LOCAL GOVERNMENT FORUM

28 April 2004

Mr M A Richardson
City Manager
Christchurch City Council
P O Box 237
CHRISTCHURCH 8015

Dear Mr Richardson

HOT COUNCILS

I am writing to you on behalf of the Local Government Forum, a group of business organisations[1] with a strong interest in promoting efficiency in the local government sector and contributing to the debate on issues affecting the sector.

For some time the Forum has been advocating the benchmarking of local authorities to enable communities to gain a better understanding of how their councils are performing. We understand that benchmarking local authorities is not uncommon overseas, and we are aware that New South Wales does so.

However, in New Zealand neither central government nor local government has so far been prepared to undertake local authority benchmarking. The Forum has been most frustrated by the lack of any comparative analysis of council performance so, in the interests of informing and generating debate, we have decided to do our own benchmarking exercise on council performance ('Hot Councils'), using criteria that are important to the business community.

The Forum chose indicators for which there is official information contained in annual plans and other reports by central government. The attached fact sheet lists the specific indicators under the following four sections:

- Rating (local authority 2003/04 annual plans).
- Revenue and spending (local authority 2003/04 annual plans).
- Resource Management Act (Ministry for the Environment report *Resource Management Act – two-yearly survey of local authorities 2001/02*).
- Democracy (information sourced from documents on the LGNZ website).

[1] Forum members include Federated Farmers of New Zealand, New Zealand Forest Owners Association, New Zealand Retailers Association, Business New Zealand, and the New Zealand Business Roundtable.

The Forum focused on quantitative as opposed to qualitative measures as we wanted indicators that are consistently available in councils' annual plans. We also make no apology for placing our priority on economic indicators, as without thriving and growing local economies it is difficult if not impossible to achieve positive social, environmental and cultural outcomes.

The Forum is also skeptical of the 'Richard Florida' hypothesis suggesting that councils that actively encourage creative, bohemian elements will grow faster than those that focus on sticking to traditional local government activities and containing rates. Florida-ism has become fashionable among some New Zealand councils, but we are aware of research that suggests that those American cities held up by Florida as fostering creativity are growing no faster than the average and may even be poorer economic performers and generating fewer jobs for their residents[2].

We realise that there are differences between councils, so we separated the councils into the following four categories:

- Metropolitan (cities and districts with populations over 90,000)
- Provincial (20,000 to 90,000 population)
- Rural (under 20,000 population)
- Regional Councils.

The main exception to these categories was the inclusion of Papakura, Upper Hutt and Porirua in the Metropolitan category. Unitary authorities (Gisborne, Nelson, Tasman and Marlborough) were included in the Provincial category. Because of its very small size, the Chatham Islands were excluded from the analysis.

The scores resulting from the benchmarking exercise are attached. In summary, within each category the 'hot' councils were found to be:

- Metropolitan Councils: Tauranga City (runner-up Hamilton City)
- Provincial Councils: Ashburton and South Waikato (runner-up Horowhenua)
- Rural Councils: Westland (runner-up Waimate)
- Regional Councils: Taranaki (runner-up Northland)

The Forum acknowledges that there may be some local authorities within each category that will still have unique characteristics that are not easily reconciled by the analysis undertaken. However, we do not consider such an argument to be a valid reason for not attempting to benchmark. If local and/or central government were to come up with their own other indicators then the Forum would warmly welcome alternative benchmarking initiatives that would help raise interest and awareness of local government issues in the wider community.

The Forum would be grateful if you would circulate this letter and its attachments to councillors for their consideration as a submission to your council's draft annual plan for 2004/05 and draft long-term council community plan. We intend to conduct this benchmarking exercise every three years.

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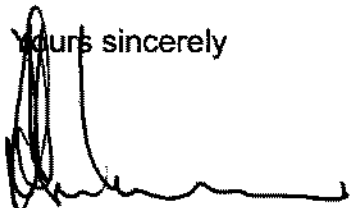
[2] For example, refer to *The Curse of the Creative Class*, by Steven Malanga, Manhattan Institute, Winter 2004 (http://www.manhattan-institute.org/cfml/printable.cfm?id=1203)

If you wish to receive the source data underpinning the Hot Councils analysis please contact Nick Clark, ph 04 496 6555 or e-mail nclark@businessnz.org.nz.

Yours sincerely



Simon Carlaw
Chairman

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Hot Councils Fact Sheet

A new award will be presented to New Zealand's best local authorities on 27 April 2004. The Local Government Forum's **Hot Councils Awards** recognises excellence by local authorities in promoting growth through discipline in rating and expenditure, best practice resource management administration and accountability through local democracy. Councils are being judged against the criteria below, on the basis of publicly available data. The Awards will be run every three years prior to local body elections, to aid ratepayers' voting decisions. Awards (winners and runners up) will be made in four categories: Metropolitan Councils, Provincial Councils, Rural Councils and Regional Councils.

Hot Council Checklist

Rating discipline

- Rates revenue per capita 2003/04
- Increase in rates revenue per capita 2003/04–2005/06*
- Rates as a percent of total revenue 2003/04
- General rating differential for business/commercial ratepayers 2003/04
- Level of Uniform Annual General Charge 2003/04

Spending discipline

- Operating expenditure per capita 2003/04
- Forecast growth in operating expenditure per capita 2003/04-2005/06
- Operating revenue per capita 2003/04
- Forecast growth in operating revenue per capita 2003/04-2005/06

Democracy

- Number of council members 2001-04
- Turnout at 2001 election
- Type of voting system used for 2004 election
- Was the 2003/04 Annual Plan available to freely download from council website?

RMA performance

- Percent of resource consent applications notified 2001/02
- Percent of notified land use consents processed in time 2001/02
- Percent of non-notified land use consents processed in time 2001/02
- Percent of consents where further information sought 2001/02
- Do councils check applications for consistency within one day?
- Do councils formally receive application within one day?
- Do councils not reset the time limit clock to zero on receipt of further information?
- Did the council make its 2001/02 survey responses available to be audited by Audit NZ? If not, has the council made its earlier survey results available for audit?

Points are deducted for non-standard audit reports issued for 2001/02 (latest year for which information is available) and the late adoption of 2001/02 annual reports (after 30 November 2002)

**While most councils make reasonable attempts of 10 year forecasts, a number of councils do not forecast rates, spending, or revenue meaningfully past 2005/06, therefore 2005/06 has been used as a consistent reference point for forecasts*

The Local Government Forum is made up of farming, forestry and business organisations affected by local government decisions: Federated Farmers of NZ Inc, NZ Forest Owners' Association, NZ Retailers' Association, Business NZ, NZ Business Roundtable

Contact: Simon Carlaw ph 04 4966555 or 021 484831, Kathryn Asare 021 555744

RESULTS OF HOT COUNCIL BENCHMARKING – APRIL 2004

Local Authority	Rating Score (Out of 25)[1]	Revenue & Spending Score (Out of 20)[2]	RMA Score (Out of 20)[3]	Democracy Score (Out of 10)[4]	Total Score (Out of 75)	Audit Office Deductions[5]	Revised Total (Out of 75)
Metropolitan							
North Shore	13	12	13	7	45		45
Waitakere	12	13	16	7	48		48
Auckland	10	10	12	7	39		39
Manukau	11	11	13	6	41		41
Papakura	9	13	8	7	37		37
Hamilton	11	16	15	8	50		50
Tauranga	17	14	14	9	54		54
Upper Hutt	9	14	15	10	48		48
Lower Hutt	11	13	15	8	47		47
Porirua	12	14	14	6	46		46
Wellington	6	7	13	5	31		31
Christchurch	15	11	11	7	44		44
Dunedin	10	8	14	7	39		39

[1] Source of information analysed: 2003/04 council annual plans.
[2] Source of information analysed: 2003/04 council annual plans.
[3] Source of information analysed: *Resource Management Act – Two Yearly Survey of Local Authorities 2001/02*, Ministry for the Environment, June 2003.
[4] Source of information analysed: Various documents on Local Government New Zealand website: www.lgnz.co.nz
[5] Audit Office deductions relates to 5 points deducted for either (1) any non-standard audit reports issued for 2001/02 (the latest year for which information is available) or (2) the late adoption of 2001/02 annual reports (after 30 November 2002). This information was sourced from *Local Government: Results from 2001/02 Audits*, Report of the Controller and Auditor-General, August 2003.

Local Authority	Rating Score (Out of 25)[1]	Revenue & Spending Score (Out of 20)[2]	RMA Score (Out of 20)[3]	Democracy Score (Out of 10)[4]	Total Score (Out of 75)	Audit Office Deductions[5]	Revised Total (Out of 75)
Provincial							
Far North	9	10	10	7	36		36
Whangarei	9	11	13	7	40		40
Rodney	10	14	10	7	41		41
Franklin	19	17	13	7	56		56
Thames-Coromandel	13	8	12	7	40		40
Waikato	18	13	13	7	51		51
Matamata-Piako	17	14	16	6	53		53
Waipa	13	13	16	7	49		49
South Waikato	19	15	19	7	60		60
Taupo	13	7	14	8	42		42
Western Bay of Plenty	18	15	16	7	56		56
Rotorua	12	13	15	7	47		47
Whakatane	18	14	14	6	52	-5	47
Gisborne	17	8	11	9	45		45
Hastings	11	13	16	7	47		47
Napier	10	11	15	8	44		44
New Plymouth	13	12	14	7	46		46
South Taranaki	12	10	13	8	43		43
Wanganui	10	12	16	9	47		47
Manawatu	14	13	17	8	52		52
Palmerston North	12	13	16	6	47		47
Horowhenua	16	15	18	8	57		57
Kapiti Coast	12	14	11	7	44		44

Local Authority	Rating Score (Out of 25)[1]	Revenue & Spending Score (Out of 20)[2]	RMA Score (Out of 20)[3]	Democracy Score (Out of 10)[4]	Total Score (Out of 75)	Audit Office Deductions[5]	Revised Total (Out of 75)
Masterton	15	14	18	5	52		52
Nelson	14	9	13	8	44		44
Tasman	17	14	14	8	53		53
Marlborough	14	7	13	7	41		41
Waimakariri	17	16	11	8	52		52
Selwyn	20	16	13	6	55		55
Ashburton	17	16	18	9	60		60
Timaru	13	12	18	9	52		52
Waitaki	14	10	12	8	44		44
Southland	14	10	11	8	43		43
Invercargill	15	13	18	8	54		54
Rural							
Kaipara	21	14	14	5	54		54
Hauraki	13	12	18	7	50		50
Otorohanga	15	13	15	8	51		51
Waitomo	19	12	18	8	57	-5	52
Kawerau	12	12	17	7	48		48
Opotiki	18	17	15	6	56		56
Wairoa	13	10	15	8	46	-5	41
Central Hawkes Bay	13	10	16	8	47	-5	42
Stratford	15	13	17	8	53		53
Ruapehu	13	12	17	8	50		50
Rangitikei	17	14	16	8	55		55

Local Authority	Rating Score (Out of 25)[1]	Revenue & Spending Score (Out of 20)[2]	RMA Score (Out of 20)[3]	Democracy Score (Out of 10)[4]	Total Score (Out of 75)	Audit Office Deductions[5]	Revised Total (Out of 75)
Tararua	13	12	16	7	48		48
Carterton	13	17	13	8	51		51
South Wairarapa	17	16	15	8	56		56
Kaikoura	14	16	11	9	50		50
Buller	14	8	16	6	44		44
Grey	15	8	14	8	45		45
Westland	20	14	19	8	61		61
Hurunui	16	12	13	7	48	-5	43
Banks Peninsula	9	6	14	10	39		39
Mackenzie	15	11	16	8	50		50
Waimate	21	14	14	9	58		58
Central Otago	14	11	16	8	49		49
Queenstown-Lakes	14	9	10	8	41		41
Clutha	18	14	17	7	56		56
Gore	12	14	17	8	51		51
Regional							
Northland	15	20	16	8	59		59
Auckland	10	14	12	6	42		42
Waikato	12	14	15	6	47		47
Bay of Plenty	20	16	14	8	58		58
Hawkes Bay	18	12	20	8	58		58
Taranaki	18	14	19	9	60		60
Manawatu-Wanganui	18	14	11	8	51		51

Local Authority	Rating Score (Out of 25)[1]	Revenue & Spending Score (Out of 20)[2]	RMA Score (Out of 20)[3]	Democracy Score (Out of 10)[4]	Total Score (Out of 75)	Audit Office Deductions[5]	Revised Total (Out of 75)
Wellington	10	4	17	7	38		38
West Coast	17	8	14	10	49		49
Canterbury	12	12	16	7	47		47
Otago	19	15	14	9	57		57
Southland	20	12	16	8	56		56