

RECOMMENDATIONS

The Local Government Rates Inquiry report includes a total of 96 recommendations. These are grouped below according to specific topics in the inquiry's terms of reference.

Comments are by David Thornton

Recommendations on drivers of expenditure

The terms of reference ask the inquiry to develop an understanding of the drivers for local authority expenditure, such as growth and infrastructural demands on both operating and capital needs.

1 That councils be entitled to set their own fees for all regulatory responsibilities on an actual and reasonable cost-recovery basis.

Comment. I agree – but both the costs incurred and fees charged must be reasonable. This should make councils more cost-conscious and protect ratepayers from essentially subsidising services which are personal to individuals [this is repeated in recommendation 33]

2 That the relevant provisions of the Resource Management Act 1991 be reviewed to streamline the power to charge a resource rental for occupation of coastal space.

Comment. This seems reasonable where there is a private benefit and ratepayers would otherwise be subsidising private use. However, in the medium term the whole Resource Management Act needs revision to reduce costs to councils for administering the Act and its onerous requirements.

3 That councils move away from fully funding depreciation, with the development of longer-term funding policies that take better account of intergenerational equity, and the availability of longer-term debt financing.

Comment. Yes – but there must be safeguards to prevent councils failing to adequately maintain infrastructure. This is an opportunity to use local government-backed infrastructure bonds for long-life infrastructure.

4 That councils review and reduce forecast rate increases where that is consistent with their longer-term funding policies.

Comment. Urgent need for 10-year plans to be re-assessed and alternative funding be found for non-essential but desirable projects

Recommendations on use of rating tools

The application by local authorities of particular rating tools varies widely reflecting the flexibility given by the Local Government Act 2002 and Local Government (Rating) Act 2002. Understanding rating tool trends and their implications also focused attention on the system of property valuation.

5 That the power to set uniform annual general charges be removed from the Local Government (Rating) Act 2002.

Comment. This could be a problem for asset-rich/cash-poor ratepayers.

6 That the 30% cap on uniform charges be removed from the Local Government (Rating) Act 2002.

Comment. This could be a problem for low-income ratepayers if some council introduced a wide range of uniform charges.

7 That local authorities be encouraged to charge for waste-water disposal by volumetric charging.

Comment. This should help smaller single or couple households which now often pay the same fixed amount as households which are home to seven or more people. However this would need a satisfactory formula being devised [currently 75% of water with Metrowater]. {see also comments on recommendation 30}

Differentials

8 That rating differentials be removed from the Local Government (Rating) Act 2002 from an operative date of 1 July 2012.

Comment. This is a dangerous proposal if councils do not accurately calculate the effect of this move on residential and rural ratepayers.

Business ratepayers will certainly benefit – and there is no doubt that in many cases businesses are rated unfairly. However simply transferring the burden to residential ratepayers would be totally unacceptable.

Similarly rural ratepayers in some areas are currently enjoying lower rates in recognition of the fewer services they receive compared to the urban ratepayer. The Rates Inquiry also chose to ignore the tax benefits businesses enjoy in claiming rates as a pre-tax cost, plus recovery of GST. Residential ratepayers, for the most part, cannot claim such tax deductions, and pay their rates out of after-tax income.

Differentials should not be abolished until such time as the effects of such removal on other ratepayer groups have been assessed – and no additional burden is placed on residential and rural ratepayers.

Valuations

9 That a common rating system based on capital value be promoted across the country for general rates.

Comment. A common system would appear preferable – but the relationship between value and income is only marginally closer than the unfair present system where land or annual value is also used.

The underlying problem remains – and with capital value the plight of the asset-rich/cash-poor will almost certainly increase the financial pressure on that group. This whole issue of property tax needs much more detailed analysis and options, such as found in the USA should be investigated - especially those states with TaxPayer Bill of Rights [TABOR] legislation.

10 That councils indicate in their rates remission and postponement policies a policy for postponement of rating of rural property based on reassessed productive values.

Comment. Seems sensible – but could not a similar approach be applied to businesses generally. This looks like a tax or refund based on profits or income.

11 That councils be encouraged to make more use of their powers for flexibility in rating so that the rating burden better reflects value in use.

Comment. While this is intended for the benefit of the rural sector it could be extended to other classes of property and ratepayer.

12 That the previous model of a central government valuation authority be re-established to increase the level of professional resources applied to rating valuations.

Comment. As long as property taxes are used this is a good idea if it brings a uniformity of implementation across the country.

In the meantime the process for appealing against valuation must be simplified – so we don't get the ridiculous delays witnessed after the last Auckland City valuations

13 As an alternative to recommendation 12, that the resources of the Valuer-General's office be increased to facilitate better quality control of valuations and encouragement for councils to better maintain the valuation roll and databases.

Comment. More bureaucrats? However the Auckland Regional Council's database has proved a mini-disaster and some immediate improvements are needed.

14 That the rates assessment notice make it clear that the rating valuation currently represents a means of distributing the rating burden rather than a likely realisable sale price.

Comment. This cannot be a correct statement because revaluations are based entirely on selling prices actually reported over the three-month period prior to the revaluation date.

Despite that comment a statement clarifying the redistribution aspect of rating would be helpful.

15 That councils develop explicit standards for valuation covering such issues as the proportion of properties to be physically viewed between each calculation cycle and the inspection of all improvements to properties arising from a building consent.

Comment. This should certainly help to tidy up the present unsatisfactory valuation process.

Recommendations on non-rates funding mechanisms

The Rates Inquiry was asked to examine the use of other sources of revenue currently available to local authorities. The recommendations reflect the inquiry's consideration of how appropriately these other sources of revenue are being used, and their capacity to provide more funding.

16 That, as part of the establishment of the proposed Infrastructure Equalisation Fund (recommendation 36), the existing pattern of grants (excluding the financial assistance rate) including the allocation of the increased local authority petroleum tax (recommendation 34) be reviewed in due course to better reflect equalisation principles.

Comment. This is an attempt to ensure that smaller councils, with low ratepayer bases, are able to provide the essential services enjoyed by the larger councils. As the funding of this proposal is to be from central government it should be a relief for ratepayers in those smaller councils.

17 That the low funding rate received through FARs for major urban arterial projects be examined in future reviews of the National Land Transport Fund and the FAR.

Comment. This should provide additional central government funding without lowering funding for rural roads – which are necessary to support our meat, milk and wool export industries.

18 That, with respect to development contributions,

- councils consult closely with one another and with developers in any necessary review of their development contribution policy

Comment. Obviously sensible – but a recent High Court judgement has raised issues which would see existing ratepayers contributing to new infrastructure largely required to cope with population increase. This cost of growth may well put more financial pressure on ratepayers

- regional councils be given the same powers to levy development contributions as territorial authorities

Comment. This will add to costs for new homes – and would also create pressure on regional ratepayers to meet a share of new infrastructure costs.

- these powers not be extended to include Transit New Zealand.

Comment. agreed

19 That local government look favourably on making more use of debt to finance long-term assets. This should include the issuance of bonds (including infrastructure bonds) on the capital market, not just shorter-term borrowing from commercial banks.

Comment. Yes – in favour of bonds – may also be suitable way to fund projects deemed desirable for social and community infrastructure such as libraries, swimming pools and playing fields.

20 That borrowing in foreign currencies be permitted, subject to appropriate foreign currency hedging arrangements being adopted.

Comment. This may not be a good idea – particularly in view of the possibility of wild foreign exchange fluctuations, and the cost of hedging.

21 That the Government remove legislative barriers to the funding of transport projects through the use of tolls.

Comment. Yes – provided that non-toll alternative roads are available.

22 That the Government extend the limit of 15 years on contracts with the private sector for water and waste-water services.

Comment. This may be a Trojan horse position – which might lead to effective privatisation of water supply

Investments

Comment. *The following recommendations are largely tidy-up measures relating to a variety of investment situations. Some of these activities do present risks which would ultimately have to be covered by ratepayers.*

23 That business enterprises owned or controlled by a local authority be required to operate as a business in the same way as State-owned enterprises.

Comment. Probably – and certainly if they are trading enterprises. But while some councils have inherited businesses [e.g. ports and airports] councils generally should not compete with private enterprise.

24 That councils set clear financial targets for such enterprises.

Comment. Yes – and if targets are not met the desirability of retaining such enterprises should be reassessed.

25 That councils report transparently in their annual reports on the achievement or otherwise of the financial targets that have been set for the businesses in which

they have invested, including reporting the actual rate of return earned on the investments.

Comment. Absolutely appropriate.

26 That councils clearly articulate in their LTCCPs their objectives in holding investments in business enterprises, and include in their annual reports an assessment of the extent to which these objectives have been achieved.

Comment. Certainly

27 That councils identify target rates of return for investments held in financial assets and publish the actual return in their annual reports.

Comment. Agreed

28 That clear operating targets for council-controlled organisations and other subsidiary service organisations be set and these results included in councils' annual reports.

Comment. Agreed

29 That cross-subsidisation between such services and other council activities be not permitted.

Comment. This prohibition is certainly necessary – especially in relation to provision of water and waste-water companies.

Water and Wastewater Services

30 That actual and reasonable cost recovery for water supply and waste water on a volumetric basis be encouraged.

Comment. This will be fair provided that water rates are included for purposes of rates rebate and that this a is non-profit operation.

31 That the Government explore providing assistance for local authorities to install water meters where this is practicable.

Comment. Government should provide assistance and all new subdivisions and buildings should include provision for water metering.

32 That the requirement that councils form a council-controlled organisation to be able to levy user charges for waste water be abolished.

Comment. Yes - may need legislation

33 That councils be permitted to set all fees and charges on an actual and reasonable cost recovery basis, and any Government regulations that limit such fees should be removed.

Comment. This is a repeat of recommendation 1.

Recommendations on alternative sources of funding

The Rates Inquiry examined a range of possible new sources of funding for local government, considered against generally accepted criteria for assessment of taxes. The Panel's work involved going over, in greater depth, ground that has been well tilled in the past, and drew on earlier reports and new work commissioned from the New Zealand Institute of Economic Research (NZIER) to provide an independent appraisal of the options. The objective was to determine which new sources could be recommended, which deserve further consideration, and which should be rejected.

34 That the current Local Authority Petroleum Tax (LAPT) be increased by 2 cents a litre on petrol with a commensurate increase on diesel, to be distributed to

councils for general purposes based on a revised formula that incorporates equalisation principles.

Comment. This is suspect – does this mean that tax from motorists should be used for councils general purposes [non-transport]?

35 That consideration be given to a “international visitors environmental levy” on overseas visitors as an option for funding local authority environmental costs associated with high levels of visitors. Further, that this funding be paid into the Tourism Demand Subsidy Scheme, which should in due course be subsumed into the proposed Infrastructure Equalisation Fund.

Comment. Yes in principle – looks convoluted and might be better named a ‘Conservation Levy’

36 That a contestable Infrastructure Equalisation Fund (IEF) be established, funded by a share of GST, to provide financial assistance to councils and communities in the development and maintenance of the “three waters” infrastructure – water supply, waste water, and stormwater.

Comment. Yes in principle but why specify GST as source of funding?

Recommendations on sustainability and affordability of rates

Concerns about the impacts of rates increases for low-income groups and other sectors of society and the economy contributed to the establishment of the Rates Inquiry. The Panel looked at the sustainability and affordability of rates, the impact of the rates rebate scheme changes in 2006, and other Government assistance for families. In addition, the Panel examined the impact of local authority rates remission and postponement policies. The inquiry also investigated opportunities and constraints for private-sector affordability assistance initiatives such as home equity release schemes.

37 That further research be conducted by central government agencies on the affordability of rates for households in the two lowest income quartiles.

Comment. Yes in principle – but this is a limited proposal as it does not relate to services provided. There is a great deal of information already on this subject and the further work should be completed quickly and relief provided where necessary. The Inquiry also seems to be in favour of home equity release schemes – but that in effect becomes a form of deferred wealth tax and there has been no move to wealth taxes in other parts of the NZ tax regime.

38 That data be collected on the ethnicity of applicants for rates rebates applicants so that impacts and take-up issues can be monitored.

Comment. This proposal stems from the Inquiry’s comments that affordability of rates is significant to ‘Maori, Pasifika and other non-NZ European households’. Any additional welfare support for this group would need to be from central government.

39 That central government statistics and monitoring include assessment of rates impacts on both residential and non-residential sectors.

Comment. Yes if it takes into account deductability of GST and tax for business. The Inquiry did point out that rates paid by business account for less 0.5% of operating revenues [pre-tax] whereas residential rates accounted for 5% or more of [after-tax] disposable income.

This could be interpreted as businesses have 10 times the capacity to pay rates relative to residential ratepayers.

Rates Rebate scheme

Comment. *The Inquiry expressed concern at the low take-up rate of rebates- particularly as the Inquiry ‘regards the scheme as a vital component of the rating system’.*

40 That the rates rebate scheme be more widely promoted by appropriate central government agencies in close association with community organisations.

Comment. *The inquiry now believes that only 200,000 people would be eligible for rebate – but acknowledges that many people are reluctant to queue up for welfare handout.*

41 That the Department of Internal Affairs and Ministry of Social Development develop an ongoing programme of monitoring the impact of the rates rebate scheme and other financial assistance for low-income families (including households whose sole income is a benefit).

Comment. *Yes – as long as this includes superannuitants – and financial support follows where needed. There is also a case for this whole scheme to be administered by Work and Income rather than councils which currently have to bear the cost of administering the expanded scheme.*

42 That a robust evaluation be conducted to ascertain the level of understanding among target populations about the rates rebate scheme and the benefits of applying.

Comment. *Same as for above recommendation. The real issue is that council spending is out of control in many areas and the scale and costs of council-provided services must be brought into balance with affordability to communities. No amount of advertising will overcome the reluctance of many, mostly but not exclusively elderly, ratepayers, to take up welfare benefits.*

43 That the Ministry of Social Development provide adequate information about the rates rebate scheme to community services card holders and as part of its advertising about the accommodation supplement. In addition, central government (either the Ministry of Social Development or Department of Internal Affairs) should fund promotional activities by community and voluntary sector organisations to improve take-up by non-beneficiary groups.

Comment. *See previous.*

44 That consideration be given to administration of rates rebates through the Inland Revenue Department in a similar way to rebates for charitable donations.

Comment. *This is worth investigating but could mean non-tax-return ratepayers might need to file a return.*

45 That there be annual indexation of the rates rebate and income thresholds to the average rates increase.

Comment. *This needs refinement because the average rates increase applies to very few people – it all depends on valuation.*

46 That occupants of retirement homes be eligible for the rates rebate scheme.

Comment. *Agreed*

47 That occupiers of papakainga be eligible for the rates rebate scheme.

Comment. *Agreed*

48 That it be clarified that homes subject to a family trust are eligible for the rates rebate scheme.

Comment. Agreed

49 That much clearer information be available on the Internet and in print with regard to the treatment of war pensions in assessment of eligibility for rates rebates.

Comment. Agreed

50 That a review be undertaken to ascertain whether there is consistency in assessment of applications for rates rebates from recipients of war pensions.

Comment. Agreed

51 That water supply and waste-water charges levied by a territorial authority or a council-controlled organisation be eligible expenditure for which a rates rebate may be claimed.

Comment. Agreed. See comments on volumetric charging.

52 That local authorities be required to have a rates postponement policy based on a standard template developed by the Department of Internal Affairs in conjunction with key stakeholders. The policy should include provisions for extreme financial hardship and be updated regularly to reflect good practice.

Comment. Agreed

53 That the Auditor-General be requested to carry out regular reviews of local authority optional rates postponement schemes.

Comment. Agreed

54 That the Department of Internal Affairs, with advice and input from local government stakeholders, the Ministry of Consumer Affairs, and the Office for Senior Citizens, develop material about optional rates postponement schemes for the purpose of public education and consumer advice.

Comment. Agreed

55 That local authorities be required to have a rates remission policy based on a standard template developed by the Department of Internal Affairs in conjunction with key stakeholders. The template should be updated regularly to reflect good practice.

Comment. Agreed

56 That the Ministry of Social Development be asked to undertake work to clarify the relationship between reverse mortgages and central government benefits and the relationship between reverse mortgages and tax treatments.

Comment. Agreed – provided that the purpose is to give ratepayers an honest appraisal of such schemes, especially the probability that these can be a sort of ‘transferred/deferred wealth tax’.

57 That further analysis, including international comparisons, be carried out by the Treasury, Ministry of Social Development, and Department of Internal Affairs to explore the potential for home equity release to meet the housing cost needs (including rates) of ratepayers aged 60 and over.

Comment. This must address the fact that such schemes, if used to pay rates, are essentially a wealth tax, whereas rates are levied to pay for current services and should be paid out of income.

Recommendations concerning land covered by Te Ture Whenua Maori Act

The Rates Inquiry was asked to consider the impact of rates on land covered by Te Ture Whenua Maori Act 1993. The land itself and its history, the validity of its valuation and rates levied on the basis of that valuation, and the land's ownership and productivity all contribute to a complex issue of which rates are one component and for which there is no easy answer.

Comment. I offer no comments on this section as it requires significant further study – especially the impact on non-Maori ratepayers. I fully support further work being done on these issues.

58 That the relationship between the Treaty of Waitangi and rating law be addressed by the Government and form part of the work programme on rating and Maori land.

59 That a new basis for valuing Maori land for rating purposes be established that explicitly recognises the cultural context of Maori land, the objectives of Te Ture Whenua Maori Act 1993, and the inappropriateness of valuations for rating purposes being based on the “market value” of Maori land.

60 That the Government establish an explicit programme of work aimed at addressing the entrenched problems of rating on Maori land and that this be undertaken in partnership with local government and Maori.

61 That, as part of this programme of work, the Government collaborate in a joint exercise with local government and Maori in developing a coordinated and consistent approach to rates remission policies for Maori land.

62 That Maori freehold land that was made general land in the 1967 amendment to the Maori Affairs Act and is still in Maori ownership should be permitted to revert to Maori freehold land enjoying the same rates remissions policies as existing Maori freehold land. Further, there should be no restriction on changing the status of this land back into Maori freehold land.

63 That the work programme proposed in recommendation 60 should be linked to programmes assisting the productive development of the land.

64 That the Society of Local Government Managers, in consultation with Local Government New Zealand, central government, and Maori, develop a programme of training and development that can build capacity and knowledge within local government to effectively address rating and other related issues on Maori

Recommendations on exemptions

The Rates Inquiry was asked to examine the impact and need for existing exemptions from liability for rates, including Crown exemptions from liability for rates. In doing this, the inquiry reviewed each of the current statutory exemptions and considered submissions from local authorities that illustrate the effects of such exemptions.

65 That the categories of non-rateable (and 50% non-rateable) Crown and non-Crown land listed in Schedule 1 of the Local Government (Rating) Act 2002 should be removed from the schedule with the exception of the following items

(clause numbers of the schedule in parentheses):

- the Crown's conservation estate (clause 1) and other conservation land open to the general public (clause 3)
- the territorial seabed, foreshore, and beds of navigable lakes and rivers vested in the Crown (clause 2)
- the roads vested in the Crown and local authorities (clause 17)
- Parliament and vice-regal residences (clause 22).

Comment. In principle I support this – but I think there must be further examination of the need to relieve the Conservation estate from rates. Visitors to Conservation land take advantage of council- provided services. I suggest there is a case for Conservation land to be subject to targeted rates for such services.

66 That the additional costs to Government-funded organisations and institutions arising from the payment of rates not be at the expense of services provided by the institutions whose land is rated and that provision for extra costs be provided through the votes of the funding agencies such as Health and Education, with central funding of schools for this increased cost.

Comment. Obviously the cost of rates must be funded by central government as an additional cost of the services being provided. [e.g. no reduction in educational services to pay for rates on schools etc.]

67 That local authorities have responsibility for decisions about what land removed from Schedule 1 of the Local Government (Rating) Act 2002 should be non-rateable, in full or in part, and that this responsibility be exercised through their rates remission policies.

Comment. Yes – such decisions being subject to community approval

68 That a decision to remove statutory exemptions allow sufficient time to enable local authorities to consult their communities and review and modify their rates remission policies.

Comment. Agreed

69 That the categories of exempt Maori land in clauses 10(b), 11, 12, 13, and 14 of Schedule 1 of the Local Government (Rating) Act 2002 remain and be transferred to a schedule in Te Ture Whenua Maori Act 1993.

No Comment

70 That the scope of targeted rates on non-rateable land be extended and that regional councils, as well as territorial authorities, be given the power to set such targeted rates.

Comment. This seems fair but further examination of the effect on a variety of land uses should precede implementation.

Recommendations on decision making, planning, and accountability

Improving financial decision making in local government is a key issue underpinning the Rates Inquiry's terms of reference. The Panel looked at how local authorities interact with their communities in making financial decisions and ways in which the planning and accountability mechanisms of local government can be improved.

Comment. There was considerable concern expressed to the Inquiry as to the consideration councils gave to public submissions on various plan proposals. The Inquiry team itself expressed concern at the lack of data available on which to base sound financial decisions.

The recommendations in this section arise from consideration of those concerns.

71 That after the current operational review of the Local Government Act 2002 by the Local Government Commission, a further independent review of the consultation and decision-making provisions of the Act be conducted with a view to substantially streamlining the legislative provisions and providing for greater accountability.

Comment. Agreed – but why wait until after the LGC review? Consultation was a significant part of the new Act, any review of that Act should include a review of how consultation has worked.

72 That the Office of the Auditor-General and the Department of Internal Affairs monitor and review the way consultation is working.

Comment. Not sure how practical this would be. I would prefer to see a separate Ombudsman for Local Government to whom residents could turn for speedy attentions to their concerns and complaints.

73 That section 82 of the Local Government Act 2002 be amended to limit council discretion in the means of applying the consultation principles.

Comment. The removal of this discretion may help to ensure that all consultation is undertaken with an open mind – but in the end it would be difficult to prove the absence of an open mind.

74 That the current consultation processes be replaced by more selective and streamlined consultation arrangements.

Comment. Agreed – this must address the role of consultation in the decision-making process, and define what matters must be subject to consultation.

75 That local authorities place more emphasis on building capacity among elected members and council staff to engage with Maori in their decision making.

Comment. This needs further consideration, in particular there needs to be a definition of matters which must have Maori input – or any other input.

76 That within the LTCCP framework, a system of three-year indicative budgets be developed with explicit financial targets, from which the annual plan would be derived.

Comment. Agreed

77 That the LTCCP process be better aligned with the electoral cycle.

Comment. To ask an incoming council - following the tri-ennial elections - to immediately review a 10-year plan is not really practical. A new council should immediately review the current year's budget and be empowered to change expenditure plans, but within the income already set.

78 That councils improve the quality of the summaries of the long-term council community plan as a basis for decision making and consultation.

Comment. Agreed – the summaries need to be detailed enough that ratepayers, and residents generally, can understand the proposals and the financial implications arising from them.

79 That the auditing of long-term council community plans be continued in the medium term.

Comment. Agreed – this is a safeguard for ratepayers.

80 That council-controlled organisations' financial information be required to be

consolidated into the LTCCP.

Comment. Agreed

81 That local government, in consultation with other stakeholders, produce a template, as a good practice guide, so that the amount of rates and annual increases can be better reported, and compared between councils. This template would set out

- total rates and individual components (general rates, targeted rates, user charges, and council-controlled organisation charges)
- the real change in rates (that is, adjusted for inflation as measured by the Consumers Price Index)
- the adjustment for increases in the number of rateable properties
- the average total rate, its change over time, and rates broken down by ward
- the relative amounts and average rate borne by residential, business, and rural ratepayers and how this has changed from the previous year.

Comment. Yes in principle – this needs to address the use of an average percentage figure for rates increases. It should be made clear that councils claiming a low percentage increase in rates are actually referring to the additional total income from rates compared to the previous year. The template should include percentage increases and cash increases at various valuation levels

82 That councils improve the information in the rates assessment notice, in particular by including detail on allocation of each assessment for particular activities.

Comment. This would reveal to individual ratepayers the money they were paying for services they did not receive – and could prompt further discussion on the projects and services that councils should or should not be providing and who should be paying for them. This should lead to councils being required to prove community support for its proposals.

83 That councils more fully explain the rationale for and impact of the policies required to be set out in the statement of revenue and financing policy.

Comment. This ties in with the comments above in recommendation 82

84 That councils set explicit financial targets on a three-year basis in conjunction with the proposed three-year indicative budget (see recommendation 76).

Comment. Agreed

85 That these targets be based on a template to be developed by local government, in consultation with other stakeholders, rather than prescribed in the Local Government Act 2002.

Comment. Agreed

86 That the audit of the financial statements of local authorities report on the achievement or otherwise of these financial targets.

Comment. Agreed

87 That the new template for financial reporting (statement of service costs) proposed by the Controller and Auditor-General be implemented.

Comment. Agreed – all these measures are designed to improve accountability by councils to their community.

Wider involvement at 'industry' level including Government departments

Comment. The following recommendations should result in a higher standard of local governance, but care needs to be exercised to ensure that elected members are not restricted in the exercise of their roles as representatives of the people in their communities.

88 That local government, in consultation with other stakeholders, move to develop a system of performance benchmarking.

Comment. Could be useful – so long as benchmarks are realistic and reflect differences between communities.

Training for elected members

89 That the Department of Internal Affairs work together with Local Government New Zealand to develop a comprehensive programme of training for elected or aspiring members of local authorities delivered in conjunction with appropriately qualified providers.

Comment. This must depend on the content of the programme – many councillors seem to need some basic training in governance matters, but be wary of secret agendas from service providers and the risk of indoctrinating new councillors in a particular bias.

90 That the Department of Internal Affairs collect data on training undertaken by elected members of local authorities in order to assess training needs.

Comment. Be careful about this – the essence of local democracy is that elected representatives must act in the best interests of their community. These 'training' proposals must not overlook the fact that many councillors will not require training – and they should not be penalised if they do not appear on a 'training list'.

Educating the public

Comment. These proposals seem harmless and are aimed at informing the general public on the workings of local government.

91 That the Department of Internal Affairs work in conjunction with the Ministry of

Education and the Electoral Commission to ensure that the national curriculum includes adequate information on the structure, functions, and funding of local government and the way in which citizens may contribute to decision making.

Comment. OK – but must be free of political bias.

92 That properly qualified providers be resourced to develop public education materials about local authority decision-making processes (including financial decision making) utilising different formats and addressing the needs of a range of audiences, using publications, a website, and audiovisual materials.

Comment. Yes – but watch secret agendas

Review of councils decisions and citizens/ratepayers complaints

Comment. These proposals could be useful in having an independent body to which citizens could take complaints. The present avenues for complaints via the

Ombudsmen or the Minister have not led to sufficiently satisfactory resolution. A new and independent body should encourage community participation if it does the job of holding councils to account when necessary.

93 That decisions that could be subject to independent review include the basis or reasonableness of particular targeted rates, of user charges and of development contributions, and rates remission policies.

94 That consideration be given to establishing an independent unit with power to review financial decisions.

95 That the Department of Internal Affairs, as the local government policy agency within central government, be resourced and given responsibility for ensuring that local government policy development has input from key stakeholders (including resident and ratepayer groups).

Comment. This should be enshrined in legislation rather than at the whim of an unelected bureaucracy.

96 That the resources provided to the Department of Internal Affairs be increased to enable it to adequately monitor the operation of councils and of the local government legislation.