresses all detailed questions posed by the Productivity Commission. Officers have reviewed, have had input, and support the submission prepared by Local Government New Zealand.

While the sector's views are being represented by Local Government New Zealand, it was felt that it was important to submit a separate submission from Council to emphasise key points the Commission should give consideration to. This includes:

- That the decision to regulate (or not) is the most critical decision and is not a process that is addressed as part of the report.
- That the design of regulation for local government needs to improve and this is best achieved through better cooperation between central and local government and operating as co-regulators
- That we broadly support the principle of subsidiarity in allocating regulatory functions across tiers of governance (and when greater centralisation should be considered), but that the framework also needs to give consideration to displacement issues.
- That consideration should be given to making grants available for policy development and regulatory evaluation to ensure regulatory objectives are met.
- That the benefits of regulation are not sufficiently recognised and that greater emphasis needs to be placed on the importance and benefits of standard setting and implementation
- That the structure and design of regulation may not always be the issue, and customer service may be able to address some problems.
- That central and local government need to act as co-regulators and a mechanism needs to be available where local government can work with central government to proactively identify and resolve regulatory inefficiencies to ensure there are no unnecessary costs placed on business.

The submission is structured around the key chapter headings of the Commission's report, outlines the Commission's findings (in italics), and Wellington City Council's response.

5. Conclusion

The report provides for consideration and adoption of Wellington City Council's submission to the Productivity Commission's draft report *'Towards Better Local Regulation'*.

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