

ATTACHMENT B: Background of the 'Back to Basics' Local Government Reform Programme

Parliament's local government reform programme aims to reduce the rates burden by getting councils 'back to the basics' and improve efficiency and accountability. The programme has **four areas of focus** and overlaps with Local Water Done Well, Going for Housing Growth and Regional Deals. The programme is ongoing with recent announcements including rate capping, reorganisation of Council's roles and ministerial portfolios. This A3 summarises the major reforms and their progress.

Local Government Reform Focus Areas

Decision making

Setting clear roles and effective legislation for local government, saving time and balancing democratic principles

Systems and processes

Giving councils modern regulatory tools and balancing efficiency gains over services and costs

Transparency & accountability

Ensuring ratepayers know what they're paying for and supporting councillors to represent their communities

Funding and financing

Expanding council funding options and borrowing limits so the cost of investments can be better spread over time

Government is encouraging the use of 'shared services' to increase efficiency. A shared service is where councils (or a government agency) deliver a service for a region rather than individual councils doing it alone.

Progress in this focus area has been limited to introducing development levies and encouraging efficiencies through shared services.

The government is progressing several related reforms, the symbol indicates the progress of the reform

'Systems Improvement' Bill

- Refocus purpose of LG by removing four well-beings introduce new 'core' services of local government
- Provide **regulatory relief** by removing some minor regulatory obligations
- Introduce **standard benchmarking and reporting** across councils to increase accountability and comparison
- Introduce standard code of conduct, standing orders and other governance changes to improve perceived governance and information issues

'Simplifying' Local Government

Two step proposal aimed to:

- Reduce duplication of functions by dissolving regional councils and handing over to a board of local mayors
- Encourage shared services in regions as well as centralising some council services

Progress of policy change

- Due to be adopted by parliament
- Open for consultation
- Open for targeted consultation
- Being implemented

Local Water Done Well (LWDW)

- Encourage water shared services between councils or creation of independent WSCCO's to improve efficiency

Resource Management Reforms

- Replace Resource Management Act with two distinct laws, Planning and Infrastructure Act and the Natural Built Environment Act.
- Shift to planning system focused more on property rights, i.e. the right to develop on land as a default, meaning less consenting and fewer unique area plans

Ministry of Cities, Environment, Regions and Transport

One stop shop ministry for local government, land use, transport and environment

Rate Capping

- Cap rate rises (between 2 to 4% on average), excluding water charges and non-rates revenue (e.g. fees & charges)

Going for Housing Growth

- Changes to Infrastructure Funding and Financing through making better use of levies to pay for infrastructure
- Transitioning from development contributions to development levies to ensure cost recovery
- Introduce Commerce Commission as a regulator of levy system

Regional Deals

- Align regions and government to achieve a long term policy and investment approach in an area