

# *The Spirit of Partnership: Consult. Fund. Collaborate.*



Improving community well-being  
in partnership with local government  
May 2008



**Local Government New Zealand**  
te pūtahi matakōkiri

## Background

In an election year, *Local Government New Zealand*, as the advocacy body for councils across New Zealand, seeks to influence the local government policy of all political parties.

From late 2007 we began discussing with our membership both the substantial joint achievements we have made to date with central government since the introduction of the Local Government Act (2002) and any issues that remain unresolved.

The National Council's perceptions of what has worked, what needs further work, and what remains undone, have formed the basis of this manifesto *The Spirit of Partnership: Consult. Fund. Collaborate*. The manifesto will serve as a basis for discussion with the Government, and then will be widely discussed with all major political parties.



Eugene Bowen  
*Chief Executive*  
*Local Government New Zealand*  
May 2008



## Introduction

Councils deliver an increasingly broad range of services to make a difference to the lives of people and communities. Over recent years delivering these services has become more challenging because of additional new responsibilities and increasing financial pressures.

How well is the partnership between Government and councils working? New unfunded responsibilities for councils emerge when central government develops legislation without genuine collaboration. Recent consultation by some government agencies has not been to the standard that we would have expected, both in terms of our involvement and our funding expectations. We have also observed, in some government agencies, a lack of understanding about the powers prescribed under the Local Government Act (2002). This works against a spirit of partnership and collaboration and has the potential to create unwanted complexity and compliance for local government.

We face significant financial pressures and escalating costs in meeting the needs of communities. We have advocated strongly for additional funding tools or more funding for local government and local communities. We welcomed the Report of the Independent Inquiry into Local Government Rates. However, the Government's response to that work remains a work in progress and our members' high expectations for significant new funding solutions have yet to be fulfilled.

We have raised concerns about consultation and funding with the Government through the Central Local Government Forum, and with all parties through the Select Committee process. It is time now to ensure all political parties understand and act in the spirit of partnership with local government. This partnership involves: early robust consultation, adequate funding (for infrastructure and where additional costs are being created) and collaboration in the implementation of legislation.

The following document sets out our preferred way for an incoming government to work with local government and details the key priority areas requiring policy and legislative attention. If this partnership is successful, we can ensure better services, a sustainable approach, and a better quality of life for all New Zealanders.



**Basil Morrison**  
*President*  
*Local Government New Zealand*



# Overview

This document details how we want to work with an incoming government and the specific policy issues which need to be addressed for the betterment of our communities.

## Local government principles

To work effectively in partnership with us we seek a commitment from the incoming government to recognise the following principles we value:

- **Local autonomy and decision-making**

Communities should be free to make decisions about matters that directly affect them, and councils should have autonomy to respond to community needs and preferences

- **Accountability to local communities**

Councils should be accountable to communities, and not to Government, for the decisions they make on the behalf of communities

- **Reduced compliance costs**

Legislation and regulation should be designed to minimise cost and compliance effort for councils, consistent with local autonomy and accountability. More recognition needs to be given to the cumulative impacts of regulation on the role, functions and funding of local government

- **Equity**

Regulatory requirements should be applied fairly and equitably across communities and regions. This may mean that there is a need for consistency from Government in its treatment

and approach to councils, and differing treatment of councils to recognise differences in resources and circumstances

- **Collaboration and partnership**

Wherever possible, policy and legislation should be developed collaboratively between Government and local government, from the earliest possible stages, and should result in decision-making and service delivery structures that are practical, avoid duplication and enhance collaboration

- **Cost-sharing for national benefit**

Where local activities produce benefits at the national level, these benefits should be recognised through contributions of national revenues. Further, where legislation and regulation are introduced specifically for national benefit, the Government should share in the costs of implementation and administration.

In line with these principles there are three required responses, across the range of policy issues:

- early robust consultation
- adequate funding (for infrastructure and where additional costs are being created)
- collaboration in the implementation of legislation.

## Consult

One of the highest priorities for our membership is ensuring government officials acknowledge and fully assess the impacts on local government when legislation is being developed. We want to achieve early and sincere consultation, a robust accounting of the costs that central government is creating for local government as a result of the legislation, and appropriate assistance towards meeting those costs.

For the incoming government to build an effective partnership with local government, it needs to: understand and agree to shared objectives, understand the rights and responsibilities of each partner, understand and respect the rights under which local government works, and appreciate the major challenges facing local government and communities. This understanding can only be developed through consultation.

The partnership is working properly when Government departments are observing the Regulatory Framework's<sup>1</sup> requirements of early and full collaboration and a greater accounting of the circumstances and preferences of local government. If this were happening, our workload both as a sector and an organisation would reduce.

The Regulatory Framework was a joint central government and local government initiative. Its purpose was to assist central government to assess and plan for any implications of new policy or

legislation for local government. Our concern is that this Framework is not being applied consistently to proposed local government policy or legislation.

More work is needed on the department-council interface, and a greater accounting of the concerns of local government in the development of legislation. The Regulatory Framework needs embedding in central government policy development processes.

## Fund

Local government faces significant financial pressures and escalating costs in meeting the needs of the people it serves. We have advocated strongly for more funding tools or more funding for local government and local communities.

As observed by the Independent Inquiry into Local Government Rates, the current dependence on rates as the main funding tool for councils to maintain and develop infrastructure is not sustainable. To ensure our financial sustainability the incoming government needs to:

- increase the contribution from central government in the form of additional funding or the provision of new funding tools
- recognise that network infrastructure requires national investment reflecting national benefit
- recognise that regulation affecting local government must recognise and, wherever possible, compensate for the costs to councils in implementation.

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1 Note the words "Regulatory Framework" refer to the document: *Policy Development Guidelines for Regulatory Functions Involving Local Government*, Department of Internal Affairs, December 2006.

The most easily achieved and effective way for councils to improve their financial sustainability is for central government to increase its contribution towards the cost of upgrading, maintaining and growing infrastructure networks in response to community requirements.

We ask the incoming government to recognise that network infrastructure maintained by local government makes a significant contribution to national well-being and to make greater financial recognition of this contribution.

We urge the incoming government to recognise that targeted assistance is not the solution. Assistance should be based on agreed need, not the requirement to demonstrate need. The preferred solution is an across-the-board contribution, with some differentiation of need and resources. Just as central government creates costs for all councils and all councils have shared costs in sustaining communities, the most workable solution is to deliver some assistance to all councils, while delivering greater assistance to those councils least able to pay.

Another key area for financial sustainability is for central government to contribute to the implementation of regulation designed to achieve national consistency and outcomes. Local government's role is to provide solutions on the basis of local needs, expectations and decision-making processes. If central government wishes to impose a national standard and implement it with local government, it needs to meet the costs of achieving the national standard. Current examples of this approach include the Building Act, the Food Act, and Resource Management Act, National Policy Statements and National Environmental Standards.

## Collaborate

Frequent reference is made to the partnership between central government and local government, the need for collaboration, and the role of local government in implementing Government legislation in communities.

Local government needs to be involved in all stages of policy or legislation affecting it. This collaborative work should continue after the legislation has been through Parliament and extend to joint discussion of the issues that the legislation is designed to address. Implementation of major change requires collaboration with local government on funding, planning, communications, roll out and any review processes.

Increasing and encroaching regulation is a concern not just for local government, but also for business, the farming sector, civil libertarians and general public. Councils are among the most impacted by central government from a cost of compliance perspective. Legislation is being written with very little regard for the resource implications for councils, for example, the extra reporting and planning tasks for councils in emerging waste legislation.

Finally, we seek the continued recognition of *Local Government New Zealand* as the key partner in local government policy development. The spirit of this partnership is captured in the published Regulatory Framework which analyses any new policy for its impacts on local government, and the six-monthly Central Local Government Forum. Through both the Framework and the Forum we seek to achieve the wider adoption of an agreed protocol for collaboration with local government.

## Priority areas for local government

The general elections will be held against a backdrop of councils facing financial pressure caused by the expectations of their citizens and the pressures placed on them by central government. Strong growth in many parts of the country is placing extreme pressure on councils to provide the infrastructure and service development required to make our cities, towns and regions world-standard.

We ask the incoming government to address the following priority areas so councils can provide functions and services to a standard that communities deserve and in the most cost-effective manner.

Priority Area	Outcome for local government
<b>Achieving a genuine partnership</b>	Central government understands the role of local government and does not impose significant regulatory demands on local government without associated funding and resources
<b>Improving financial sustainability</b>	Local government has the resources to develop its communities in a way which is equitable and affordable for its residents and provides national benefit
<b>Jointly developing sustainable transport and utility infrastructure solutions</b>	Local government delivers on the transport, infrastructure and utilities expectations of its communities and of central government, in partnership and with appropriate support from central government
<b>Adapting to environmental sustainability</b>	Local government delivers on environmental outcomes, and cares for and protects the natural environment
<b>Addressing social and community issues</b>	Local government collaborates with central government and enables communities to have greater influence on resourcing to address social issues in their areas
<b>Facilitating economic and regional development</b>	Local government facilitates and supports local economic development



## Achieving a genuine partnership

We are seeking:

- early and meaningful engagement with *Local Government New Zealand* and the local government sector so we can achieve good and sensible regulation that can be implemented effectively
- recognition of the Regulatory Framework and that it is embedded in central government processes
- recognition of the cumulative impacts of regulation and that the requirements to implement it place heavy demands and costs on councils and take valuable resources away from achieving local needs and priorities
- recognition that funding should come from national funding sources when central government requires councils to implement regulation to achieve national outcomes.

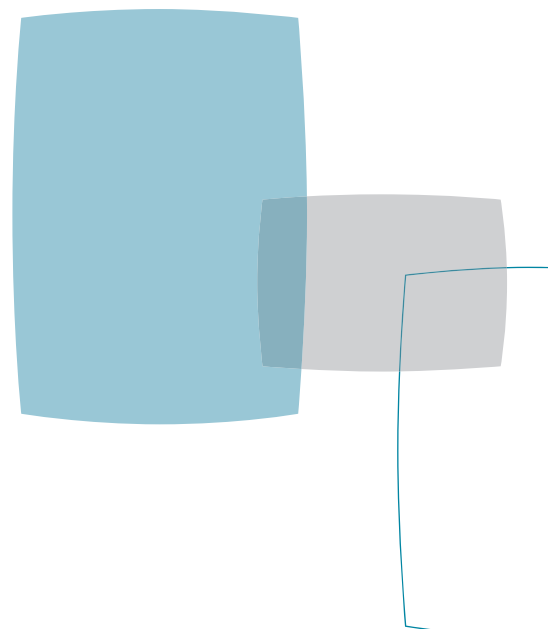
Much of our work is to minimise the negative impacts of regulation on the local government sector and communities. Late or abbreviated consultation means that we often discover the cost and resource implications of new regulation on local government with insufficient time to react, except negatively.

Many government agencies are not aware of the regulatory challenges faced by councils and communities, particularly the practicalities of implementing regulation. They often start their policy development process from an inaccurate problem definition. By the time local government becomes involved, the policy direction has already been set and it is very hard to influence it to achieve workable outcomes.

We are very concerned about the growing amount of regulation that councils are expected to implement. This relates to cases where central government is using councils to deliver prescriptive and directive regulation to achieve national outcomes on its behalf, but without any financial assistance. Legislation like the Building Act and the Air Quality National Environmental Standards require councils to meet highly prescriptive standards and imposes large costs on councils to implement. There is a need for appropriate and practical regulation which manages risk but does not impose unnecessary prescription and compliance costs.

The cumulative impact of the raft of regulation heading towards local government is also a source of concern, not least because no part of government is tasked to identify or monitor this cumulative impact. The most obvious examples are the numerous National Policy Statements (NPS) and National Environmental Standards (NES) currently under development.

Each time an NPS or NES is prepared, councils must give effect to them. In most cases, implementation will require councils to amend their Regional Policy Statements and District Plans, at considerable expense to their ratepayers. These costs have not been acknowledged or addressed by government in its cost/benefit analysis for an NPS and NES.



## Improving financial sustainability

We are seeking:

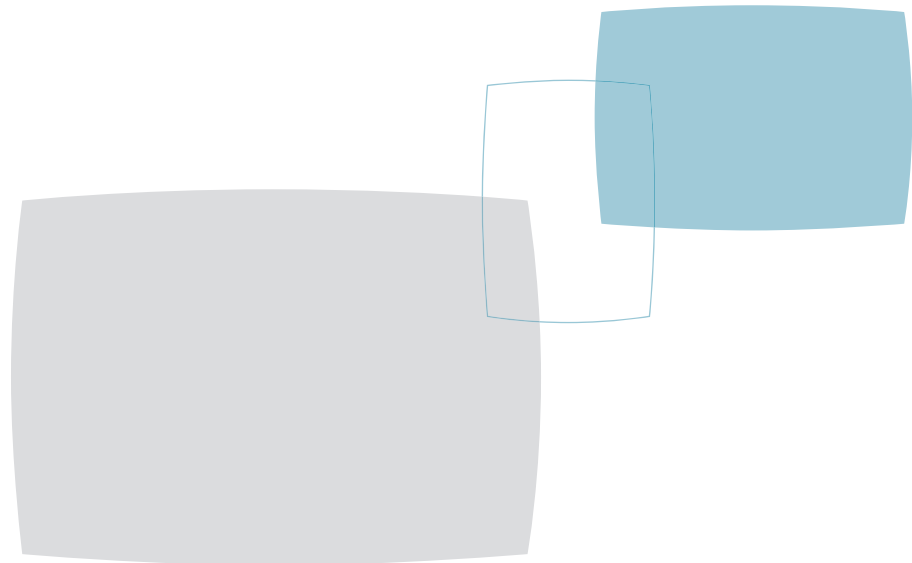
- recognition that there are significant pressures on the funding system of local government
- agreement that central government and local government must work together to respond to the recommendations of the Independent Inquiry into Local Government Rates.

The Report of the Independent Inquiry into Local Government Rates found that local government works well in meeting the diverse needs of New Zealanders. However, it identified pressures on the funding system of local government because of significant growth in expenditures and growing affordability problems.

Among the solutions the Inquiry recommended was the provision of new funding sources to councils in order to hold rates at sustainable levels and to reduce rates as a proportion of council income.

New Zealand local government has access to a single tax base, which is property tax. This over-reliance on property values seriously limits the ability of councils to respond to their citizens' varying ability to pay. A sustainable funding arrangement would provide councils with supplementary funding tools which better reflect ability to pay and respond more directly to overall economic activity.

We ask the incoming government to work with the local government sector in responding to the Inquiry's recommendations to strengthen the financial sustainability of councils.



## Jointly developing sustainable transport and utility infrastructure solutions

We are seeking:

- recognition that central government investment in local infrastructure is both required and justified
- recognition of local government as a full partner in local, regional and national transport planning and targets
- recognition that new accountabilities for local government must be accompanied by new funding.

Together, infrastructure categories will account for over 70 percent of the \$31 billion capital expenditure the sector is forecasting in its 2006-2016 Long Term Council Community Plans. Very little of this expenditure is discretionary. The majority of this expenditure relates to roads and transport (which make up 90 percent of the length of the national road network). The balance is made up of equally important services such as sanitary waste, drinking water and stormwater.

Local government maintains its infrastructure network to the benefit of both communities and the nation. A contribution of national funding is both justified and required. This investment contributes not only to the well-being of communities but to national well-being. It is also a key enabler of local, regional and national economic transformation.

The Report of the Independent Inquiry into Local Government Rates recommended that new funding sources need to be investigated. This included a GST-based Infrastructure Equalization Fund, on the premise that the level of the general rate being used to fund infrastructure is excessive. This has been a consistent position of local government. Ratepayer reaction to projected rates rises being driven largely by infrastructure needs is a critical issue.

To assess the magnitude of the sector's infrastructure funding needs, we aggregated the work done by councils on the cost impacts on local government of both infrastructure requirements and Government legislation. This analysis shows local government needs additional funding of several hundred million dollars a year, to simultaneously fulfill its obligations as a responsible asset manager, and to respond to the wide ranging expectations generated by communities and required by legislation. The predominant cost driver is infrastructure.

We also believe that funding intervention models should be based upon recognising and addressing systemic funding issues rather than being highly targeted. In this context the funding model used in transport to produce the financial assistance rate (which takes into account community priority and ability to pay as criteria) is an example of a preferred model.

### Transport

Transport and the provision of associated infrastructure and services is a top priority for councils. This is primarily because roads and transport are key enablers in the delivery of the social, economic, environmental and cultural well-beings for communities.

While funding for existing and future levels of service is the dominant transport issue, the secondary issues of local accountability and realising the achievement of local and regional expectations are also important.

Local government, together with central government, is joint funder of transport infrastructure and services. Because of this councils expect to be treated as a full partner in the decisions affecting transportation futures, not just another “stakeholder” to be consulted. If the Government is to have any hope of achieving its long-term strategic transport objectives, councils must be engaged as a full and equal partner, on whose infrastructure a significant proportion of the Government’s roading and transport revenues are generated.

Specifically we expect ongoing engagement and consultation over:

- implementation of the Land Transport Management Amendment Bill (including the Government Policy Statement)
- transport (not just land) strategic planning and targets
- funding - as transport moves towards a sustainable future, the current funding mechanisms will be inadequate, particularly if future expectations (including modal shift for freight and people) are to be achieved. The views of local government must be taken into account as new funding mechanisms are developed.

### Utility infrastructure

Government differs in its approach to funding transport infrastructure and utility infrastructure. It currently returns part of its revenues to all councils for both the operational and maintenance costs of transport and roads, but makes no systemic contribution for other infrastructure. Much of this infrastructure was built and is operated and maintained by councils, as well as being fully funded by communities through rates or user charges. Both categories of infrastructure are essential to community well-being.

As a result, we are concerned about the funding of utility infrastructure. The legally mandated 10 year plans of councils, the 2006-2016 Long Term Council Community Plans, collectively budget for capital investment of \$31.7 billion over the 10 years. Utility infrastructure has a substantial national benefit component and is the single largest driver of current rates increases. To help meet this significant cost, we are seeking cost-sharing arrangements with central government which will reduce the reliance on the general rate to fund this infrastructure.

There are different drivers of infrastructure investment. There is the need to respond to growth of the economy and communities, in the form of new housing subdivisions, new retail facilities and new community facilities. There is an element of historical catch-up as some councils address past under-investment in infrastructure. The changing and increasingly stringent requirements on councils, as infrastructure owners, to accurately value assets and provide for maintenance and depreciation are driving catch-up investment.

Added to this, there is community demand for increasing levels of service. Within the community outcomes process, community demand is moderated to some extent by the ability of communities to pay. Problems arise when Government mandates standards or levels of service beyond the ability of communities to pay, or at levels which communities may feel are unwarranted or unjustified.



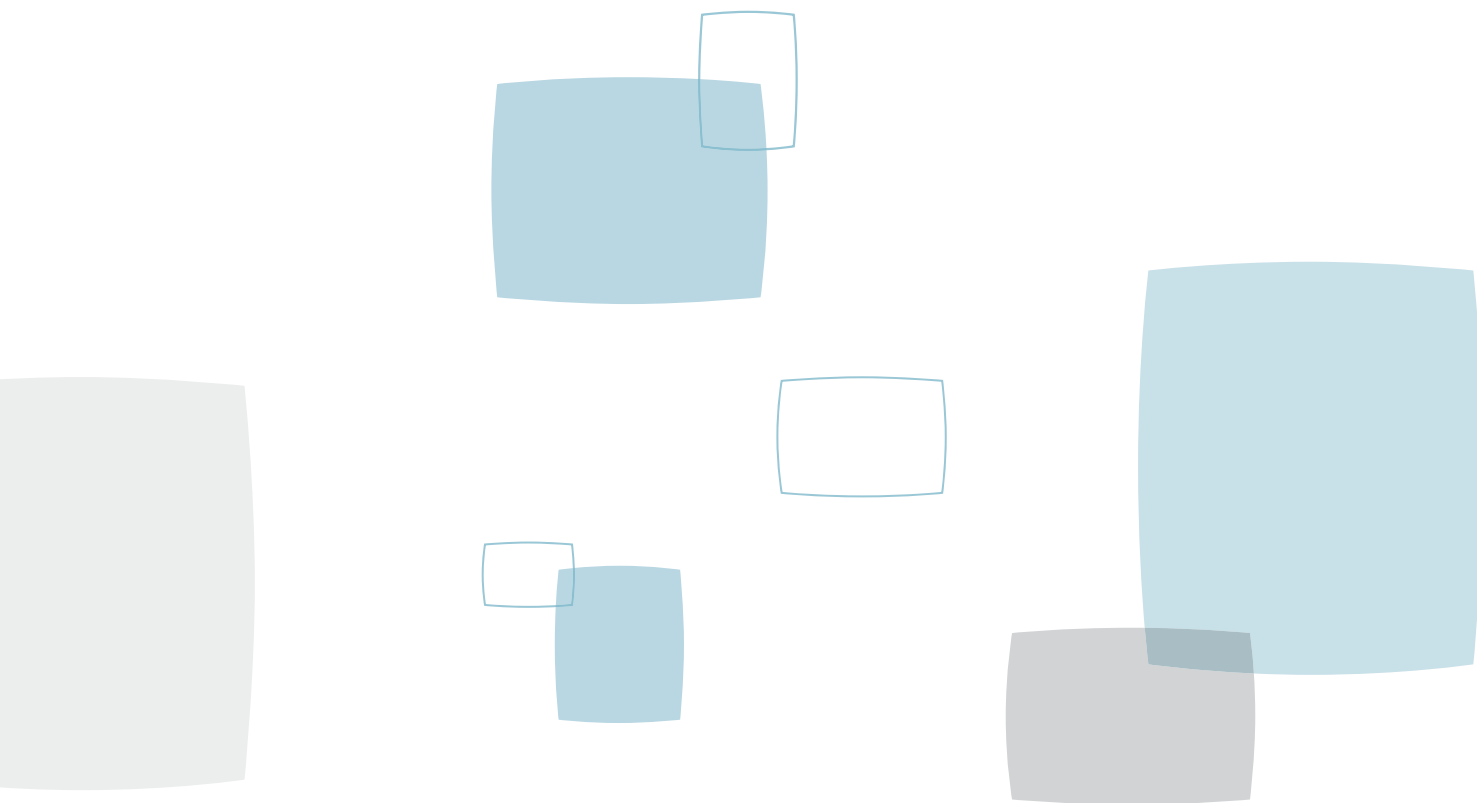
## Solid waste, sanitary waste and drinking water

Investment of up to \$900 million will be needed to improve sanitary infrastructure, and the projected cost of compliance for councils upgrading to meet the recently introduced drinking water standards is \$750 million. Not all of this funding is required immediately, because of the lead time in getting projects from their conceptual stage to implementation. However, we need certainty about exact timeframes so planning can proceed. In addition, based upon experience with the Sanitary and Water Subsidy Scheme, any funding needs to be indexed to allow for cost escalations and GST implications.

As policies change and the Government sets higher standards and legislates for new accountabilities, councils incur a range of costs. These include changing systems, introducing new and more complex reporting obligations, and capital and operating investment in new processes. For example, under the proposed Waste Minimisation Act, there will be significant costs for councils in implementing new waste management strategies in line with new waste minimisation targets.

The often significant new costs arising from legislation will not, in some communities, be offset by the additional levels of funding being considered. For most councils, the proposed new waste levy in the Waste Minimisation Act will not meet the additional costs of new or enhanced waste facilities. Changes under the new Act will involve processes for councils to plan for, monitor, and report on the required new approaches, in consultation with their communities. Process and planning costs of up to \$8 million are expected to set up systems under the new waste legislation.

Waste management is a good example of utility infrastructure where alternatives to ratepayer funding are appropriate and must be pursued. We fully endorse a product stewardship approach to shift costs of waste management from ratepayers to producers, and ultimately to consumers. We seek the support of the incoming government to pursue and implement effective product stewardship schemes under the new legislative framework.



## Adapting to environmental sustainability

We are seeking:

- recognition that while environmental sustainability has particular profile, sustainability requires holistic consideration of the four well-beings
- continuing engagement with local government and assistance from central government to ensure the successful implementation of the proposed water management regulation and the flood risk management regulation
- a climate change adaptation work plan, developed jointly between central and local government, and funding set aside to respond to adaptation issues
- central government contribution to the work undertaken by councils through regional pest management strategies, including improving pest control on Crown land
- the careful consideration of national versus local responses to coastal management. The New Zealand Coastal Policy Statement must be drafted to add value, not unjustified cost
- a broader review of unformed legal roads regulation to provide the tools to manage land-use in a way that maximises all of the land's potential values.

The Local Government Act (2002) requires local government to promote the four well-beings of their communities – social, environmental, economic and cultural. Actions to enhance any of the four well-beings will often have consequences for one or more of the other well-beings. Environmental sustainability will have social and economic implications, which will often manifest themselves at the community level.

Acknowledging the holistic nature of “sustainability”, environmental issues have a particular profile with all New Zealanders. All New Zealanders and both central and local government have key roles to play in the use of resources and environmental management. The following are specific issues where central and local government have common interests.

### Water management

Councils are aware of the need to improve water quality in some of New Zealand's waterbodies and of the importance of managing the allocation of water. These issues are critical, not only for the associated environmental costs and benefits, but also for economic, recreational, health and cultural values.

We have been working with the Ministry for the Environment on the development of the National Policy Statement (NPS) and National Environmental Standards (NES). As water resources, water quality issues and allocation demands vary significantly across the country, a one-size-fits-all approach in an NPS is not in the national or local interest.

We seek a non-prescriptive NPS that allows councils to manage water to meet local circumstances, needs and preferences. NPS and NESs must be able to be implemented effectively and with minimal compliance costs on councils and communities. We are also seeking assistance from central government with the implementation of the NPS and NESs.

### Climate change

We need to identify and distinguish between the concepts of mitigation and adaptation in addressing climate change. Mitigation is constraining or requiring change to reduce harmful influences on the environment through policy and regulation, for example, the Emissions Trading Scheme.

Adaptation happens in the community and involves changes to practices and approaches in response to environmental changes such as climate change. For example, adaptation at a community level may respond to the practical implications of sea level rise, land use change, or transport demand by programmes to manage natural hazards (e.g. flood risk), manage water demand related to land use, or plan for changes in demand for public transport.

Mitigation and adaptation must be considered jointly. Councils have a key role in protecting communities from the impacts and risks of climate change through adaptation. Potential risks to large parts of infrastructure, including roads, stormwater systems, flood protection assets, and water supply systems, must also be addressed through adaptation. We consider adaptation has been a poor cousin to mitigation in central government policy and funding of climate change initiatives, and that this needs to be redressed.

We are working closely with the Ministry of Agriculture and Forestry (MAF) on the Sustainable Land Management Plan of Action. We would like to extend this collaborative approach to other areas of climate change, particularly on adaptation.

### **Biosecurity**

Biosecurity is both a national and local issue. Better co-ordination is needed between central and local government on national incursion response. There is national benefit in central government contributing to the work done by councils through their regional pest management strategies and benefits from the Crown improving pest control on its own land.

At present, the Government is exempt from the requirements of these strategies. This makes it very difficult for councils to get compliance from other land owners, particularly those near Crown land and whose land gets re-infested by weeds and pests present on the Crown estate.

### **Coastal management**

There are a range of coastal management issues where national and local benefits can be achieved from central and local government working more closely together. For example, central government could assist councils with aquaculture, by initiating and funding plan changes where there is agreement about location of aquaculture.

We are very concerned that the highly prescriptive nature of the proposed New Zealand Coastal Policy Statement will cost all councils significant funds and resources to undertake reviews of their regional policy statements, regional plans and district plans.

### **Flood and catchment management**

Councils are aware of the need to improve flood risk management and catchment management practices. We have worked with the Ministry for the Environment on the review of flood risk management and the development of the National Policy Statement (NPS) on flood risk management. In a similar way to the water management approach, the management of flood risk needs to be flexible to respond to both varying flood risk and to local circumstances, needs and preferences. We are seeking a non-prescriptive NPS that does not impose a one-size-fits-all approach. We also want it to be implemented effectively with minimal compliance costs on councils and their communities. This will require assistance from central government.

We have also been working with central government agencies on the development of a New Zealand Standard for flood risk management. This Standard will provide councils with good practice guidance on managing land use and flood risk.

### **Walking access and unformed legal roads**

We support the principle of enhancing walking access to New Zealand's waterbodies and public lands. Unformed legal roads are part of a solution for walking access opportunities. We must consider first the issues associated with unformed legal roads. There are wider values (environmental, heritage, access and productive capacity) of the land contained in the legal roads.

We are concerned with the considerable problems in implementing and managing access on unformed legal roads within the current regulatory framework. For example, with no differentiation between the types of use permitted on formed and unformed roads, people can currently take vehicles, firearms and dogs, ride bikes or walk on unformed roads, whether the unformed road is along the banks of an ecologically important river, contains archaeological or heritage sites, or is in the middle of a National Park. There are currently 57,000 km of unformed roads compared to the 99,000 km of formed roads. The implications for councils of managing public access to these roads are huge and potentially very expensive.

We require a broader review of the regulation relating to unformed legal roads - to provide the necessary powers and tools to manage the use of the land in unformed roads in a way that maximises all of the potential values of the land.

## Addressing social and community issues

We are seeking:

- a collaborative approach in the priority areas for joint action
- a broader role for central government in encouraging and supporting democracy and participation
- a commitment to work with councils on enhancing cultural well-being
- a sustainable solution to weathertightness issues that is clear, practical and fair.

In New Zealand we have a range of diverse communities, each with their own unique identities and issues. Addressing the social issues facing our communities requires more than a “one-size-fits-all” approach. Creating strong communities involves multiple agencies working in partnership under the leadership of their local and regional democratically elected representatives.

The issues facing communities are growing in complexity and are impossible for any single agency or sector to solve in isolation. Local or central government alone cannot resolve the issues confronting our towns, cities and districts. Effective solutions require collaborative efforts involving local and central government, along with Iwi/ Maori, business and the community sectors.

We work with councils to ensure they have mechanisms in place to influence the way government agencies allocate resources to address social issues in communities.

We believe that community outcomes, identified by communities through the Long Term Council Community Planning process, must be the drivers of public policy and investment in our towns, districts, cities and regions. We would also like to see community outcomes reflected in the annual Statements of Intent prepared by government agencies.

### Priority areas for joint action

These are the priority areas identified by our members, which require a collaborative government response:

- policing and the justice system
- the management of alcohol and its misuse
- graffiti
- street racing
- youth gangs and youth offending
- family violence
- housing.

Recent government initiatives have gone some way towards addressing graffiti/tagging issues and the funding of third sector agencies. Central government now has to work with local government in implementing these initiatives. There are also outstanding issues to tackle, such as the management of alcohol, street racing, youth gangs and youth offending. As an example, in the management of alcohol, an emerging priority is the amendment of legislative frameworks to provide councils and communities with greater ability to control the location and density of licensed premises.

Because of their close relationship to the community, councils have the knowledge to inform government policies and help tailor government programmes to ensure they effectively meet the needs and priorities of local people. A solid foundation exists for building central and local government partnerships on social issues. We must make the most of these partnership opportunities for the betterment of our communities.

### Local democracy

Local government is first and foremost the expression of local democracy. Councils are the mechanism through which citizens make collective decisions about the nature of towns and cities. The opportunity to stand and be elected to a local authority and the process of participating in local decision-making processes builds an ethic of citizenship, which not only strengthens communities, but also the country.

The strength of local democracy depends on the ability of citizens to make policy and operational choices about the nature of communities.

Government policies that force councils to meet national standards diminish local autonomy and undermine a basic principle of local democracy. Local participation is strongly correlated with citizens' perceived ability to influence political choices.

We desire a policy environment that is best described as "managed difference" - enabling councils and communities to be innovative and set standards appropriate to local circumstances while ensuring a minimum level of service. This concept is embraced within the philosophy of the Local Government Act (2002) and must not be eroded by subsequent government decisions.

We urge the incoming government to recognise that involvement in democracy (at all levels) is not just a local government issue, but a national issue. All councils are active in encouraging participation from local communities. However, what is required is a broader role from central government, one which encompasses leadership, resourcing and support from government agencies.

### **Cultural well-being**

The Local Government Act (2002) highlights the role local government has played, and continues to play, in promoting the unique cultures and identities of places in New Zealand. As the democratic champion of localities, councils have historically provided the cultural infrastructure like museums, galleries and performance venues, and have also contributed to the expression of local identity through the stories and traditions that make it up.

A unique partnership exists between Creative New Zealand and councils for the purpose of promoting local art and cultural activities. The Creative Communities Scheme provides small grants to local groups involved in cultural activities. Allocation committees are then established and supported by councils, utilising lottery funds allocated by Creative New Zealand and topped up by some councils.

The partnership brings together national resources with local knowledge and accountability. Local knowledge is assured through the use of representative committees and accountability is based on the strength of councils' administrative experience. With more than 10 years experience, the Creative Communities Scheme represents one of the most successful central local government partnerships in practice.

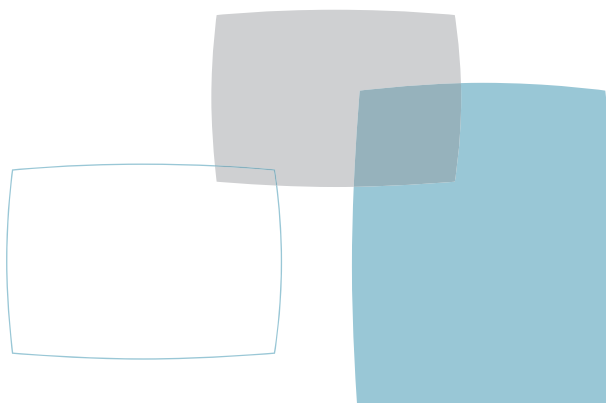
### **Building and weathertightness**

The implications of non-weathertight homes are of significant concern to local government. The cause is building fault. This is leading to critical cost issues for home owners and for councils. This issue is affecting our community's social sustainability in terms of financial costs and health and stress impacts.

Councils have spent in excess of \$33 million to settle leaky homes claims. This is a huge burden on ratepayers when neither they nor their council are directly responsible for any shortcomings in the regulatory framework, the product assessment process, or in building design or construction.

The current response to weathertightness problems is not adequate, not cost-effective, nor targeted at the key issues. We seek a sustainable solution that is clear, practical and fair – one where funds are contributed by owners, central government and local government.

We seek a solution which is focused on homeowners getting homes repaired, rather than being focused on apportioning blame. Both central and local government have a role in this issue and in finding a solution. The social and economic costs of this issue are significant and we need to engage meaningfully to find a solution.



## Facilitating economic and regional development

We are seeking:

- the recognition of the four well-beings in economic development planning
- resourcing to ensure all communities have the ability to access broadband services
- the extension of the Tourism Demand Subsidy Scheme.

Local government has to promote the economic well-being of communities. It contributes to this in a number of ways, including the provision of enabling infrastructure, the funding of economic development agencies and direct advocacy and facilitation.

Where communities are competing with each other for existing business, there may be no additional national benefit. Where interventions result in an increase in business activity, there is a case for national investment based upon national benefit.

This investment can be in infrastructures that enable economic activity. These include traditional network infrastructures and emerging communications infrastructures. However, we believe the current Government's focus at a national level on economic development needs to move from concentrating only on "business enablement" towards a greater accounting for community well-being. In other words, government needs to recognise more the inter-relationship and interdependency between the four well-beings (social, cultural, environmental and economic well-beings).

### Broadband and communications

We believe that efficient, effective and affordable communications technologies are required for economic transformation. Taking a wider, holistic view, we also recognise these technologies can make a positive contribution to the social, cultural and environmental well-beings of communities.

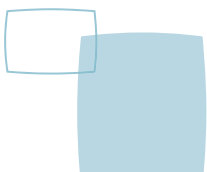
The current focus is on the availability, speed and affordability of broadband services. However, the needs of communities differ, and for some communities a reliable voice communication link is a higher priority than other network issues.

The key issue with broadband is a perceived market failure in addressing the so called "last mile", where copper networks may be incapable of delivering high-speed services to mainly residential customers. Within the telecommunications industry, there is no agreement on the nature of the problem or on the solutions that are required.

Councils are being encouraged to invest in this activity. In considering their involvement, particularly where the business case does not by itself justify council intervention, councils have been extending their evaluation to include non-economic benefits. As long as the debate remains unresolved concerning the availability and provision of ubiquitous high-speed broadband, councils' involvement will also remain sporadic.

Just as previous governments contributed substantially to the development of the road and transport networks, we believe central government must now continue contributing in a significant way to the development of efficient, effective and affordable broadband and communications networks.

Councils also recognise the opportunities for the sharing of information through geospatial interoperability. This has benefits for government and implications for local government. We believe that the incoming government needs to adequately resource this work activity to ensure councils are able to contribute to the outcomes in a positive and meaningful manner.



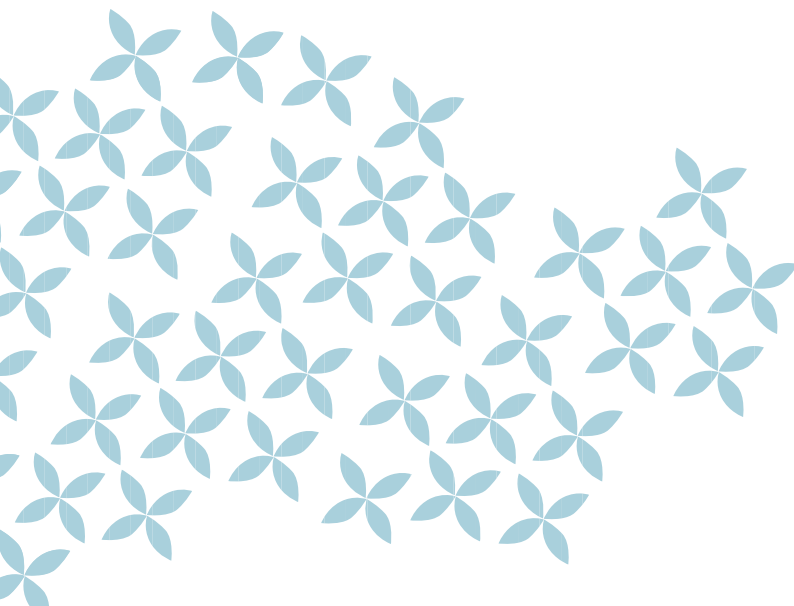
### Infrastructure supporting tourism

The Tourism Demand Subsidy Scheme sought to address the costs created for communities in supporting tourism through rate-payer funded infrastructure and the impact of growing visitor numbers and activity.

Under the mutually agreed criteria adopted for the scheme, targeted at only the sanitary and drinking water infrastructures, the net value of projects that fully met the criteria was \$63 million, against a fund of \$11 million.

One of the objectives of the New Zealand Tourism Strategy 2015 is “to make sure that there is enough investment in the infrastructure needed to meet growing visitor demand. This includes roads, the availability of broadband, especially in rural and remote areas, water supplies, managing wastewater, public toilets, signage and car parks”. Unfulfilled demand across all infrastructures for tourism purposes is likely to exceed \$250 million.

We seek the incoming government’s review of the funding and allocation of the Tourism Demand Subsidy Scheme to ensure it meets growing visitor expectations.



114-118 Lambton Quay  
PO Box 1214  
Wellington  
New Zealand

P: 64 4 924 1200  
F: 64 4 924 1230

[www.lgnz.co.nz](http://www.lgnz.co.nz)



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