

**QLDC Council**  
**28 July 2016**

**Report for Agenda Item: 12**

**Department: Corporate Services**

**Local Government Reform Submission**

**Purpose**

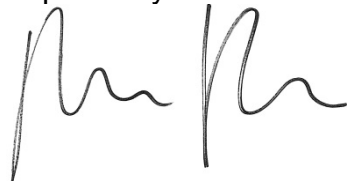
The purpose of this report is to agree Council's submission to the Select Committee regarding the Cabinet Paper on Local Government Reform (Better Local Services Reforms released in March 2016). The submission is due 28 July 2016.

**Recommendation**

That Council:

1. **Note** the contents of this report;
2. **Endorse** the SOLGM and LGNZ submissions on Local Government Reform; and
3. **Approve** the QLDC submission on Local Government Reform.

Prepared by:



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15/07/2016

Reviewed and Authorised by:



Mike Theelen  
Chief Executive

15/07/2016

**Background**

- 1 The Cabinet Paper on Local Government Better Local Services Reform was released by the Minister of Local Government Hon Peseta Sam Lotu-liga in March 2016.
- 2 The paper outlines 'challenges' being faced by Local Government and the Government's desire for Council's to address those challenges through innovation and collaboration.
- 3 According to the paper the sector has been 'slow to adapt' and in 2015 three major amalgamations proposals failed for a lack of community and council support (namely Greater Wellington, Northland and Hawkes Bay).

- 4 The Minister has stated that he considers the sector has had 'little momentum' to change despite the changes to the Local Government Act (LGA) in 2012.
- 5 The paper outlines how Council Controlled Organisations (CCO's) being 'arm's length' organisations, e.g. Watercare Services Limited (Watercare) and Auckland Transport can achieve 'economies of scale' and 'significant cost savings'.
- 6 The paper therefore proposes 'greater use' of CCO's by local government with 'multiple local authority owners' with 'joint governance arrangements', and a focus on enabling joint (regional) water, transport and economic development activities.
- 7 Although the paper outlines that the reform is not designed to impose a predetermined set of structures on local government, the implication is clear that Central Government expects local government will undertake widespread reform.
- 8 It further outlines a 'more proactive role' by the Local Government Commission (LGC) and wider powers of intervention for both the Minister and the Commission. For example the LGC must approve any council reorganisation plan and will be able to initiate local government service delivery investigations and recommend solutions. It will be able to establish CCO's without the agreement of local authorities or their communities.
- 9 The Bill was introduced to Parliament on 9 June 2016 and contains 81 recommendations. Submissions are due on the 28 July 2016. Oral submissions will be made to the Select Committee in August 2016 and it is the intention of the Minister to enact the Bill by late 2016. Reform is to take place during the 2016 to 2019 term of Council (from October 2016).
- 10 In short this appears to have been 'fast tracked' legislation developed without sector or community engagement despite containing potentially significant implications for local communities.

## **Comment**

- 11 The Cabinet Paper outlines how the Better Local Services package enables innovation and collaboration in local government to deliver better local services and infrastructure.
- 12 The package is intended to support the Government's broader programme for building a productive competitive economy and better public services.
- 13 Submissions have been prepared by both the Society of Local Government Managers (SOLGM) and Local Government New Zealand (LGNZ). Council has reviewed the submissions and it is proposed that Council make a submission to the select committee and endorse the two submissions.
- 14 Both submissions speak to a concern that the Bill as currently drafted has potential to erode local democracy.
- 15 Notably this Council is already working collaboratively across the Otago region to undertake a Section 17A Review (as per the Shared Services agenda item of

March 2016), which, under the Act must be completed by August 2017. The Minister acknowledged this progress and recommended this work continue.

## **Options**

16 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:

17 The first step is to identify all "reasonably practicable" options. If an option is not reasonably practicable, then it will not require consultation. One option that should always be considered is the option of doing nothing – the status quo.

18 Option 1 Submit on the Bill

### *Advantages:*

19 Council can lend its weight to the LGNZ and SOLGM submissions and outline not only some key concerns but also an absolute desire to be engaged regarding this significant reform.

### *Disadvantages:*

20 There is a risk that opposition to the reform may be perceived by Central Government as 'patch protection' and a reluctance to embrace change.

21 Option 2 Do not submit on the Bill

### *Advantages:*

22 It is difficult to see any advantage to failing to submit on reform that will directly impact this Council.

### *Disadvantages:*

23 The Select Committee could consider that silence in relation to this significant local government reform may indicate at best support and at least apathy from this Council.

24 This report recommends **Option 1** for addressing the matter for the reasons highlighted in paragraph 19.

## ***Significance and Engagement***

25 This matter is of low] significance, as determined by reference to the Council's Significance and Engagement Policy because although the issue of local government reform is of high importance the decision to make a submission is not significant under the policy.

## ***Risk***

26 This matter relates to the strategic risks ORO28a New Legislation and ORO27 Delivery of Levels of Service as documented in the Council's risk register. The

risk is classed as high. This matter relates to these risks because Elected Members may have insufficient information to make a decision and because the Council has yet to understand the implications of the proposed reform.

### **Financial Implications**

27 There are minimal financial implications in regard to the decision to make a submission; however the proposed reform could potentially have significant budgetary implications. If reform succeeds as outlined, potentially greater financial efficiency may be achieved, however potentially this council could lose direct control over the majority of QLDC's annual expenditure.

### **Council Policies, Strategies and Bylaws**

28 The following Council policies, strategies and bylaws were considered:

- 10 Year Plan

29 This matter is not included in the 10-Year Plan/Annual Plan.

30 The proposed reform would enable a new path for introducing change.

### **Local Government Act 2002 Purpose Provisions**

31 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. This is the underlying intent of the proposed reform.
- However the reform could potentially alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council through the creation of CCO's of shared service models for water, transport, roading and potentially economic development.

### **Consultation: Community Views and Preferences**

32 This matter is a proposed Central Government legislation change to enable local government reform. A Bill is now before the Select Committee and any member of the public has the right to make a submission.

### **Attachments**

- A LGNZ Submission
- B SOLGM Submission
- C QLDC Submission