

3. RESPONSE TO GOVERNMENT'S STATEMENT OF POLICY DIRECTION FOR REVIEW OF LOCAL GOVERNMENT ACT

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The purpose of this report is to update the Council on progress on the review of the Local Government Act.

BACKGROUND

At the 9 November forum held between Central Government (Prime Minister, Deputy Prime Minister and Ministers) and Local Government (LGNZ National Council) a statement of policy direction was released by the Government. The document, which has been separately circulated to Councillors, sets out the general direction of the work under way on the review of the Local Government Act. It is not regarded as a stage of formal public consultation, rather this will take place during 2001. Nonetheless, "individuals and groups are welcome to make comment on the issues outlined in the document".

Given its high level nature, the document provides no indication as to likely Government thinking on quite a wide range of issues; but it does make some very important statements as to the Government's view as to the role of local government and the importance of a partnership between central and local government. Generally these statements are strongly aligned to this Council's consistent approach of focusing on the achievement of wide ranging social, economic and environmental outcomes in the city. Also they are aligned to the community governance model, recognising the need to work closely with other agencies, especially central government, in doing so.

I would recommend that the Council consider making a strong statement in support of the strategic direction of the document.

KEY POINTS

Paragraph 7 summarises the starting point in terms of what the Government wants. It wishes to see an Act which:

- *Reflects a coherent overall strategy on local government;*
- *Would involve a move to a more broadly empowering legislative framework under which local authorities can meet the needs of their communities;*
- *Involves the development of a partnership relationship between central and local government;*
- *Clarifies local government's relationship with the Treaty.*

It is recognised that local government legislation has generally been too prescriptive in the past. "The Government believes that more emphasis should be placed on ensuring that the local authorities are responsive and accountable to the communities they represent [as distinct to accountability to Parliament], and on providing greater scope for communities to make their own choices about what their local authorities do and how they do it."

The comments made with regard to a partnership relationship between central and local government are particularly challenging:

"The Government believes that central and local government should be viewed as two arms of our system of government, with a shared focus on contributing positively to the wellbeing of communities. The social, economic and environmental problems confronting New Zealand are not capable of being solved by central government alone. They require local government along with community groups, non-government organisations and business to be able to work together to find solutions. The legislation needs to give local government sufficient scope for it to be able to work in partnership with central government, and with the community and business, to advance the aspirations of local communities."

We have for some years consistently expressed the view that better outcomes could be achieved on the ground if mechanisms were put in place so that programmes delivered by central government agencies in Christchurch could be fine tuned to reflect local circumstances, needs and opportunities and to better mesh with other programmes being delivered within the community. The statements with regard to partnership, in particular the one quoted above, suggest that this objective is shared by the Government. The key issue will be to move beyond this shared understanding to ensuring that the new Act puts in place a mechanism which will result in more effective feedback from the local level and co-ordination of central and local government activities.

The discussion document flags the importance of the LGA Review reflecting an appropriate relationship between local government and Maori but at this stage the document is silent as to the underlying principles which the Government wishes to achieve in this area. In fact, work on this issue is being undertaken by Te Puni Kokiri rather than by the Department of Internal Affairs; Local Government New Zealand is attempting to assist central government through a series of hui involving Maori elected members of local government.

PURPOSE AND PRINCIPLES OF LOCAL GOVERNMENT

It is to be welcomed that the Government defines local government as being “governmental” in character. That is, it involves making collective decisions on behalf of the community as well as having coercive powers to tax (para. 20). The importance of this lies in the contrast which can be made with statements of government ministers prior to the 1989 legislation which positioned local government as a mechanism for delivering services which were unable to be put into a market framework.

The reason for local government’s existence is stated as to facilitate “*sustainable development for people and their environments through the balanced pursuit of social, economic and environmental objectives; and a focus on the wellbeing of future as well as current generations.*”

The following statements are therefore made with the intention that they flow through as key principles in the new legislation:

“The Government suggests that the system of local government can be defined as: a nationwide system of democratically elected local governments through which collective decisions can be made and acted upon locally by and on behalf of citizens.

“The Government believes that a statement of the overriding purpose of the system of local government (why we have it) could be along the lines that it is: to enable local decision making by and on behalf of citizens in their local communities to promote their social, economic and environmental wellbeing in the present and for the future”.

There is also a statement of four bullet points as to “principles for local government” which are as follows:

“A possible set of such principles might be along the lines that local government should:

- *Acknowledge, value and respond to the diversity of the interests and rights of local citizens and groups of citizens;*
- *Involve and be accountable to their citizens through open and transparent processes including communication, participation and consultation;*
- *Provide local citizens and groups of citizens with choices over the ways their different needs are met and promoted;*
- *Undertake its activities in an efficient, effective and environmentally sustainable manner.*

The first three of these statements relate to the nature of a council’s relationship with its community/citizens. The fourth is a general statement. In my opinion they need to be supplemented by a statement which says something of the relationship between a council and central government to give effect to the commitment to partnership. An additional principle along the following lines might address this:

“Work in partnership with other agencies – central government and other public agencies, commercial and non-profit groups – to monitor, identify and address social, economic and environmental outcomes at the local level.”

The rest of the discussion paper enlarges somewhat on the key framework set out above. In section 5 for instance it distinguishes between a council’s role of “community leadership” (para. 26) and that of delivering services (para. 27-33). The framework suggested is that there would be a narrow range of activities which local government would not be permitted to undertake (para.30): a number of activities would be compulsory upon local government (para. 31) while the vast majority of activities would be a matter of “local choice” (para. 32).

There are short sections on “Powers of Local Government” (para. 36-37) and on “Accountability and Governance” (para. 38).

Recommendation:

1. That the Christchurch City Council fully support and endorse the statements of results which the Government seeks to achieve from legislative review and in particular the Council welcome the statement that change “involves the development of a partnership relationship between central and local government”. The statements as a whole are:

- *Reflects a coherent overall strategy on local government;*
- *Would involve a move to a more broadly empowering legislative framework under which local authorities can meet the needs of their communities;*
- *Involves the development of a partnership relationship between central and local government;*
- *Clarifies local government’s relationship with the Treaty.*

2. That the following highlighted statements also be welcomed:

The Government suggests that the system of local government can be defined as: a nationwide system of democratically elected local governments through which collective decisions can be made and acted upon locally by and on behalf of citizens.

The Government believes that a statement of the overriding purpose of the system of local government (why we have it) could be along the lines that it is: to enable local decision-making by and on behalf of citizens in their local communities to promote their social, economic and environmental wellbeing in the present and for the future.

A possible set of such principles might be along the lines that local government should:

- *Acknowledge, value and respond to the diversity of the interests and rights of local citizens and groups of citizens;*
- *Involve and be accountable to their citizens through open and transparent processes, including communication, participation and consultation;*
- *Provide local citizens and groups of citizens with choices over the ways their different needs are met and promoted; and*
- *Undertake its activities in an efficient, effective and environmentally sustainable manner.*

3. That a fifth bullet point to the statement of principles for local government be proposed as follows:

“Work in partnership with other agencies – central government and other public agencies, commercial and non-profit groups – to monitor, identify and address social, economic and environmental outcomes at the local level.”