

Speech to the Local Government New Zealand Conference "Investing in Our Future"

Basil Morrison, President Local Government New Zealand:
Conference Welcome, 16 July 2007

Introduction*(Mihi)*

Opening Remarks

Good morning everyone and welcome to Conference 2007. It's a pleasure to be here in Dunedin addressing you as your President of Local Government New Zealand.

This year the conference theme is 'Investing in our future'. If our country is to have a bright future, both arms of government must invest the resources and funding our communities need. This starts at the local level with local government.

With the local government elections approaching, it is a good time to look at some of the progress we've made since the last conference, and to touch on some of the key issues we face in the next twelve months.

I'm going to focus on three areas:

- Transport and roading; then
- water; and then
- The Rating Inquiry

In the Transport and Roothing area we've been lobbying for years to have the money from transport charges actually used for transport.

Recently the rubber hit the road, as they say, with the Minister of Finance announcing in the May 17 budget that the money from road user charges, fuel excise duties and motor vehicle registrations would be spent where it should be, to help with the increasing demands in Transport and Roothing.

In addition, the partnership and synergies between central and local government will be strengthened by changes to funding cycles, which will no longer be year by year, with the Government, like councils, now moving to a three year funding period.

However, we are disappointed that, although there were some interim solutions benefiting a small number of our members, there was no increase in the Financial Assistance Rate.

We raised this at the recent Central/Local Government Forum and will be lobbying vigorously to get this increase included in the 2008 budget.

Coming up, we look forward to working with central government on the *Next Steps* review, looking to identify areas of concern and integrate funding and planning in the Transport sector.

Another area of focus this year was our work on the Health (Drinking Water) Amendment Bill.

Many of our small communities simply cannot afford the costs of meeting proposed new standards for drinking water. Imagine small communities paying for a multi-million dollar upgrade through their rates - it just doesn't make sense.

We continue to view the legislation as unnecessary and unjust.

However, with the Bill going ahead, we worked with the Ministry of Health to propose changes like extending the implementation timeframe, while making our concerns crystal clear.

We expect our concerns will be reflected in Ministry's report back to the Health Select Committee in August.

There has been some progress made in the last twelve months. The Drinking Water Assistance Programme commits \$150 million over ten years to improve the standard of drinking water in small communities.

We appreciate this funding, but, with an estimated \$800 million needed to upgrade the water supply infrastructure, it is only a drop in the bucket.

While we're on the water theme, it is good to note the success we've had influencing central government's flood management review, and the proposed National Policy Statement on flood management.

A sub-committee of the Regional Affairs Committee has been leading this work, and are helping prepare a New Zealand Standard on flood risk management.

This week's flooding up North highlights just how important this work is.

A few of our members have been unable to make it to Dunedin as a result of the extreme weather, and our thoughts go to the devastated communities in Northland, Auckland, Coromandel and Taranaki.

The last few days have really brought home to me how our mayors, chairs and staff pull together to look after our communities - from the gold medal to the tears. I'm really proud of everyone.

Funding is needed now to help rebuild, but this is not an area where we can rely on the ambulance at the bottom of the cliff.

As my colleague Ian Buchanan told Newstalk ZB, “central government has ... to look at the size of the cheque they have to write to clean up in Northland, as opposed to what are we doing from now on so the size of those cheques becomes much, much smaller.”

Now I have touched on a few of the funding issues we face, let us turn to the Inquiry we hope will help address them - the Independent Rating Inquiry, which is only days away from reporting to the Minister.

Our research this year showed councils are increasingly concerned they don't have the resources, or the funding, to undertake all the functions devolved to them by Government, and to meet the expectations of their communities.

The environment area is typical: the public expect us to look after our environment through high-quality waste management systems, landfills, recycling, etc and councils must grapple with how to fund these services.

So the Inquiry is timely.

It has given us the opportunity to recommend appropriate funding for local government through a broader range of funding tools, and taxpayers contributing more.

The tools we have recommended include:

- Government compensating councils for rates exemptions on Crown land;
- additional funding tools for roads/transport and other community infrastructure
- and changes to the way councils obtain and manage debt.

The recommended tools would allow councils to avoid the cycle of boom and bust and to develop sustainable communities.

More financial assistance, like the funding from the Drinking Water Assistance Programme, will help. As will the similar assistance received for sanitary works.

But the extra waste water funding, like the drinking water subsidy, is only a small part of what is needed ... which in the waste water area is close to a billion dollars due to backlogs in infrastructure investment. These backlogs need to be addressed, as does the high cost of compliance due to government regulation, standards and rising community expectations.

We'll be teasing out these issues, and a number of others, over the next few days. And we'll be looking at how we as community leaders can safeguard the future of our communities.

What our friends in the Beehive and indeed across the Parliament must remember is that all New Zealand councils are unique. Unique situations and circumstances govern and drive each of our communities - we continue to emphasize that there is no one-size-fits-all solution.

It has been a busy year. Busy for Local Government New Zealand, for our National Council, and for the councils we represent, who have been dealing with the added consultation processes with the LTCCPs.

But there have been a lot of highlights - highlights like the Commonwealth Local Government Forum Conference in Auckland, with fifty countries represented.

I'd encourage all councils to take the opportunity to provide mentoring and assistance to our neighbours in the Pacific through this scheme.

I'd also encourage you to use this conference in Dunedin as a chance to draw breath and get a fresh perspective on the issues and challenges we are facing.

You can look forward to excellent keynote speakers, and workshops set-up to encourage discussion and debate - all set against the spectacular southern backdrop.



I look forward to catching up with you all over the next few days, maybe some for the last time with local government elections approaching. Thank you all for your help and support over the year.

I would now like to welcome our Minister, the Hon. Mark Burton, to the stage and invite him to officially open the conference.