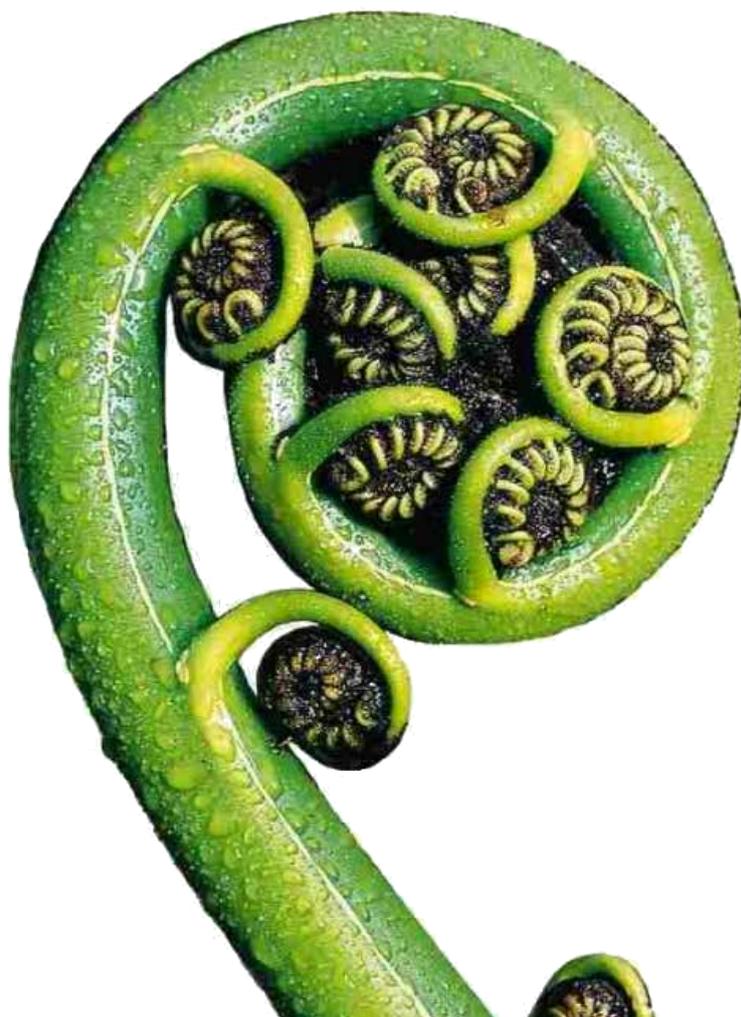


Policy Statement

A vibrant and prosperous New Zealand

2017/19



**We are.
LGNZ.**

Introduction

Local Government New Zealand (LGNZ) is the sector voice for New Zealand's 78 councils. These councils are also our members and we advocate for their national interests. We also advocate on behalf of the mayors, chairs, councillors, officials, and local and community boards which make up local government. LGNZ leads local government's commitment to improving practice and efficiency, enabling economic growth, community vibrancy and environmental wellbeing. Protecting and enhancing local democracy is paramount.

Our Vision is

< Local democracy powering community and national success. >

LGNZ is governed by our National Council, made up of 15 elected members from throughout New Zealand. We provide advocacy and policy services, business support, advice and training to our members to assist them to build successful communities throughout New Zealand.

One of the strengths of local government is the opportunity it allows for citizens to be directly engaged in the process of governing their own towns, cities and regions. Councils are provided with a general purpose to enable democratic local decision-making as well as meeting the current and future needs of communities for local infrastructure, services and regulatory functions. There are also numerous statutes that provide councils with specific duties that range from environmental planning, the regulation of dogs, pest management and the location of class four gaming machines.

In short councils are responsible for "place shaping" and ensuring New Zealand's communities provide a high quality of life for residents and visitors.

About councils

New Zealand has three types of local authority - regional councils, territorial authorities and unitary councils. Regional councils primarily look after environmental policy, resource management, flood control, air and water quality, pest control, and, in specific cases, public transport, regional parks and bulk water supply. Territorial authorities are responsible for a wide range of local services including roads, water reticulation, sewerage, refuse collection, libraries, parks, recreation services, local regulations, community and economic development, and town planning. Unitary authorities combine both regional and territorial functions.

< Councils exist to provide good governance to New Zealand's cities, districts and regions in order to power strong economies and build vibrant communities. >

Local government's role is to allow communities themselves to determine the range of local public services that meet their needs and preferences. As a result the activities provided by councils will vary, reflecting the different circumstances that communities find themselves in.

The challenges facing New Zealand and its communities

Like much of the world, New Zealand is facing a range of fundamental shifts that have the potential to seriously challenge the sustainability of our cities, districts and regions. These include the following:



Changing settlement patterns and increasing urbanisation are affecting communities differently. Some areas are struggling with the challenge of growth while others are facing the challenge of maintaining services with static or declining populations.



New Zealand's natural environment is facing threats from growing population, increased visitor numbers and more intensive agriculture. We need to find a balance between environmental stewardship and economic prosperity.



Climate change is being felt through more frequent extreme weather events and rising sea levels. Local government plays a key role in mitigating effects through infrastructure investment, adapting to the new environment and contributing to reducing greenhouse gases, especially in cities.



Automation is likely to have even greater impacts on both the nature of work and the number of jobs. The impact is likely to be strongly disruptive for communities and will create challenges for councils seeking to strengthen community cohesion.



Social cohesion is essential for communities to thrive and prosper however economic inequality and changing ethnic composition could challenge historic levels of cohesion. Councils will need to adopt strategies to recognise their diverse cultural heritages as well as build relationships between communities.

This Policy Statement, along with LGNZ's Business Plan, sets out how we will work on behalf of our members to ensure they have the policy tools and levers to prepare for and meet these challenges.

LGNZ's overarching strategic goals

Local government is being called on to play an important role in addressing the challenges facing New Zealand and its communities. Ensuring that they have the capability and resources to meet these challenges has been the major factor shaping LGNZ's policy priorities and the design of our work programme. Local government will need access to the strengthened policy responsibilities, adequate funding tools and enhanced capability in order to create a sustainable and prosperous future for their communities.

LGNZ's strategic goals set the context for and shape our policy priorities. The three goals are:

Leadership and delivery of change on the big issues confronting New Zealand's communities: local government will lead and advocate for solutions on significant issues, and leverage political and iwi relationships to push for Government policy change, in order to deliver stronger, more successful and more resilient communities.

A focus on delivering best performance and value for communities: local government will ensure it focuses on delivering best performance and adopting new ways of doing things in order to deliver fit-for-purpose services and infrastructure to its communities.

Building greater community engagement and setting a stronger platform for local democracy via a focus on "localism": local government will actively increase engagement with its communities to build stronger support for change and increased turnout at voting time. To support this, we will advocate for a greater focus on "localism", where services and decisions should be delivered by the most appropriate sphere of government.

In order to achieve these goals LGNZ has endorsed five policy priorities. They are concerned with:

1 >

Infrastructure: Ensuring infrastructure and associated funding mechanisms are in place to allow for growth and maintenance across housing, building, transport, broadband, tourism-related, three waters and flood control infrastructure.

2 >

Risk and resilience: Understanding and addressing risks from natural hazards and other events – both for infrastructure and to support resilience in the economy and our communities.

3 >

Environmental: Leading and championing policy and working alongside central government, iwi and stakeholders to deal with the increasing impact of environmental issues including climate change, the quality and quantity of New Zealand's freshwater resources, and biodiversity.

4 >

Social: Working alongside central government and iwi to address social issues and needs in our communities including an ageing population, disparity between social groups, housing (including social housing) supply and quality, and community safety.

5 >

Economic: Developing a range of policy levers to address and fund economic development and growth across all of New Zealand.

Our five strategic policy priorities

1 > Ensuring infrastructure and associated funding mechanisms are in place to allow for growth and maintenance across housing, building, transport, broadband, tourism-related, three waters and flood control infrastructure.

Councils are responsible for significant assets and services, from the water that comes from our taps, the pavements we walk on, the roads we drive on, and the swimming pools and parks where we exercise. Local authority infrastructure is crucial to enabling economic activity, housing supply and well-functioning communities, however, the ongoing costs of provision and maintenance, including transport and water, create significant challenges for councils, particularly in respect of:

- financial constraints which involve increasing operational costs, limits on debt and for some councils a small/shrinking ratepayer base;
- renewals/upgrades to replace aging assets, and meet higher regulatory standards and increasing community expectations; and
- growth pressures as many areas face unprecedented period of population growth and visitor numbers.

Without councils ensuring these services are available in communities and regions, wider economic activity simply could not happen. Ensuring New Zealand has the appropriate local infrastructure to meet its current and future needs is one of the most important issues facing councils and is a major component of LGNZ's policy agenda and work programme.

Water infrastructure

Water is critical to the future health of New Zealanders and their economy and in a world facing water scarcity New Zealand's water resources represent a significant economic advantage. Consequently, protecting the quality of water and ensuring it is used wisely is a matter of critical importance to local government and our communities. Water is also subject to a range of legislative and regulatory reforms, with the overall allocation framework under review and councils subject to national standards, such as drinking water standards.

As a result, local government is facing increased cost pressures which are exacerbated by the need to continue to improve the state of its own infrastructure, as highlighted by the presence of campylobacter in the Havelock North water supply. Likewise, extreme weather events are putting pressure on our flood protection infrastructure, as highlighted by the 2017 Edgecombe event.

< Councils manage waste and recycling, build and maintain roads, pipe sewage, and deliver many more services to communities and businesses 24/7, 365 days a year. For residents, it's an average cost via rates of just \$5 per household per day. >

New Zealand has never had an accurate picture of the state of its underground water infrastructure however, with the completion of the 3 Waters project in 2015, that gap in our knowledge has been addressed. Further information is expected from the Havelock North Inquiry. On the basis of the information provided by the 3 Waters project LGNZ is now in a position to:

- identify and promote best practice for agencies providing water services to encourage innovation, efficiency and effectiveness;
- develop tools for assessing service design (Council Controlled Organisation or in-house business unit) and sector design (scale and scope matters) in a consistent way, such as measuring return on investment; and
- facilitate engagement and discussion on the nature of stormwater problems and the creation of a local government stormwater work programme.

LGNZ is committed to working with the Government to advance the recommendations of the 3 Waters programme. In order to address the pressures on councils and communities to provide more resilient and effective water infrastructure systems, including flood defenses, a collaborative approach between the two spheres of government needs to be established and funding needs to be addressed.

Transport

Good transport networks are vital for regional and national development. It is a sector in which local government plays a significant role. Not only do councils own 88 per cent of all roads, these roads carry up to eight times as much primary produce tonnage as the processed and manufactured products carried to port on the state highway network. Local government expenditure on roading in 2014/15 was over \$1.23 billion, including expenditure on new infrastructure, maintenance, renewal and operations.

< Communities have a right to the infrastructure necessary to thrive economically, socially and culturally; as well as the revenue sources to fund growth and renewal over time. >

Of strategic importance is the size of the roading investment that the government provides. It is important that the policy and operational framework encourages councils to explore service delivery models that meet local needs and align with the increasing demands being made on the transport system. More needs to be done at a national level to address the quantity and quality of multi-modal connections. Governments need to take a holistic view to our transport networks to ensure that New Zealand benefits from an integrated transport system incorporating not just roads but rail, maritime and aviation planning. We need a national policy framework that:

- addresses current and future demand to secure economic and social opportunities;
- is a safe system, increasingly free of death and serious injury;
- delivers the right infrastructure and services to the right level at the best cost;
- provides appropriate transport choices; and
- mitigates the effects of land transport on the environment.

LGNZ is arguing that greater focus be given to the economic benefits and the strategic importance of transport investment. The way in which roading investment responds to growth pressure is also a matter of concern. LGNZ will actively lobby for greater funding tools for councils, for example, congestion charging and road user charges.

Built environment

Cities are sites of innovation and engines of economic growth. If New Zealand is to exploit the social and economic opportunities of its urban communities then we need a fit-for-purpose planning system that enables local authorities and citizens to make critical decisions about the nature of appropriate infrastructure and how it is funded. Addressing housing supply and affordability requires a joined-up response involving both spheres of government.

The legislative framework is not helpful. City councils lack the authority to develop new funding tools to address issues like traffic congestion or provide the infrastructure and services needed by the growing visitor and tourism industry with the result that there is under-investment in critical urban infrastructure. In addition, the continued presence of “joint and several” liability remains an obstacle to efforts to speed up consenting and encourages risk averse decision-making. We are still to find the right regulatory framework for the management of freedom campers. Positive change is occurring, for example:

- the proposed legislation to establish “urban development authorities” to better enable urban development at scale. The use of urban development authorities (UDAs) will enable local and central government to undertake locally and nationally significant urban development projects; and
- the establishment of the Tourism Infrastructure Fund to provide grants for local tourism related infrastructure and ongoing discussions that are taking place with regard to other funding options.

Yet these changes do not go far enough. UDAs may speed up development but the councils still lack practical value capture mechanisms. In addressing the local costs of tourism, capital grants are helpful but the real challenge is meeting the forecast hundreds of millions of spend required to provide basic infrastructure for tourists, as well as the ongoing operational cost, for which a sustainable funding stream is necessary. A tourist levy is a practical way of doing this.

Providing councils with the necessary funding mechanisms to meet community needs for infrastructure, from urban amenities and public transport to broadband, is critical. Aligned with this, LGNZ is also committed to helping councils improve the way in which they make decisions, from consenting to major infrastructure investments. However, to make real change greater collaboration with central government will be required.

What LGNZ is looking for

Legislative, policy and regulatory frameworks that provide councils with the necessary decision-making authority and funding tools to provide rural and urban communities with the services and infrastructure they require to thrive and prosper. It is essential that these frameworks enable councils to engage with their communities to identify investment needs and make the trade-offs necessary to resolve competing demands for resources and funding.



2 > Understanding and addressing risks from natural hazards and other events – both for infrastructure and to support resilience in the economy and our communities.

Low-frequency high-impact events, such as the Canterbury earthquakes and flooding due to extreme weather or sea level rise, pose both local and national risks that can undermine our social and economic goals. And with population and economic growth the impact of natural hazards and extreme events is further magnified.

Recent natural hazard events have shown how vulnerable our communities and economies are in the event of a disaster, with the Kaikoura earthquake, for example, exposing the vulnerability of our transport corridors. New Zealand needs to develop new frameworks and policy tools to both respond meaningfully to such events and reduce the community and economic risks.

As owners of a significant amount of infrastructure, with a total asset value of over \$120 billion, and as the agency responsible for mitigating hazards through land use planning, local government has a major role to play in achieving local, regional and national resilience. To ensure our infrastructure, economy and community are appropriately prepared we need to understand and be prepared to address potential risks - we need better emergency preparedness nationally and locally. The recent work that the Wellington region has undertaken with central government strengthening the resilience of its water supply is an example of this, however, given the substantial risk factors New Zealand faces we need a more strategic and comprehensive approach across the country.

< Global warming is expected to continue with greater extremes in the temperatures observed. >

LGNZ will work with councils and their elected members to ensure that their responsibilities under the new legislation are well understood and that they have access to guidelines and advice to fulfil those requirements.

LGNZ, with support from the Government, has prepared a business case for establishing a Local Government Risk Agency (LGRA). The establishment of the LGRA will increase capacity in local authorities for both understanding risk and developing a consistent standard of risk management.

LGNZ is committed to working with councils to increase awareness and understanding of the need to prepare for risk and resilience in relation to their infrastructure, land-use planning and leadership. We will also assist councils to increase community awareness about the threats posed by sea level rise and other climate change impacts. We will work to strengthen national frameworks and policies and will actively participate in the Government's review of New Zealand's Civil Defence Emergency Management framework.

What LGNZ is looking for

LGNZ's focus for this policy priority is the establishment of the LGRA, the wide-spread implementation by councils of a risk based approach to decision-making and an effective collaboration between local and central government to strengthen the knowledge about risk throughout the public sectors.



3 > Leading and championing policy and working alongside central government, iwi and stakeholders to deal with the increasing impact of environmental issues including climate change, the quality and quantity of New Zealand's freshwater resources, and biodiversity.

New Zealanders pride themselves on the quality of their environment yet an increasing number of pressures, such as population growth and more intensive agriculture, could, without the appropriate regulatory frameworks, put the environment at risk. Specific issues include freshwater quality, bio-diversity, introduced pests, natural hazards and the impact of our changing climate.

The quality of the environment is largely the responsibility of local authorities, with territorial authorities and regional councils playing complementary roles. These roles are largely determined by the Resource Management Act 1991 (RMA). The RMA has been subject to major tinkering and now needs major reform, as highlighted in LGNZ's 2016 analysis. In fulfilling these responsibilities local government works collaboratively with central government, iwi and other stakeholders.

Climate Change

Climate change poses an unprecedented level of risk to New Zealand's natural and built environment. As the sphere of government with direct responsibility for environmental planning and regulation much of the responsibility for adaptation falls to local government, however, councils cannot address these issues by themselves. A national conversation is required. Councils can also play an important role in mitigation by working with their communities to reduce emissions.

To be effective, climate adaptation will require a diverse range of actions and policy approaches.

Responding to the challenges posed by rising sea levels requires a consistent information base, innovative solutions and dialogue to agree on funding options. To that end, local government sees a

critical need for proactive collaboration between central and local government, and between city, district and regional councils.

Freshwater

Water quality is, and will continue to be, one of the defining political issues for governments and councils over the foreseeable future, with political parties taking firm positions on the need to improve quality. Recently the Government has set a national water quality target of 90 per cent swimmability by 2040, which will impact directly on local government and its communities. Improving water quality represents major challenges for both regional and territorial councils, yet New Zealand lacks an overall integrated framework for the future management and allocation of its water resources.

The Government policy and regulatory decisions so far represent a useful start, however, major issues involve the costs and trade-offs involved in increasing water standards and the resulting impact on local communities, families and business, as well as our wastewater and stormwater systems.

To address this gap LGNZ has undertaken the Water 2050 project to create a comprehensive framework that brings freshwater issues and water infrastructure into a coherent policy that integrates freshwater quality and quantity, standards, rights and allocation, land use, three waters infrastructure, cost and affordability, and funding while recognising that the allocation of iwi rights and interests in freshwater is a live issue for the Crown.

What LGNZ is looking for

- A fit-for-purpose policy framework for the future (Water 2050) which considers freshwater quality and quantity: including standards, freshwater management, impacts on rural and urban areas, such as infrastructure requirements and associated funding, quantity issues including rights and allocation, and institutional frameworks for water governance.
- A collaborative approach with central government to develop a policy framework for responding to mitigation and adaptation needs created by climate change and sea level rise.



4 > Working alongside central government and iwi to address social issues and needs in our communities including an ageing population, disparity between social groups, housing (including social housing) supply and quality, and community safety.

Local authorities are the mechanism through which communities make decisions about matters of local and regional concern. The nature of these matters will vary according to the characteristics and circumstances of each community. Some are dealing with problems caused by population growth and increasing numbers of visitors while others confront issues of static or declining growth and a lack of employment opportunities.

Citizens expect their councils to be concerned about local matters and take appropriate action, either by themselves or in partnership with central government, iwi and the voluntary sector. Addressing what are, in many areas, intractable issues will need innovative approaches and LGNZ will support councils that wish to promote more innovative ways of providing social services. The work of Gisborne, Far North and Rotorua Lakes District Mayors who are promoting the concept of demarcation zones will be supported and, if implemented, evaluated to identify lessons for wider application. Specific issues that have been brought to the attention of LGNZ include housing and community safety.

Safe and healthy communities

Local government is New Zealand's second biggest provider of social housing, owning approximately 11,500 social housing units, most of which are the results of investments made during the period when the Government provided low cost loans to enable councils to provide pensioner housing in order to free up the Housing Corporation to focus on families and people with special needs.

Despite this significant contribution, current policies, namely the inability for councils to be community housing providers, prevent local government from playing an ongoing role. Councils wishing to continue as social housing providers and address housing need in their

communities are faced with the need to find a sustainable financial model. Councils can also play other roles, from advocate to broker, using their popular mandate to bring agencies together to create a more integrated approach to social housing provision and address gaps.

The same applies to all social services. It is important that councils have the opportunity to provide government agencies with feedback on the performance of publicly funded social services in their areas. It is important that policy makers in Wellington are given feedback on whether or not their policies are working on the ground. Local innovation to ensure social services meet local needs without duplication is important.

The standard of housing in New Zealand is poor with many people living in rental homes that are damp, cold, and prone to mould. Current legislative tools available through local and central government are inadequate to address the problem. Unhealthy home environments have significant impacts on the health of people living in them and community quality of life. Addressing this issue requires a national response, such as setting minimum standards for rental housing.

Community safety is an issue of vital interest for councils as areas which are perceived to be "unsafe" are likely to experience lower levels of social cohesion and economic investment. When asked to rank issues that are most important to themselves and their communities safety is always one of the top. Yet over recent years rural councils in particular have been highlighting what they perceive to be a decline in local policing and increased community concerns about crime.

LGNZ welcomed the Government's decision in early 2017 to significantly increase the number of Police and earmark at least 140 of the new staff for rural communities. It is important that the rollout of the new recruits addresses those areas of greatest need and is provided in a way that strengthens confidence in the Police and improves perceptions of safety. LGNZ will work with the Commissioner of Police to help ensure local communities' needs for on the ground policing are met.

What LGNZ is looking for

- A policy framework that recognises the role councils play in social housing and treats councils on the same basis as community housing providers.
- A stronger policy and regulatory framework for improving the standards of rental housing.
- Policing that is responsive to the needs of local communities.
- Opportunities, in partnership with central government, for local areas to develop innovative and place-based approaches for dealing with social issues.

5 > Developing a range of policy levers to address and fund economic development and growth across all of New Zealand.

Globalisation and the relaxation of border controls have radically changed the way in which local and regional economies work. Cities, districts and regions in New Zealand are now competing against their peers in other parts of the world for the same capital and same skilled workers. To succeed, local authorities need to ensure that they not only offer a good life and effective infrastructure and services they must also promote these attributes internationally.

Councils already make a significant financial contribution to economic development activities within their districts. In the 2015/16 financial year this amounted to approximately \$250 million in spending specifically earmarked to increasing economic growth. Many of these programmes are undertaken in collaboration with central government agencies and local partners.

It is important, not only to communities but to New Zealand as a whole, that this investment is well targeted and results in positive economic outcomes.

Enhancing the quality of economic development investment

Councils need to find ways to make their centres into environments which offer opportunities in education, employment and business. They need to become places where skilled locals want to stay and set up business and where skilled migrants will want to settle.

LGNZ is reviewing the effectiveness of local government's economic development spend in order to develop frameworks and models to improve accountability and performance across the sector. The resulting outcomes will be promoted by LGNZ and shared amongst member authorities.

In order to be a successful trading nation New Zealand must develop and strengthen ties with potential markets. Investment flows not to countries but to cities and places within countries that are attractive to entrepreneurs and investors. To be successful New Zealand cities must strengthen their links with cities elsewhere. LGNZ is leading

work on growing international relationships to increase sub-national linkages with cities and regions elsewhere.

Current frameworks dis-incentivise councils from investing in activities to grow their economies as a result of the fact that taxation, in the form of GST or income taxes, created by new growth goes to central government. Councils receive no revenue boost. LGNZ is working to change this situation by advocating for a mechanism that will allow councils to capture "value uplift", for example, through mechanisms such as special economic zones.

Tourism

The visitor industry is now New Zealand's largest export industry however the speed of its growth is putting many of New Zealand's smaller communities under pressure. It is a problem created by the way in which councils are funded as new facilities will be paid for out of property taxes while visitor expenditure, in the form of increased GST and income tax, benefits central rather than local government.

Without more equitable forms of funding there is a risk that visitors will lack the appropriate range of local amenities they need to have a positive experience. This poses a reputational risk for New Zealand as well as a policy risk for tourism as a whole should communities object to paying for an industry which creates national rather than local benefits.

LGNZ is committed to working with the Government and industry organisations to identify additional funding or funding tools to ensure that the cost of providing services and amenities to visitors is not met solely by property taxes.

What LGNZ is looking for

- Stronger business cases for direct expenditure on economic development based on industry best practice.
- A tourism infrastructure funding model such as a national visitor levy and/or enabling councils to retain a share of GST.

To ensure the benefits of our growing economy are evenly distributed across communities, local and central government need to work together and develop a shared national approach to this complex and developing issue





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We are.

Ashburton.	Gisborne.	Kaikoura.	Otago.	Southland Region.	Waimate.
Auckland.	Gore.	Kaipara.	Otorohanga.	Stratford.	Waipa.
Bay of Plenty.	Greater Wellington.	Kapiti Coast.	Palmerston North.	Taranaki.	Wairoa.
Buller.	Grey.	Kawerau.	Porirua.	Tararua.	Waitaki.
Canterbury.	Hamilton.	Mackenzie.	Queenstown-	Tasman.	Waitomo.
Carterton.	Hastings.	Manawatu.	Lakes.	Taupo.	Wellington.
Central	Hauraki.	Marlborough.	Rangitikei.	Tauranga.	West Coast.
Hawke's Bay.	Hawke's Bay	Masterton.	Rotorua Lakes.	Thames-	Western Bay
Central Otago.	Region.	Matamata-Piako.	Ruapehu.	Coromandel.	of Plenty.
Chatham Islands.	Horowhenua.	Napier.	Selwyn.	Timaru.	Westland.
Christchurch.	Hurunui.	Nelson.	South Taranaki.	Upper Hutt.	Whakatane.
Clutha.	Hutt City.	New Plymouth.	South Waikato.	Waikato District.	Whanganui.
Dunedin.	Invercargill.	Northland.	South Wairarapa.	Waikato Region.	Whangarei.
Far North.		Opotiki.	Southland District.	Waimakariri.	