

Submission

by

Business|NZ

to the

Department of Internal Affairs

on the

Consultation Document

Reviewing the Local Government Act 1974

30 August 2001

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CONSULTATION DOCUMENT
REVIEWING THE LOCAL GOVERNMENT ACT 1974
SUBMISSION BY BUSINESS NEW ZEALAND

30 AUGUST 2001

1. Introduction

- 1.1 This submission is made on behalf of Business New Zealand, incorporating regional employers' and manufacturers' organisations. The regional organisations consist of the Employers and Manufacturers Association (Northern), Employers and Manufacturers' Federation (Central), Canterbury Manufacturers' Association, Canterbury Employers' Chambers of Commerce, and the Otago-Southland Employers' Association. Business New Zealand represents business and employer interests in all matters affecting the business and employment sectors.
- 1.2 One of Business New Zealand's key goals is to see the implementation of policies that would see New Zealand retain a first world national income and to regain a place in the top ten of the OECD in per capita GDP terms. This ambition is shared by the Government, and was most recently articulated by the Prime Minister to the Knowledge Wave Conference. It is widely acknowledged that consistent, sustainable growth in real GDP per capita of well in excess of 4% per annum (and probably closer to 7-8%) would be required to achieve this goal. Continued growth of around 2% (our long-run average) would only continue New Zealand's relative decline.
- 1.3 Local government spending amounts to almost 4% of GDP and the assets of the sector (net of debt) amount to around \$42 billion, which is considerably more than the net asset value of all companies listed on the New Zealand Stock Exchange (around \$27 billion). The performance of local government therefore has significant implications for economic growth and our ability to move back into the top ten of the OECD.

- 1.4 Business New Zealand therefore appreciates the opportunity to comment on the review of the Local Government Act 1974 (LGA). The Review impacts upon all citizens and ratepayers, be they residents or businesses, so we welcome a thorough and principled review of the activities, funding, and powers of local authorities. However, Business New Zealand has significant reservations with many of the proposals set out in the discussion document.

- 1.5 The following section of the submission (Section 2) sets out Business New Zealand's principal concerns with the Review. Sections 3-11 comment specifically on the proposals as they appear in the discussion document. The final section (Section 12) sets out Business New Zealand's recommendations.

2. Principal Concerns

- 2.1 Business New Zealand acknowledges that a number of ad hoc legislative amendments over many years have made the 1974 LGA huge, detailed, and cumbersome. We agree that it is in need of modernisation. However, we are very disappointed with the lack of consultation with users and ratepayers, and that there has been a lack of robust discussion on the proper role of local government. Meaningful consultation with all interested parties and a ‘first-principles’ discussion is, in our view, absolutely fundamental to reaching a view on the roles and responsibilities of a modern and responsive local government sector.
- 2.2 Specifically, we do not believe that the Government’s proposed solution – which was formulated in close partnership with the local government sector, but with seemingly no input from users and ratepayers – that local authorities should be granted a broad ‘*power of general competency*’, is the appropriate way forward.
- 2.3 A broad power of general competency is of deep concern to the business community, especially when combined with the proposed purpose of local authorities to ensure that their activities are managed in order to ‘*promote their social, economic, cultural, and environmental well-being in the present and for the future*’. We believe that well-meaning local authorities could undertake activities or impose interventions that either duplicate or are at cross-purposes to national economic, social, and environmental policies. A line must be drawn on what is sensible to handle on a national basis and what is appropriate at a local level.
- 2.4 We would not be so concerned about the purpose statement and increased powers if the past track record of local government were not so poor. To illustrate our point, we have several major concerns with the existing system of local government:

- **Rates Differentials:** Business ratepayers already generally face a disproportionately high rates burden through rates differentials – where local authorities charge businesses considerably more for the equivalent property value than residences. For example, Manukau City Council charges businesses four times more in rates than residences for a property of equivalent value and Wellington City Council six times more. Rates differentials are grossly inequitable considering the beneficiaries of most council services (such as libraries, swimming pools etc) tend to be residents rather than businesses.

Although it is often argued by councils that businesses are rated more due to a greater ‘ability to pay’, we strongly dispute this assertion. The vast majority of businesses are very small and have very low taxable incomes – in fact, statistics from Inland Revenue indicate that 77% of companies have no assessable income at all, while another 15% earn less than the average wage. Ratings differentials are therefore an onerous burden on the business sector. Unfortunately, however, it seems that businesses are an easy target from which to raise revenue, simply because there are far more residential ratepayers (i.e., voters) for councils to be concerned about.

- **Growing Rates Burden:** Over the past decade, local authority rates have increased at a consistently faster rate than the consumer price index. Statistics New Zealand figures show that between June 1989 and June 2001, rates and local authority user charges increased by 61.1% compared to an increase of the CPI over the same period of 30.1% (i.e., twice the rate of inflation). This strongly indicates that councils are not as disciplined as they should be with ratepayers’ money and too often than not take the easier option of increasing rates rather than rationalising services and activities.

There are also inflationary implications for the wider economy, with evidence that rates have been acting as a driver of inflation. The 30.1% increase in the CPI over 1989-2001 would have been

significantly less if growth in central and local government charges had been excluded. In December 1992, Statistics New Zealand introduced a measure of central and local government charges. Over the period from December 1992 to June 2001, such charges are estimated to have added on average 0.3 percentage points to the annual increase in the CPI.

- **Inappropriate Activities:** Business New Zealand is concerned at the extent of quasi-commercial activities undertaken by some local authorities. These activities often impact on private sector organisations (commercial as well as non-profit). Examples include a council setting up a local medical centre or running subsidised swimming classes not only in competition with existing private sector providers, but which are also, in effect, paid for by them through their rates.
- **Service Duplication:** Duplication of those services that should be carried out by central government agencies is inefficient and costly. For example, Wellington City Council provides housing for many low-income people and has recently agreed to the appointment of 15 'community safety officers' to 'police' the inner city at a cost of \$600,000. Central government should be carrying out these services rather than abdicating its responsibilities onto local authorities.
- **Lack of Transparency and Accountability:** Although there have been improvements over recent years, not enough progress has been made in this area. In particular, we strongly believe that all ratepayers should receive an itemised account showing exactly how much they pay for various council services. Only then will ratepayers be able to judge whether their council is offering value for money. Consultation should also be real and meaningful – we are aware of far too many situations where ratepayers have gone to a great deal of effort to make reasoned submissions to Annual Plans only to have them ignored, brushed aside, and even, in some cases, completely unacknowledged.

This is totally unsatisfactory and reduces confidence in the democratic process. It is little wonder that voter participation rates are so low.

- **Compliance Costs:** Business New Zealand notes the recently released report of the Compliance Cost Panel, which has confirmed many of our concerns with local government, particularly over the way in which the sector administers the Resource Management Act and the Building Act. The fact that so many respondents had concerns about the performance of local government indicates that action must be taken to urgently improve the situation. However, we acknowledge that equal blame must fall on central government for imposing the legislation in the first place, and we were very disappointed with the Government's inadequate response to the suggested amendments to the RMA.

2.5 In our view, the proposals contained in this discussion document do not provide the business community with any cause for optimism that these problems will be satisfactorily addressed. On the contrary, the proposals seem not just to give local government a licence to take greater account of social, environmental and cultural imperatives, but would make it a requirement under statute to actively *promote* them. Combined with a power of general competence, there would seem to be little to stop a council from undertaking expensive social services and cultural projects, nor from imposing further costly environmental regulatory interventions.

2.6 Furthermore, we do not believe that the proposals contained in the discussion document would assist in achieving the Government's stated ambition to 'transform the economy' and improve New Zealand's position in the OECD rankings. On the contrary, as the proposals do not adequately address the weaknesses of local government, and in fact most probably add to them, we believe that the proposals would in practice seriously hinder economic growth. We are most concerned that there has been no benefit-cost analysis undertaken on the economic impact of the proposals – particularly with the local government sector being such a significant factor in the economy.

- 2.7 In our view, the responsibility for social services should remain the preserve of the relevant central government agencies, and councils should keep out of activities that would be better carried out by the private sector. Action must be taken to improve the sector's performance in reducing compliance costs on business and increasing accountability and transparency. Unfortunately, we see nothing in this discussion document that would give any comfort to the business community on any of these critical issues for ratepayers and the business sector.
- 2.8 Business New Zealand believes that the proposals as set out in the discussion document would have the effect of significantly increasing the cost of local government and consequently the rates burden. The proposals would also give local authorities greater freedom to use ratepayers' money to subsidise council involvement in commercial activities and non-core business that ought to be left to the private sector.
- 2.9 Instead, we strongly believe that local government should be refocused on its critical role of funding and/or providing those goods and services that cannot be supplied efficiently by the private sector or central government agencies. As a member of the Local Government Forum, Business New Zealand fully endorses the Forum's 1999 publication, *Refocusing the Role of Local Government*, as an alternative way forward. We also fully endorse the Forum's comprehensive submission to the Review.
- 2.10 Business New Zealand believes that the core functions of local government must continue to be specified in the LGA, although we agree that the existing LGA is too prescriptive in terms of 'the how'. Councils should instead be provided with flexibility to carry out their designated functions in the most effective and efficient way for them.
- 2.11 At present, there is a distinct lack of democratic checks and balances against council activities and their capture by small special interest groups. Democratic processes at the local government level are particularly weak

compared to central government. There is a distinct lack of rigorous analysis and contestable advice within the local government sector. Whereas policy developed by central government is examined and scrutinised by a range of departments before decisions can be made, there is no equivalent in local government. On the contrary, many policies developed and implemented by local authorities seem to be dreamt up and pushed through by ambitious mayors, councillors, and chief executives without any objective analysis or debate. Poor quality decision-making has been a major factor in the growth of local government expenditure and proliferation of activities.

- 2.12 Ultimately, weak structures have impacted on the democratic process. There is a lack of information for voters to consider candidates' policies and a lack of ability for individuals and groups to easily monitor and hold councils accountable. Unfortunately, this has resulted in consistently low voter turnouts in local authority elections and has further reinforced the ability of councils to increase expenditure, carry out undesirable activities, and impose onerous interventions, often at the behest of motivated vocal minorities. We do not see the proposals contained in the discussion document assisting in remedying this problem – if anything we believe that a broad power of general competence would further weaken the institutional framework in which local government operates.
- 2.13 We are concerned and disappointed that local electoral legislation has already been passed and that funding powers legislation has already been introduced and is likely to be passed around the time that a new LGA is introduced before Christmas. In particular, introducing a bill on rating powers before the review on the functions of local government has been considered is 'putting the cart before the horse'. We believe that the separate reviews should all have been incorporated into a single comprehensive review of local government.
- 2.14 Business New Zealand is firmly of the view that the review process must be more carefully considered and, if necessary, slowed down. Developing an appropriate legislative framework for local government is too important for New Zealand to get wrong. The lack of opportunity for ratepayers and users

to have their say on what is basically a local and central government document should be addressed by the establishment of an 'experts group' (comprising of ratepayers and business sector representatives, and central and local government representatives) to consider submissions and make recommendations to Government on how best to proceed before any final decisions are made.

- 2.15 The remainder of this submission comments on the specific proposals contained in the discussion document *Reviewing the Local Government Act 1974*. Recommendations follow at the conclusion of the submission.

3. SUMMARY (pages 5-9)

3.1 The summary of the discussion document (page 5) lists some fundamental questions about local government. The first four are particularly relevant:

- Why do we have councils?
- What should councils be able to do?
- How can you have a say in what your council does?
- How should councils operate?

3.2 Although these questions are posed in the summary, nowhere in the remainder of the document are these critical issues adequately discussed or addressed from a first-principles basis. Instead the Government has leapt ahead with a discussion document that clearly signals its preferences, having already made its decisions in close conjunction with the local government sector. This is despite the importance of ensuring that such an important piece of legislation is relevant for today and the future.

3.3 We firmly believe that these fundamental issues should have been more comprehensively debated in the discussion document and that ratepayers and users should have had more opportunities to input into the policy development process. It is disappointing that it seems that the next ratepayers and users will see of these proposals will be when the new legislation is introduced.

3.4 In brief, Business New Zealand believes that the answers to the four questions are as follows:

- Why do we have councils? *Local government was created by central government because it was recognised that local authorities are useful for making certain decisions at a local level.*
- What should councils be able to do? *Councils should be refocused on their critical role of funding and/or providing those goods and services that cannot*

be supplied efficiently by the private sector or central government agencies. Councils' roles and responsibilities should be clearly specified but they should be provided with flexibility in terms of how they carry out these specified functions. Councils should not duplicate services provided by central government or engage in activities in competition with the private sector.

- *How can you have a say in what your council does? Confidence in the democratic process must be enhanced. Consultation should be meaningful with high quality information readily available to the community. Low voter turnouts for local elections indicate that residents and ratepayers do not have such confidence.*
- *How should councils operate? Councils should operate professionally and efficiently with separation between the governance function of councillors and the operational responsibilities of council staff. Transparency and accountability are critical. Compliance costs should be kept to a minimum, as should the rates burden.*

3.5 Unfortunately, we do not believe that the proposals contained in the discussion document would adequately address these questions.

PART 1: WHAT SHOULD A LOCAL GOVERNMENT ACT LOOK LIKE?

4. A Hard Look at the Local Government Act

The Purpose of the Local Government Act (page 13)

- 4.1 The discussion document proposes that the existing list of purposes contained in section 37 of the LGA should be replaced with the following statement of purpose:

'To enable local decision making by and on behalf of citizens in their local communities to promote their social, economic, cultural, and environmental well-being in the present and in the future' (page 13).

- 4.2 This statement is consistent with the language of 'sustainable development'. In 1987, the World Commission on Environment and Development (the Brundtland Commission) released a report *Our Common Future*. In that report, the concept of sustainable development was introduced and defined as *'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'*. The rationale is that decisions should take a 'balanced' account of economic, environmental, and social considerations.

- 4.3 Business New Zealand recognises that the concept of sustainable development is being widely adopted around the world and that considerable weight has been placed on it in both the private and public sectors. However, we believe that the concept has not been well defined or spelt out and, as a result, a vast range of specific activities and programmes fall under the ambit of sustainable development. As Simon Upton recently commented,

'For about 15 years, now, we have been living with the idea of sustainability. It has found its way into almost every corner of public policy. It has spawned a vast literature. And it has become a catch-all which a bewildering array of

businesses, public interest groups, and political organisations have felt obliged to graft onto their agendas. Its success as a unifying principle of policy and conduct is also its Achilles heel. For as the case for sustainability has expanded to embrace almost everything, the possibility of a clear and focussed agenda has been placed at risk'

(Special Sustainable Development Edition, Upton-on-Line, Diaspora Edition, 16 May 2001).

- 4.4 Business New Zealand is concerned about the proposal to enshrine such a broad concept into such an important piece of legislation. We are concerned that listing the four imperatives so explicitly would provide 'flags' enabling vocal minorities to stifle development and growth and impose oppressive costs on doing business and wealth generation. It is also important to state that there must be consistency with the specified functions of local government. We therefore suggest an alternatively worded purpose statement as follows:

'To enable local decision making, consistent with the specified functions of local government, by and on behalf of citizens in their local communities, to promote the overall wellbeing of people who reside or work in the authority's territory or region in the present and in the future'.

Towards a Fresh Policy Direction for Local Government (pages 13-14)

- 4.5 Business New Zealand acknowledges that the existing LGA is cumbersome and that the detailed specification of powers is not consistent with modern legislative practice. We therefore agree that some change is probably necessary to modernise the LGA. However, while giving local authorities more flexibility to deal with local issues would be desirable, it is important to ensure that there are checks and balances on the power of local government in order to ensure that significant costs are not imposed on ratepayers and those attempting to go about their business.

Key Relationships – the Community, Local Government and Central Government (pages 14-15)

- 4.6 Business New Zealand notes that the Government has made much of the concept of ‘partnership’ between central and local governments and the need to ‘*advance community goals and encourage sustainable development*’ (page 14).
- 4.7 The discussion document recognises though that local and national perspectives may differ on some issues and it also recognises ‘*that the system of local government is not self-contained and self-sustaining, but must integrate with the national system of government*’ (page 15). However, we do not believe that the discussion document adequately addresses how this integration would be maintained – and a proliferation of activities contained – under a proposed power of general competence.
- 4.8 The document proposes not to change the existing roles of the various agencies that provide checks and balances on local government (i.e., Office of the Controller and Auditor-General, Local Government Commission, Office of the Ombudsmen). We agree that these important safeguards should be retained, but we consider that if anything they ought to be strengthened – particularly when the power of general competence and broader purpose would make checks and balances so much more important.

Principles of Local Government (pages 15-16)

- 4.9 Business New Zealand accepts the thrust of the proposed principles listed on pages 15-16 of the discussion document, although we believe that the concept of what is ‘environmentally sustainable’ would be open for debate. We also suggest that the words ‘and ratepayers’ be inserted wherever ‘citizens’ appears, to take account of the fact that the activities of local government have major implications for businesses as well as individuals.

Powers (pages 16-17)

4.10 The Government proposes that whereas the current LGA specifies everything that a council may do in detail, the new legislation should establish '*clear and broadly based powers of general competence for local authorities*' (page 16). The rationale is that local authorities would be able to respond with greater flexibility to the needs of their communities. This is a critical issue. We note that the document suggests a possible clause reading as follows on page 16:

Capacity and Powers

(1) A territorial authority or regional council has –

(a) full capacity to carry on or undertake any business or activity, do any act, or enter into any transaction; and

(b) for the purposes of paragraph (a), full rights, powers and privileges;

(2) Subsection (1) applies subject to –

(a) this Act or any other enactment; and

(b) the general law.

4.11 In effect, this means that a council could do anything providing that the:

- Activity is consistent with the object of the LGA (i.e., promote social, economic, cultural, and environmental well-being in the present and in the future);
- Council has consulted with the community; and
- Council complies with the law, including the LGA and other statutes.

4.12 A broad power of general competence is of grave concern to the business community. This is particularly so considering the implications of the proposed greater emphasis on social, cultural, and environmental factors that would be required under the object of the new LGA.

4.13 Instead, Business New Zealand believes that there needs to be a refocusing of local government's functions. We believe that local government's functions should be specified in the LGA, perhaps in a Schedule, but that councils

should have the flexibility to exercise those functions in the best way for them, rather than have to be subject to the prescriptive requirements of the existing LGA. We believe that this more limited power would still provide local authorities sufficient powers to carry out their appropriate functions with some flexibility, while providing much needed checks and balances.

4.14 Such a Schedule would list the designated responsibilities/functions of territorial authorities and regional councils. It would clearly be necessary for such a list to be carefully and tightly formulated, with an emphasis on the provision of public, as opposed to private, goods. An example using local government's current responsibilities would look similar to the chart on page 64 of the discussion document:

Territorial Authorities	Regional Councils
Policy decisions on community wellbeing at a local level (where government action is justified) and community leadership.	Biosecurity
Public health and safety: <ul style="list-style-type: none"> • Building control; • Environmental health; • Waste and hazardous substance management. • Food and liquor; and • Dog control. 	Catchment control.
Infrastructure at a local level: <ul style="list-style-type: none"> • Roding and transport; and • Sewerage, water and stormwater. (We believe, however, that there is scope for greater private provision of such infrastructure)	Harbour administration.
Resource management at a local level:	Regional emergency management/civil defence.

<ul style="list-style-type: none"> • Land use planning; and • Development control. 	
Recreation and culture services.	Regional land transport.
	Resource management.

4.15 We also believe that core principles must be adopted and specified in the LGA. For example:

- Territorial authorities and regional councils should not duplicate services or interventions carried out by the other;
- Local authorities should not duplicate or put in place competing services or interventions carried out by central government agencies;
- Local authorities should not compete with private and voluntary sector service providers; and
- All local authority provided services should be subject to competitive tender.

4.16 Any additions to a council's responsibilities or functions not provided for in the Schedule would not be permitted unless a resident and ratepayer poll provides a clear mandate for such a change (including provisions for a minimum voter turnout). The principles should be non-negotiable.

4.17 We are sceptical of the notion of 'partnership' between central and local government and are unconvinced as to how effectively it would work in practice. However, notwithstanding the second bullet point above, were local and central government to agree that a local authority(s) would be the best provider of a particular social service (such as housing) funded by central government, then such an arrangement would be permissible, subject to some caveats. For example, any such arrangement must be fully transparent and, in our view, central government funding must be offset by rates reductions. Central government should then cease to be a service provider in that local authority area (to ensure that there is no duplication). Such an arrangement would have to be subject to the approval of residents and ratepayers through a poll.

Limits on Powers (pages 17-19)

- 4.18 This is a critical issue, particularly if the power of general competence is to be adopted. The Government believes that even a broad power of general competence would be effectively limited by: specific provisions in the LGA, the provisions of other Acts, and the general law.
- 4.19 Business New Zealand firmly believes that there need to be specific limitations on the power of general competence and that this would be addressed by requiring the functions and responsibilities of local government to be clearly set out, as stated above. Otherwise local authorities would potentially be able to undertake a whole raft of costly, duplicative, and inappropriate activities and impose costly interventions that may be detrimental to doing business and sustainable growth.
- 4.20 Regarding international agreements entered into by central government (page 19 of the discussion document), we feel that councils should not be able to disassociate themselves from treaties they do not support just because they are not explicitly implemented by statute.
- 4.21 Most treaties are implemented into New Zealand domestic law either directly or indirectly by statute, and in the process effectively bind local government. Some though are not, because there is no need to amend the law for their implementation. An example is bilateral air services agreements and arrangements – these are approved by the Executive and implemented administratively through the airline licensing provisions of the Civil Aviation Act 1990. At present there is no parliamentary oversight for these air services agreements. It is argued that to add another layer of consideration for these types of treaties would significantly delay their application, which would be costly for the export and tourism sectors.
- 4.22 Meanwhile, all multilateral treaties and ‘significant’ bilateral treaties – including those treaties that are not specifically implemented by legislation – are subject to a formal parliamentary treaty examination process. This process enables

greater scrutiny and transparency (and hence a greater chance for local government to have its say) before action can be taken by the Executive to ratify or accede to an agreement, or even introduce legislation to implement the treaty's provisions.

- 4.23 Local authorities have been known to take positions on international treaties. Most recently, Christchurch City Council made a submission opposing a Closer Economic Partnership being negotiated with Hong Kong. We believe that there should be no possibility for a local authority to be able to claim that their geographical area is exempt from the application of a trade – or any other type of – agreement it does not support, just because the agreement has not been explicitly implemented by statute. We believe that local authorities should focus their activities on local issues and leave national issues (such as international treaties) to central government.

Ministerial Interventions (page 19)

- 4.24 The Government has proposed that the current powers available for the Minister of Local Government to initiate reviews and to appoint a commissioner to manage a local authority should be retained. This is appropriate. However, the discussion document has disregarded further powers of intervention, such as:

- *The capacity to give direction to local authorities in accordance with national policy priorities through mechanisms such as national policy statements; or*
- *A power to override specific local authority decisions either because they have significant national policy implications or because they may have significant implications beyond the district concerned. (Page 19)*

- 4.25 The discussion paper argues that these powers are unnecessary under the existing highly detailed and prescriptive legislation and furthermore it does not consider them necessary under the current proposal. This is because the

Government seems to believe that it would be able to address any anomalies as they arise through legislation.

- 4.26 We believe that this is a risky approach. The power of general competence is a radical departure from well-established practice and we fear that there will be a need for the Government to have the ability to exercise some control in order to provide a safeguard against the actions of overly zealous councils. Business New Zealand therefore suggests that the Government reconsider on the provision of additional powers, as described in paragraph 4.24 above. This power should be subject to a sunset clause.
- 4.27 We do not believe that the Government's proposal to legislate as the need arises would be the most efficient and effective way to address this issue – particularly when an argument used by those in favour of the power of general competence has been that central government is unable to legislate quickly enough to provide necessary powers under the existing, prescriptive regime.

Political and Community Limitations on the Exercise of Powers (pages 20-21)

- 4.28 The discussion document notes that local political and funding constraints would also effectively limit the exercise of local government powers. A number of general principles are identified in the document (page 20):
- 4.29 Most of the principles listed would appear to be acceptable, but in reality the evidence (particularly the fact that rates have increased at twice the rate of inflation since 1989) suggests that the funding constraints have not provided much of a limit on the powers of local authorities. We also suggest an amendment to the wording of principle 1 to simply and clearly state, without the 'politically correct' jargon, that councils should adequately consult, consider all views and communicate decisions.

Powers for Regional Councils and Territorial Authorities (page 21)

- 4.30 The document proposes that the power of general competence would apply to regional councils as well as territorial authorities, although it is recognised that the regional focus of regional councils would need to be protected. It is proposed that consultation would be required whenever a regional council wishes to undertake a new activity with a regional scope.
- 4.31 The Government asks whether regional councils and territorial authorities should have the same powers of general competence and whether there should be any limitations on a regional council undertaking activities already undertaken by a territorial authority. Although the two forms of local government should have the same flexibility to carry out their functions, we can see potential confusion of roles and duplication of activities as a significant problem with a broad power of general competence. The functions of regional councils need to be clearly set out and we believe that the Schedule approach set out in paragraph 4.14 above would help address this issue.

Possible Statements Prohibiting Local Authorities from Undertaking Certain Activities (page 21)

- 4.32 The Government believes that duplication would somehow be avoided and that there would therefore be no need to propose limitations on local authorities undertaking specific activities. In our view, there seems to be little comfort in reality that this would in fact be the case, so we believe that it would be worth having safeguards in place so that Ministerial statements may be made, if necessary. For example, some locally driven economic development projects might not have a national benefit (or could even be detrimental), and it might also prove necessary to prohibit councils from engaging directly in the provision of certain social services.

Activities which Local Authorities must Undertake (page 22)

4.33 There are a small number of activities that the current LGA makes mandatory (e.g., fire prevention bylaws and waste management plans). It is proposed that these should be retained and no new mandatory functions are proposed. We have no comment on this matter.

PART 2: KEY ISSUES IN LOCAL GOVERNMENT

5. Roles and Responsibilities of Local Authorities

5.1 The discussion document correctly states that governance is a key role of local authorities – ‘governance’ referring to the role, functions and process of collective decision-making. A council exercises its governance by managing relationships with its communities and with its chief executive and staff.

Governance and the Relationship with Communities (page 25)

5.2 The current LGA does not make provision for the governance relationship with the community, and we agree that legislating for this would not be appropriate. Instead, we strongly support the proposal that ‘good practice guides’ be developed.

5.3 The issue of governance is critical, but we are disappointed that there is no mention of remuneration and how it affects governance. The existing LGA specifies the remuneration of members and we presume that this will continue under any new legislation. There is much evidence that paying councillors per meeting attended does not support good governance – indeed it can create perverse incentives and result in some councillors attending as many meetings as possible even when they may have little constructive to contribute. Instead, we believe that councillors should be focused on strategic considerations, high-level policy, and a monitoring role – not on day-to-day detailed operational matters. We believe that a fair and reasonable annual salary, set by the Higher Salaries Commission, would encourage more efficient governance and would be far more transparent.

5.4 If the performance of local government is to be improved, it is critical that people of high calibre are attracted to stand as councillors. The existing focus on day-to-day ‘hands on’ management by councillors is a disincentive for such people (whose time is often precious and limited). Therefore, the governance

structures need to encourage this objective – operational matters should be left to professional staff.

Governance and the Relationship with the Chief Executive (page 26)

- 5.5 It is important to reiterate here that councillors should be focused on higher-level policy and oversight, whereas operational issues should be left to council staff, led by a competent Chief Executive who is accountable to the Council.

Decision Making Structures and Processes (pages 27-29)

- 5.6 The current LGA sets out, in great detail, certain requirements relating to structures and processes for making decisions. It is proposed that the new LGA would reflect more of a balance between prescribed statutory requirements and local discretion.
- 5.7 The arrangements described in this section of the discussion document would appear to be appropriate, providing councils actually adopt 'accepted good practice'. However, there does not appear to be any definition in the discussion document of what is 'accepted good practice' nor any indication of who would be the judge as to whether the practice in question is good, bad or indifferent.
- 5.8 We have no comment to make on the arrangements for the establishment of community boards or the retention of discretionary powers for council committees.
- 5.9 We have no comment on the arrangements for joint committees.
- 5.10 With regard to standing orders, the discussion document proposes that the principles of the Local Government Official Information and Meetings Act be retained, but that councils would have the discretion to choose the style of meeting and meeting process that would meet the needs of their communities. Business New Zealand would wish councils to adopt standing orders, styles of

meetings, and meeting processes that promote as the highest priorities efficient and effective meeting management, transparency, and accountability.

- 5.11 Business New Zealand strongly supports the proposed adoption of codes of conduct.

Electoral Mandate (pages 29-31)

- 5.12 Business New Zealand is opposed to the abolition of the franchise for non-resident ratepayer electors. While disappointing, we consider that it is not surprising that this Government is proposing its abolition given that the non-resident ratepayer franchise was abolished by the Labour Government in 1989, only to be reinstated by the National Government that took office in 1990.
- 5.13 Business New Zealand strongly believes that this choice of franchise should be retained. If a person happens to be a ratepayer in a local authority that he or she is not a resident of, that person should still be able to exercise their democratic right. This is particularly relevant for many business owners, who might otherwise find themselves taxed without the opportunity of representation – which is contrary to a fundamental democratic principle.
- 5.14 The Government's rationale that the existing franchise is not being widely used is not, in our view, a valid reason to abolish it. If anything, this very argument could be used to advocate the widening of the franchise to allow people to vote in all local authorities in which they are resident and own property (rather than being given a choice of just one local authority in which to exercise their vote). We would support the consideration of such a widening.
- 5.15 This could work as follows: voting papers would be sent to those on the residents' roll (the parliamentary roll) and the rating roll. No individual would be permitted to vote more than once in a local authority either in their own right or on behalf of an incorporated body (but would be able to vote in as

many local authorities in which they are a resident or ratepayer). If voting on behalf of a corporate, the voter would be required to provide their name and residential address, so that dual voting could be policed.

- 5.16 The discussion document also asks whether a person should be able to stand and be elected to more than one council or community board. We believe that while candidates ought to be free to stand in multiple local authorities, if elected to more than one they should be required to make a choice.

Review of Council and Community Board Membership (pages 31-32)

- 5.17 The discussion document proposes that each council should review the number of councillors and the basis for their election (including ward/constituency boundary issues) every six years (currently it is a three-year requirement).
- 5.18 Business New Zealand believes that removing the link between the electoral cycle and these reviews to be a sensible idea, although having the council make the final decision will always make the process open to possible political manipulation (despite provision for the appointment of an 'independent' team to advise on options). For example, it is particularly undesirable for decisions on the numbers of councillors to be made by the councillors themselves.
- 5.19 We believe that it would be preferable for the LGA to specify that such reviews must follow each five-yearly census. This would provide councils with useful and credible information on population and demographics that would enable informed decisions to be made. Such a move would also be consistent with the long-standing practice for the adjustment of electoral boundaries for general elections. We believe that it would be desirable for final decisions on significant changes to be made by an independent body, such as the Local Government Commission.
- 5.20 Business New Zealand believes that the existing maximum sizes of community boards (12) and territorial authorities (30) are far too large,

particularly for what are supposed to be decision-making bodies. We believe that community board memberships should be reduced to a range of 3-5 and territorial authorities 6-12. Bearing in mind the larger populations and geographical areas of regional councils, we would support their range remaining unchanged at 6-14.

Achieving Electoral Fairness and Effective Representation (page 32)

5.21 The discussion document proposes to ensure that each vote is as equal as practicable by reinstating the +/- 10% guideline for determining the ratio of councillors to population. Area and rateable value would no longer be taken into account. While this would enshrine 'one-man one-vote', in our view it is dubious how fair this actually is to the ratepayers themselves, particularly those with the heaviest rates' burden. Like the proposed removal of the non-resident ratepayer franchise, this would reduce business' ability to provide a small but important check on the activities of councils.

6. Maori, Treaty of Waitangi and Local Government (pages 33-36)

6.1 The discussion document contains little analysis and makes no firm proposals on the implications of the Treaty of Waitangi for local government. Instead, the consultation document merely asks a series of questions on the issue (page 36):

- What do you believe the relationship between Maori and local government should be?

We believe that the relationship should be no different from that of any other significant interest group that local authorities should consider in undertaking their activities

- Do you consider there is a relationship between local government and the Treaty of Waitangi? If so, what do you think the nature and extent of that relationship is?

The parties to the Treaty of Waitangi were (some) Iwi and the Crown. We believe that there should be no separate arrangements between local government and Maori on the basis of addressing Treaty claims – these should be taken up with the Crown.

- Do you believe there are barriers to Maori involvement in local government? If so, what are they?

The barriers are no greater than for any other minority group. There is probably even less Pacific Island and Asian involvement in local government. The statistics quoted in the document (page 35) indicate that Maori participation is increasing (from 2.5% of elected members in 1992 to 5.5% in 1998) without any special measures, so is there really a problem? Meanwhile, women have shown that there is no need for 'positive discrimination' to increase their participation – there have been

large increases in the numbers of women councillors and mayors elected over recent years. We believe that the matter comes down to a question of personal choice.

- What suggestions do you have for enhancing and encouraging Maori participation and representation in local government?

We do not believe that there is any need for special measures to increase Maori participation and representation in local government. Unless individuals feel competent to stand and want to stand, artificial encouragement to do so can only operate to the detriment of those it is intended to assist.

- 6.2 The lack of analysis in the discussion document on the Treaty of Waitangi implications is disappointing, as we believe that such a significant policy issue deserved more careful examination and informed public debate. We would be most disturbed should a decision be made by the Government to give local authorities greater Treaty responsibilities or imposed requirements on councils to increase Maori participation at the expense of other groups in society.

7. Planning, Consultation and Reporting

Long Term Council Plan (LTCP) (pages 38-40)

- 7.1 We note that the LTCP is proposed to replace the existing Long Term Financial Strategy (LTFS). While the LTCP would carry over existing LTFS processes, it would also be required to integrate social, environmental, and economic activities – as required by the ‘sustainable development’ objective. The LTCP would be reviewed and consulted on every three years.
- 7.2 Although financial issues would continue to be an aspect of the LTCP, Business New Zealand is concerned that moving to a ‘triple bottom line’ approach would almost inevitably dilute the importance of financial discipline. Furthermore, the LTCP would give councils the licence to positively consider potentially costly social, cultural, and environmental activities and interventions. When combined with a broad power of general competence, councils would gain a powerful implementation tool. There is also a risk that focus and accountability would be lost if multiple, often contradictory, objectives are imposed onto councils. We believe that any tradeoffs against economic efficiency must be clearly and regularly reported to aid accountability and transparency.

The Annual Plan (page 40)

- 7.3 The LTCP would mean that the annual plan would focus on a summary of the annual budget and proposed levels of rates and charges and signal any shifts from the LTCP. The Government suggests that this ‘more focussed approach’ would reduce compliance costs for councils. However, we are concerned that it would also reduce the ability of the community to comment on the more significant policy matters, which, as they would be contained only in the LTCP, would only be reviewed every three years. Given the proposed increase in council powers, more frequent opportunities for comment might prove to be essential.

Consultation (page 41)

7.4 The new LGA would 'encourage' councils to provide information in a user-friendly form. The existing special consultative procedure would become the basis for consultation. A new requirement would be for councils to acknowledge submissions and respond setting out their decisions following consideration of submissions. We support these initiatives.

Reporting (pages 41-42)

7.5 We note that the requirement for an annual report would be retained. The content of the LTCP and annual plan would mean the annual report would focus on financial and non-financial performance (i.e., triple bottom line accounting). Our comments contained in paragraph 7.2 above apply to this issue.

7.6 Benchmarking is an important accountability and transparency tool. However, it is often difficult to make meaningful comparisons of the performance of local authorities. We strongly believe that councils should be required to adopt a common reporting format (including accounting practices, principles, and procedures) for the LTCP, the annual plan, and the annual report. The Government should set 'headings' for councils to report against and the analysis of public and private benefits should be standardised.

7.7 Another measure that would assist in benchmarking performances of local authorities would be for the Local Government Commission to regularly collect and publish information from all councils on important issues such as rates and charges, debt, and amounts spent on infrastructure and services, etc.

Service Delivery Choices (pages 42-43)

7.8 The discussion document proposes that councils should be required to provide information to enable communities to better participate in decisions

regarding the level of services to be provided and ownership of significant assets. For example, councils would be required to elaborate on the criteria listed on pages 42-43:

- *How the proposed service change relates to the social, economic, cultural, and environmental objectives of the council, including the likely impact on service performance for current and future generations.*
- *For new functions or a change of control of a significant asset, an assessment of the most appropriate method of delivery, including possible effects on other current providers of the function or service; and for change of control of a significant asset, accountability and monitoring performance arrangements to be used to assess performance.*
- *When ceasing to provide a service, the ability of the council to provide the service in the future if it so chooses.*

7.9 If councils must take account of the above factors, we would find it hard to imagine many being willing or able to privatise or contract out services on the basis of efficiency (particularly if the social, environmental, cultural factors all have equal weight). We strongly believe that if it would be more efficient for a service to be provided by the private sector then it should be contracted out – this should be the primary consideration. The already considerable power of vocal single-issue interest groups, protesting on what are often subjective grounds, should not be further enhanced.

Council-controlled Organisations (pages 43-44)

7.10 The discussion document recognises that some council services are provided by council owned companies or trusts. It considers that councils should have a responsibility for these organisations. The document states that *‘a council’s investment in council controlled organisations should contribute to community well-being’* (presumably on a triple bottom line basis) (page 43).

7.11 It is proposed that councillors should be ultimately responsible for ensuring that appropriate governance mechanisms are in place for council-controlled

organisations. We presume that this would enable councils to rein in those council owned businesses that might not be operating in a manner consistent with sustainable development. We are concerned that this could encourage greater political meddling in service delivery.

7.12 We believe that council-owned businesses should be subject to the Ombudsmen Act and the official information provisions of the Local Government Official Information and Meetings Act to help ensure the maintenance of transparency and accountability. We also note that State Owned Enterprises are subject to the Official Information Act 1982, and it would be appropriate for the arrangements for local and central government owned trading enterprises to be consistent.

7.13 We presume that these arrangements apply to those council-owned businesses that are owned by one council only. It is likely that some activities (such as the provision of water services) would be more efficiently operated by a business owned by multiple councils. We would be interested in whether there would be any provisions on the governance and management of such businesses.

8. Financial Management

Depreciation (page 46)

8.1 The discussion document proposes that the current requirement to fund depreciation be retained along with existing exemptions. On the face of it, this would seem to be appropriate and financially prudent. However, we understand that councils are actually free not to depreciate roads that are unused, for example. To force councils to fully depreciate all assets could increase overall costs and the need to increase rates demands. Business New Zealand would be most concerned were this to result.

Financial Contributions (pages 46-47)

8.2 The RMA enables councils to charge developers financial contributions arising from the costs of new or increased infrastructure caused by developments. However, some councils have sought to use financial contributions as a funding mechanism, which has been controversial. The local government sector has suggested that the new LGA should include a new funding power (i.e., outside the RMA) to enable councils to specifically charge developers.

8.3 Business New Zealand is wary about any proposals that would give local authorities additional avenues for funding their activities, particularly those that would fall heavily on the business community, such as a new funding power to charge developers. We would therefore support the 'modified status quo' option as it would enable proposals for financial contributions to continue to be subject to the scrutiny of the Environment Court.

Funding Decisions (pages 47-49)

8.4 The discussion document proposes that the LTCP would set out services to be provided and how they would be funded. It would also include the council financial management policy, incorporating a series of criteria for funding

services. However, page 48 of the consultation document states that *'concerns have been raised that this process for funding decisions is too reliant on technical economic analysis and it 'pushes' councils to consider user pays and asset sales as the default option for funding services'*. It goes on to say that the current process has too much of an emphasis on economic analysis and *'does not appear to support the proposed purpose of local government to promote social, economic, cultural and environmental well-being'*.

- 8.5 The discussion document proposes an amended decision-making process that it believes would address these concerns by first asking fundamental questions on why the service is being provided, who benefits, and how it should be funded, before the consultation and decision-making process.
- 8.6 Business New Zealand agrees that the fundamental questions described in paragraph 8.5 above should always be asked. However, we are deeply concerned about the Government's ideological assumption that privatisation and user-pays is 'bad'. This underlying bias is expressed implicitly through the document's emphasis on sustainable development and the triple bottom line, and more explicitly in paragraph 8.4 above. If anything, we believe that the 1996 Local Government Amendment Act's three-step funding process ought to be tightened so as to prevent councils from cross-subsidising residential ratepayers by commercial ratepayers.
- 8.7 It is crucial for ratepayers, particularly business ratepayers who generally already pay a disproportionately high amount of rates, to ensure that council revenue is being spent prudently and efficiently. Often privatisation and user pays will be the most efficient option and such courses should not be actively discouraged if they would benefit ratepayers and the wider community. Unfortunately, it is all too easy for us to see ambitious councils, keen to undertake costly social, cultural and environmental activities and subject to reduced financial and economic discipline, significantly increasing rates to cover their increased expenditures.

8.8 A critical funding issue for ratepayers is transparency in rating procedures and we predict that this will become even more important if the proposals contained in the discussion document are to be adopted. Local authorities must be able to demonstrate where the burden and benefits for services will lie. Although some have made progress in this area (and they ought to be congratulated), we believe that all councils must be required to provide clearly and easily understandable itemised accounts to all ratepayers. Only then will enough people be in a position to adequately judge whether their council is delivering value for money.

9. Local Powers of Regulation

Bylaws (pages 50-51)

9.1 The Government proposes that the only bylaws councils must make would be to prevent the spread of fire. Otherwise, it is proposed that councils would be free to make bylaws for the purpose of protecting the public from nuisance, for public health and safety reasons, and the maintenance of behaviour and order in public places. The courts would continue to supervise the validity of bylaws. We believe that bylaws should only be made in accordance with the specified functions of the council.

Regulatory Decision-making Process (pages 51-52)

9.2 The new LGA would generally prescribe the regulatory powers of local government and detail the process for decision-making in order to enhance transparency. We believe that councils should undertake greater and more detailed analysis of the benefits and costs of proposed interventions, and that requirements to do so should be set out in the LGA. Regulatory and compliance cost statements should accompany any bylaw proposals.

Regulating the Drinking of Alcohol (page 53)

9.3 We have no comment to make on this issue.

Contracting Regulatory Functions (page 53)

9.4 The new LGA would continue to allow councils to contract others to perform their regulatory functions, but they would be required to retain residual legal responsibilities. This would be appropriate.

Council Regulatory Powers for Management and Public Utility Services (pages 53-54)

9.5 The consultation document proposes that regulatory powers should no longer apply where the local authority is acting in a similar capacity to any other person. Regarding utility services, existing residual powers to control public access would be retained. This would be appropriate.

Enforcement (page 54)

9.6 Local authorities would be given enforcement options that would build on existing powers, such as the ability to issue infringement notices for minor breaches instead of pursuing full prosecution, which may be considered too extreme an option. The powers of staff enforcing bylaws would be clarified. Local authorities would also be given a new power to impound objects that are an essential part of the nuisance or offence (e.g., skateboards). These approaches appear to be appropriate.

Penalties (pages 54-55)

9.7 The document proposes that the maximum penalty for bylaw offences should be raised from \$500 and that the courts would be empowered to award costs for remediation of damage in respect to all bylaws. While \$500 may be too low, we believe that they should not be set too high – any increase in the maximum penalty should not exceed the increase in the CPI since the last review.

Ministerial Bylaw Disallowance (page 55)

9.8 The current LGA does not contain a power for the Minister of Local Government to disallow bylaws. Views are sought on whether such a power should be provided. We believe that the Minister should be able to disallow bylaws, but only if there are agreed processes and criteria set in place for doing so.

Bylaws and the Crown (page 55)

9.9 The extent to which the Crown should be bound by bylaws is also being considered. We believe that the Crown should be subject to bylaws.

10. Reorganisation of Local Authorities (pages 56-58)

- 10.1 Business New Zealand believes that any first-principles review of the LGA should have considered whether the number of local authorities in New Zealand is still appropriate. Despite the 1989 reforms, which resulted in mass amalgamations, there are still a number of very small local authorities where amalgamation might prove to be an effective and desirable option.
- 10.2 Unfortunately, parochialism is unlikely to see much progress being made in the near future, despite many of these small local authorities suffering from continued population decline (so making them even less sustainable as separate entities). Taken to the other extreme, having seven city and district councils each overseeing different areas of 'greater-Auckland' seems also to be less than optimal, especially considering the region's infrastructure problems and the need for Auckland-wide solutions.
- 10.3 It is unfortunate, therefore, that this review was not intended to stimulate a further reorganisation of local authorities. A first-principles review should have considered this issue more closely.

11. Other Reviews Affecting the Local Government Act (pages 59-60)

- 11.1 We note that the Government has been undertaking a series of major reviews into local government, most notably into the Rating Powers Act and the Local Elections and Polls Act. While recognising the need for a comprehensive review of the role of local government, we are disappointed that these reviews have been carried out separately and on different timeframes. For example, a new Local Electoral Act was passed in May and a Local Government (Rating) Bill has been introduced into the House with the intention of being passed into law by Christmas (about the time when new LGA legislation is intended for introduction).
- 11.2 These pieces of legislation directly and fundamentally affect the LGA and in our view it would have been far preferable for the Government to have considered and consulted on them in a single package. Although it is now too late to do anything about the Local Electoral Act, we believe that consideration of the Rating Bill should be delayed until new whatever new legislation to replace the Local Government Act 1974 is introduced, so that the two pieces of legislation can at least be considered together.

12. RECOMMENDATIONS

12.1 Business New Zealand recommends that:

General

- (a) Local government should be refocused on its critical role of funding and/or providing those goods and services that cannot be supplied efficiently by the private sector or central government agencies.
- (b) Local government should focus its energy on addressing the following critical issues before being provided with greater empowerment:
 - (i) Elimination of rates differentials;
 - (ii) Real reduction in the overall rates burden;
 - (iii) Withdrawal from inappropriate activities;
 - (iv) Reduction of service duplication;
 - (v) Improved accountability and transparency; and
 - (vi) Reduction in compliance costs to business.
- (c) The Government should establish an experts group (comprising of ratepayers and users, and central and local government representatives) to consider submissions and make recommendations prior to any final decisions being made on the proposals contained in the discussion document.

Purpose Statement

- (d) The proposed purpose statement should be amended to read: 'To enable local decision making, by and on behalf of citizens in their local communities, to promote community wellbeing in the present and in the future'.

Powers of Local Government

- (e) Any power of general competence should be limited to cover a range of specified functions, set out in a Schedule to the LGA and subject to the following core principles:
- Territorial authorities and regional councils should not duplicate services or interventions carried out by the other;
 - Local authorities should not duplicate or put in place competing services or interventions carried out by central government agencies;
 - Local authorities should not compete with private and voluntary sector service providers; and
 - All local authority provided services should be subject to competitive tender.
- (f) The roles of the Office of the Controller and Auditor General, the Local Government Commission, and the Office of the Ombudsmen ought to be strengthened.
- (g) The word 'ratepayers' should be inserted wherever 'citizens' appears, to take account of the important role that businesses play in funding local authorities.
- (h) Specific limitations on the power of general competence are required.
- (i) Local authorities should not be able to exclude or disassociate themselves from the application of international treaties entered into by the Crown.
- (j) The existing Ministerial interventions provided for in the LGA should be retained.
- (k) New Ministerial interventions to give direction through national policy statements and the power to override specific decisions should be introduced, but be subject to a sunset clause.
- (l) 'Politically correct' jargon should be removed.
- (m) Clear functions for regional councils and territorial authorities must be explicitly spelt out, but they should have the same degree of flexibility to carry out their functions.
- (n) Statements prohibiting local authorities from undertaking certain activities should be provided for.

Electoral Mandate

- (o) The franchise for non-resident ratepayers should be retained and extended.
- (p) The Local Government Commission should carry out reviews of council and community board membership, and the basis for their election, following each five-yearly census.
- (q) Area and rateable value should continue be taken into account when setting the ratio of councilors to population.
- (r) The maximum size of community boards and territorial authorities should be reduced to 5 and 12 respectively.

Maori, the Treaty of Waitangi, and Local Government

- (s) The relationship between Maori and local government should be no different from that of any other significant interest group.
- (t) Treaty of Waitangi issues should continue to be the exclusive preserve of the Crown.
- (u) There should not be any special measures to increase Maori participation and representation in local government.

Planning, Consultation and Reporting

- (v) The focus of the LTCP should primarily be on financial issues.
- (w) The LTCP should be open for comment annually.
- (x) Councils should be required to adopt a common reporting format with set headings to be reported against to better facilitate benchmarking.
- (y) The Local Government Commission should collect and publish information on councils to better facilitate benchmarking.
- (z) Decisions regarding service delivery should be primarily based on efficiency and value to ratepayers.
- (aa) Council-owned businesses should be subject to the Ombudsmen Act and the official information provisions of the Local Government Official Information and Meetings Act.

- (bb) The status quo for the funding of depreciation should be retained.
- (cc) Councils should continue to use the financial contribution provisions under the Resource Management Act.
- (dd) Privatisation and user-pays should not be discouraged as funding options if they would be the most efficient and provide the greatest value for ratepayers.
- (ee) All councils should be required to provide itemised accounts to their ratepayers.

Local Powers of Regulation

- (ff) Councils should be required to undertake greater and more detailed analysis of the benefits and costs of proposed regulatory interventions.
- (gg) Any increase in the maximum penalty for bylaw offences should not exceed the increase in the CPI since the last review.
- (hh) The Minister of Local Government should have the power to disallow bylaws providing that agreed processes and criteria are adopted.
- (ii) The Crown should be subject to bylaws.

Other Reviews

- (jj) The Local Government (Rating) Bill should be delayed so that it may be considered together with whatever legislation is introduced to replace the Local Government Act 1974.