

**Submission from Wellington City Council on the  
Local Government Act 2002 Amendment Bill**

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**Submission to:** Local Government and  
Environment Select Committee

**Bill:** Local Government Act 2002  
Amendment Bill

**From:** Wellington City Council

**Date:** 18 June 2010

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## **Contents**

- 1. Introduction**
- 2. Executive Summary**
- 3. Overall Comments**
- 4. Submission**

## 1. Introduction

In our most recent annual survey, 75% of residents rated WCC's performance positively.

Residents survey 2010

Wellington City Council's submission has been written against a backdrop of working hard to understand what our communities need, and delivering the services required now and into the future in the most efficient and affordable way. We are highly conscious of the need to remain fiscally responsible, despite rising input costs. Our ability to provide high levels of service while keeping rate increases low is reflected in the high residents' satisfaction rates we receive.

Wellington City Council (WCC) welcomes the opportunity to comment on the Local Government Act 2002 Amendment Bill (the Bill). In particular WCC welcomes those amendments which will:

- Improve the effectiveness of the Local Government Act 2002 (the Act), for example in relation to streamlining consultation requirements and removing some of the policies from the renamed Long Term Plan (LTP)
- Remove unnecessary red tape
- Place additional focus on ensuring that we are delivering the right services to local communities.

The Bill is an opportunity to update and improve the current Act and make a positive difference for the local government sector and the communities they serve. In our view the Bill does not make the most of this opportunity, nor does it achieve all that the government has set out to do. Our submission makes a number of recommendations that we believe will enhance the Bill in its current form. We have addressed the clauses in the Bill by grouping them into themes.

## 2. Executive Summary

The role of local government has changed and evolved dramatically over time, and will continue to do so. The Bill is an opportunity to ensure that councils can continue to evolve in response to ever changing communities with different sets of needs. Thus while we understand that Parliament may wish to define what services local government delivers, we believe strongly that it is councils, working closely with their communities, who are best placed to decide which activities they should be involved in. That is democracy.

In the latest survey of New Zealand's largest cities Wellington came out on top, with 95% of residents rating their quality of life as good or very good. The services WCC delivers underpins these results and serves as a good illustration of how highly effective councils can be in meeting the needs of their communities.

WCC delivers a broad range of services which have received high ratings (for example libraries and recreational services have achieved satisfaction rates of 90%+) demonstrating that we are listening to what our communities need, and performing extremely well.

WCC supports the Government's intent to improve transparency and accountability to residents.

Through the Bill the Government has endorsed the Minister of Local Government's drive to improve local authority transparency, accountability and financial management within local government. WCC shares the Government's commitment to these fundamental principles as we seek to continually improve the way we work. Our efforts were acknowledged when WCC won the New Zealand Institute of Chartered Accountants Supreme Annual Report Award in 2005, 2006 and 2007 and the Australasian Reporting Silver Award in 2008.

### 3. Overall Comments

The Bill successfully reduces some unnecessary red tape.

The Government has accepted many of the Minister's proposals and in WCC's view the Bill will go some way to achieving the Government's aims. For example, as a result of defining 'community outcomes', to focus on those outcomes where councils have a direct role in achieving these and improving administrative efficiency by repealing the requirement to amend the LTP when the policy on development contributions is updated.

In some instances, while some of the proposals may have minimal compliance impact on councils, we believe they will be of little benefit to ratepayers. For example, the disclosure of reserve funds and internal borrowing and some of the minor legislative changes.

The PER appears to duplicate existing information while increasing bureaucratic administration costs.

WCC is concerned that a number of the proposed amendments will impose additional compliance costs. The preparation of a pre-election report (PER) would require additional work needing to be completed during the busy annual reporting period. This requirement would place additional pressure on resources, particularly for smaller councils, to produce a new report where the benefit for ratepayers is unproven. In its current form, all of the information, except the current year results, is already publicly available through the annual plans, annual reports and LTCCPs.

There are compliance costs associated with some proposed changes. These will hit smaller councils hard.

This does not align with the Government's priorities of reducing regulatory and compliance demands. Instead, WCC recommends amending the Bill to require that annual reports – which will include all the information not already available to the public – be audited and published by 31 August in a local body election year.

The proposed changes to contracts removing the requirement for councils to retain control over management of water services is viewed by WCC as appropriate, although we do not agree with extending the period from 15 to 35 years for drinking water or stormwater services.

Three-quarters of residents reported that WCC's services and facilities represented good value for money.  
Residents survey 2010

The making of rules specifying performance measures is a new move for the local government sector. In the context of performance measures, while we note the Minister's interest in benchmarking to make inter-council comparisons easier, we understand this is not the focus of the Bill. On this basis we support the government's objectives in establishing performance measures for the listed groups of activities coupled with the ability for councils to set their own targets against the rules, and we are very keen to be involved in the development of the rules. WCC believes that it is better to keep consultation open to the sector rather than limiting involvement to Local Government New Zealand. We believe WCC has expertise that can add considerable value to this process as well as providing a metro sector view in our capacity as Chair of the Metro Sector Chief Executive's Group. We also note that the Auckland Council will only just have been established following the enactment of the Bill, and is unlikely to have spare capacity to be actively involved.

The ability to use the rules for benchmarking purposes will be limited to the narrowly defined groups of activities. Should there be any moves to widen the list to other activities, or to formally report on the current ones, we would wish to be involved in the development of a robust performance management framework to ensure that any methodology adopted produces meaningful data for comparisons between councils. The effectiveness and efficiency of rules developed for benchmarking purposes necessitates that any rules that are developed remain consistent for at least a minimum three year period. This will allow performance information to be meaningfully compared over time and keep development costs to a minimum.

All New Zealanders benefit from the efficient management of local government foundation infrastructure. WCC suggests that the cost of performance measures should be borne out of general taxation, rather than a levy on local authorities. This would reduce the additional costs being imposed on councils and avoid differential charging rates and subsequent increases in costs to ratepayers.

The Bill should be future-proofed to allow for new ways for residents to engage with their Councils through technology.

We believe there is a lost opportunity with the Bill in its current form for explicitly modernising the Act to include new methods of engaging with the public, particularly via electronic means. We are aware that some groups of the community, particularly young people, are not interested or sufficiently motivated to engage with councils using traditional methods, reflecting the increasing use of new technologies from the internet to i-phones. Our concern is that the continued focus on paper based forms of communication rather than encouraging the use of new technologies will continue to exclude these groups from participating in local government. The approach to auditing processes also needs to be considered in this context. We would encourage the Select Committee to take this opportunity to ‘future-proof’ the Act for non-traditional methods of engagement.

The Bill should also be flexible enough to ‘future-proof’ the definition of ‘core services’. For example, the Rugby World Cup 2011 is an example of an activity where central government has looked to partner with local government to ensure the success of this major event. This type of activity is not explicitly catered for in the definition of core services.

Finally WCC notes that the current scope of the Bill misses an opportunity to enhance the efficiency and effectiveness of local government service delivery, as there are other statutes affecting local government that warrant attention. WCC is concerned that old, and in many cases frustrating, legislative provisions should not be overlooked. We have set out our views on the legislation requiring review in Appendix C.

## **4. Submission**

WCC's submission is presented in three parts: this report; an A3 table setting out our comments and recommendations in detail as **Appendix A** and our recommendations on other legislation as **Appendix B**.