



Briefing to the Incoming Minister of Local Government

December 2011

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Introduction

1. As Minister of Local Government, you will set the direction and priorities for the Local Government portfolio. You will also play an important part in helping the Government to achieve broader priorities that affect local government. This will involve leading the relationship between central and local government, and working with other Ministers on cross-portfolio issues and policies.
2. The Department's role is to support you in this work by helping you to develop and implement your priorities for the Local Government portfolio. This briefing is the start of the Department's ongoing advice to you, and aims to meet your immediate needs for information.
3. The focus of this briefing is on introducing some of the more significant issues and opportunities in the Local Government portfolio, providing the foundation for further discussions and briefings. It also summarises the items that are likely to require your attention in the short term (Appendix A). The Department looks forward to working with you on these and other issues.

Key messages about the Local Government portfolio

4. **Local authorities are expected to respond to local views and preferences on one hand and help deliver national priorities on the other.** This is a key feature of the legislative framework, which is broadly in the two parts outlined below. Central government's leverage in local government matters is variable, and largely dependent on which of these frameworks applies to a given situation.
 - Within the Local Government portfolio, local authorities operate autonomously of central government and are empowered to choose which activities to undertake and how to pay for them. They make these decisions in consultation with the local communities that supply much of their funding. They are accountable to these communities, not Ministers – including the Minister of Local Government.
 - Other portfolios charge local authorities with helping central government to achieve national priorities and implement regulations. Legislation delegates functions and responsibilities to local authorities, and provides mechanisms for central government direction, intervention and/or performance monitoring. This means the Minister of Local Government has important relationships with other Ministers whose portfolios affect local government.

5. **There are natural tensions between these different approaches, and they create ambiguities in relationships between and within central and local government.** This does not mean the local government system is about to fall apart, but from time to time it is useful to examine any issues that have arisen and ensure the overall system remains coherent. An integral part of your role as Minister of Local Government is to consider the ongoing effectiveness of the system and framework of local government, and its place in New Zealand's governance structure.
6. **The absence of a coordinated approach to policies affecting local government could result in poorer integration of national and local interests.** Reviews underway in several portfolios are examining subjects of national and local importance, such as infrastructure, water, planning, transport, and building control. This work is raising questions about how the roles and responsibilities of central and local government intersect, where some functions are best delivered, and how local government performance relates to central government's objectives. Local government is, therefore, being reviewed incrementally through this work, but without a broader overview or consistent cross-government approach.
7. **Local government has been shaped by history, but a changing environment means new challenges and opportunities are emerging.** Central and local government are increasingly faced with a challenging fiscal environment, changing community and iwi expectations, and the availability of new technologies. Local authorities are under pressure to respond to these changes, while keeping both rates and debt as low as possible. This can be difficult. New approaches, such as shared services across all or part of the country and/or more flexible legislative frameworks, could be explored so local authorities find it easier to address changing circumstances.
8. **As Minister, you can consider options to address these issues.** This might involve working across central government to develop a more consistent approach to local government, or reviewing the local government system itself – either as a whole, or by prioritising those parts under most pressure. The Department looks forward to exploring options with you.

Roles and responsibilities of the Minister of Local Government

9. As Minister of Local Government, you are responsible for the legislative framework within which local government operates, and for considering the ongoing effectiveness of that framework. You set the direction and priorities for the Local Government

portfolio, and help the Government to achieve priorities that involve and affect local government. The Department's role is to support you, and we look forward to working with you to develop the portfolio's priorities and engage with the sector.

10. The Minister's role is pivotal to a well-functioning relationship between the central and local tiers of government. This will involve:
 - leading the relationship between central and local government;
 - maintaining an overview of interactions between the local government sector and the Government, as well as between individual local authorities and Ministers; and
 - engaging with other Ministers on issues and policies within their portfolios that affect local government. This is important because Ministers will, understandably, approach these matters from their own portfolio's perspective.
11. The local government sector looks to the Minister for leadership on sector-wide issues, and may raise concerns with you about the costs of complying with central government policies. You could visit local authorities and meet with mayors and chairs on an individual basis to discuss these issues and understand local implications.
12. Local Government New Zealand, the sector's representative body, is a particularly important stakeholder for the Minister and the Department. You are likely to be approached for regular meetings, and to take a leading role in the annual Central Government and Local Government Forum.
13. In addition, a number of local authorities have started to work together on a range of inter-regional issues. For example, the newly-established Upper North Island Strategic Alliance is examining collaborative opportunities between seven local authorities in that broad region, and a Central New Zealand Forum was held recently between local authorities from the lower North and upper South Islands. There may be opportunities for you, and the Department, to engage with these and other sector-initiated groups.
14. An essential part of your leadership role will be working with the Auckland Council. The Minister of Local Government has led central government engagement with the Council since its inception in 2010. The Department will advise you on ways to foster this relationship and exercise leadership across government, building on previous mechanisms that appear to have been effective. This will include meetings with the Auckland Mayor and senior Ministers.
15. In 2009, a Cabinet Committee on Auckland Governance Reform was established, with the Minister of Local Government as chair, to consider Auckland-related governance issues. More recently, it has considered the Auckland Spatial Plan and Auckland

Economic Development Strategy. Should this Committee continue, you are likely to play a major role. You will also jointly chair the annual Auckland Central Government-Local Government Forum with the Mayor of Auckland.

16. In the near future, you will engage with the Minister of Internal Affairs on the upcoming Four-year Budget Plan for the Department. In response to the savings required by the Government from 1 July 2012, the Department is identifying efficiency gains and considering how to deliver its services in order to generate savings and enable the wider Department to achieve its potential. For further details, please refer to the *Welcome to the Department* briefing.
17. Finally, the Minister of Local Government has specific statutory responsibilities, as referred to in the paragraph below. Further information is provided in Appendix B.

The Department's role in the Local Government portfolio

18. The Department has a variety of operational roles relating to local government, and supports you, as Minister, in carrying out your statutory responsibilities relating to:
 - being the local authority for several offshore islands;
 - being the harbour authority for Lake Taupō;
 - appointing members to the Local Government Commission;
 - responding to significant local authority governance or management failures; and
 - relationship agreements (Accords), under the Waikato River Settlement, with Waikato-Tainui, Raukawa, Ngāti Tūwharetoa, Te Arawa, and Maniapoto.
19. In addition, the Department has roles relating to the administration of the Rates Rebate Scheme and the Chatham Islands, research and information about local government, and support for local elections.
20. The Department provides policy advice to Ministers and other government agencies on strategic policy issues facing the Local Government portfolio, and the regulatory and legislative frameworks that govern the local government sector.
21. Our current approach to, and advice on, local government policy is guided by two concepts:
 - subsidiarity, which is the premise that decisions are best made by those most closely affected by those decisions; and

- the alignment of decision making, funding and accountability at the local, regional or central government level.
22. These concepts reflect a view that decision making will be optimal when decision makers represent the affected people, and are accountable to those people for the decision and how it is funded. This provides appropriate incentives for decision makers to become aware of the relevant communities' preferences and to make efficient decisions.
23. When developing policies and providing advice, the Department seeks input from the local government sector wherever possible. We encourage other government agencies to do the same, as a collaborative approach can result in clearer problem identification and better targeted solutions and regulatory design. The Department is aware, though, that Local Government New Zealand considers engagement with some central government agencies is not as effective as it might be.

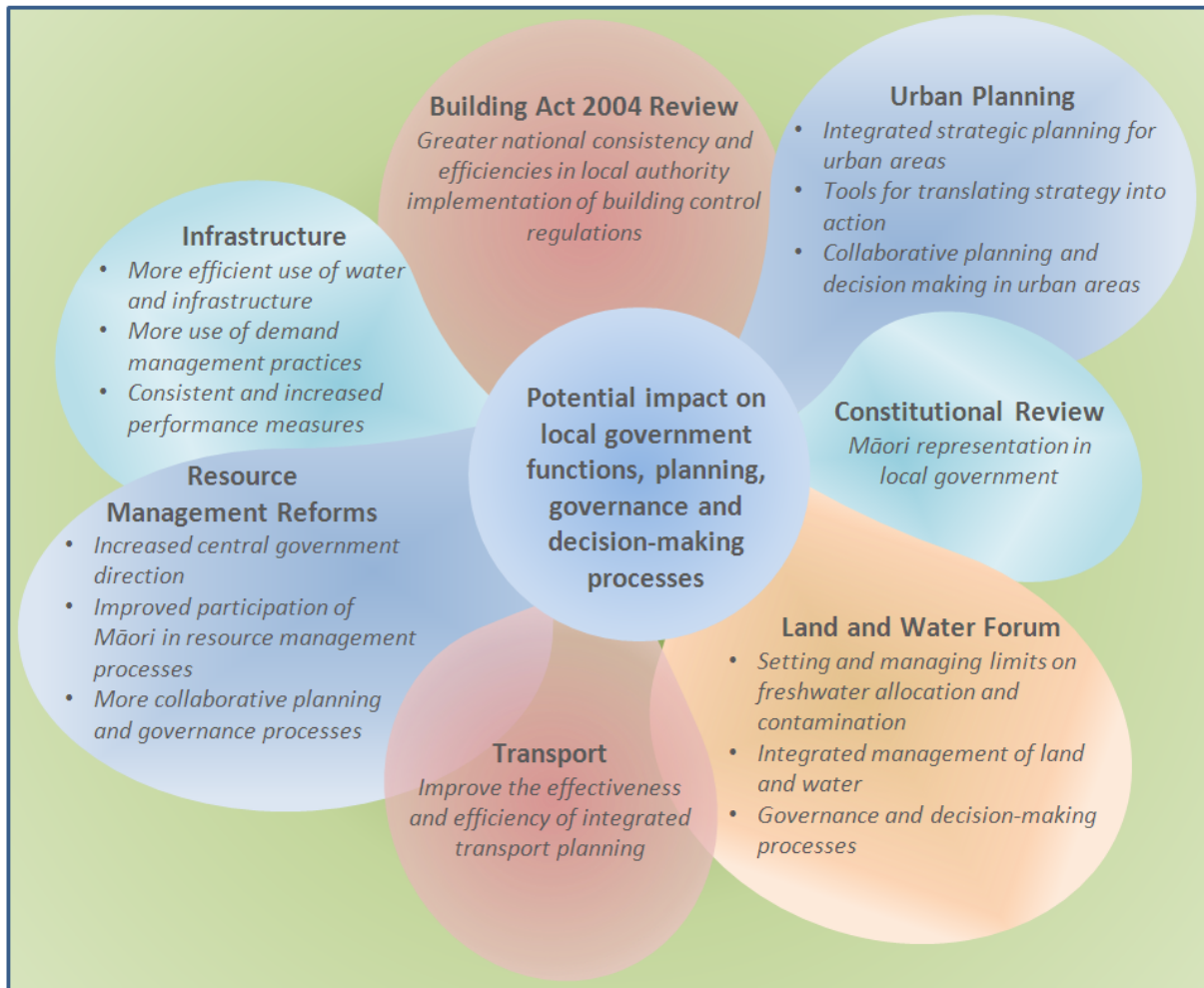
Local governance in New Zealand – issues and opportunities

24. The Department started a review of the structure, functions and funding of local government, and the relationship between central and local government, in early 2011. The Department's thinking has developed since beginning this work, and we would like to discuss next steps with you. One potential option is to pursue a fundamental review of local government, while another is to prioritise one or more of the issues outlined below and examine them further.

Local government is affected by reforms in other portfolios

25. As illustrated in Figure One below, work in several portfolios is affecting local government. Many of these reforms are seeking:
- more centralised direction and/or control over the statutory functions delivered by local authorities;
 - collaborative planning and decision-making processes; and
 - greater consistency in local implementation and/or performance.
26. On an individual basis the outcome of each review might not be considerable, but the overall cumulative impact on the local government system could be more significant. There could be an incremental effect on the key principles and concepts that underpin the local government framework.

Figure One: Links between work in other portfolios and local government



27. This work also raises questions about the level of government at which certain functions sit, including where they are best delivered and which body should be accountable for funding and decision making. Considering these questions further could help to ensure:

- local authorities are not being held accountable to local communities for decisions that are in effect made by central government for the country;
- central government’s accountability and mandate are not frustrated if, for example, local authorities are unable to achieve nationally consistent outcomes; and
- functions that are best delivered regionally are provided there.

28. It would be valuable to discuss with you, as early as possible, how this complex situation might be examined and approached.

There is not a consistent, coordinated approach within central government to local government

29. In addition to the points outlined above, central government's approach to local government is often not well coordinated across portfolios.
30. There are natural tensions between the decentralised, broadly empowering approach of the Local Government Act 2002 and the more prescriptive requirements of other legislation that devolves responsibilities to local authorities. This can confuse relationships between central and local government, which are not defined clearly.
31. The way in which local government is perceived by those working in central government varies, and there can be misunderstandings about how local authorities operate under the local government legislative framework. The approach taken by each Minister and agency can differ and, even within individual agencies, there is sometimes no common way of developing policies that affect local government or of engaging with the sector.
32. The Department considers that the absence of a coordinated and consistent approach to policies affecting local government can result in:
 - conflicting policy objectives;
 - unnecessary duplications and costs;
 - inefficiencies in delivery and confusion about accountability across government and within local authorities; and
 - the cumulative effects of cross-government reforms on local government not being planned, assessed or managed.
33. A further issue is that some policy areas are multi-faceted and dealt with in several portfolios, as well as by regional councils and/or territorial authorities. This can be challenging for all parties, and can be an inefficient way of planning, operating, and making decisions. Significant decisions that may have a national impact are being made at regional and local levels, and no one central government agency has the policy lead or has oversight of local government performance.

Example: Fragmented regulation and management of water

Numerous central government agencies have roles in regulating and managing water. These include: the Department of Internal Affairs (because local government is the main regulator and provides drinking water, wastewater and stormwater services); the Ministry of Health; the Ministry for the Environment; the Ministry of Agriculture and Forestry; the Department of Conservation; and Te Puni Kōkiri. No one agency has the lead.

While there are clear and significant national interests in water, decisions on its allocation and use are made by regional councils and territorial authorities.

However, new approaches are being developed

34. A collaborative, stakeholder-led approach to freshwater management reforms has been taken through the Land and Water Forum. There could be opportunities to identify the lessons learned from this work and consider whether a similar approach might be useful to inform other water-related activities, such as the management of wastewater and stormwater services by local authorities.
35. Reforms to Auckland governance, and subsequent engagement with the Auckland Council on the Auckland Spatial Plan and Auckland Economic Development Strategy, have been achieved through a cross-portfolio approach led by the Department and the Ministry for the Environment. Further collaboration between agencies would provide you and other Ministers with coordinated advice, across portfolio areas.
36. In 2012, many of the legislative changes to improve local government transparency, accountability and financial management take effect.¹ These reforms are providing opportunities for collaboration, and could be used to generate information that is useful across government. Analysis of local authority long-term plans for 2012-22 could produce profiles of planned capital investment in infrastructure, for example, helping to inform policy on this subject. The Department is also working with local authorities and other stakeholders to develop standardised non-financial performance measures for five infrastructure services: water supply, wastewater, stormwater, flood protection, and roads and footpaths.
37. The Department would like to discuss with you these and other possible measures to improve cross-government approaches to, and engagement with, local government. In particular, being Minister for both the Local Government and Environment portfolios could offer significant opportunities for greater coordination and collaboration.

¹ These reforms were made through the Local Government Act 2002 Amendment Act 2010, but some of the new provisions do not start to take effect until the 2012-22 long-term plan.

Addressing issues within the local government framework could help local authorities to respond to new challenges and opportunities

38. Parts of the local government legislative framework are not working as effectively as they might, and there are legacy issues resulting from previous reforms. Local government is also facing fiscal challenges, changing central government, community and iwi expectations, and the availability of new technologies.
39. Addressing the following issues could help to make the local government system more robust and better able to adjust to future challenges and changing environments.
- ***The local government framework does not provide the tools needed to self-regulate.*** Some districts are facing challenges, such as relatively high levels of debt and rates per capita, and are struggling to maintain the capability and capacity needed to perform their responsibilities efficiently. They may be vulnerable to shocks, and lack the resilience to recover if these occur. There are few sources of assistance for local authorities facing these circumstances.

It can be difficult, though, for central government to engage proactively with local authorities and help them to identify and respond to problems before these escalate. Central government generally lacks the tools or mandate to interact with individual local authorities on a practical level.

For example, the Government intervened in Environment Canterbury and appointed commissioners because mechanisms within the local government system could not be used to deal with concerns about the Council's performance. To avoid similar situations arising in the future, the local government framework could become more flexible and capable of self-regulating. We could also explore ways for central government agencies and local government sector organisations to work together to provide support to local authorities.

- ***Communities also have few means to affect local authority decisions.*** Despite a generally strong local government commitment to consultation, people with an interest in their council can sometimes struggle to get clear information about the issues it faces and the potential impact on ratepayers and residents.

Even if the issues are clear, individuals and communities can find it hard to influence local authority decisions or hold those bodies to account. Elections are infrequent and are blunt accountability mechanisms. Seeking judicial review is expensive and addresses decision-making processes, rather than the substance of decisions. Providing more direct tools for people to review or influence local

authority decisions could be useful, and could build on other measures to improve transparency, accountability and financial management in local government.

- **Structural change is difficult.** Reorganisation of districts and regions may help communities to adapt to changes in their economic, demographic and social circumstances. Making these changes is relatively difficult under the Local Government Act 2002 as a lengthy reorganisation process is prescribed. The infrequent success of locally-initiated proposals suggests the current legal process may be a barrier to communities achieving desired structural arrangements.
- **Processes for Māori representation in local government may need to be more flexible.** It is difficult to meet the aspirations of Māori and/or iwi for greater, more effective participation in local authority actions and decisions under the current local government framework. It is also relatively difficult to establish Māori wards, and for communities to make desired changes happen.

40. The Department would welcome the opportunity to discuss your interest in examining one or more of these issues, and how they might be addressed.

The implications of events in Canterbury will need to be considered further

Implications of the Canterbury earthquakes

41. Central government has been well engaged with Christchurch City Council during preparation of the Recovery Plan for the Central Business District. However, you and your colleagues, including the Minister for Canterbury Earthquake Recovery, may need to initiate dialogue with the Council about its next long-term plan.
42. The long-term plan has been deferred by a year to 2013. It will reflect the Council's priorities for recovery expenditure, much of which may rely on central government funding. Ministers will have an interest in whether the plan adequately supports the Recovery Strategy and the Crown's recovery plans.
43. As the Department administers both the Local Government and Civil Defence portfolios, it is able to ensure policy advice and operations are well coordinated and cross-sector issues are addressed. This helps the Department to support both Ministers and assist other agencies.
44. The Department has been working with the Canterbury Earthquake Recovery Authority and Treasury, for example, to understand the financial implications of the earthquakes, including the costs of repairing essential infrastructure. Further discussions between key Ministers and agencies about which costs are to be funded by central government

are likely to be required. Affordability issues for local government will need to be considered during these discussions.

45. Sector-wide implications of the earthquakes may also need to be addressed by local and/or central government. There are concerns about local authority disaster funding and preparedness for future events, for example. As local authorities have been given important roles in response, recovery and rebuilding work, central government has a responsibility to be aware of local capability, capacity and funding issues.

Governance arrangements in Environment Canterbury

46. Environment Canterbury's structure and functions will need to be determined by October 2013.² The Department would welcome early discussions with you about this matter, so any work that is required can be undertaken during 2012.

Links with other portfolios

47. As local authorities have a variety of responsibilities and functions, the Local Government portfolio has connections with several other portfolios administered by the Department. Notable links include:
 - Civil Defence, as local authorities have statutory responsibilities relating to civil defence and emergency management; and
 - Internal Affairs, relating to fire, gambling, information technology, the National Library and Archives New Zealand.
48. There are also important links with many external portfolios, particularly Environment, Building and Construction, Conservation, Health, Transport, Land Information, Agriculture, Biosecurity, Justice, and Treaty of Waitangi Negotiations.

Next steps

49. Matters you will be asked to consider and take action on before the end of March 2012 are outlined in Appendix A. In addition, the Department will provide you with some more detailed briefings before Christmas. These briefings will build on the information introduced above, and supplement the conversations we hope to have with you.

² Under the Environment Canterbury (Temporary Commissioners and Improved Water Management) Act 2010, Commissioners are appointed until the next election, which is the next general election of members of Environment Canterbury or the 2013 local body election, whichever occurs first.

Actions and decisions required by 31 March 2012

The table below identifies items you will be asked to consider before 31 March 2012. The Department will provide you with a briefing on each issue.

Issue	Action required	Date with Minister
Possible approaches to reforming the local government system	<i>Withheld consistent with sections 9(2)(f)(iv) and 9(2)(g)(i) of the Official Information Act 1982</i>	
Possible Order in Council to enable Christchurch City Council to modify its powers to set rates		
Local Electoral Amendment Bill		
Input to Four-year Budget Plan		
Government's relationship with the Auckland Council		
Local Government Commission appointment process		
Review of the administration of offshore islands for which the Minister of Local Government is the territorial authority		
Auckland Spatial Plan – report back to Cabinet		

Issue	Action required	Date with Minister
Possible trial of online voting for local elections	Withheld consistent with sections 9(2)(f)(iv) and 9(2)(g)(i) of the Official Information Act 1982	
Portfolio input to March Baseline Update Submission		
Cabinet report back on Lake Taupō boating facilities fees review		

Key legislation and statutory responsibilities of the Minister of Local Government

Local Government Act 2002 ³	
Purpose	<p>To provide for democratic and effective local government that recognises the diversity of New Zealand communities by:</p> <ul style="list-style-type: none"> • stating the purpose of local government; • providing a framework and powers for local authorities to decide which activities they undertake and the manner in which they will undertake them; • promoting local authority accountability to communities; and • providing for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.
Minister's main statutory responsibilities	<p>The Minister is the territorial authority for several offshore islands, with responsibilities that include managing the implementation of the Resource Management Act 1991 and the delivery of rural fire services.</p> <p>In relation to the Local Government Commission, the Minister:</p> <ul style="list-style-type: none"> • appoints its members; and • can refer matters relating to an individual local authority or local government to the Commission for it to consider, report on, and make recommendations. <p>If specified grounds are met, the Minister can:</p> <ul style="list-style-type: none"> • appoint a review authority or person to review, consider, and report on the performance of a local authority; • appoint a Commissioner or other person to perform and exercise the powers and duties of a local authority; • call an election in a local authority; and/or • appoint a Commissioner for Disaster Recovery.

³ Residual parts of the Local Government Act 1974 are also still in effect, under which the Minister of Local Government is the harbour authority for Lake Taupō.

Local Government (Rating) Act 2002

Purpose	<p>To promote the purpose of local government set out in the Local Government Act 2002 by:</p> <ul style="list-style-type: none"> • providing local authorities with flexible powers to set, assess, and collect rates to fund local government activities; • ensuring that rates are set in accordance with decisions that are made in a transparent and consultative manner; and • providing for processes and information to enable ratepayers to identify and understand their liability for rates.
Minister's main statutory responsibilities	<p>The Minister has no specific responsibilities under this Act. It is possible, though, that intervention measures in the Local Government Act 2002 could be used to address failures relating to rating matters.</p>

Local Electoral Act 2001

Purpose	<p>The Act governs the conduct of local elections and polls by providing uniform rules for:</p> <ul style="list-style-type: none"> • the timing of local elections; • the right of individuals to vote, stand for election, and nominate candidates for election; • the appointment, powers, and duties of electoral officers and other electoral officials; • the compilation of electoral rolls; • the procedures to be adopted for the conduct of elections/polls; • offences against this Act and penalties for those offences; • disputed elections; • electoral expenses; and • extraordinary vacancies. <p>The Act also allows diversity, through local decision making, in relation to:</p> <ul style="list-style-type: none"> • the particular electoral system to be used for local elections/polls; • the regular review of representation arrangements for local authorities; and • the particular voting method to be used for local elections/polls.
Minister's main statutory responsibilities	<p>The Minister's role relates to regulations made under this Act. Before a regulation can be made to authorise the use of voting methods (other than booth or postal voting) in elections/polls, the Minister must advise of his/her satisfaction that this method will operate in a manner consistent with the Act's principles, and consult affected stakeholders.</p>

Local Authorities (Members' Interests) Act 1968⁴

Purpose	<p>The Act deals with conflict of interest situations in local authorities. It has two main requirements:</p> <ul style="list-style-type: none">• Discussing and voting rule: Members of local authorities must not vote or take part in a discussion before the authority on any matter in which they have a pecuniary interest unless a statutory exemption applies.• Contracting rule: A member is disqualified from office who is concerned or interested in contracts with the authority in which total payments exceed \$25,000 in any financial year, unless approval has been obtained from the Auditor-General.
Minister's main statutory responsibilities	<p>The Minister has no specific responsibilities under this Act.</p>

Local Government Accords under the Waikato River Settlement legislation⁵

Purpose	<p>Consistent with the overarching purpose of the Waikato River Settlement, the Accords establish and maintain a positive, cooperative and enduring relationship regarding local government matters that have a direct impact on the health and well-being of the Waikato River.</p>
Minister's responsibilities	<p>Under Waikato River Settlement legislation, the Minister of Local Government has statutory responsibilities to enter into Accords with Waikato-Tainui, Raukawa, Ngāti Tūwharetoa, Te Arawa and Maniapoto.</p> <p>There is an existing Accord between the Minister and Waikato-Tainui on their interests in the Waikato River. Negotiations are underway or about to begin on other Accords.</p>

⁴ This Act is administered by the Department of Internal Affairs, but the powers and duties relating to its implementation are exercised by the Office of the Auditor-General.

⁵ The Department of Internal Affairs is responsible for implementing Local Government Accords, but not the legislation that sets out the statutory obligations to enter into them. The legislation is administered by the Office of Treaty Settlements.

Statutory bodies and stakeholders across the Local Government portfolio

Statutory bodies	
<p>Local Government Commission</p> <p>Current members:</p> <ul style="list-style-type: none"> • Basil Morrison (Chair) • Grant Kirby • Anne Carter 	<p>The Commission is an independent statutory body, whose powers and functions are set out in the Local Government Act 2002. It consists of three Commissioners, who are appointed by the Minister of Local Government.</p> <p>The Commission's main role is to make decisions on the structure and representation requirements of local government in New Zealand. It can also report on matters relating to local government, and make recommendations to the Minister of Local Government.</p>
Stakeholder organisations	
<p>Local Government New Zealand (LGNZ)</p> <p>President: Lawrence Yule (Mayor of Hastings)</p> <p>Chief Executive: Vacant</p>	<p>LGNZ represents the local government sector, particularly elected members. It promotes the national interests of local government, as well as good local governance.</p> <p>LGNZ delivers a range of training workshops specifically designed for elected members.</p>
<p>Society of Local Government Managers (SOLGM)</p> <p>President: Clare Hadley (Chief Executive of Rangitikei District Council)</p> <p>Chief Executive: Karen Thomas</p>	<p>SOLGM represents senior local government officers. It supports its members through professional development and networking opportunities, good practice, and advocacy work.</p> <p>SOLGM delivers specially designed training programmes and courses through its Opus Business School.</p>

Stakeholder organisations

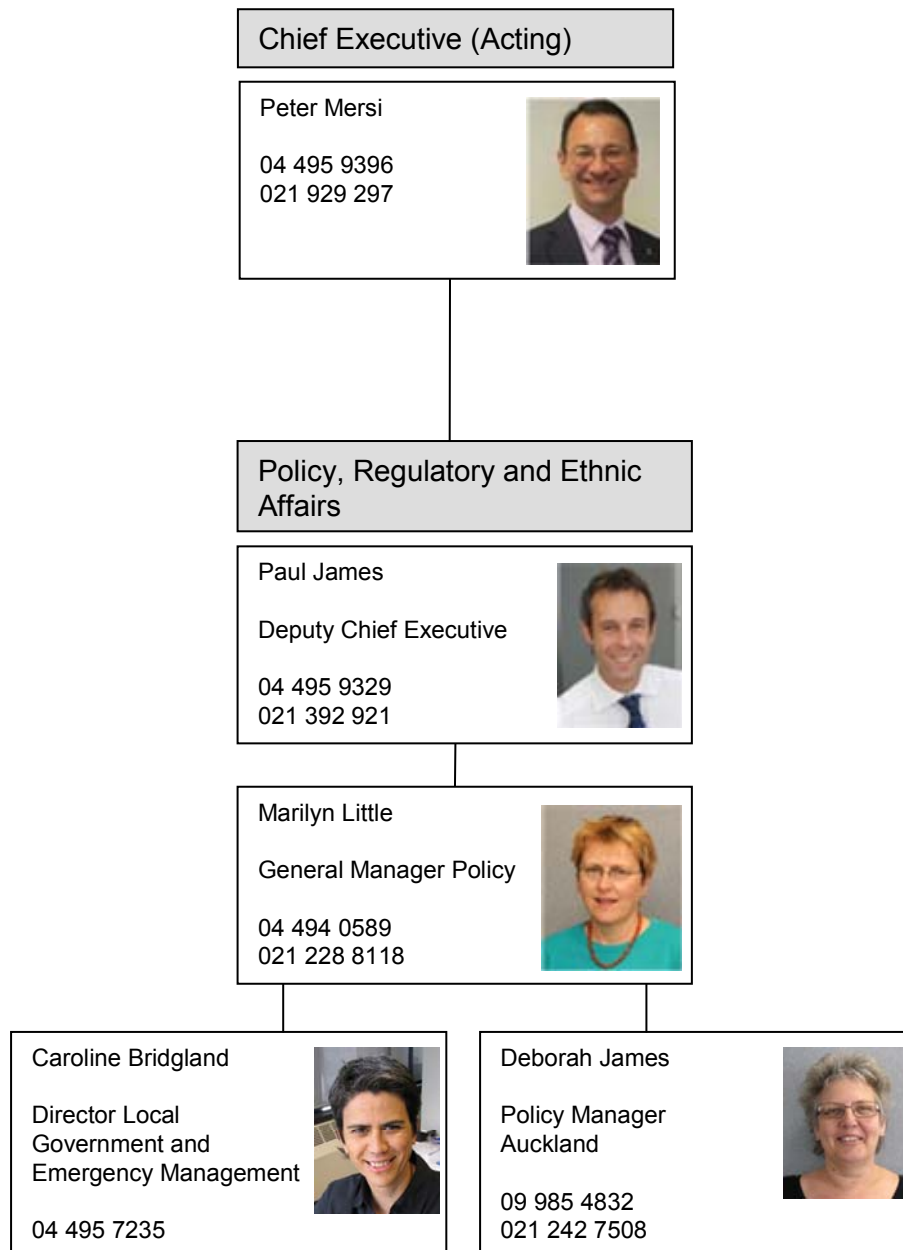
Local Government Forum

Chair: Michael Barnett

The Forum was formed in 1994 to promote efficiency in local government and to contribute to debate about issues affecting it.

Members are organisations with interests in local government, including Business New Zealand, Electricity Networks' Association, Federated Farmers of New Zealand, the New Zealand Business Roundtable, the New Zealand Chambers of Commerce, and the New Zealand Retailers' Association.

Key contacts in the Department of Internal Affairs



Vote Local Government⁶

Departmental appropriations	
\$5.228 million	For the provision of policy advice and other support services to the Minister on local government issues
\$3.558 million	For advisory and support services to the Local Government Commission, providing information on local government, administering legislation and the Rates Rebate Scheme, operational advice to the Minister, and providing regulation and boating services for Lake Taupō

Non-Departmental appropriations	
\$60 million	For assisting low-income residential ratepayers with rates rebates
\$4.550 million	Capital funding for a Local Government Debt Vehicle
\$4.087 million	Contribution for the cost of Chatham Islands Council for meeting its statutory responsibilities
\$1.797 million	For maintenance costs of Crown-owned assets at Lake Taupō
\$1.500 million	Grant for the use of Lake Taupō, based upon a 2007 agreement between the Crown and the Tūwharetoa Māori Trust Board
\$1.012 million	For upgrading boating facilities at Lake Taupō

⁶ Figures as at October 2011 Baseline Update.

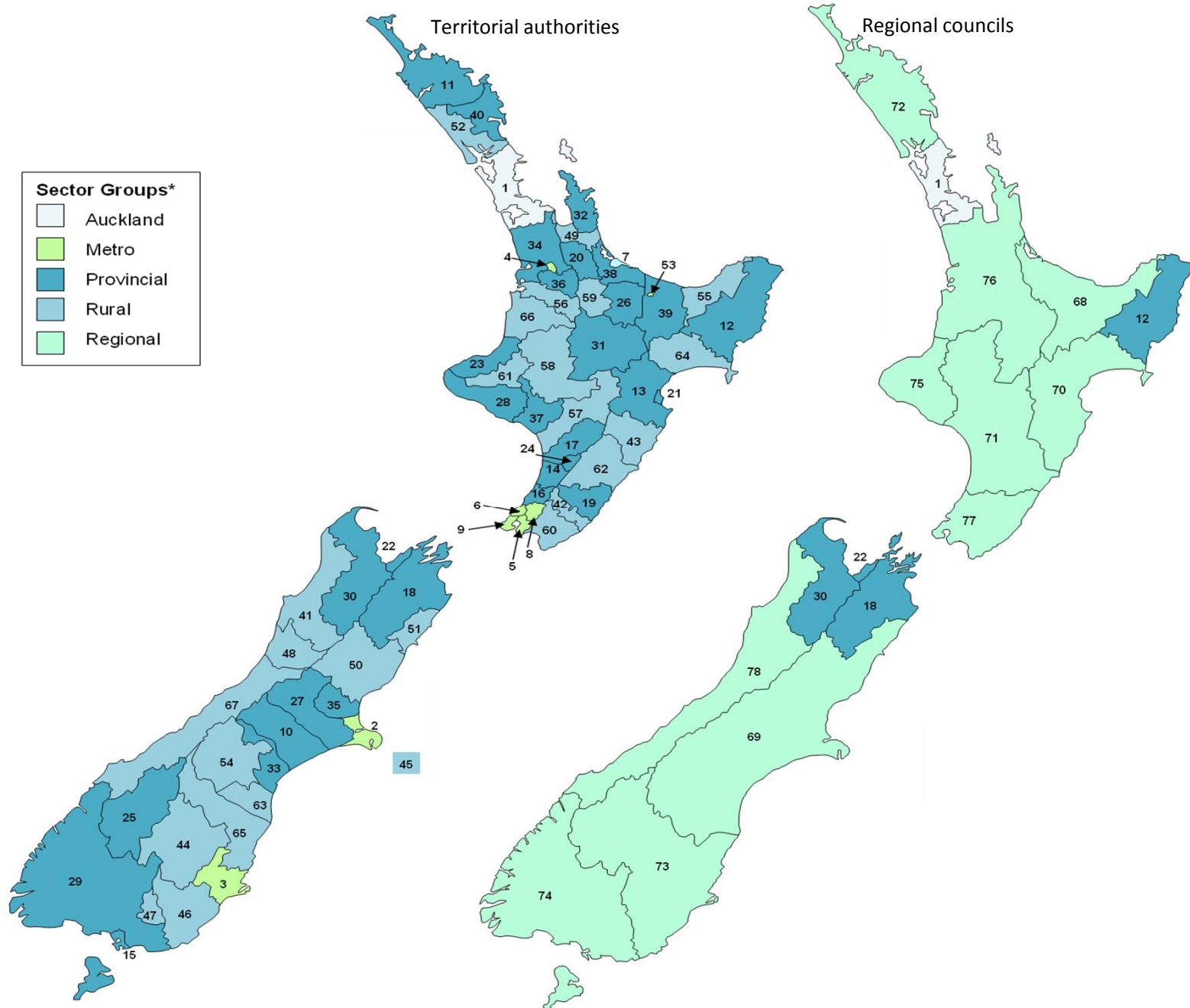
Map of local government in New Zealand

No. Council (by sector group) Estimated usually resident population as of 30 June 2010

1	Auckland Council	1,461,900
Metro		
2	Christchurch City	376,700
3	Dunedin City	124,800
4	Hamilton City	143,100
5	Hutt City	102,700
6	Porirua City	52,100
7	Tauranga City	114,300
8	Upper Hutt City	41,100
9	Wellington City	197,700
Provincial		
10	Ashburton District	29,400
11	Far North District	58,400
12	Gisborne District	46,500
13	Hastings District	75,100
14	Horowhenua District	30,600
15	Invercargill City	52,400
16	Kapiti Coast District	49,400
17	Manawatu District	29,700
18	Marlborough District	45,300
19	Masterton District	23,400
20	Matamata-Piako District	31,800
21	Napier City	57,600
22	Nelson City	45,500
23	New Plymouth District	73,200
24	Palmerston North City	81,300
25	Queenstown-Lakes District	27,800
26	Rotorua District	68,600
27	Selwyn District	39,600
28	South Taranaki District	26,900
29	Southland District	29,500
30	Tasman District	47,300
31	Taupo District	34,000
32	Thames-Coromandel District	27,000
33	Timaru District	44,300
34	Waikato District	63,800
35	Waimakariri District	47,600
36	Waipa District	45,700
37	Wanganui District	43,500
38	Western Bay of Plenty District	45,400
39	Whakatane District	34,400
40	Whangarei District	80,000

Sector Groups*

- Auckland
- Metro
- Provincial
- Rural
- Regional



Rural		
41	Buller District	10,000
42	Carterton District	7,540
43	Central Hawke's Bay District	13,500
44	Central Otago District	18,200
45	Chatham Islands Territory	640
46	Clutha District	17,450
47	Gore District	12,300
48	Grey District	13,850
49	Hauraki District	18,650
50	Hurunui District	11,100
51	Kaikoura District	3,800
52	Kaipara District	18,950
53	Kawerau District	6,990
54	Mackenzie District	4,010
55	Opotiki District	9,000
56	Otorohanga District	9,290
57	Rangitikei District	14,850
58	Ruapehu District	13,550
59	South Waikato District	22,900
60	South Wairarapa District	9,340
61	Stratford District	9,160
62	Tararua District	17,750
63	Waimate District	7,550
64	Wairoa District	8,440
65	Waitaki District	20,800
66	Waitomo District	9,640
67	Westland District	8,880
Regional		
68	Bay of Plenty Region	275,100
69	Canterbury Region	565,700
70	Hawke's Bay Region	154,800
71	Manawatu-Wanganui Region	231,500
72	Northland Region	157,400
73	Otago Region	207,400
74	Southland Region	94,200
75	Taranaki Region	109,100
76	Waikato Region	409,300
77	Wellington Region	483,300
78	West Coast Region	32,700

*Sector groups are from the Local Government New Zealand (LGNZ) membership roll and are self-selected by councils.

Source: Population from Statistics New Zealand

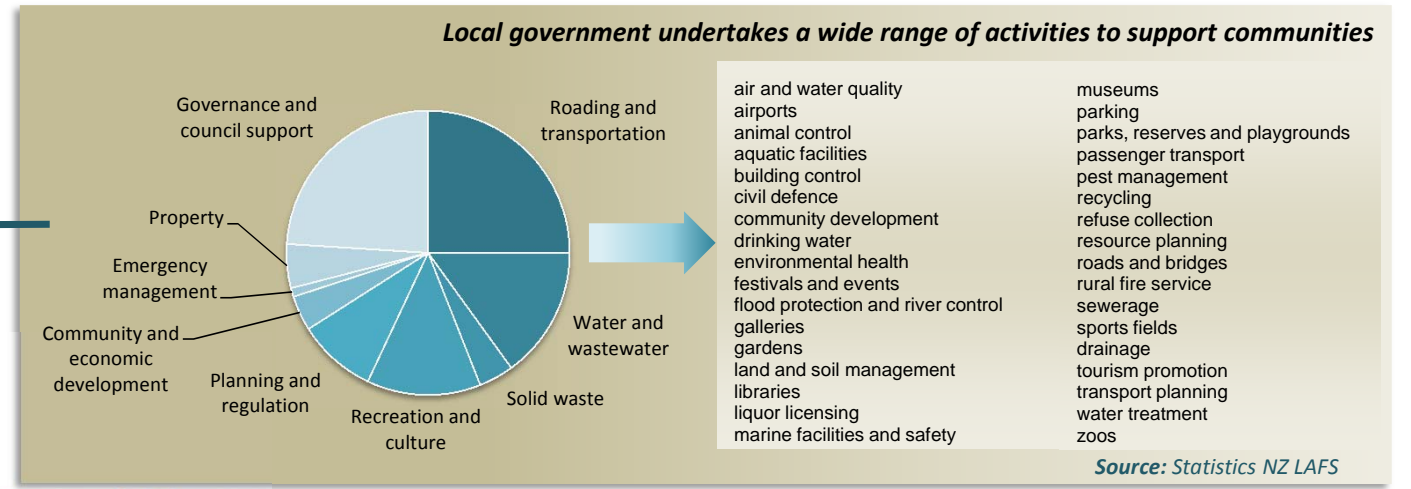
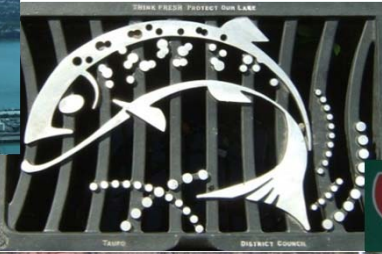
A snapshot of local government

The Auckland Council was established in 2010

- It is responsible for over 1.4 million people (33% of New Zealand's population)
- Auckland Council has seven council-controlled organisations (CCO) to deliver services for the Council
- The Council and its CCOs own fixed assets worth over \$34 billion and have over \$4 billion in debt

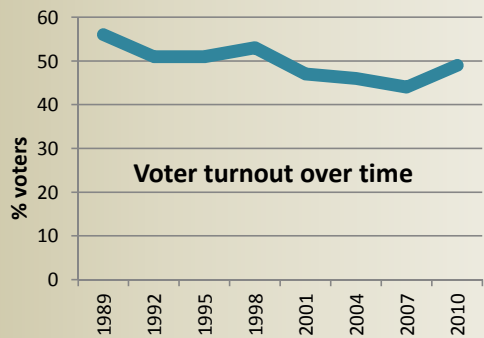


- In 2010 local government**
- Consisted of 78 different councils
 - 67 territorial and unitary authorities
 - 11 regional councils
 - Contributed 4% to GDP
 - Owned \$92.3 billion in fixed assets
 - Employed around 23,000 people (FTE)



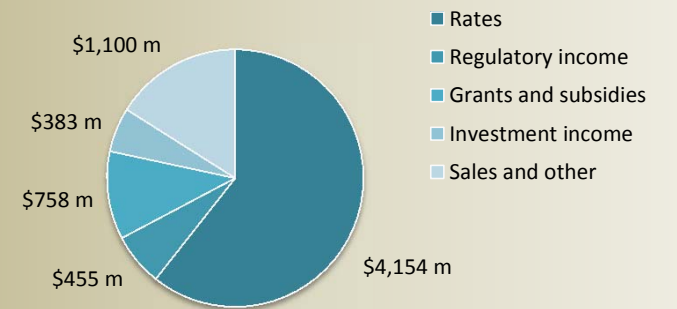
There were 1465 elected members in 2010

- Overall, voter turnout has been declining since 1989
- 32% of elected members are women
- There are 116 community boards
- 3917 candidates stood in the 2010 elections
- The 67 Mayors are elected by voters
- The chairperson of a regional council is elected by the councillors



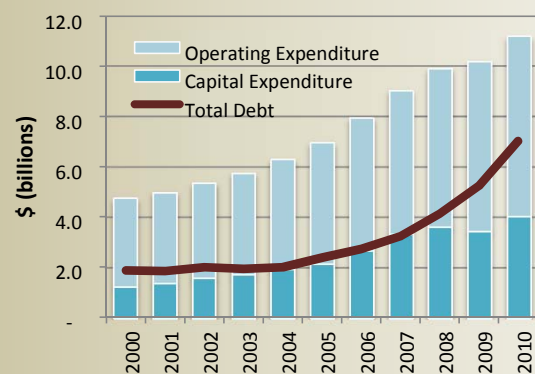
Operating income was \$6.8 billion in 2010

- Rates are the most important source of income for councils
- Compared with most OECD countries, local government in New Zealand receives very little subsidy funding from central government
- Investment income is highly variable across the sector



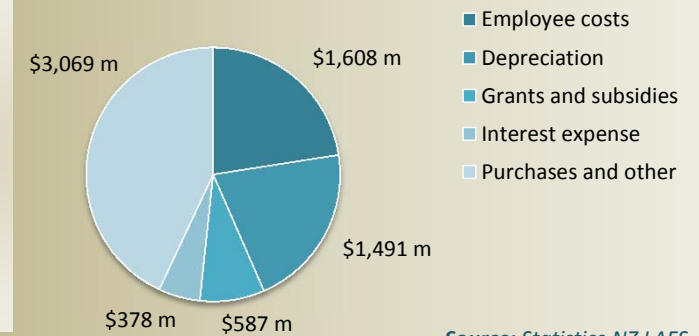
- Local government capital expenditure was \$4 billion in 2010
- Capital expenditure is used for renewals, increased levels of service and increased demand due to growth
- Levels of debt have been increasing since 2003. Forecasts from 2009 indicate debt will rise to \$10.8 billion in 2019
- This appears to be due to cyclical infrastructure spending

Local government owed \$7 billion in 2010



Operating expenditure was \$7.1 billion in 2010

- The proportion of expenditure on employees has been decreasing, from 29% in 1993 to 23% in 2010
- Expenditure on interest has increased from 3% to 5%, reflecting the increased use of debt



Further information about local government can be sourced from www.localcouncils.govt.nz