

# Local Governance

VUW Institute of Policy Studies and  
IPANZ

2 November, 2009

David Shand

# Introduction

- Local government is rather small (?)
- Spending is less than 5 percent of GDP, operating expenditure around 3.5 percent of GDP
- Rates less than 3 percent of average gross household income
- Central government spends \$12 billion p.a (excluding social transfers) in Auckland, LG spends \$3 billion
- “Power of general competence” changed little
- Unfunded mandates from central government overstated
- And in any case they should be LG responsibilities
- Many un-factual tired arguments including “core services”
- Based on the dominant LG voting groups – ratepayers , particularly Grey Power

# Major Changes in LGA 2002

- Prescriptive framework in LGA 2002
- Confirming broad role in pursuing the 4 well beings – economic, social, cultural and environmental
- Bringing a long term planning focus to local government
- Enhancing citizen participation through consultation
- Increasing information and transparency
- Has it worked ? – LG appears to be struggling with the framework, particularly on consultation and performance management
- But no clear fiscal responsibility requirements

# LG – the pluses

- LG delivers key services - roads and streets, water supply and sanitation, refuse collection, library and recreational facilities, public transport, regulatory services (planning, building and environment), economic development
- These services also play a key role in “place shaping”
- Surveys show general public satisfaction with the quality of these services
- Provided at reasonable cost (according to Rates Inquiry and Auckland Royal Commission)
- Broad powers to pursue economic, social, cultural and environmental well-being
- Along with considerable financial autonomy
- Healthy financial position of most councils
- Good professional and service oriented staff
- Honest, publicly motivated elected officials

# LG – the Minuses

- Weak record in implementing progressive provisions in LGA
- Public dissatisfaction with decision making and consultation processes
- Poor public perception on consultation – but not referenda
- Poor quality of long-term plans (LTCCPs)
- Which are the “glue” of a complex performance management regime – 4 well beings, community outcomes, service levels
- Poor development of and reporting on financial policies and targets
- Weak record on “affordability” of the rating system
- Reinventing the policy wheel – no rational reason for many differences - from location of brothels to required size of pipes to development contributions
- Policy templates should be developed
- Generally poor record on shared services

# The Bad Old Days (?) in LG – 1970s

- No strategic planning
- No comprehensive budgeting and accounting
- No meaningful reporting to citizens
- Urban councillors elected at large
- Hundreds of local bodies, conference fatigue
- Few meaningful regional policies
- Larger role of central government – water, environment etc
- Many LG enterprises – “hands on” council management
- Residents’ Associations, not community councils

# Representation and Governance

- Importance of adequate Maori representation – taura here and mana whenua
- At large councillors ?
- Multi-member wards ?
- Greater powers for Mayors ? But not full executive powers
- Direct election for chairs of regional councils ?
- The “leadership” issue
- Better training of elected councillors is key
- Role of council controlled organizations – operating at arms length
- Keeping the local in local government
- Role of community councils
- Role of ward offices

# Central/Local Relationships

- Strategic interaction between government and LGNZ through Central/LG Forum is valuable and has improved liaison
- But much better interface required at officer level
- A key issue for Auckland given its size
- Minister and Cabinet Committee for Auckland?
- Need for central/LG partnership e.g. Auckland road network
- Inadequate information to monitor LG performance
- Performance benchmarking should be developed
- Independent financial policy review panel recommended by Rates Inquiry should be revisited