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National Party Leader

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## **Speech to Local Government NZ Conference**

*Rotorua*

It's a great pleasure to be speaking to you today. Let me first acknowledge the fine work that Basil Morrison has done as your president over the past 7½ years, not only with the Government but across all parties.

On behalf of the National Party, can I say that discussions with Basil have often been robust, but one of the delights of dealing with him is that the discussion has always been laced with humour. Basil has certainly worked hard, as have we, to build an effective relationship between our organisations.

National also looks forward to working with your incoming president – whether it be Kerry or Lawrence – in our capacity as the Opposition and, all going well later this year, as the Government.

While I am acknowledging people, let me also say a thank-you to National's Local Government spokesman, John Carter, and his team, who have put a great deal of effort into meeting mayors, councillors, and chief executives up and down the country and building good relationships with them. Many of you will have met John, Mark, or Sandra over the past three years.

Being an effective local government spokesman is a lot about being an effective listener. It's about taking on board the concerns of local government, and feeding these concerns back to colleagues.

I once asked John Carter how we could most help local government with the limited resources we have in Opposition. He said that apart from establishing a good relationship with the sector, a good example of how we could work together is to change the Local Electoral Act to allow for more flexibility in drawing-up wards to match communities of interest. Manukau City, for example, has expressed concern that it can no longer have a "rural ward", because of the +/- 10% population ratio, even though the council believes that a rural part of that authority is a distinct community of interest.

John drafted a Member's Bill to give councils that flexibility, though it is, unfortunately, still waiting to be drawn from the ballot. However, I'm happy to announce that a National Government will take John's bill and make it into a government bill.

I also want to confirm that a National Government would continue with the Central Local Government Forum, and meet with Local Government New Zealand twice a year. We're also keen to enhance the working of the forum by meeting on a regional basis with each of the zones over the three-year parliamentary period. We think it's

important that we understand regional as well as national differences. These forums are a key way of ensuring good communication between central government in Wellington and the leaders of communities up and down the country.

I want to reassure you that a National Government will listen to your concerns, talk things over with you at an early stage, and recognise the effects of central government policy and legislation on local government.

We won't always agree on things, but the lines of communication will be open.

More than that, we actually want to work closely with the local government sector on a range of issues. That's because on many issues, central and local government are in the same boat. We are both major players in the economy and in society. What we do actually matters in people's lives.

Central and local government also have the responsibilities associated with spending other people's money. And we need to ensure that taxpayers' money and ratepayers' money is being used effectively and efficiently.

In particular, central and local government face the challenge of investing in infrastructure to secure New Zealand's long-term sustainable growth. We have to get this right, because if we want to enjoy living in a First World country we need to have First World infrastructure.

Right now, we have a serious backlog in infrastructure investment. Much of our infrastructure needs upgrading or replacing. Some is at the end of its expected lifespan. Low-quality infrastructure has become a bottleneck to a growing economy.

Local authorities have identified in their Long Term Council Community Plans a required investment of around \$30 billion over the next 10 years. Most of this goes to pay for roading, and the so-called "three waters": drinking water, waste water, and storm water. Central government is also facing an infrastructure spend of about the same magnitude over the next decade. This makes infrastructure a \$60 billion issue, and we have to have the right approach to dealing with it.

It's my view that central government has much to learn from local government when it comes to infrastructure planning, investment, and management.

In some ways, longer-term planning is not new to either of us. We have both been required to prepare long-term financial strategies: local government since 1996, and central government since the Fiscal Responsibility Act of 1994. But the Long Term Council Community Plans process has forced councils and, in turn, ratepayers to start to come to terms with the realities of long-term asset planning, management, and funding. Though I think it's fair to say that both central and local government struggle with whole-of-asset-life concepts, you are perhaps further down that road than central government is.

None of this is easy, of course. Infrastructure involves the planning, completion, integration, and maintenance of big, complex, and expensive projects. This takes place in an environment where people are understandably reluctant to pay more in rates, taxes, or charges.

The current economic environment, I think, is going to place real constraints on both central and local government spending precisely at a time when judicious funding of

infrastructure could go a long way to opening up the bottlenecks that have contributed to poor productivity growth in this country.

That's why it's important to demonstrate to those who ultimately fund infrastructure — ratepayers, taxpayers, and users — that value for money is central to any infrastructure decisions.

We do have choices about what infrastructure services or functions we need, at what level and why.

Value for money isn't about spending as little as possible, nor is it a code word for gold-plating. It's about shifting the focus from being almost exclusively on the upfront investment to discussions about the whole-of-asset-life benefits, costs, and risks. It leads to consideration of a fuller range of options including design, funding, operating, maintaining, modifying, and disposing of infrastructure assets.

In both central and local government, there is a significant mismatch between future infrastructure investment needs and the financing approach that is either prescribed by law or adopted in practice.

As the local government rates inquiry concluded, the current reliance on rates as the main funding tool for councils to maintain and develop infrastructure is simply not sustainable. It seriously limits the ability of councils to respond to their citizens' varying ability, and willingness, to pay.

In terms of central government, the current approach is to finance tomorrow's long-life assets from today's short-term cash surpluses, and to be implacably opposed to public-private partnerships as a means of financing or operating assets. This approach effectively limits investment and detracts from sound investment and project management.

So, what National will be looking to develop is a common investment framework that spans both central and local government investment in infrastructure, and incorporates environmental as well as economic considerations.

We believe that the communities you represent, both large and small, are best placed to determine their own needs. But where these needs firmly overlap with New Zealand's priorities as whole, we want to see a shared basis on which to make sound infrastructure investment decisions.

This process will involve working together through a range of pricing, regulation, and financing issues to ensure the infrastructure we need gets built and gets built in time. We want to give local government a broader range of tools that can be used to address the needs of local communities. These options could involve increased use of partnerships, charging arrangements, and longer-term financing.

What's clear to me is that it's not acceptable – and I'm sure you'll agree that it's not politically sustainable – to simply keep on putting rates up year after year.

For many older people, an increase in rates is a heavy burden to bear. Since the rating base is real assets, not income, this makes a huge difference for people on fixed incomes. And yet the reality is that nothing, including infrastructure investment, comes for free. Someone has to pay for it somehow – and sometime. I look forward to working with local government to overcome some of the constraints of the current financing system.

Central government has to put its hand up, too, and take some of the responsibility for rising rates.

Over the past few years, local government has been given a pile of new responsibilities. National has identified 60-odd separate pieces of legislation passed in the past seven years that have impacted on local councils.

Councils now have new obligations in areas as diverse as gambling, prostitution, and dog control. These new responsibilities have involved extra costs on to councils and therefore on to ratepayers – and they have not been adequately funded by the Government.

I want to give you the following assurance – a National Government will look to establish a much better process for the delegation of any new responsibilities to local government.

We will also look at more appropriate ways to ensure that local government knows what central funding and other support it would receive for undertaking new responsibilities. A National Government will not be looking for a free ride at the expense of ratepayers. Moreover, National will not shift activities on to local government that are more properly carried out by central government.

We will simplify and streamline processes around the Resource Management Act. We are also aware of the significant issues you face administering the Building Act, and we will work with you to resolve those. I can assure you that National will be talking in more detail about these issues closer to the election.

Another way we can help deliver opportunities to reduce costs and provide good value for ratepayers' money is by encouraging joint service delivery where appropriate. This has the potential to add efficiency and value to communities, in addition to saving ratepayers' money.

I am aware that a number of councils are already making a good deal of progress on the joint delivery of services, and that the promotion of joint services, through identification and sharing of good practice, has been on Local Government New Zealand's work program since last year.

I want to encourage this sort of enterprise and a National Government would provide a modest pool of money to help establish feasibility studies into where efficient, cost-effective joint service delivery can be achieved.

I mentioned that central and local government need to work together on infrastructure. But there are also other areas where we could make progress by putting our heads together.

One of these is preventative policing in the community, which I know is something that you are also very concerned about.

The rising level of violent crime in our communities is causing more New Zealanders to feel unsafe in their homes, their streets, and their communities. The perception that streets, public areas, and neighbourhoods are no longer safe is more meaningful to the public than the statistics that get trotted out describing how police officers spend their time. The aim of the police should, therefore, be not just to reduce crime, but also to reduce the fear of crime.

National believes that the police should be more focused on the maintenance of order in communities by creating a more visible presence. In some areas, order is under threat. This shows itself in many ways. Since 1999, for example, wilful damage to property has increased by one third.

A more visible presence on the street does not mean, however, that officers should start arresting everyone who drops a chippie packet on the footpath. Rather, the emphasis should be on allowing police to use their discretion to dissuade and divert. Indeed, there is considerable scope for the police to employ restorative justice methods to ensure that low-level offenders are held accountable to their victims.

Police need to be working closely with communities, and that is where local councils have a very important part to play. There needs to be a healthy and honest dialogue between councils, the police, and central government over measures that need to be introduced, and over what the priorities are in each area.

I note with interest that other countries are giving communities a greater role in setting local police priorities. In the United Kingdom, the Crime and Disorder Act requires local police to undertake a review of levels and patterns of crime in each area, consult with communities, and develop their strategies on that basis.

I am not suggesting a legislative change like that. But National would like to see police consult more widely, when setting their priorities, with citizens and with those organisations that already have knowledge of and an interest in local safety, such as local councils, Maori wardens and community patrols. Doing so may also help the public recognise the resource limits faced by police.

Citizens and community groups also play an important role in maintaining safe neighbourhoods. Many councils, for example, already fund graffiti-removal services for private and public property, but cleaning up graffiti is effective only in deterring recurring damage if it's cleaned up quickly. This relies on the willingness of the public to report it.

We see building strong Neighbourhood Watch schemes as an important part of local solutions for local problems, and these need to be re-invigorated. These should empower neighbours, particularly in high-risk areas, to play an active part in the security of their streets.

The final point I want to make is that a National Government will be keen to work with Local Government New Zealand, if it's interested, on the practicalities of establishing a system where councils could compare themselves with other councils around New Zealand on a range of measures.

I don't underestimate the difficulties involved in collecting and presenting comparable information from 73 territorial authorities and 12 regional councils. But if such a system could be established it would help promote the sharing of best-practice between councils. It would also help councils show ratepayers what they are getting for their rates. Currently, the only way most ratepayers compare councils is how much they pay in rates, and that is only one part of the equation.

Of course, it is entirely appropriate for Local Government New Zealand to be leading the charge on this project. However, there is also a strong national dimension because it helps promote quality in local government across the country. Therefore, a

National Government would be prepared to put some resources towards such a project, if it were feasible.

Let me conclude by saying that as I travel around the country and talk to people from the Far North to Southland, I am hearing pretty much what you must all be hearing.

People are struggling with rising costs and an economy that is going backwards. Households are tightening their belts, and in turn they expect that central government and local government – which take money off them through taxes and rates – should be tightening their belts as well, and should be striving to deliver them value for money.

This environment puts real pressure on politicians, both local and central. But it also gives us an opportunity to look at how we can most effectively provide the services that people expect from us.

Over the next few years we will need to concentrate on the basics – on providing good services where people want them, and at a reasonable cost.

We are in this situation together, and we can learn from each other. In that vein, let me repeat: National wants to develop a strong dialogue, and open lines of communication, with the local government sector.

If we are the next government, we will want to work through some important issues with you, honestly and openly.

I wish you all the best of luck for the rest of your conference.

**Ends**

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