

# Local Government Act 2002 Amendment Bill (No. 2) Speaking Notes

## Context

- Dunedin City Council acknowledges that there is need for continual review and reform in local government as in any sector business or enterprise. We agree that, as a sector, we need to be always striving to be both more efficient and more effective at "*meeting the current and future needs of communities for good quality local infrastructure, local public service and performance of regulatory functions*" – the stated purpose of Local Government.
- We also acknowledge that there are legitimate concerns about the financial sustainability of some local authorities. That is not a criticism of any councils. More a recognition of the demographic challenges and increasing responsibilities and expectations facing most councils, particularly in the regions. We are not opposed to addressing these issues through local government re-organisations and amalgamations where appropriate, although those would not be a total solution.
- We also appreciate that CCOs that combine the service provision activities of a number of Councils might in some cases have potential to create efficiencies.
- We therefore support the stated aim of this Bill and in particular, the provisions of the Bill which give local government greater flexibility and options for how we deliver our operations.
- However, in any reorganisation it is critical to 1) get the process right and 2) to be very aware of potential unintended negative consequences. We certainly have concerns regarding the processes outlined in this Bill. And even more importantly we believe that the potential effects could be devastating for the effectiveness and even relevance of some councils, and greatly undermine the ability of communities to positively progress and address the challenges confronting them.
- Taking process concerns first. Our concern is that local communities could have reorganisations or CCO/shared CCO imposed upon them including the euphemistically termed transfer of assets, without community or Council support, little evidence that they will achieve the affect aimed for, and that they may actually degrade the effectiveness of local govt in that area.

- I remind the committee that the assets in question don't belong to the Local Government Commission, they don't belong to central government. They belong to ratepaying communities. Taking them from communities against their will would be theft if imposed on privately held property. Councils manage those assets on behalf of their communities and are accountable to them for that. Councils are not accountable to central government for the way they manage ratepayer owned assets. Worse - the proposals could result in the managers of ratepayer assets not being accountable at all, especially to the owners of the assets.
- This Bill also proposes giving an inappropriate level of powers to the Minister of Local Government and the Local Government Commission. We question not only the appropriateness, but their ability and their level of expertise to make the judgements and decisions proposed to be allowed them. Councils are currently required to conduct sec17a reviews of their services with a view to identifying more efficient means - particularly joint means - to deliver services. Councils in Otago (as everywhere) are already doing that. A considerable amount of work, expertise and analysis - financial, contractual, logistical among others - is required to reach robust conclusions - for instance whether a joint CCO would deliver water or roading maintenance across an area more efficiently than is currently done. The Local Government Commission has neither the expertise nor resource to do that and be confident it had reached the right conclusion.
- Our next concern is around potential unintended consequences. I contend that these proposals have the potential to undermine the effectiveness of local government to the point of irrelevance.

One of the major prerequisites for effective local government is representation and even more importantly representation that allows for clear accountability.

The proposals in this Bill could result in a joint CCO being set up controlling the most significant assets of several ratepaying communities, with no governance representation from Council and no accountability to the community.

What effect might that have on the Councils? Take for instance roading and water, two of the most significant service provision areas of some councils making up sometimes 80% or more of their total budgets.

Without responsibility for those activities and the budget that goes with them, councils would become much less engaged with their communities and potentially fade into irrelevance.

- The potential for locally owned infrastructure to be forcibly vested in CCO is particularly concerning as it would greatly reduce the influence that Councils have over the basic economic levers affecting their communities and would undoubtedly be viewed as paving the way for privatisation of those assets.

- The principles of democracy and subsidiarity are clear. Local issues are most effectively addressed at a local level. This is a crucial point because the apparent trade-off between efficiency and representation may in fact be a trade-off between efficiency and effectiveness. We agree with the goal of improving the efficiency of local government but maintaining representation is critical to the effectiveness of local government.












Councils are the only entities in communities with the mandate and the capability to facilitate and coordinate community wide strategic planning and development. If councils are rendered irrelevant, then communities lose a critical means to consciously develop and progress.

- We are also concerned about the level of power that may be provided to CCOs and the difficulty of disestablishing them if they are found to be not working well. And if enacted the Bill would allow CCOs to propose and enforce bylaws and require a council to amend its development contributions policy. This would make unified and strategic planning virtually impossible, again drastically reducing a community's ability to set its own direction, aspirations and future development.
- If enacted, these powers will have a significant impact on:
  - local democracy;
  - the accountability of elected members and service providers; and
  - the authority and power of local elected representatives.
  - The effectiveness of local government
  - The ability of communities to proactively determine their own developmental future.

These proposals have been dreamed up with the very narrow and simplistic aim of addressing efficiency, but without consideration of the importance of representation and accountability and what their loss would mean for the effectiveness of community driven local government.

- We think it is important to recognise that that local communities are best placed to determine how to meet their own current and future needs and that the effectiveness and even viability of local government rests on good representation and accountability. We support retention of provisions which empower local councils to act on behalf of the communities they represent and the removal of those provisions which are disempowering – that is that remove the ability of local communities to determine their own destiny.

# Local Government and Environment Select Committee Members

	Surname, Firstname	Role	Party, Electorate
	Simpson, Scott	Chairperson	National Party, Coromandel
	Dowie, Sarah	Deputy-Chairperson	National Party, Invercargill
	Doocey, Matt	Member	National Party, Waimakariri
	Foster-Bell, Paul	Member	National Party, List
	Hayes, Joanne	Member	National Party, List
	Korako, Tutehounuku (Nuk)	Member	National Party, List
	Mark, Ron	Member	NZ First, List
	Parker, David	Member	Labour Party, List
	Sage, Eugenie	Member	Green Party, List
	Shaw, James	Member	Green Party, List
	Whaitiri, Meka	Member	Labour Party, Ikaroa-Rāwhiti