

REMIT TO *LOCAL GOVERNMENT NEW ZEALAND* ANNUAL GENERAL MEETING 2009

COUNCIL PROPOSING REMIT

Greater Wellington Regional Council

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REMIT PASSED BY        Zone 4

REMIT:

**That *Local Government New Zealand* seeks review and legislative amendment to the Local Government Act 2002 (the Act) in respect of the planning, decision-making and accountability requirements of Part 6 and Schedule 10 of the Act in order to (a) provide for processes and plans that are simpler, more easily understood by the community and cost effective; and (b) confine the audit role to annual reports.**

## BACKGROUND INFORMATION AND RESEARCH

### NATURE OF ISSUE

The requirements in respect of consultation, community outcomes, long-term council community plans, reporting and audit, required under Part 6 and Schedule 10 of the Act, mean that local authorities are expending vast resources on compliance with questionable benefit to the community. The issue is compounded by the approach that Audit New Zealand is taking to the audit processes.

### BACKGROUND

Local government long-term plans (LTCCPs) should inform the community of what services and work programmes a council will be undertaking, at what cost and within what timeframes, together with what options are available to do more and less and the cost implications of those options. However, the prescriptive nature of the LTCCP requirements is limiting councils' ability to do this. It is notable that the LTCCP regime is not imposed by central government on its own agencies.

Local authorities are currently completing their long-term council community plans (LTCCP). For many the process has taken over a year. Some councils are estimating their cost of preparing a LTCCP to be in the order of \$1 million and are questioning the community benefit.

Some of the problems being encountered are outlined below.

Whilst there is support for integrated decision-making, the community outcome requirements are resulting in duplication. There is an overlap of both process and content between the local and regional level and the requirement to report on progress on outcomes means that local authorities are developing and reporting on indicators that are not related to their functions. The understandably broad nature of the community outcomes means that monitoring is expensive and not particularly useful for identifying future strategic directions. A possible solution is one set of outcomes for the whole region or each city or district having a set of outcomes to which the regional council contributes.

For this round of LTCCPs Audit New Zealand signalled that it was going to be particularly vigilant about the performance management framework, "the right debate", and asset management.

In respect of the performance management framework, auditors have been particularly concerned about how activities are progressing community outcomes. But this is an artificial connection as achieving community outcomes is not the only reason that local authorities undertake activities. Many activities are required by legislation and not always by the community.

The same argument applies to consultation. Local authorities are required by legislation to prepare a number of strategic plans. At the regional level, for example, there is the Regional Policy Statement, Regional Land Transport Strategy and Regional Pest Management Strategy, some of

which go through the special consultative procedure of the Act. The outcomes, objectives, programmes and measures within these plans and strategies have already been decided on after consultation with the community. They have to be included in an LTCCP performance management framework because they are an important part of our work and generally impact on the rate line. But to change them after another round of consultation would negate the original consultation process, making the LTCCP consultation redundant.

It is questionable whether Audit is able to assess whether a local authority is having the “right debate” with its community; that is a judgement for elected members. They in turn are judged every three years at the polls. For this LTCCP, Greater Wellington was asked to make an amendment to the Chair’s message. Surely the Chair’s message is between the Chair and the community only?

This poses the question of whether it is appropriate for local authority strategic plans to be subject to such stringent Audit requirements. While not questioning the need to be fully accountable to communities, it is suggested that Audit’s role should be more conventionally focussed on annual reports which show whether an authority has achieved what it said it would achieve within specified timeframes and costs.

Further, the requirement to use international financial reporting standards means that the financial aspects of the LTCCP are beyond the understanding of most members of the community. This is counter to the notion of public participation in decision-making.

These are just a few examples of problems that are being experienced with LTCCPs. It is not a comprehensive list. But they exemplify how the prescriptive nature of the Act is resulting in long-term plans that are extremely costly and of limited use to the community. For these reasons, it is proposed that there should be review and legislative change.

## LINKAGES WITH LGNZ’S ANNUAL WORK PROGRAMME

This fits in with LGNZ’s priorities for 2008/9 namely *Priority Area 1 – Achieving a genuine partnership with government (Outcome – regulatory and other statutory duties imposed on local government are effective and workable at reasonable cost)* and *Priority Area 2 – Achieving financial sustainability for the local government sector (Outcome – councils have access to the necessary funds and funding tools to meet statutory and community expectations; Activity – develop and publicise research into the cost impacts of Government regulatory activities on local government)*.

## WORK PREVIOUSLY DONE ON THIS ACTION

In 2008, the Local Government Commission published a report on its review of the Local Government Act 2002 and the Local Electoral Act 2001. One of its findings was “The need for and benefits of long-term planning are generally accepted but the quality of the documentation needs to be improved”. It considered that the best way to improve the operation of the Act in respect of community outcomes and LTCCPs was good practice development and dissemination. It is suggested that the development of the second round of LTCCPs and the reporting on progress with achieving community outcomes has identified the need for more than good practice, namely legislative change. The report refers to the Department of Internal Affairs’ planned ten-year evaluation of the Act with provisional reports dates of 2012 for the LTCCP and community outcome

evaluation. We suggest that these timeframes are too late and there should be legislative amendment prior to the preparation of the next round of LTCCPs for the reasons outlined above.

#### EXISTING RELEVANT INFORMATION

*Review of the Local Government Act 2002 and Local Electoral Act 2001*, Local Government Commission, 2008.

#### ZONE SUPPORT

The remit was supported by Zone 4 at its meeting on 12 May 2009. The following is the minute extract from that meeting:

#### **54/09 Proposed Remits for Local Government New Zealand AGM 2009**

*Greater Wellington Regional Council re Requirements for Long Term Council Community Plans*

**RESOLVED (Ah Hoi / McPhee)**

***That Zone 4 Local Government New Zealand support the proposed remit by Greater Wellington Regional Council to the 2009 Local Government New Zealand Annual General Meeting seeking review and legislative amendment to the Local Government Act 2002 (the Act) in respect of the planning, decision-making and accountability requirements of Part 6 and Schedule 10 of the Act in order to (a) provide for processes and plans that are simpler, more easily understood by the community and cost effective; and (b) confine the audit role to annual reports.***

**CARRIED**

#### SUGGESTED FURTHER COURSE OF ACTION

If this remit receives the support of the Conference, *Local Government New Zealand* should develop a process for developing a set of proposed changes to the Act that are supported by the local government sector and which can be discussed with the Department of Internal Affairs with a view to legislative amendment.