
REPORT 1
(1215/52/IM)

LOCAL GOVERNMENT ACT 2002 AMENDMENT BILL - WELLINGTON CITY COUNCIL SUBMISSION

1. Purpose of report

This report seeks the Committee's approval of Wellington City Council's submission on the Local Government Act 2002 Amendment Bill, which is **attached** in three parts as Appendix A, B and C. A copy of the Bill is also **attached** as Appendix D.

2. Executive summary

The Bill has shifted a great deal from the Minister of Local Government's original proposals for the review of the Local Government Act 2002. Officers now support a number of aspects of the Bill, although we consider that the Bill does not make the most of the opportunity to amend and modernise the Act, nor does it achieve all that the government has stated it has set out to do. We do not believe that the Bill will result in significant additional value for the local government sector and the communities that it serves.

The proposed submission focuses on recommending the removal of the proposed Pre-election Report and seeking clarification on the purpose of the proposed performance management rules to ensure they add value and are well-designed. We have offered to be involved in the development of the rules as Chair of the Metro Sector Chief Executive's Group, particularly as Auckland Council is unlikely to have spare capacity to be actively involved.

The **attached** draft submission on the Bill is in three parts – a short submission report, an A3 table and recommendations on other legislation that officers consider requires amendment. The first sets out the overall comments on the Bill and the second, in table form, details specific comments grouped in themes which we propose the Council **support, support in part** or **oppose**. This is summarised in the table on the following page.

The commentary column of Appendix B outlines the reasons for the position taken with specific recommendations on changes to the Bill.

Appendix C discusses concerns that the Bill misses an opportunity to review old, and in many cases frustrating, legislative provisions in the Local Government Act 1974.

Support	Support in part	Oppose
<p><i>Community outcomes</i> Amending the definition of 'community outcomes' to focus on what the Council will deliver will clarify accountability.</p> <p><i>Core services</i> Local authorities must continue to be able to define 'core services' informed by the needs of their communities, now and for the future. This clause ensures that Councils consider how the services they provide contribute to meeting the needs of their communities.</p> <p><i>Consultation</i> Changes to consultation requirements removes processes with low value in favour of community engagement in decision-making safeguarded in the broader framework of the Act.</p> <p><i>Funding and financial policies</i> The adoption of a policy continues to be a requirement, but specification of a number of detailed financial and funding policies is removed.</p> <p><i>Water services</i> The ability to extend contracts from 15 to 35 years can allow for cost efficiencies for Councils.</p>	<p><i>Financial reporting</i> Comparative financial information is positive, but it is important that the format is effective for users and unnecessary duplication of reporting does not occur.</p> <p><i>Financial strategy</i> The introduction of a financial strategy in the long-term plan will become a key accountability strategy between Councils and their local communities. This needs to be consistent with existing principles and avoid duplication of review and reporting.</p> <p><i>Rules for performance measurement</i> Performance measures for service-related activities, whose primary purpose is not benchmarking, will allow Councils to demonstrate their performance to their communities. WCC seeks involvement in developing rules for performance measures and suggests that the levy to fund the development of rules be raised from general taxation rather than an additional cost to the ratepayer.</p>	<p><i>Removal of LTCCP auditing</i> The existing requirement to audit the effectiveness of performance measures gives assurance to the public of the process and allows for annual audits to be based on attestation. We oppose its removal.</p> <p><i>Pre-Election Report (PER)</i> All of the financial reporting information, except current year results, proposed in the PER is already publically available.</p>

<p><i>Community board funding</i> Removes the prohibition on using a targeted rate to fund community board activities</p> <p><i>Endowment land</i> Removes the requirement to signal intention to sell endowment land in a long-term plan. Consultation would be triggered under broad decision-making principles.</p>		
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3. Recommendations

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*
2. *Approve the submission on the Local Government Act 2002 Amendment Bill, attached as Appendix A, B and C.*
3. *Delegate to the Mayor and Chief Executive the authority to make any changes required to reflect the decisions of this Committee, prior to it being forwarded to the Local Government and Environment Select Committee.*
4. *Agree to the Mayor (or her delegate) presenting an oral submission to the Local Government and Environment Select Committee based on the Wellington City Council submission.*

4. Background

Since his appointment, the Minister of Local Government has advocated for the review of the Local Government Act 2002 to improve local authority transparency, accountability and financial management issues. The Bill has moved a long way from the direction the Minister was first signalling when he announced the review, including his original focus on restricting the services a council could deliver to a specified list of activities. The Bill was introduced on Thursday 29 April 2010 but does not include a number of matters originally proposed by the Minister of Local Government, for example referenda or caps on rates, and has been referred to the Local Government and Environment Select Committee. Submissions on the Bill close on Friday 18 June 2010.

The Bill proposes that the Act comes into force on the day after the date on which it receives the Royal assent. Some sections would take effect at later dates:

- Long term plan and annual plan: 1 July 2012
- Audit focus on annual reports: 2013 (for the 2012/13 annual report)
- Pre-election reports: 2013.

5. Discussion

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, in our submission we advocate that it is councils, working closely with their communities, who are best placed to decide which activities they should be involved in.

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 Wellington City Council delivers underpins these results and serves as a good illustration of how highly effective councils can be in meeting the needs of their communities.

The Government has accepted many of the Minister's proposals, while rejecting some of his earlier more significant proposals. In Council officer's view the Bill will go some way to achieving the Government's aims relating to Transparency, Accountability and Financial Management of Local Government (TAFM) Reforms.

The preparation of a Pre-election Report 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. This does not align with the Government's priorities of reducing regulatory and compliance demands and we recommend that this proposal be removed in favour of a requirement to make the audited annual report available by 31 August in a local body election year.

Inter-council comparisons are another area of focus for the Minister and the Bill proposes that the Secretary for Local Government should make rules specifying performance measures for service-related activities. It is our understanding, however, that benchmarking is not the focus of the rules and on this basis officers recommend that the Council supports the Government's objectives in

establishing performance measures for the listed group of service-related activities. We will be seeking to be actively involved in the development of the rules. While we have not included this in our submission, should there be any moves to widen the list to other activities, or to formally report on the current ones, officers would seek 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. Rules specifying performance measures will need to clearly identify the purpose and audience of measures if they are to support enhanced accountability.

All New Zealanders benefit from the efficient management of local government foundation infrastructure. Officers suggest that the Council recommends 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 proposed changes in the Bill to contracts relating to the provision of water services, including extending the period from 15 – 35 years, is viewed by officers as useful, although we note that any contracts will require highly robust drafting to ensure the integrity of the resulting partnership.

5.1 Consultation and engagement

The Council has engaged with a range of stakeholders, including Iwi, on the review of the Act following the release of cabinet papers on the review by the Minister of Local Government. Included in the discussion documents were proposals for constraints on local government to provide services outside a list of 'core services', rates capping and referenda. The purpose of the discussions with stakeholders was to raise awareness of the Minister's proposals, and Wellington City Council's concerns in relation to these. The Council received feedback from stakeholders and this was raised with Cabinet Ministers prior to the proposals being discussed at Cabinet, where these proposals were rejected.

5.2 Financial considerations

There are no financial considerations in the approval of the draft submission. There will, however, be some impact on council resources if the amendment of the Local Government Act is agreed.

5.3 Climate change impacts and considerations

There are no climate change impacts in the Bill.

5.4 Long-Term Council Community Plan considerations

The Bill proposes a wide range of changes to the LTCCP which are discussed in full in the submission. If the Bill is passed in its current form further work will be done to work through the implications of these changes for Wellington City Council.

6. Conclusion

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 stated it has set out to do. While we agree with aspects of the Bill, our proposed submission makes a number of recommendations that we believe will enhance the Bill in its current form. These are discussed in full in the submission.

Contact Officer: *Elise Webster, Senior Strategy Advisor
Executive Strategy Team*

Supporting Information

1) Strategic Fit / Strategic Outcome

The Act is the foundation legislation for the local government sector. In our submission we advocate for changes to the Bill to ensure that Wellington City Council can continue to work towards its vision and deliver the services that our communities want.

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

The Bill proposes a number of changes to the LTCCP. These will need to be worked through once the Act is amended.

3) Treaty of Waitangi considerations

There are no specific Treaty of Waitangi considerations in the Bill.

4) Decision-Making

The report asks the Committee to approve the draft submission on the Bill.

5) Consultation

a) General Consultation

The Council engaged with a range of stakeholders on the review of the Act. The purpose of the discussions was to raise awareness of the Minister's proposals, and Wellington City Council's concerns in relation to these. Wellington City Council received feedback from stakeholders and this was raised with Cabinet Ministers prior to the proposals being discussed at Cabinet, where these proposals were rejected.

b) Consultation with Maori

Wellington City Council held separate meetings with Iwi on the review of the Act.

6) Legal Implications

The Bill was discussed with Council's lawyers during the development of WCC's submission.

7) Consistency with existing policy

The submission refers to a number of Wellington City Council policies where the Bill is proposing changes to existing policies.

Submission to: Local Government and
Environment Select Committee

Bill: Local Government Amendment Bill

From: Wellington City Council

Date: 18 June 2010

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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; removing the requirement to consult when changing the mode of delivery of services, 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

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

the information, except the current year results, is already publicly available through the annual plans, annual reports and LTCCPs. 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 relating to the provision of water services, including extending the period from 15 – 35 years, is viewed by WCC as appropriate, although we note that any contracts will require highly robust drafting to ensure the integrity of the resulting partnership.

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.

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

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 as **Appendix A, B and C attached.**

Thank you for the opportunity to comment on the Bill. I am available to appear before the Select Committee.





Yours sincerely

Kerry Prendergast

Mayor

On behalf of Wellington City Council

Appendix B - WCC position on Local Government Act 2010 Amendment Bill 2010:



Theme	Council Position	Commentary
Community Outcomes: <ul style="list-style-type: none"> refining the definition of 'community outcomes' to focus on those where councils have a direct role in their achievement (clause 4(1)); removing the prescriptive community outcomes process (clause 12 and new Schedule 10(1)); and removing the obligation to report against community outcomes (clause 12). 	Support 	We support amending the definition of 'community outcomes' to focus on what the <u>council</u> will deliver which WCC believes will serve to clarify issues of accountability. The refocus will also allow WCC to identify and target gaps in services where we may wish to engage with others such as central government, agencies and NGOs, that are able to assist us to achieve positive outcomes for our communities.
Core Services: <ul style="list-style-type: none"> In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities: <ol style="list-style-type: none"> network infrastructure; public transport services; solid waste collection and disposal; the avoidance or mitigation of natural hazards; libraries, museums, reserves, recreational facilities, and other community infrastructure. (clause 5)	Support 	<p>The role of local government has changed and evolved dramatically over time, and will continue to do so, reflecting the different needs of the communities each council serves. Less than 100 years ago WCC delivered milk and owned an abattoir; 15 years ago we began investing in tourism and event management. The services we deliver at the end of the 21st century are likely to look vastly different again. The Bill is an opportunity to future proof the Act 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, informed by the needs of their communities and physical environments, who are best placed to decide which activities they should be involved in.</p> <p>We also note that there are a number of events and other activities where the government has looked to local government to partner with in order to achieve success. A prime example is the Rugby World Cup 2011 where the government is reliant on councils playing a major role to ensure that the event runs exceptionally well in the large number of regions where the Rugby World Cup is being held. While this is a 'one-off' event, other opportunities for world class events will arise that will also require a strong partnership between central and local government. We note that this type of activity is not explicitly catered for in the definition of core services.</p> <p>In our view the clause is intended to ensure that councils have duly considered how the listed services contribute to the well-being of their communities. WCC considers that it will be able to demonstrate that the council has had particular regard to the contribution that the specified core services have made to our community. WCC supports this clause in its current form.</p>
Consultation: <ul style="list-style-type: none"> removing the obligation to consider whether to seek community views at each stage of the decision-making process (clause 8); removing the requirement to consult when changing the mode of delivery of significant activities (clause 11); and removing the requirement that decisions to construct, replace, or abandon strategic assets can only be taken if provided for in a long-term plan (clause 14). 	Support 	WCC has found that these requirements did not add value to the decision-making process and supports clauses 8, 11, and 14 in their current form. WCC notes that the rights of communities to contribute to decision-making are safe-guarded by the broader decision-making framework in the Act.
Long-term plan auditing: <ul style="list-style-type: none"> removing the requirement to audit the appropriateness of performance measures in the long-term plan (clause 9 and 13). 	Oppose 	<p>The proposed change seems inconsistent with the move towards greater focus on the performance measures and their relevance and accuracy. The performance measures will continue to be audited as part of the annual report and starting this year the Office of the Auditor General, as part of their recent AG4 initiative, will require the audit of the controls surrounding the performance measure information as part of the annual report audit.</p> <p>Having an assessment of the performance measures at the end of the process is of limited value. WCC recommends that the full audit of performance frameworks and systems occurs as part of the long term plan process. This will provide an assurance to the public of the process and means the annual report audit can be an attest based audit thus freeing up resources as the detailed audit occurs on a three yearly cycle.</p> <p>The proposed rules for performance standards set by the Secretary of Local Government may also go some way to limiting the requirement to audit the appropriateness of set performance measures, however there are still a considerable number that will require auditing.</p>
	Recommendation	WCC recommends that the Select Committee: <ul style="list-style-type: none"> Reinstate clause 84(4)(c)

Theme	Council Position	Commentary
<p>Financial Reporting:</p> <ul style="list-style-type: none"> • introduce requirement to report on previous year's financial forecasts in annual plan, long-term plan and annual report (Schedule 10 clause 14); • introduce requirement to prepare a Funding Impact Statement by group of activities and introduce the requirement to report the funding impact statement in a prescribed form (clause 38 and schedule 10 (5)); • introduce the requirement to include a Funding Impact Statement in the annual report (schedule 10(27)). • clarify that the Funding Impact Statement is not required to be reported in accordance with generally accepted accounting practice (clause 27); and • introduce requirement to include a summary of each of the Council's reserve funds and any movements in those funds (schedule 10 (17)) 	<p>Support (with changes)</p> <p style="text-align: center;">✓</p>	<p>WCC supports the introduction of the comparative financial information and the introduction of the Funding Impact Statement at the group of activity level in the long-term plan. WCC is however concerned about what the "prescribed form" for a Funding Impact Statement will look like and welcomes the opportunity to be actively involved in the drafting of the requirements to help ensure that the greater detail in the specification will lead to more useful information for users of the funding statements. WCC also supports the introduction of the Funding Impact Statement for the annual report.</p> <p>The new requirement to report on the rationale for funding sources in the Funding Impact Statement creates unnecessary duplication as this information is already contained in the Revenue and Financing Policy. WCC recommends this information is reported only in the Revenue and Financing Policy where the sources of funding are discussed in more detail.</p> <p>WCC notes the requirement to disclose reserve funds. The definition of "reserve fund" in clause 4 is circular and somewhat ambiguous and WCC recommends the definition is refined to capture that reserve funds would be restricted to specific reserves that are set up within equity in the Statement of Financial Position.</p> <p>WCC supports Schedule 10 Part 1 (3) in that it allows councils the flexibility to create other groups of activities.</p>
	<p>Recommendations</p>	<p>WCC recommends that the Select Committee:</p> <ul style="list-style-type: none"> • move Schedule 10 clauses 16(3), 16(4) and 16(5) to the Revenue and Financing Policy requirements (section 103) as well as the rationale in 16(2)(a). • clarify the definition of "reserve fund" in clause 4 to reflect that that reserve funds would be restricted to specific reserves that are set up within equity in the Statement of Financial Position.
<p>Funding & Financial Policies:</p> <ul style="list-style-type: none"> • maintain the requirement to adopt a policy but remove the obligation to include the following policies in the long-term plan and instead introduce a mandatory review period (clause 18,22 and 24-26): <ul style="list-style-type: none"> ○ a liability management policy ○ an investment policy ○ a policy on development contributions or financial contributions ○ a policy on remission and postponement of rates on Māori freehold land ○ a rates remission policy ○ a rates postponement policy. • remove requirement to adopt a policy on public private partnerships (clause 23); and • maintain the requirement to adopt a revenue and financing policy and include it in the long-term plan as well as introduce a requirement that only significant amendments be audited (clause 19). 	<p>Support</p> <p style="text-align: center;">✓</p>	<p>We support the removal of the requirement to include these financial and funding policies in the long-term plan and agree that the revenue and financing policy should remain in the long-term plan. The policies required in the proposed Bill are still however key operational policies for WCC and we support the requirement to maintain them and review them in accordance with the proposed timeline.</p> <p>The removal of the requirement to adopt a policy on partnerships between the local authority and the private sector is also supported as it was not seen to contribute to better decision making in this area. WCC also notes that any specific policies related to Māori freehold land are already incorporated as part of the general rates remission policy and so the removal of the specific policy will not impact on the Council.</p> <p>WCC notes that the required three-yearly review of the development contributions policy would happen simultaneously with the long-term plan given its potential impact on allocation of costs. We welcome the administrative efficiency from being able to update the policy without triggering a long-term plan amendment.</p>

Theme	Council Position	Commentary
<p>Financial Strategy and Investment principle:</p> <ul style="list-style-type: none"> introduces the requirement to include a financial strategy in the long-term plan which will be required to include a discussion of factors which are expected to have a significant impact on the local authority (clause 17); adds the requirement to undertake a periodic review of investments to the principles relating to local authorities (clause 6). 	<p>Support (with changes)</p> <p style="text-align: center;">✓</p>	<p>WCC broadly supports the requirement to include an overall Financial Strategy – it makes explicit the prudent manner in which councils align affordability considerations with delivering quality services, and facilitates the removal of many policies that contributed to cumbersome long-term plans. This will become the key strategy for local communities to understand how WCC demonstrates prudent financial management. WCC already reports on the requirements in the strategy through a number of the policies so we see this strategy incorporating key information included in the current financial and funding policies.</p> <p>Because this is an overarching strategy document rather than a policy, WCC recommends that the requirement to include capital expenditure information on infrastructure (101A (3)(a)(ii)) be removed as the requirement to disclose capital expenditure required to replace existing assets (existing levels of service) is already included within the requirements of the new Schedule 10 clause (3).</p> <p>WCC supports the intent of clause 6 which requires councils to undertake a periodic review of its investments. However, the requirement to undertake a review is not a principle and WCC recommends that clause 6 be deleted because there are other principles - such as section 14(1)(f) and (1)(g) - on which to hang the new section 101A(3)(d) requirement to report on return on investment. If the select committee is of a mind to retain an investment-related principle, WCC believes the focus should be ensuring the returns are commensurate with risk (rather than outweighing risk as the clause is currently worded) and focused on benefits (both financial and non-financial) rather than simply returns.</p> <p>With regard to 101A(3)(a), we note that one of the other important factors that could have a significant impact on local authorities is the impact of central government's (and its agencies) funding and service provision decisions on local government's finances and any affordability issues it raises, for example in relation to Roads of National Significance, and the gradual withdrawal by the education sector of providing swimming pools.</p> <p>WCC also notes that the Act already provides for a transparent review process for proposed rates changes, therefore we do not believe that the proposed requirement to include a statement about this is necessary.</p>
	<p>Recommendations</p>	<p>WCC recommends that the Select Committee:</p> <ul style="list-style-type: none"> Add a clause at 101A (3)(a) noting the significant impact of other agencies' decisions on local government's finances Remove 101A (3)(a)(ii) Remove 101A (3)(b)(i) Remove clause 6

Theme	Council Position	Commentary
<p>Pre-election Report:</p> <ul style="list-style-type: none"> • Pre-election Report (PER) of almost exclusively financial information to encourage and inform election debate; • Prepared by a chief executive to be available two weeks before nomination day for triennial elections. (clause 16 and new Part 4 of Schedule 10). 	<p>Oppose</p> <p style="text-align: center;">✘</p>	<p>Communication with local communities is an ongoing challenge for local government particularly given the limited analysis local government business receives from television news and current affairs. As such, many councils have well-developed and effective communication practices, which when coupled with a relatively high degree of local media coverage, means that local communities have many avenues to be informed about local government. WCC acknowledges that there are declining levels of participation in local elections however we believe there are far better solutions than the proposed PER to encourage greater and more informed participation in local elections.</p> <p>In particular, the PER is required to report on financial information that is neither engaging nor adding any value, as all the information, except for the current year actual results, is already publicly available. Further, the information required in the PER does not include any of the performance reporting information that is crucial to an understanding of the Council's plans and results. Information on performance is essential for communities to understand the extent to which they are getting value for money from their council.</p> <p>Much of the information to be reported in the proposed PER is already included in Council's asset management plans (AMPs). Effective asset management planning is a rigorous process that includes service level planning, financial forecasts, risk management and identification, and the development of good quality data. AMPs allow for ongoing performance management and integrated planning across the organisation and should form the basis of any new information to be reported. Information should be reported consistent with Generally Accepted Accounting Principles (GAAP).</p> <p>WCC is also concerned that there is insufficient emphasis on future strategic issues. While identifying the major projects planned for the 3 financial years immediately following the date of the election may be a useful start, some of the key governance issues facing a local community may not be project related. Finally WCC notes the clash in work commitments with end of year financial reporting and preparing a PER at the same time.</p> <p>WCC suggests that, rather than the proposed PER, the Bill is amended 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.</p>
	<p>Recommendations:</p>	<p>WCC recommends that the Select Committee:</p> <ul style="list-style-type: none"> • delete clause 16 and new Part 4 of Schedule 10 • Add a requirement that annual reports be audited and published by 31 August in a local body election year.

Theme	Council Position	Commentary
<p>Water Services</p> <ul style="list-style-type: none"> Allows a council to enter into contracts for any aspect of the operation of all or part of a water service for a term not longer than 35 years. If a council enters into such a contract it must: <ul style="list-style-type: none"> continue to be responsible for providing the water services; and retain control over the pricing of water services and the development of policy related to the delivery of water services. (clause 31) 	<p>Support</p> <p style="text-align: center;">✓</p>	<p>WCC supports the removal of the requirement for councils to retain control over the management of water services, and the cost efficiencies resulting from the ability to extend contracts from 15 to 35 years. WCC currently has a contract with Clearwater Services which exceeds 15 years. The contract is dedicated to the management of the assets at our two sewerage treatment plants. The council's and communities' interests are safeguarded through the provisions of the contract with United Water International.</p>
<p>Rules for performance measurement:</p> <ul style="list-style-type: none"> Secretary of Local Government is able to make rules specifying performance measures for prescribed list of groups of foundation service-related activities; (clause 41) Rules to be funded by way of a levy on local authorities; (clause 39) Performance measurement rules are connected to the statement of service provision (new Schedule 10(4)). 	<p>Support (with clarification)</p> <p style="text-align: center;">✓</p>	<p>The making of rules specifying performance measures is a new move for the local government sector. Performance management rules are connected to the statement of service provision which suggests the purpose of the rules is to ensure councils place sufficient attention in the right areas for the delivery of these services. The groups of activities subject to these provisions are well-suited for developing standardised 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 rules. On this basis, WCC supports 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 a set of standard measures, and we are very keen to be involved in the development of the rules. It is important to get it right and we believe we have expertise that can add considerable value to the process.</p> <p><i>Stormwater and flood protection groups:</i></p> <p>WCC combines the management of the stormwater network with flood protection activities because there is strong connection between the two activities in achieving their respective levels of service. We recommend that these two aspects are contained within one group of activities for rules.</p> <p><i>Provision of roads group:</i></p> <p>Unlike the other groups of activities, the provision of roads relates to asset provision not service delivery. To be able to develop performance measures for roads that would be able to meet the requirements in the statement of service provision, the provision of roads would need to be recast as the transportation network. However, setting performance measures of the transportation network in a manner that captures the causal link with a council's activities is fraught. For example, if "the average time travelled" was established as a standard measure, is it the network management, the road quality, or demand management (public transport, walking and cycling, economic instrument like a congestion charge) that would reduce travel times? WCC therefore recommends deleting the provision of roads or any wider transport related grouping altogether because achieving an aggregate service level relies on too many variables.</p> <p><i>Consultation and setting the levy:</i></p> <p>Bill specifies consultation with LGNZ for setting the rules levy – WCC believes it is better to keep consultation open to the sector rather than specifying LGNZ. We would be willing and able to formally partner with, or assist the Secretary for Local Government, in developing the rules and provide 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 sufficient capacity to be actively involved.</p> <p>WCC also suggests that consideration be given to the cost of performance measures being borne out through general taxation, rather than a levy on local authorities, because all New Zealanders benefit from the efficient management of this foundation infrastructure. This would avoid the issue of imposing additional costs on councils and differential charging rates given that one of the underlying aims of the Bill is to reduce costs to ratepayers.</p>
	<p>Recommendations</p>	<p>WCC recommends that the Select Committee:</p> <ul style="list-style-type: none"> combine clauses 261A(c) and (d) into a single "stormwater and flood protection" group of activities; amend Schedule 10 clause 2(2) to match Recommendation clause 261A grouping; delete clause 261A(e) and Schedule 10 clause 2(2)(e).

Theme	Council Position	Commentary
Community board funding: <ul style="list-style-type: none"> removing the prohibition on using a targeted rate to fund community board activities (clause 45). 	Support 	WCC agrees with the proposal although we note that if the objective is to remove ambiguity it may be useful to explicitly state that a council may use a targeted rate to fund a community board's activities rather than just removing the prohibition. We support this clause, with one recommendation.
	Recommendation	WCC recommends that the Select Committee: <ul style="list-style-type: none"> amend clause 45 to state that a council may use a targeted rate to fund a community board's activities.
Endowment Land: <ul style="list-style-type: none"> removing the requirement to signal intention to sell endowment land in a long-term plan (clause 33) 	Support 	Significant property transactions would trigger consultation under broad decision-making principles.

Appendix C: Other Legislation Requiring Amendment

- 1.1 One enactment that has not been identified for examination during the current review round is the Local Government Act 1974 (**LGA 1974**), notwithstanding its material contribution to local government compliance obligations and costs. Although superseded from 1 July 2003 by the LGA 2002, several significant parts of the LGA 1974 remain in force and bind local authorities and members of the public to prescriptive processes. In many cases, those processes are now outdated, not responsive to contemporary conditions, and unduly process-oriented. Nevertheless, local authorities are obliged to comply with their requirements when dealing with relevant subject matter, which can lead to unnecessary time delays and the accrual of costs for all persons involved.
- 1.2 The situation is complicated further by links between the provisions of the LGA 1974 that remain in force and other legislation, such as statutes relating to land transport and public works. There are also a number of older statutes that tend to duplicate the powers, if not the processes, that remain in force under the LGA 1974. Examples include the Land Drainage Act 1908, the River Boards Act 1908, and the Soil Conservation and Rivers Control Act 1941.
- 1.3 WCC urges the Government to respond to the need to review this outdated legislation. WCC believes that it - and more importantly its communities - would benefit from a review and overhaul of the LGA 1974 and related legislation as part of the wider investigation into local government regulation.
- 1.4 WCC is keen to work with the government on identifying issues arising with the remnant provisions of the LGA 1974 and to illustrate them with reference to anecdotal examples. It is hoped that the unnecessary compliance demands that examples will portray will encourage the review of local government regulation to address the LGA 1974 and other identified statutes.
- 1.5 The ultimate objective is the development of legislative amendments that will assist local authorities in the delivery of core services, reduce associated compliance demands, and advance the Government's agenda of cutting unnecessary red tape.
- 1.6 WCC recommends the review and reform of the statutory provisions listed as follows:
 - 1.6.1 Land Drainage Act 1908 (All provisions (note Part 2 repealed from 1 July 2003))
 - 1.6.2 Local Government Act 1974
 - (a) Part 11 Local authorities petroleum tax (sections 181 to 200)
 - (b) Part 21 Roads (other than regional roads), service lanes and accessways (sections 315 to 361)
 - (c) Part 26 Sewerage and stormwater drainage by territorial authorities (sections 446, 447, 451, 459 to 462, 467 and 468)

- (d) Part 29 Land drainage and rivers clearance (sections 501F to 517)
 - (e) Part 29A Divestment of land drainage schemes and water-race schemes (sections 517A to 517ZM)
 - (f) Part 31 Waste management (sections 537 to 544)
 - (g) Part 34 Public services (sections 591 and 591A)
 - (h) Part 39 Prevention of fires (section 647 and 648)
 - (i) Part 39A Navigation (sections 650A to 650K)
 - (j) Part 43 Bylaws (sections 684 to 684F)
- 1.6.3 River Boards Act 1908 (All remaining provisions)
 - 1.6.4 Soil Conservation and Rivers Control Act 1941 (All remaining provisions)
 - 1.6.5 Transport Act 1962 (Provisions relating to infringement offences, particularly sections 41A to 43A (infringement offences) and 72 to 74 (bylaws), and 77 (regulations))
- 1.7 WCC was advised by officials that there was not an opportunity to incorporate the review of the above legislation as apart of this Bill. As a result WCC encourages the Government to resource this work as part of the Government's agenda of reforming superfluous legislation.

Local Government Act 2002 Amendment Bill

Government Bill

Explanatory note

General policy statement

This Bill amends the Local Government Act 2002 (the **principal Act**) to improve transparency, accountability, and financial management in local government. The underlying policy for the Bill is informed by the following principles:

- that local authorities should operate within a defined fiscal envelope:
- that local authorities should focus on core activities:
- that local authority decision-making should be clear, transparent, and accountable.

The provisions of the Bill are intended to operate at 2 levels. First, at a strategic level, the Bill aims to change the way that local authorities set their direction and the way this can be influenced and assessed by their communities. This is achieved by provisions in the Bill that—

- reinforce the need for local authorities to focus on core services:
- introduce a pre-election report to encourage and inform election debate:
- introduce a financial strategy to the long-term plan (as renamed by the Bill) to help local authorities and their commu-

nities debate and resolve the key financial and service delivery trade-offs that local authorities must make:

- integrate the community outcomes and long-term planning processes to encourage better prioritisation of community aspirations:
- focus community outcomes on the role a local authority intends to play in its district or region:
- improve the financial and non-financial information in long-term plans by making it more useful and comprehensible to users.

Second, at an operational level, the Bill aims to simplify decision-making processes. This is achieved by provisions that—

- remove unnecessary auditing by taking a number of operational policies out of the long-term plan:
- remove unnecessary consultation:
- level the playing field to better enable the private sector to deliver local authority services.

The Bill also makes changes to achieve the Government's objective of removing unnecessary barriers to water infrastructure development by reducing restrictions on private sector involvement in the delivery of water services. The intention is to provide local authorities, and their communities, with greater flexibility in choosing methods for delivering water services and developing water infrastructure. The Bill achieves this by enabling local authorities to—

- enter into contracts for the supply of services for a period of up to 35 years:
- delegate aspects of water services management to contractors:
- lease water assets from the private sector, provided that the assets are transferred to the local authority at the end of the period of the agreement.

However, local authorities will still not be permitted to sell or privatise water services or to enter into legal agreements that transfer the responsibility for delivering water services.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause. *Clause 16*, which inserts *new section 99A*, comes into force on 1 July 2011. The rest of the Bill comes into force on the day after the date on which it receives the Royal assent.

Clause 3 provides that the Bill amends the Local Government Act 2002 (the **principal Act**).

Part 1

Amendments to principal Act

Clause 4 amends section 5, which relates to interpretation, by—

- substituting a new definition of community outcomes, which refers to the outcomes that a local authority aims to achieve in order to maintain and improve the social, economic, environmental, and cultural well-being of its district or region;
- inserting new definitions of equity security, natural hazard, and reserve fund.

Clause 5 inserts *new section 11A*. The new section provides that in performing its role, a local authority must have regard to the contribution made to the well-being of its communities by specified core services.

Clause 6 amends section 14(1), which sets out principles in accordance with which a local authority is to act in performing its role. The amendment inserts *new paragraph (fa)*, which requires a local authority to satisfy itself that the expected returns from investment in equity securities or commercial activities are likely to outweigh the risks inherent in that investment.

Clause 7 consequentially amends section 75, which provides an outline of Part 6. The amendment repeals paragraph (e) (which relates to community outcomes), because of the repeal of sections 91 and 92 by *clause 12*.

Clause 8 amends section 78, which relates to community views in relation to decisions. The amendment repeals section 78(2), which specifies the 4 different stages in the decision-making process when a local authority must consider the views and preferences of persons likely to be affected by, or have an interest in, the matter being considered.

Clause 9 repeals section 84(4)(c) so that the auditor's report that is included with a statement of proposal in relation to a long-term plan (as renamed by *clause 47* and *Schedule 2*) is no longer required to report on the extent to which the forecast information and proposed performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

Clause 10 amends section 85, which relates to the use of the special consultative procedure in relation to the adoption of an annual plan. The amendment updates a cross-reference in subsection (2)(a) as a consequence of *new Schedule 10*.

Clause 11 repeals section 88 so that a local authority is no longer required to use the special consultative procedure set out in section 83 in relation to proposals to alter the mode of delivery of significant activities.

Clause 12 repeals sections 91 and 92, which require a local authority to identify and report separately on the progress made towards achieving community outcomes, because the community outcomes process is to be merged with the long-term plan.

Clause 13 repeals section 94(1)(c) so that the auditor's report that is included in a long-term plan is no longer required to report on the extent to which the forecast information and proposed performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

Clause 14 amends section 97, which provides that a local authority must not make certain decisions unless the decision is explicitly provided for in its long-term plan. The amendments repeal section 97(1)(c) and (d) so that the following information no longer needs to be included:

- a decision to construct, replace, or abandon strategic assets;
- a decision that will, directly or indirectly, significantly affect the capacity of, or cost to, a local authority of any activity.

Clause 15 amends section 99, which specifies information that must be the subject of the auditor's report included in an annual report. The amendment substitutes *new subsection (1)*, which provides that the annual report must contain the auditor's report on the following matters referred to in *new Schedule 10*:

- the financial statements referred to in *clause 30* of that schedule; and

- the statement about the budgeted and actual capital expenditure in relation to each group of activities referred to in *clause 25(2)* of that schedule. This is a new requirement; and
- the funding impact statement referred to in *clause 31* of that schedule (which is a new requirement); and
- the local authority's compliance with the requirements of *new Schedule 10* that apply to the annual report.

Clause 16 inserts *new section 99A*, which relates to the pre-election report. The new section introduces a requirement for the chief executive of a local authority to prepare a report before each triennial general election to provide information to promote public discussion of the issues facing the local authority. The report must be published no later than 2 weeks before the date on which nominations close for candidates at the election and must not contain a statement by, or a photograph of, an elected member of the authority.

Clause 17 inserts *new section 101A*, which requires a local authority to adopt a financial strategy as part of its long-term plan.

Clause 18 substitutes *new section 102*, which relates to a local authority's funding and financial policies. The main changes are—

- a local authority no longer has to adopt a policy on partnerships with the private sector:
- a local authority no longer needs to use the special consultative procedure in adopting a liability management policy or investment policy:
- a local authority is no longer required to amend a policy specified in section 102 only as an amendment to its long-term plan.

Clause 19 amends section 103, which relates to a local authority's revenue and financing policy. The main change is *new subsection (4)*, which provides that if a local authority amends its revenue and financing policy then only a significant change to the policy is required to be audited in accordance with sections 84(4) and section 94(1).

Clause 20 consequentially repeals section 104(e) and (f), which require a local authority's liability management policy to state its policy in respect of specific borrowing limits and the giving of securities. This information is now required to be specified in the local authority's financial strategy adopted under *new section 101A*.

Clause 21 consequentially repeals section 105(a), which requires a local authority's investment policy to state the objectives in terms of which the local authority's financial and equity investments are to be managed. This information is now required to be specified in the local authority's financial strategy adopted under *new section 101A*.

Clause 22 amends section 106, which relates to a local authority's policy on development contributions or financial contributions. The main change is *new subsection (6)*, which provides that the local authority must review the policy at least once every 3 years using the special consultative procedure.

Clause 23 consequentially repeals section 107, which sets out requirements relating to policies on partnerships with the private sector.

Clauses 24 to 26 amend sections 108 to 110, which relate to a local authority's policies on remission and postponement of rates on Māori freehold land, rates remission, and rates postponement. The main changes are the addition of a new requirement to review those policies at least once every 6 years using the special consultative procedure and the ability to revoke the rates remission policy and rates postponement policy if recommended by the review.

Clause 27 amends section 111, which requires all information required by Part 6 or *new Schedule 10* to be included in a plan, report, or other document to be prepared in accordance with generally accepted accounting practice (**GAAP**). The amendment adds *new subsection (2)*, so that the funding impact statements required by *new Schedule 10* do not need to be prepared in accordance with GAAP. This is because a funding impact statement is not a document recognised by GAAP and the information included in the statement may be classified in ways that do not conform with GAAP.

Clause 28 consequentially amends section 125(1) to omit the cross-references to sections 126 and 127, which are repealed by *clause 29*.

Clause 29 repeals sections 126 to 129, which specify information requirements and processes for carrying out assessments of water and sanitary services.

Clause 30 amends section 130 (which relates to a local authority's obligation to maintain water services) to update a cross-reference.

Clause 31 substitutes *new section 136* (which relates to contracts for water services). The new provision—

- enables a local government organisation to enter into contracts for the provision of water services for a period of up to 35 years instead of 15 years;
- clarifies that, where a local government organisation enters into a contract for the provision of water services, it continues to be responsible for providing the water services;
- removes the obligation on a local government organisation that enters into a contract for the provision of water services to retain control over the management of the water services.

Clause 32 makes corresponding amendments to section 137, which relates to joint local government arrangements and joint arrangements with other entities. The main changes are—

- to extend the period that a local government organisation can enter into a joint arrangement for the purpose of providing water services from 15 years to 35 years; and
- to provide that where a local government organisation enters into a joint arrangement for the provision of water services it must continue to be responsible for providing the water services. However, the local government organisation no longer has to retain control over the management of the water services or ownership of all of the infrastructure associated with the water services throughout the joint arrangement.

Clause 33 amends section 141, which relates to conditions applying to the sale or exchange of endowment property. The amendment repeals section 141(1)(b) so that proposals relating to the sale or exchange of endowment land no longer need to be included in a local authority's long-term plan.

Clause 34 amends section 186 (which provides that a local authority may execute works if the owner or occupier defaults) to fix a typographical error in subsection (1)(b) and a cross-reference error in subsection (5)(b).

Clause 35 amends section 229(a)(iii) (which relates to obstruction of enforcement officers or agents of a local authority) to fix a typographical error.

Clause 36 amends the heading to Part 11.

Clause 37 inserts a new heading above section 259.

Clause 38 amends section 259, which authorises the Governor-General to make regulations by Order in Council for the purposes set out in that section. The amendment inserts *new paragraphs (da) and (db)*. *New paragraph (da)* provides a power to make regulations prescribing matters, not inconsistent with generally accepted accounting practice, to be disclosed in financial statements. *New paragraph (db)* empowers the making of regulations prescribing forms for the funding impact statements to be included in a long-term plan, annual plan, and annual report. Regulations made under *paragraph (db)* may provide greater detail of the information required to be included in funding impact statements by *new Schedule 10*.

Clause 39 inserts *new section 259A*, which empowers the making of regulations imposing a levy on local authorities to recover the costs incurred in relation to rules made by the Secretary for Local Government under *new section 261A*.

Clause 40 inserts a new heading above section 260.

Clause 41 inserts *new sections 261A to 261G*. *New section 261A* requires the Secretary for Local Government to make rules specifying performance measures with which local authorities must comply in delivering certain key services. These services are—

- water supply:
- sewerage and the treatment and disposal of sewage:
- stormwater drainage:
- flood protection and control works:
- the provision of roads.

New section 261B provides that a rule made under *new section 261A* is a regulation for the purposes of the Regulations (Disallowance) Act 1989, but not for the purposes of the Acts and Regulations Publication Act 1989. The use of deemed regulations and publication of the rules outside the Statutory Regulations series are appropriate in this case because the rules affect a narrow group, namely local authorities, there are no criminal sanctions, and the subject matter of the rules will be detailed technical performance standards.

New sections 261C to 261G relate to material incorporated by reference into rules made by the Secretary under *new section 261A*.

Clauses 42 to 44 repeal sections 279, 281, 282, and 288 because they are spent transitional provisions.

Clause 45 amends clause 39(1) of Schedule 7 to omit the words “out of the general revenues of the district” to clarify that a targeted rate can be used by a local authority to recover community board expenses.

Clause 46 and *Schedule 1* substitute *new Schedule 10*, which relates to the information that must be included in a long-term plan, annual plan, annual report, and pre-election report.

The following clauses have not been changed substantively, but have been renumbered as shown:

Old clause number	New clause number
4	7
5	8
7	11
7A	12
8	13
9	15
11	18
12	19
16	29
18	33
19	34
20	35
21	36

The main changes to *Part 1* of *new Schedule 10*, which relates to information to be included in the long-term plan, are as follows:

- *clause 1*, which relates to community outcomes, is substituted. The effect of the amendment is that a local authority’s long-term plan now only needs to describe the community outcomes for its district or region:
- *clause 2* omits subclauses (1)(d) and (2) and adds *new subclauses (2) and (3)*. *New subclause (2)* specifies a number of activities that are groups of activities for the purposes of the schedule:
- *clause 3* is new. It covers the subject area of old clause 2(1)(d) and requires the long-term plan to disclose the amount of capital expenditure that a local authority has budgeted in relation to each group of activities for each financial year:

- *clause 4* is new. It covers the subject area of old clause 2(2)(a) and (b) and requires a plan to include a statement of the intended levels of service provision for each group of activities that specifies—
 - any performance measures specified for a group of activities in a rule made under *new section 261A*;
 - the performance measures that a local authority considers will enable the public to assess the level of service for major aspects of groups of activities for which there are no performance measures specified by a rule under *new section 261A*;
 - the performance targets for each performance measure;
 - the intended changes to the level of service provided in the year before the first year of the long-term plan and the reasons for the changes;
 - the reasons for any material change to the cost of a service;
- *clause 5* is new. It covers the subject area of old clause 2(2)(c) and (d) and requires a long-term plan to include a funding impact statement for groups of activities. There is also a requirement for such a statement for the whole council level in the existing schedule (clause 10, which is *new clause 16*). The form of the funding impact statement will be prescribed in regulations:
- *clause 6* is new. It covers the subject area of old clause 3, which relates to variation between a territorial authority's long-term plan and assessment of water and sanitary services and waste management plans. The old clause 3 of Schedule 10 requires a territorial authority's long-term plan to contain a summary of its assessment of water and sanitary services under section 125 of the principal Act and a summary of its waste management and minimisation plan in force under section 43 of the Waste Minimisation Act 2008. *New clause 6* only requires the long-term plan to identify and explain any significant variations between those assessments and the long-term plan:

- *clause 9* is new. It requires a local authority to include its financial strategy adopted under *new section 101A* in its long-term plan:
- *clause 10* is new. It covers the subject area of old clause 6, which requires a local authority's funding and financial policies adopted under section 102 of the principal Act to be included in its long-term plan. Old clause 6 requires a local authority to include all of the funding and financial policies it has adopted in the long-term plan. *New clause 10* only requires the revenue and financing policy adopted under *new section 102(2)(a)* to be included in the long-term plan:
- *clause 14* is new. It requires a long-term plan to include the numerical information from the forecast financial statements for the financial year before the first year to which the plan relates:
- *clause 16* covers the subject area of old clause 10. It requires a funding impact statement relating to the whole council to be included in the long-term plan. The form of the funding impact statement will be prescribed in regulations:
- *clause 17* is new. It requires a long-term plan to identify reserve funds, the purpose of the funds, the activities to which they relate, and the opening and closing balance of the funds over the period covered by the long-term plan, and the amounts expected to be deposited and withdrawn in that period.

The main changes to *Part 2 of new Schedule 10*, which relates to information to be included in the annual plan, are as follows:

- *clause 20* is new. It provides that the annual plan must include the numerical information from the forecast financial statements for the previous year:
- *clause 21* covers the subject area of old clause 13. It requires a funding impact statement relating to the whole council to be included in the annual plan. The form of the funding impact statement will be prescribed in regulations:
- *clause 22* is new. It requires an annual plan to identify reserve funds, the purpose of the funds, the activities to which they relate, and the opening and closing balance of the funds over the period covered by the long-term plan, and the amounts expected to be deposited and withdrawn in that period.

The main changes to *Part 3 of new Schedule 10*, which relates to the annual report, are as follows:

- *clause 24* is substituted. It covers the subject area of old clause 15(a) to (d):
- *clause 25* covers the subject area of old clause 15(f) and requires the annual report to include an audited statement comparing the capital expenditure budgeted for a year with the amount spent:
- *clause 26* covers the subject area of old clause 15(e) and requires the annual report to include an audited statement—
 - comparing the level of service achieved in relation to a group of activities with the relevant performance targets:
 - specifying whether any intended changes to the level of service have been achieved:
 - giving reasons for any significant variation between the level of service intended and that achieved:
- *clause 27* is new. It requires an annual report to include a funding impact statement comparing the information included in the long-term plan under *clause 5(2)* with the amount of funds produced from each source of funding and the amount of funds applied:
- *clause 28* is new. It requires an annual report to include details of internal borrowing:
- *clause 30* covers the subject area of old clause 17. *Paragraph (d)* is new. It provides that an annual report must include the numerical information from the audited financial statements for the previous year:
- *clause 31* is new. It requires an annual report to include a funding impact statement that compares the information included in the annual plan under *clause 21* with the amount of funds produced from each source of funding and the amount of funds applied:
- *clause 32* is new. It requires an annual report to identify reserve funds, the purpose of the funds, the activities to which they relate, the opening and closing balances of the fund, and the total amount of deposits into and withdrawals from the fund.

Part 4 of new Schedule 10 is new and sets out the information that must be included in a pre-election report.

Part 2

Consequential amendments and transitional matters

Clause 47 and *Schedule 2* amend the principal Act to change the name of a long-term council community plan to long-term plan and to make other consequential amendments.

Clause 48 and *Schedule 3* amend other enactments to change references to long-term council community plan to long-term plan and to make other consequential amendments.

Clause 49 is a transitional provision for long-term plans beginning on 1 July 2009 and still in force at the commencement of this clause. It provides that the amendments made by the Bill to *Schedule 10* of the principal Act do not apply to that long-term plan and nothing in the Bill requires that long-term plan to be amended to comply with the requirements of *new Schedule 10* (as substituted by the Bill). *Subclause (3)* clarifies that, until a local authority has adopted a financial strategy under *new section 101A*, a local authority may amend its liability management policy and investment policy only as an amendment to its long-term plan as if the amendments made by the Bill had not been passed.

Clause 50 is a transitional provision for annual plans beginning on 1 July 2010 and 1 July 2011. It provides that the amendments made by the Bill to *Schedule 10* of the principal Act do not apply to those annual plans and nothing in the Bill requires those annual plans to be amended to comply with the requirements of *new Schedule 10* (as substituted by the Bill).

Clause 51 is a transitional provision for the auditor's report that is required to be contained in annual reports beginning on 1 July 2009, 1 July 2010, and 1 July 2011. It provides that the amendments made by the Bill do not apply to those annual reports.

Clause 52 is a transitional provision for pre-election reports. It provides that the report prepared before the 2013 local government election does not have to include a funding impact statement for the 3 previous years (there will only be one for the immediately preceding year) and instead must include the funding impact statement for the

previous year along with a summary of cash flows based on the financial statements for the 3 previous years.

Clause 53 is a transitional provision that clarifies, for the purposes of the amendments to sections 108, 109, and 110 of the principal Act, that a local authority's policy on remission and postponement of rates on Māori freehold land, rates remission policy, and rates postponement policy is to be treated as having been last reviewed on the date that the local authority adopted its long-term plan for the period beginning on 1 July 2009.

Regulatory impact statement

In accordance with Cabinet Office Circular CO (09) 08, this explanatory note does not contain a regulatory impact statement for the Bill. A copy of the regulatory impact statement for this Bill is available at the following Internet sites:

- <http://www.treasury.govt.nz/publications/informationreleases/ris>:
 - http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Regulatory-Impact-Statements-Index?OpenDocument.
-

Hon Rodney Hide

Local Government Act 2002 Amendment Bill

Government Bill

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Part 1

Amendments to principal Act

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Part 2

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40

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42

The Parliament of New Zealand enacts as follows:

- 1 Title**
This Act is the Local Government Act 2002 Amendment Act **2010**.

2 Commencement

- (1) **Section 16** comes into force on **1 July 2011**.
- (2) The rest of this Act comes into force on the day after the date on which it receives the Royal assent.

3 Principal Act amended

5

This Act amends the Local Government Act 2002.

Part 1**Amendments to principal Act****4 Interpretation**

- (1) Section 5(1) is amended by repealing the definition of **community outcomes** and substituting the following definition: 10

“**community outcomes** means the outcomes that a local authority aims to achieve in order to maintain and improve the social, economic, environmental, and cultural well-being of its district or region”.

15

- (2) Section 5(1) is amended by inserting the following definitions in their appropriate alphabetical order:

“**equity security** has the meaning given to it in section 2 of the Securities Act 1978

“**natural hazard** has the meaning given to it in section 2(1) of the Resource Management Act 1991 20

“**reserve fund** means money set aside by a local authority for a specific purpose”.

5 New section 11A inserted

The following section is inserted after section 11:

25

“11A Core services to be considered in performing role

In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

“(a) network infrastructure:

30

“(b) public transport services:

“(c) solid waste collection and disposal:

“(d) the avoidance or mitigation of natural hazards:

“(e) libraries, museums, reserves, recreational facilities, and other community infrastructure.”

6 Principles relating to local authorities

Section 14(1) is amended by inserting the following paragraph after paragraph (f):

“(fa) a local authority should periodically—

“(i) assess the expected returns to the authority from investing in equity securities or undertaking a commercial activity; and

“(ii) satisfy itself that the expected returns are likely to outweigh the risks inherent in the investment or activity; and”.

7 Outline of Part

Section 75(e) is repealed.

8 Community views in relation to decisions

Section 78(2) is repealed.

9 Special consultative procedure in relation to long-term council community plan

(1) Section 84(4)(b) is amended by omitting “; and”.

(2) Section 84(4)(c) is repealed.

10 Use of special consultative procedure in relation to annual plan

Section 85(2)(a) is amended by omitting “clause 2(2)” and substituting “**clauses 3 to 5**”.

11 Section 88 repealed

Section 88 is repealed.

12 Sections 91 and 92 and heading above section 91 repealed

Sections 91 and 92 and the heading above section 91 are repealed.

- 13 Audit of long-term council community plan**
- (1) Section 94(1)(b) is amended by omitting “; and”.
- (2) Section 94(1)(c) is repealed.
- 14 Certain decisions to be taken only if provided for in long-term council community plan** 5
Section 97(1)(c) and (d) are repealed.
- 15 Audit of information in annual report and summary**
- Section 99 is amended by repealing subsection (1) and substituting the following subsection:
- “(1) In addition to the information required by **Part 3 of Schedule 10**, the annual report must contain the auditor’s report on—
- “(a) the financial statements referred to in **clause 30 of Schedule 10**; and
- “(b) the statement about budgeted and actual capital expenditure referred to in **clause 25 of Schedule 10**; and
- “(c) the funding impact statement referred to in **clause 31 of Schedule 10**; and
- “(d) the local authority’s compliance with the requirements of **Schedule 10** that are applicable to the annual report.” 20
- 16 New section 99A inserted**
- The following section is inserted after section 99:
- “99A Pre-election report** 25
- “(1) The chief executive of a local authority must prepare a pre-election report containing the information required by **Part 4 of Schedule 10**.
- “(2) The purpose of a pre-election report is to provide information to promote public discussion about the issues facing the local authority. 30
- “(3) A pre-election report must be completed and published no later than the day that is 2 weeks before the nomination day for a triennial general election of members of a local authority under the Local Electoral Act 2001. 35

“(4) A pre-election report must not contain a statement by, or a photograph of, an elected member of the local authority.”

17 New section 101A inserted

The following section is inserted after section 101:

“101A Financial strategy

5

“(1) A local authority must, as part of its long-term plan, prepare and adopt a financial strategy for all of the consecutive financial years covered by the long-term plan.

“(2) The purpose of the financial strategy is to facilitate—

“(a) prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and

10

“(b) consultation on the local authority’s proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority’s services, rates, debt, and investments.

15

“(3) The financial strategy adopted under this section must—

“(a) include a statement of the factors that are expected to have a significant impact on the local authority during the consecutive financial years covered by the strategy, including—

20

“(i) the expected changes in population and the use of land in the district or region, and the capital and operating costs of providing for those changes; and

25

“(ii) the expected capital expenditure on network infrastructure, flood protection, and flood control works that is required to maintain existing levels of service currently provided by the local authority; and

30

“(iii) other significant factors affecting the local authority’s ability to maintain existing levels of service and to meet additional demands for services; and

“(b) include a statement of the local authority’s—

35

“(i) quantified limits on rates, rate increases, and borrowing; and

- “(ii) assessment of its ability to provide and maintain existing levels of service and to meet additional demands for services within those limits; and
- “(c) specify the local authority’s policy on the giving of securities for its borrowing; and 5
- “(d) specify the local authority’s objectives for holding and managing financial investments and equity securities and its quantified targets for returns on those investments and equity securities.”
- 18 New section 102 substituted 10**
 Section 102 is repealed and the following section substituted:
- “102 Funding and financial policies**
- “(1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in **subsection (2)**. 15
- “(2) The policies are—
- “(a) a revenue and financing policy; and
- “(b) a liability management policy; and
- “(c) an investment policy; and
- “(d) a policy on development contributions or financial contributions; and 20
- “(e) a policy on the remission and postponement of rates on Māori freehold land.
- “(3) A local authority may adopt either or both of the following policies: 25
- “(a) a rates remission policy;
- “(b) a rates postponement policy.
- “(4) A local authority—
- “(a) must use the special consultative procedure in adopting a policy under this section: 30
- “(b) may amend a policy adopted under this section at any time using the special consultative procedure.
- “(5) However, **subsection (4)** does not apply to—
- “(a) a liability management policy;
- “(b) an investment policy.” 35

19 Revenue and financing policy

- (1) Section 103(1) is amended by omitting “section 102(4)(a)” and substituting “**section 102(2)(a)**”.
- (2) Section 103(3) is amended by omitting “section 102(4)(a)” and substituting “**section 102(2)(a)**”. 5
- (3) Section 103 is amended by adding the following subsection:
- “(4) If a local authority amends its revenue and financing policy under section 93(4), only a significant amendment to the policy is required to be audited in accordance with sections 84(4) and 94(1).” 10

20 Liability management policy

- (1) Section 104 is amended by omitting “section 102(4)(b)” and substituting “**section 102(2)(b)**”.
- (2) Section 104(d) is amended by omitting “; and”.
- (3) Section 104(e) and (f) are repealed. 15

21 Investment policy

- (1) Section 105 is amended by omitting “section 102(4)(c)” and substituting “**section 102(2)(c)**”.
- (2) Section 105(a) is repealed.

22 Policy on development contributions or financial contributions 20

- (1) Section 106(2) is amended by omitting “section 102(4)(d)” and substituting “**section 102(2)(d)**”.
- (2) Section 106 is amended by adding the following subsection:
- “(6) A policy adopted under this section must be reviewed at least once every 3 years using the special consultative procedure.” 25

23 Section 107 repealed

Section 107 is repealed.

24 Policy on remission and postponement of rates on Māori freehold land

(1) Section 108 is amended by omitting “section 102(4)(f)” in each place where it appears and substituting in each case “**section 102(2)(e)**”.

5

(2) Section 108 is amended by inserting the following subsection after subsection (4):

“(4A) A policy adopted under **section 102(2)(e)** must be reviewed at least once every 6 years using the special consultative procedure.”

10

25 Rates remission policy

(1) Section 109 is amended by omitting “section 102(5)(a)” in each place where it appears and substituting in each case “**section 102(3)(a)**”.

(2) Section 109 is amended by inserting the following subsection after subsection (2):

15

“(2A) If a policy is adopted under **section 102(3)(a)**, the policy—

“(a) must be reviewed at least once every 6 years using the special consultative procedure; and

“(b) may be revoked if recommended by the review under **paragraph (a)**.”

20

26 Rates postponement policy

(1) Section 110 is amended by omitting “section 102(5)(b)” in each place where it appears and substituting in each case “**section 102(3)(b)**”.

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(2) Section 110 is amended by inserting the following subsection after subsection (2):

“(2A) If a policy is adopted under **section 102(3)(b)**, the policy—

“(a) must be reviewed at least once every 6 years using the special consultative procedure; and

“(b) may be revoked if recommended by the review under **paragraph (a)**.”

30

- 27 Information to be prepared in accordance with generally accepted accounting practice**
Section 111 is amended by adding the following subsection as subsection (2):
- “(2) Subsection (1) does not apply to the preparation of a funding impact statement.” 5
- 28 Requirement to assess water and other sanitary services**
Section 125(1) is amended by omitting “in accordance with sections 126 and 127,”.
- 29 Sections 126 to 129 repealed** 10
Sections 126 to 129 are repealed.
- 30 Obligation to maintain water services**
Section 130(3)(d)(ii) is amended by omitting “section 194” and substituting “section 69S of the Health Act 1956”.
- 31 New section 136 substituted** 15
Section 136 is repealed and the following section substituted:
- “136 Contracts relating to provision of water services**
- “(1) Despite section 130(2), a local government organisation may enter into contracts for any aspect of the operation of all or part of a water service for a term not longer than 35 years. 20
- “(2) If a local government organisation enters into a contract under **subsection (1)**, it must—
- “(a) continue to be responsible for providing the water services; and
- “(b) retain control over the following matters: 25
- “(i) the pricing of water services; and
- “(ii) the development of policy related to the delivery of water services.”
- “(3) This section does not limit contracts in relation to water services that are entered into solely between local government organisations.” 30

- 32 Joint local government arrangements and joint arrangements with other entities**
- (1) Section 137(2)(a) is amended by omitting “15” and substituting “35”.
- (2) Section 137(3)(b) is amended by omitting “; and”. 5
- (3) Section 137(3)(c) is repealed.
- (4) Section 137(4) is repealed and the following subsection substituted:
- “(4) If a local government organisation enters into a joint arrangement under subsection (2)(a), it must— 10
- “(a) continue to be responsible for providing the water services; and
- “(b) retain control over the following matters:
- “(i) the pricing of water services; and
- “(ii) the development of policy related to water services; and 15
- “(c) after the end of the joint arrangement, retain ownership of all the infrastructure associated with the water service, whether or not the infrastructure was—
- “(i) provided by the local government organisation at the beginning of the joint arrangement; or 20
- “(ii) developed or purchased during the joint arrangement.”
- 33 Conditions applying to sale or exchange of endowment property** 25
- Section 141(1)(b) is repealed.
- 34 Local authority may execute works if owner or occupier defaults**
- (1) Section 186(1)(b) is amended by omitting “territorial” and substituting “local”. 30
- (2) Section 186(5)(b) is amended by omitting “subsection (1)” and substituting “subsection (2)”.

- 35 Obstruction of enforcement officers or agents of local authority**
Section 229(a)(iii) is amended by inserting “of” after “provisions”.
- 36 Part heading amended** 5
The heading to Part 11 is amended by omitting “**and other Orders in Council**” and substituting “, **other Orders in Council, and rules**”.
- 37 New heading inserted** 10
The following heading is inserted before section 259:
“Regulations”.
- 38 Regulations**
- (1) Section 259 is amended by inserting the following paragraphs after paragraph (d):
- “(da) prescribing matters, not inconsistent with generally accepted accounting practice, that must be specified in a financial statement and the manner in which they must be specified: 15
- “(db) prescribing forms for the funding impact statements to be included in the long-term plan, annual plan, and annual report:” 20
- (2) Section 259 is amended by adding the following subsection as subsection (2):
- “(2) Regulations made under **subsection (1)(db)** may specify in greater detail the information required to be included in a funding impact statement by **Schedule 10**.” 25
- 39 New section 259A inserted**
- The following section is inserted after section 259:
- “259A Levy to fund rules for performance measures** 30
- “(1) Regulations may be made under section 259 providing for the imposition and collection of a levy on local authorities.
- “(2) The purpose of the levy is to recover all or part of the reasonable cost of making rules specifying performance measures.
- “(3) Regulations made for the purpose of this section may—

- “(a) specify the categories of local authorities that are liable to pay the levy:
- “(b) prescribe the amount or method of calculation of the levy:
- “(c) prescribe different amounts or methods of calculation of the levy in relation to different categories of local authority: 5
- “(d) provide for the Secretary to make exemptions from or refund the levy, in whole or in part, in any class of case:
- “(e) provide for the manner in which the levy is collected. 10
- “(4) All levy money collected under this section must be paid into a Crown Bank Account.
- “(5) Any levy—
- “(a) must be reasonable having regard to the expenses incurred or to be incurred by the Secretary in relation to the making of rules under **section 261A**; and 15
- “(b) is payable to the Secretary and recoverable in a court of competent jurisdiction as a debt due to the Secretary.
- “(6) The Minister may recommend the making of regulations that impose a levy only if the Minister has first consulted the New Zealand Local Government Association Incorporated.” 20

40 New heading inserted

The following heading is inserted before section 260:

“Other Orders in Council”.

41 New headings and sections 261A to 261G inserted 25

The following headings and sections are inserted after section 261:

“Rules for performance measures

“261A Secretary may make rules specifying performance measures 30

“(1) The Secretary must, as soon as is reasonably practicable, make rules specifying performance measures in relation to the following groups of activities:

“(a) water supply:

“(b) sewerage and the treatment and disposal of sewage: 35

“(c) stormwater drainage:

- “(d) flood protection and control works:
“(e) the provision of roads.
- “(2) Before making a rule, the Secretary must—
- “(a) consult every local authority; and
“(b) publish in the *Gazette*, and in all of the daily newspapers published in Auckland, Hamilton, Wellington, Christchurch, and Dunedin, a notice of his or her intention to make the rule; and
“(c) give interested persons a reasonable time, which must be specified in the notice, to make submissions on the proposal; and
“(d) consult any other persons or groups as the Secretary considers appropriate.
- “(3) The Secretary must—
- “(a) make copies of the rules available for purchase at a reasonable price; and
“(b) make copies of the rules available free of charge, at all reasonable times, on an Internet site maintained by, or on behalf of, the Secretary; and
“(c) give notice in the *Gazette* that—
“(i) the rules have been made; and
“(ii) copies of the rules may be purchased and the place at which they may be purchased; and
“(iii) the rules are available on an Internet site, free of charge, and state the Internet site address.
- “(4) A rule comes into force 28 days after the date of its notification in the *Gazette* or on such later date as may be specified in the rule.

“**261B Status of rules**

A rule made under **section 261A** is a regulation for the purposes of the Regulations (Disallowance) Act 1989 but not for the purposes of the Acts and Regulations Publication Act 1989.

*“Incorporation by reference***“261C Incorporation of documents by reference in rules**

“(1) The following written material may be incorporated by reference in a rule made under **section 261A**:

“(a) standards, requirements, or recommended practices of international or national organisations: 5

“(b) standards, requirements, or recommended practices prescribed in any country or jurisdiction:

“(c) any other written material that deals with technical matters and that is too large or impractical to include in, or print as part of, the rule. 10

“(2) Material may be incorporated by reference in a rule—

“(a) in whole or in part; and

“(b) with modifications or additions specified in the rule.

“(3) Material incorporated by reference in a rule has legal effect as part of the rule. 15

“261D Proof of material incorporated by reference

“(1) A copy of material incorporated by reference in a rule, including any amendment to, or replacement of, the material, must be— 20

“(a) certified by the Secretary as a correct copy of the material incorporated by reference; and

“(b) retained by the Secretary.

“(2) The production in proceedings of a certified copy of the material is, in the absence of evidence to the contrary, sufficient evidence that the material is incorporated by reference in the rule. 25

“261E Effect of change to, or expiry of, material incorporated by reference

“(1) This section applies to— 30

“(a) an amendment to, or a replacement of, material incorporated by reference in a rule:

“(b) material incorporated by reference in a rule if the material expires, is revoked, or ceases to have effect.

- “(2) The amendment or replacement has legal effect as part of the rule only if the rule is varied to state that the amendment or replacement has that effect.
- “(3) The material described in **subsection (1)(b)** ceases to have legal effect as part of the rule only if the rule is varied to state that the material ceases to have effect. 5

“261F Consultation on proposal to incorporate material by reference

- “(1) During consultation on a proposed rule, the Secretary—
- “(a) must make copies of any material proposed to be incorporated by reference in the rule (or the proposed amendment to, or replacement of, material incorporated by reference in the rule) available during working hours at the offices of the Secretary for inspection by the public free of charge; and 10
- “(b) may make copies of the material proposed to be incorporated by reference in the rule available in any way that the Secretary considers appropriate in the circumstances (for example, on an Internet site maintained by or on behalf of the Secretary). 15 20
- “(2) The reference in **subsection (1)** to any material proposed to be incorporated by reference in a rule includes, if the material is not in an official New Zealand language, an accurate translation of that material in an official New Zealand language.

“261G Access to material incorporated by reference 25

- “(1) The Secretary—
- “(a) must make the material referred to in **subsection (2)** available for inspection during working hours at the offices of the Secretary; and
- “(b) may make copies of the material available in any other way that the Secretary considers appropriate in the circumstances (for example, on an Internet site maintained by or on behalf of the Secretary); and 30
- “(c) must state in the rule—
- “(i) that the material is incorporated in the rule; and 35

- “(ii) that the material is available for inspection during working hours free of charge and the place at which it can be inspected; and
- “(iii) if copies of the material are available under **paragraph (b)**, how and where the copies may be obtained or accessed. 5
- “(2) The material referred to in **subsection (1)** is—
- “(a) material incorporated by reference in the rule:
- “(b) any amendment to, or replacement of, that material that is incorporated in the rule or the material referred to in **paragraph (a)** with the amendments or replacement material incorporated: 10
- “(c) if the material referred to in **paragraph (a)** is not in an official New Zealand language, as well as the material itself, an accurate translation of that material in an official New Zealand language.” 15
- 42 Section 279 repealed**
Section 279 is repealed.
- 43 Sections 281 and 282 repealed**
Sections 281 and 282 are repealed. 20
- 44 Section 288 repealed**
Section 288 is repealed.
- 45 Schedule 7 amended**
Clause 39(1) of Schedule 7 is amended by omitting “out of the general revenues of the district”. 25
- 46 New Schedule 10 substituted**
Schedule 10 is repealed and the schedule set out in **Schedule 1** of this Act is substituted.

Part 2

Consequential amendments and transitional provisions

- 47 Other amendments to principal Act** 5
The principal Act is amended in the manner set out in **Schedule 2** of this Act.
- 48 Consequential amendments to other enactments**
The enactments listed in **Schedule 3** are amended in the manner set out in that schedule.
- Transitional provisions* 10
- 49 Transitional provision for long-term plan beginning on 1 July 2009**
- (1) This section applies to a long-term plan beginning on 1 July 2009 and still in force at the commencement of this section.
- (2) The amendments made by this Act to Schedule 10 of the principal Act do not apply to a long-term plan specified in **subsection (1)**, and nothing in this Act requires that long-term plan to be amended to ensure it complies with the requirements of the principal Act as amended by this Act. 15
- (3) Until a local authority has adopted a financial strategy under **section 101A** of the principal Act (as inserted by **section 17** of this Act), it must amend its liability management policy or investment policy only as an amendment to its long-term plan as if the amendments enacted by this Act had not been made. 20
- 50 Transitional provision for annual plans** 25
- (1) This section applies to an annual plan that relates to the period—
- (a) 1 July 2010 to 30 June 2011; or
- (b) 1 July 2011 to 30 June 2012.
- (2) The amendments made by this Act to section 85(2)(a) and Schedule 10 of the principal Act do not apply to an annual plan specified in **subsection (1)**, and nothing in this Act requires that annual plan to be amended to ensure it complies with the requirements of the principal Act as amended by this Act. 30

51 Transitional provision for audit of information in annual report and summary

- (1) This section applies to an annual report that relates to the period—
- (a) 1 July 2009 to 30 June 2010; or 5
 - (b) 1 July 2010 to 30 June 2011; or
 - (c) 1 July 2011 to 30 June 2012.
- (2) The amendments made by this Act to Schedule 10 of the principal Act do not apply to an annual report specified in **subsection (1)**. 10
- (3) The amendments made by this Act to section 99 of the principal Act do not apply to the auditor's report on the annual reports specified in **subsection (1)**.

52 Transitional provision for pre-election report

- (1) Despite **section 99A** of the principal Act (as inserted by **section 16** of this Act), a pre-election report required in relation to the triennial general election of local authorities in 2013 need not comply with **clause 37(1)(a)(i) and (iii) of Schedule 10** of the principal Act (as substituted by this Act), but must instead include— 20
- (a) the funding impact statement referred to in **clause 31 of Schedule 10** of the principal Act (as substituted by this Act) for the financial year ending in 2013; and
 - (b) a summary of cash flows based on the financial statements referred to in **clause 30 of Schedule 10** of the principal Act (as substituted by this Act) for the last 3 years ending before the date of the election in 2013. 25
- (2) The summary of cash flows must disclose income from rates and payments for property, plant, equipment, and intangible assets separately. 30

53 Transitional provision for review of certain funding and financial policies

- (1) This section applies to a review of the following policies:
- (a) a local authority's policy on the remission and postponement of rates on Māori freehold land under **section 108(4A)** of the principal Act (as inserted by **section 24** of this Act): 35

- (b) a local authority's rates remission policy under **section 109(2A)** of the principal Act (as inserted by **section 25** of this Act):
 - (c) a local authority's rates postponement policy under **section 110(2A)** of the principal Act (as inserted by **section 26** of this Act). 5
- (2) A policy specified in **subsection (1)** is to be treated as having been last reviewed on the date that the local authority adopted its long-term plan for the period beginning on 1 July 2009.
-

Schedule 1 **s 46**
New Schedule 10 substituted
Schedule 10 ss 5(2), 75(f), 85(2),
93(7)(b), 95(6)(c), 98(1),
99A(1)

**Long-term plans, annual plans, and
annual reports** 5

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Part 4

Information to be included in pre-election report

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Part 1

Information to be included in long-term plans

1 Community outcomes

A long-term plan must, to the extent determined appropriate by the local authority, describe the community outcomes for the local authority's district or region. 5

2 Groups of activities

(1) A long-term plan must, in relation to each group of activities of the local authority,—

- (a) identify the activities within the group of activities: 10
- (b) identify the rationale for delivery of the group of activities (including the community outcomes to which the group of activities primarily contributes):

Schedule 10—*continued*Part 1—*continued*

- (c) outline any significant negative effects that any activity within the group of activities may have on the social, economic, environmental, or cultural well-being of the local community;
- (d) include the information specified in **clauses 4 and 5**— 5
- (i) in detail in relation to each of the first 3 financial years covered by the plan; and
- (ii) in outline in relation to each of the subsequent financial years covered by the plan.
- (2) In this schedule, each of the following activities is a group of activities: 10
- (a) water supply;
- (b) sewerage and the treatment and disposal of sewage;
- (c) stormwater drainage;
- (d) the protection of the community from flooding: 15
- (e) the provision of roads.
- (3) Despite **subclause (2)**, a local authority may treat any other activities as a group of activities.
- 3 Capital expenditure for groups of activities**
- A long-term plan must, in relation to each group of activities of the local authority and for each financial year covered by the plan, include a statement of the amount of capital expenditure that the authority has budgeted to— 20
- (a) meet additional demand for an activity; and
- (b) improve the level of service; and 25
- (c) replace existing assets.
- 4 Statement of service provision**
- A long-term plan must, in relation to each group of activities of the local authority, include a statement of the intended levels of service provision that specifies— 30
- (a) any performance measures specified in a rule made under **section 261A** for a group of activities described in **clause 2(2)**; and

Schedule 10—*continued*Part 1—*continued*

- (b) the performance measures that the local authority considers will enable the public to assess the level of service for major aspects of groups of activities for which performance measures have not been specified under **paragraph (a)**; and 5
 - (c) the performance target or targets set by the local authority for each performance measure; and
 - (d) any intended changes to the level of service that was provided in the year before the first year covered by the plan and the reasons for the changes; and 10
 - (e) the reason for any material change to the cost of a service.
- 5 Funding impact statement for groups of activities**
- (1) A long-term plan must, in relation to each year covered by the plan, include a funding impact statement in relation to each group of activities of the local authority. 15
 - (2) The funding impact statement must be in the prescribed form and must identify—
 - (a) the sources of funding to be used by the local authority and the rationale for their selection in terms of section 101(3); and 20
 - (b) the amount of funds expected to be produced from each source; and
 - (c) how the funds are to be applied.
- 6 Variation between territorial authority's long-term plan and assessment of water and sanitary services and waste management plans** 25
- A long-term plan for a territorial authority must identify and explain any significant variation between the proposals outlined in the long-term plan and the territorial authority's— 30
- (a) assessment of water and other sanitary services under section 125:
 - (b) waste management and minimisation plans adopted under section 43 of the Waste Minimisation Act 2008.

Schedule 10—*continued*Part 1—*continued*

- 7 Council-controlled organisations**
 A long-term plan must, in relation to each council-controlled organisation,—
- (a) name the council-controlled organisation and any subsidiary of the council-controlled organisation; and 5
 - (b) identify—
 - (i) the local authority’s significant policies and objectives in relation to ownership and control of the organisation; and
 - (ii) the nature and scope of the activities to be provided by the council-controlled organisation; and 10
 - (iii) the key performance targets and other measures by which performance is to be judged. 10
- 8 Development of Māori capacity to contribute to decision-making processes** 15
 A long-term plan must set out any steps that the local authority intends to take, having undertaken the consideration required by section 81(1)(b), to foster the development of Māori capacity to contribute to the decision-making processes of the local authority over the period covered by that plan. 20
- 9 Financial strategy**
 A long-term plan must include a local authority’s financial strategy adopted under **section 101A**.
- 10 Funding and financial policies**
 A long-term plan must include a local authority’s revenue and financing policy adopted under **section 102(2)(a)**. 25
- 11 Determining significance**
 A long-term plan must contain a summary of the local authority’s policy on determining significance under the Act.

Schedule 10—*continued*Part 1—*continued*

- 12 Affordable housing policy**
A long-term plan must contain a summary of the local authority's affordable housing policy, if it has adopted one under the Affordable Housing: Enabling Territorial Authorities Act 2008. 5
- 13 Forecast financial statements**
- (1) A long-term plan must include, for each of the financial years covered by the plan, forecast financial statements for the local authority.
- (2) A long-term plan may include, for each of the financial years covered by the plan, or for any of those years, forecast financial statements for any council-controlled organisation or any other entity under the local authority's control. 10
- 14 Financial statements for previous year**
- (1) A long-term plan must include the numerical information from the forecast financial statements referred to in **clause 13(1)** that were prepared for the financial year that is the year before the first year covered by the plan. 15
- (2) The numerical information must be presented in a way that allows the public to compare the information with the numerical information contained in the forecast financial statements for each of the financial years covered by the plan. 20
- 15 Statement concerning balancing of budget**
If the local authority has resolved, under section 100(2), not to balance its operating budget in any year covered by the long-term plan, the plan must include— 25
- (a) a statement of the reasons for the resolution and any other matters taken into account; and
- (b) a statement of the implications of the decision.

Schedule 10—*continued*Part 1—*continued***16 Funding impact statement**

- (1) A long-term plan must include a funding impact statement in relation to each year covered by the plan.
- (2) The funding impact statement must be in the prescribed form and must identify— 5
- (a) the sources of funding to be used by the local authority and the rationale for their selection in terms of section 101(3); and
 - (b) the amount of funds expected to be produced from each source; and 10
 - (c) how the funds are to be applied.
- (3) If the sources of funding include a general rate, the funding impact statement must—
- (a) include particulars of the valuation system on which the general rate is to be assessed; and 15
 - (b) state whether a uniform annual general charge is to be included and, if so,—
 - (i) how the charge is to be calculated; and
 - (ii) the local authority's definition of a separately used or inhabited part of a rating unit, if the charge is to be calculated on that basis; and 20
 - (c) state whether the general rate is to be set differentially and, if so,—
 - (i) the categories of rateable land, within the meaning of section 14 of the Local Government (Rating) Act 2002, to be used; and 25
 - (ii) the objectives of the differential rate, in terms of the total revenue sought from each category of rateable land or the relationship between the rates set on rateable land in each category. 30
- (4) If the sources of funding include a targeted rate, the funding impact statement must—
- (a) specify the activities or groups of activities for which the targeted rate is to be set; and

Schedule 10—*continued*

Part 1—*continued*

- (b) include particulars of the category, or categories, of rateable land, within the meaning of section 17 of the Local Government (Rating) Act 2002, to be used; and
 - (c) for each category, state—
 - (i) how liability for the targeted rate is to be calculated; and
 - (ii) the local authority’s definition of a separately used or inhabited part of a rating unit, if the rate is to be calculated on that basis; and
 - (d) if the targeted rate is set differentially, state the total revenue sought from each category of rateable land or the relationship between the rates set on rateable land in each category; and
 - (e) state whether lump sum contributions will be invited in respect of the targeted rate.
- (5) If the same source of funding is to be used in more than 1 of the years covered by the long-term plan, in order to comply with **subclauses (2)(a), (3), and (4)** with respect to that source, it is sufficient—
- (a) to comply with those subclauses in relation to 1 of those years; and
 - (b) for the funding impact statement to specify the other years in respect of which that source is to be used.

17 Reserve funds

- A long-term plan must identify each reserve fund set aside by the local authority and, in relation to each fund, specify—
- (a) the purpose of the fund; and
 - (b) the activities to which the fund relates; and
 - (c) the amount expected to be in the fund at—
 - (i) the commencement of the first year to which the long-term plan relates; and
 - (ii) the end of the last year to which the long-term plan relates; and
 - (d) the amount expected to be deposited in the fund in the period to which the long-term plan relates; and

Schedule 10—*continued*Part 1—*continued*

- (e) the amount expected to be withdrawn from the fund in the period to which the long-term plan relates.

18 Significant forecasting assumptions

A long-term plan must clearly identify—

- (a) all the significant forecasting assumptions and risks underlying the financial estimates: 5
- (b) without limiting the generality of **paragraph (a)**, the following assumptions on which the financial estimates are based:
- (i) the assumptions of the local authority concerning the useful life of significant assets; and 10
- (ii) the assumptions of the local authority concerning sources of funds for the future replacement of significant assets:
- (c) in any case where significant forecasting assumptions involve a high level of uncertainty,— 15
- (i) the fact of that uncertainty; and
- (ii) an estimate of the potential effects of that uncertainty on the financial estimates provided.

Part 2

20

Information to be included in annual plan

19 Forecast financial statements

- (1) An annual plan must include, for the financial year to which the plan relates, forecast financial statements for the local authority. 25
- (2) An annual plan may include, for the financial year to which the plan relates, forecast financial statements for any council-controlled organisation or any other entity under the local authority's control.

20 Financial statements for previous year

30

- (1) An annual plan must include the numerical information from the forecast financial statements referred to in **clause 19(1)**

Schedule 10—*continued*Part 2—*continued*

that were prepared for the financial year that is the year before the year covered by the plan.

- (2) The numerical information described in **subclause (1)** must be presented in a way that allows the public to compare the information with the numerical information contained in the forecast financial statements for the financial year covered by the plan. 5

21 Funding impact statement

- (1) An annual plan must include a funding impact statement for the year to which the plan relates. 10
- (2) The funding impact statement must be in the prescribed form and must identify—
- (a) the sources of funding to be used by the local authority and the rationale for their selection in terms of section 101(3); and 15
 - (b) the amount of funds expected to be produced from each source; and
 - (c) how the funds are to be applied.
- (3) If the sources of funding include a general rate, the funding impact statement must— 20
- (a) include particulars of the valuation system on which the general rate is to be assessed; and
 - (b) state whether a uniform annual general charge is to be included and, if so,— 25
 - (i) how the charge is to be calculated; and
 - (ii) the local authority's definition of a separately used or inhabited part of a rating unit, if the charge is to be calculated on that basis; and
 - (c) state whether the general rate is to be set differentially and, if so,— 30
 - (i) the categories of rateable land, within the meaning of section 14 of the Local Government (Rating) Act 2002, to be used; and
 - (ii) the objectives of the differential rate, in terms of the total revenue sought from each category of 35

Schedule 10—*continued*Part 2—*continued*

rateable land or the relationship between the rates set on rateable land in each category.

- (4) If the sources of funding include a targeted rate, the funding impact statement must—
- (a) specify the activities or groups of activities for which the targeted rate is to be set; and 5
 - (b) include particulars of the category, or categories, of rateable land, within the meaning of section 17 of the Local Government (Rating) Act 2002, to be used; and
 - (c) for each category, state— 10
 - (i) how liability for the targeted rate is to be calculated; and
 - (ii) the local authority's definition of a separately used or inhabited part of a rating unit, if the rate is to be calculated on that basis; and 15
 - (d) if the targeted rate is set differentially, state the total revenue sought from each category of rateable land or the relationship between the rates set on rateable land in each category; and
 - (e) state whether lump sum contributions will be invited in respect of the targeted rate. 20

22 Reserve funds

An annual plan must, for the year to which the plan relates, identify each reserve fund set aside by the local authority and, in relation to each fund, specify— 25

- (a) the purpose of the fund; and
- (b) the activities to which the fund relates; and
- (c) the amount expected to be in the fund at—
 - (i) the commencement of the year; and
 - (ii) the end of the year; and 30
- (d) the amount expected to be deposited in the fund during that year; and
- (e) the amount expected to be withdrawn from the fund during that year.

Schedule 10—*continued*Part 2—*continued***23 Annual plan and amendment of long-term plan**

To avoid doubt, a local authority may prepare and adopt the annual plan at the same time as it amends the long-term plan.

Part 3

Information to be included in annual reports 5

24 Groups of activities

An annual report must, in relation to each group of activities of the local authority,—

- (a) identify the activities within the group of activities; and
- (b) identify the community outcomes to which the group of activities primarily contributes; and 10
- (c) report the results of any measurement undertaken during the year of progress towards the achievement of those outcomes; and
- (d) describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community. 15

25 Capital expenditure for groups of activities

- (1) An annual report must, in relation to each group of activities, include an audited statement comparing the capital expenditure budgeted by the local authority (as set out in the long-term plan or annual plan for the financial year) with the amount spent. 20
- (2) The statement described in **subclause (1)** must show separately the amount of funds that the local authority intended to spend and the amount spent to— 25
 - (a) meet additional demand for a group of activities; and
 - (b) improve the level of performance in relation to a group of activities; and 30
 - (c) replace existing assets.

Schedule 10—*continued*Part 3—*continued***26 Statement of service provision**

An annual report must include an audited statement that—

- (a) compares the level of service achieved in relation to a group of activities with the performance target or targets for the group of activities; and 5
- (b) specifies whether any intended changes to the level of service have been achieved; and
- (c) gives the reasons for any significant variation between the level of service achieved and the intended level of service. 10

27 Funding impact statement for groups of activities

- (1) An annual report must, in relation to each year covered by the plan, include an audited funding impact statement for each group of activities of the local authority.
- (2) The funding impact statement must be in the prescribed form and must— 15
 - (a) identify—
 - (i) the amount of funds produced from each source of funding; and
 - (ii) how the funds were applied; and 20
 - (b) compare the information in **paragraph (a)** with information included in the long-term plan in accordance with **clause 5(2)**.

28 Internal borrowing

- (1) This clause applies to borrowing of the type described in paragraph (b)(iii) of the definition of borrowing in section 112 (**internal borrowing**). 25
- (2) In relation to each group of activities of the local authority, an annual report must include—
 - (a) a statement of the amount of internal borrowing used for the purpose of the group of activities; and 30
 - (b) the amount of funds borrowed and repaid during the year; and

Schedule 10—*continued*Part 3—*continued*

- (c) the amount of interest (if any) paid in relation to the internal borrowing.

29 Council-controlled organisations

An annual report must include, in relation to each council-controlled organisation,—

- (a) a report on the extent to which the local authority's significant policies and objectives in regard to ownership and control of the organisation (as set out in the relevant long-term plan or annual plan) have been implemented or attained in the year to which the report relates; and
- (b) a comparison between the nature and scope of the activities intended to be provided by the organisation in the year to which the report relates (as set out in the relevant long-term plan or annual plan) and the nature and scope of the activities actually provided by the organisation in that year; and
- (c) a comparison between actual performance and the key performance targets and other measures set out in the relevant long-term plan or annual plan.

30 Financial statements

(1) An annual report must include—

- (a) audited financial statements for the financial year for the local authority; and
- (b) audited consolidated financial statements for the financial year; and
- (c) such other information as is necessary to enable an informed assessment of the operations of each entity reported on; and
- (d) the numerical information from the statements described in **paragraphs (a) and (b)** for the financial year before the financial year to which the report relates.

(2) The numerical information described in **subclause (1)(d)** must be presented in a way that allows the public to compare

Schedule 10—*continued*Part 3—*continued*

the information with the numerical information contained in the forecast financial statements for the financial year covered by the report.

31 Funding impact statement

- (1) An annual report must include an audited funding impact statement for the financial year to which the report relates. 5
- (2) The funding impact statement must be in the prescribed form and must—
- (a) identify—
- (i) the amount of funds produced from each source of funding; and 10
- (ii) how the funds were applied; and
- (b) compare the information in **paragraph (a)** with information included in the annual plan in accordance with **clause 21(2)**. 15
- (3) The annual report must include the information in **subclause (2)** for the financial year before the year to which the report relates.

32 Reserve funds

- An annual report must identify each reserve fund set aside by the local authority and, in relation to each fund, specify for the financial year—
- (a) the purpose of the fund; and
- (b) the activities to which the fund relates; and
- (c) the amounts in the fund at the beginning and end of the financial year; and 25
- (d) the total amount deposited in the fund; and
- (e) the total amount withdrawn from the fund.

33 Remuneration issues

- (1) An annual report must include a report on the remuneration that, in the year to which the report relates, was received by, or payable to, each of the following persons: 30

Schedule 10—*continued*Part 3—*continued*

- (a) the mayor or chairperson of the local authority:
 - (b) each of the other members of the local authority:
 - (c) the chief executive of the local authority.
- (2) The report under **subclause (1)** must show, in relation to each person specified in that subclause, that person's total remuneration for the year. 5
- (3) To avoid doubt, **subclause (2)** applies to the total remuneration (including the value of any non-financial benefits) that, during the year, was paid to the person, or was payable to the person, by the local authority and any council organisation of the local authority. 10

34 Severance payments

- (1) An annual report must state—
- (a) the amount of any severance payments made in the year to any person who vacated office as the chief executive of the local authority; and 15
 - (b) the number of employees of the local authority to whom, in the year, severance payments were made; and
 - (c) the amount of every such severance payment.
- (2) In this section, **severance payment** means any consideration that a local authority has agreed to provide to an employee in respect of that employee's agreement to the termination of his or her employment, being consideration, whether of a monetary nature or otherwise, additional to any entitlement of that employee to— 20
- (a) any final payment of salary; or
 - (b) any holiday pay; or
 - (c) any superannuation contributions. 25

35 Statement of compliance

- (1) An annual report must include a statement that all statutory requirements in relation to the annual report have been complied with. 30
- (2) The statement must be signed—

Schedule 10—*continued*Part 3—*continued*

- (a) by the mayor or chairperson of the local authority; and
- (b) by the chief executive of the local authority.

36 General

An annual report must include a report on the activities that the local authority has undertaken in the year to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority. 5

Part 4

Information to be included in pre-election report

10

37 Pre-election report

(1) A pre-election report must include—

- (a) for the 3 financial years immediately preceding the date of the election—
 - (i) the funding impact statement referred to in **clause 31**; and 15
 - (ii) a summary balance sheet based on the financial statements referred to in **clause 30(1)(a)** that discloses public debt and financial assets separately; and 20
 - (iii) a statement setting out the extent to which the local authority has complied with its financial strategy; and
- (b) for the 3 financial years immediately following the date of the election— 25
 - (i) the information included in the funding impact statement in accordance with **clause 16(2)(b) and (c)**; and
 - (ii) a summary balance sheet based on the forecast financial statements referred to in **clause 13(1)** that discloses public debt and financial assets separately; and 30

Schedule 10—*continued*

Part 4—*continued*

- (c) the major projects planned for the 3 financial years immediately following the date of the election; and
 - (2) Despite **subclause (1)(a)**, the information to be included in the pre-election report for the financial year ending in the same year as the election in accordance with that subclause may— 5
 - (a) be based on estimated information; and
 - (b) need not be audited.
-

Schedule 2

s 47

Other amendments to principal Act

Part 1

Amendments required because of change of name of long-term council community plan

5

Definition of **long-term council community plan** in section 5(1):
repeal and substitute:

“**long-term plan** means a long-term plan adopted under section 93”.

Section 5(2)(b): omit “council community”. 10

Section 16(1)(c)(ii): omit “council community”.

Section 16(2)(b): omit “council community”.

Section 16(3): omit “council community”.

Paragraph (b) of the definition of **affected territorial authority** in
section 16(9): omit “council community”. 15

Section 17(4)(a)(i): omit “council community”.

Section 56(2): omit “council community”.

Section 75(f): omit “council community”.

Section 84 and heading to section 84: omit “council community” in
each place it appears. 20

Section 85(2)(a), (b), and (c): omit “council community”.

Section 93 and heading to section 93: omit “council community” in
each place where it appears.

Section 94(1) and heading to section 94: omit “council community”.

Section 95: omit “council community” in each place it appears. 25

Section 96 and heading to section 96: omit “council community” in
each place where it appears.

Section 97 and heading to section 97: omit “council community” in
each place where it appears.

Section 98(2)(a): omit “council community”. 30

Section 100(2)(a): omit “council community”.

Section 101(2): omit “council community” in each place where it
appears.

Section 106(2)(a): omit “council community”.

Section 125(3): omit “council community”. 35

Part 1—*continued*

Paragraph (a) of the definition of **development contribution** in section 197: omit “council community”.

Definition of **development contribution policy** in section 197: omit and substitute:

“**development contribution policy** means the policy on development contributions included in the long-term plan of the territorial authority under **section 102(2)(d)**”.

Section 280 and heading to section 280: omit “council community”.

Section 284: omit “council community”.

Clause 32(1) of Schedule 7: omit “council community” in each place where it appears.

Clause 1(a) of Schedule 13: omit “council community”.

Part 2

Other amendments

Section 198(2): omit “section 102(4)(d)” and substitute “**section 102(2)(d)**”.

Section 201(1): omit “section 102(4)(d)” and substitute “**section 102(2)(d)**”.

Schedule 3	s 48
Consequential amendments to other enactments	
Part 1	
Amendments to other Acts	5
Hawke’s Bay Endowment Land Empowering Act 2002 (2002 No 1) (L)	
Section 3(c): omit “council community” in each place where it appears.	
Section 5(4): omit “council community” in each place where it appears.	10
Land Transport Management Act 2003 (2003 No 118)	
Section 18A: omit “council community” in each place where it appears.	
Section 65I(2)(a): omit “council community”.	15
Section 78(3): omit “council community”.	
Clause 6(3) of Schedule 7: omit “council community”.	
Local Government Act 2002 Amendment Act 2006 (2006 No 26)	
Section 31: repeal.	
Local Government (Auckland Council) Act 2009 (2009 No 32)	
Definition of LTCCP in section 4(1): repeal and substitute: “ LTP means the Auckland Council long-term plan”.	20
Section 9(2)(a): omit “LTCCP” and substitute “LTP”.	
Section 14(3): omit “LTCCP” and substitute “LTP”.	
Heading to section 18: omit “LTCCP” and substitute “LTP”.	25
Section 18: omit “LTCCP” in each place it appears and substitute in each case “LTP”.	
Section 18(2): omit “clause 2” and substitute “ clauses 2 to 5 ”.	
Section 19(6): repeal and substitute: “(6) For the purposes of adopting a funding policy under subsection (1), section 102 of the Local Government Act 2002 applies,	30

Part 1—*continued***Local Government (Auckland Council) Act 2009 (2009 No 32)**—*continued*

with any necessary modifications, and as if the following paragraph were added to **subsection (2)** of that section:

“ (f) a local board’s funding policy.”

Section 19(7): omit “LTCCP” and substitute “LTP”.

Section 20(2)(d): omit “LTCCP” and substitute “LTP”. 5

Section 20(4)(b)(i): omit “clause 2(2) of Schedule 10 of that Act to be included in the LTCCP” and substitute “**clause 4 of Schedule 10** of that Act to be included in the LTP”.

Definition of **standard levels of service** in section 20(5): repeal and substitute: 10

“**standard levels of service** means the levels of service provision for local activities specified in the LTP in accordance with **clause 4 of Schedule 10** of the Local Government Act 2002.”

Heading to section 22: omit “LTCCP” and substitute “LTP”. 15

Section 22(1): omit “LTCCP” and substitute “LTP”.

Local Government (Rating) Act 2002 (2002 No 6)

Paragraph (a) of the definition of **funding impact statement** in section 5: repeal and substitute:

“(a) in relation to the first financial year to which a long-term plan relates, the funding impact statement included in the plan under **clause 16 of Schedule 10** of the Local Government Act 2002; and”. 20

Paragraph (b) of the definition of **funding impact statement** in section 5: omit “clause 13” and substitute “**clause 21**”. 25

Definition of **long-term council community plan** in section 5: repeal and substitute:

“**long-term plan** means a long-term plan under section 93 of the Local Government Act 2002”.

Section 23: omit “council community” in each place where it appears. 30

Section 55(2)(b): omit “council community”.

Part 1—*continued***Local Government (Rating) Act 2002 (2002 No 6)**—*continued*

Section 114(1)(a): omit “section 102(4)(f)” and substitute “**section 102(2)(e)**”.

Section 115(1)(a): omit “section 102(4)(f)” and substitute “**section 102(2)(e)**”.

Section 116(3)(a): omit “section 102(4)(f)” and substitute “**section 102(2)(e)**”.

Section 117B(3)(c)(ii): omit “council community” in each place where it appears.

Section 119(4)(a): omit “council community”.

Section 139(2A): omit “council community”. 10

Local Government (Tamaki Makaurau Reorganisation) Act 2009 (2009 No 13)

Section 29A(3): omit “council community plan (LTCCP)” and substitute “plan (LTP)”.

Section 29A(4): omit “LTCCP” in each place it appears and substitute in each case “LTP”. 15

Section 31(4): omit “council community” in each place where it appears.

Public Transport Management Act 2008 (2008 No 87)

Section 20(8)(b): omit “council community”. 20

Section 21(1)(b): omit “council community”.

Part 2

Amendments to regulations

Local Government (Banks Peninsula District) Reorganisation Order 2005 (Gazette 2005, p 5179)

Clause 13: repeal. 25