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### **Submission to the Local Government Commission on the Operational Review of Local Government Act 2002 and Local Electoral Act 2001**

NCWNZ is an umbrella organisation representing 46 Nationally Organised Societies and National Members. It has 28 Branches throughout the country attended by representatives of those societies and some 150 other societies. It also has three satellite groups and three regional consultation groups. NCWNZ is representative of approximately 350,000 women, via its affiliated bodies. The Council's functions are to serve women, the family and the community at local national and international levels through research, study, discussion and action. Members welcome the opportunity to consider this consultation document, also noting the submission from the Society of Local Government Manager (SOLGM) (March 2007) and Local Government New Zealand (LGNZ) (April 2007). This response has been prepared by the Public Issues Standing Committee following circulation of questions to NCW members.

#### **General Comment**

It is noted that the local Government Commission (The Commission) under section 32 of the Local Government Act 2002 (the LGA) and the Local Electoral Act 2001 (the LEA) must include in its review the following

- the impact of conferring full capacity rights, rights, powers and privileges upon local authorities
- the cost effectiveness of consultation and planning procedure
- the impact of increasing participation in local government and improving representation on local authorities.

As has been emphasised in other NCWNZ submissions to Parliamentary Select Committees and on many discussion documents, conference resolutions are based on the criterion of what is best for women and families, both in our country and overseas. Consequently, how rates affect women's welfare is of special concern. This review is seen as having the potential to impact on those concerns.

## Special Comments

### **The impact of conferring full capacity rights, powers and privileges upon local authorities.**

NCWZN supports the recommendation of the SOLGM that The Commission adopt the principles outlined by them on page 11 of their submission as the underpinning for its review of the LGA and the LEA.

Members agree that such a principle-based framework would lead to a rational and consistent approach to propositions being considered. SOLGM listed the principles as including:

- a. decisions should be made by the level of government closest to the community affected by the decision, unless there are clear reasons for the decision being made at a higher level.
- b. Where practicable the new legislation should enhance democracy through providing easy access opportunities for citizens to articulate their views and take part in decisions.
- c. Wherever possible reform should result in decision-making and service delivery structures that avoid duplication and enhance collaboration.
- d. Proposals should ensure that the accountability for decision-making is clear and processes employed are transparent.
- e. Prescribed processes and outcomes must be tempered by an understanding of the scale or significance of the issues being considered, the ability of communities to meet costs relative to benefits, and the capacity of the institutions.

NCWZN is interested in the recommendations of LGNZ that in undertaking its review that the Commission consider the relationship between central and local government including recommending to the government the possibility of:

- a. entrenching local government legislation and
- b. developing with local government a formal protocol to codify the roles, responsibilities and commitments of central and local government.

NCWZN supports the LGNZ recommendation that the Commission note that the sector seeks further clarification from the government about its objectives for the legislative requirement for a policy on remission and postponement of rates on Maori freehold land; and that the sector seeks greater support from the government for councils and Maori landowners in fulfilling these policy objectives.

NCWZN would like the Commission to consider the recommendation from LGNZ that the population formula for setting wards and constituency boundaries be reviewed to provide either an opportunity for the Commission to make marginal adjustments to the formula in order to align electoral boundaries with communities of interest or broaden the formula to include factors additional to population.

## The cost effectiveness of consultation and planning procedure

### Long Term Council Community Plans (LTCCP)

NCWNZ supports the concept of LTCCPs. Members believe that the process will bed down to manageable proportions in time, There is also support for the continuation of Annual Plans as these, like NCWNZ's own strategic plan process, are seen as developing the incremental steps to achieve the LTCCP objectives.

NCWNZ suggests that local authorities need to train staff to enable them to undertake good community development processes to ensure access and enthusiasm for communities to participate. The document needs to be user friendly and the focus should be on the key strategic issues that the local community faces.

Members are concerned that whilst Councils are required to develop long term plans the legislation empowering local government can be changed at any time and this could result in an environment of uncertainty.

In many of its submissions NCWNZ asks that impact reports, disaggregated by gender, be undertaken before bills are completed. It is understood that there is a standing instruction to all Ministry policy analysts that this should happen, although anecdotal reports suggest it rarely does. Therefore members support this process being included in the development of local government policy as well as assessment of the impact on local government when undertaking any regulatory impact statement. That local government should be consulted in the development of all new policy and legislation is absolutely supported.

There is concern however about the continuing devolution of activities from central government to territorial authorities without an accompanying funding, i.e. Prostitution and Gambling Acts. This is seen as one factor in the rates level. Members suggest this may be raised as an adjunct to the discussion being undertaken by DIA regarding the current Crown exemption from development contributions.

NCWNZ has made a number of submissions regarding the financing of capital works by territorial authorities. The latest was to the recent **Government Rates Enquiry** which included the following statements

*'As sovereign debt is guaranteed by the public revenues of the New Zealand, the Government is able to borrow at a cheaper rate than most companies, local bodies and individuals. Therefore subsidies from central government can be a lesser burden on tax and ratepayers than levying higher rates (plus GST) or the issue of local government bonds or debentures. Where local government capital works are required by law (e.g. under the Health and Disabilities Act), there is no economic or ethical reason why private investors in public debt, should profit. With public finance legislation permitting the Minister of Finance or his agents, to borrow from any source there is no barrier to restoring a system which successfully funded roads, bridges and state houses during the first Labour Government, i.e. the drawing down from credit-lines negotiated with the Reserve Bank of New Zealand at nil-or very minimal-interest'.*

And

*'Imposing GST on rates is an inequity which NCWNZ has discussed at length with the Minister of Finance. Research reveals that GST was originally put on rates as a tax-on-a-tax, with the object of revenue sharing by Government. On this understanding councils agreed to the scheme only to find it cancelled after a very short time. The GST however remained, the rationale being that it is a consumption tax, therefore applies to ratepayers purchasing goods and services provided by their respective local authorities. The fact that ratepayers do not "purchase" but actually provide (fund) their capital goods and operating costs has carried no weights with the Ministry's Treasury advisors, the same officials who argued that financial services should be exempt from GST'*

This latter paragraph arose out of the 2005 NCWNZ National Conference Resolution

**That NCWNZ urges Government to legislate local authority rates to be zero-rates for Goods and Services Tax (GST).**

In its submission NCWNZ suggested that there needs to be a new attitude whereby one generation gifts to the next one, the endeavours of today-for which the next generation will need funds to maintain. New Zealand still has an infrastructure deficit which could largely be solved by better ways of funding.

These suggested ways of changing funding for local bodies have the potential to impact positively on the rates level for individuals in the community through a lower cost of money for loans and an immediate 12.5% reduction in the rates demand by the removal of GST. With prudent planning Local Authorities should benefit as well.

**Service delivery**

There is an unnecessary level of prescription with regard to service delivery for example with the proposed Health(Drinking Water) Amendment Bill which would over-rule local priority setting and decision making by forcing councils (and therefore communities) to prioritise the funding of water supply upgrades above all other council spending.

NCWNZ supports the recommendation of the SOLGM that all aspects of the Local Government Act that relate to service delivery be reviewed to ensure they are consistent with the principles and purposes of the Act.

**The impact of increasing participation in local government and improving representation on local authorities**

NCWNZ supports any initiative which will increase participation in local government, by voting in elections and as a candidate.

Women are actively encouraged to stand for local elections, with many branches sponsoring training sessions and "Meet the Candidate" meetings.

Members support all the recommendations in the Commission's paper under section 228 on pages 56 and 57 with the proviso that, while the progressive processing of voting documents can take place, the release of the results must be a single announcement, not progressively over the counting period.

Also the recommendation that the Local Electoral 2001 Act be amended to ensure that the Commission gives due weight to council resolutions arrived at after full consultation through their representation review process and that any significant variation be subject to further community consultation.

## **Conclusion**

NCWNZ believes that it is important that the community is encouraged to be involved in local government decisions which affect us all, so the processes for involvement in decision-making should not be complicated nor the wording of information obscure.

Information should be accessible and relevant to the communities to which it is being provided so that responses and decisions are fair to all.

While there are only three clauses in the Commission's Review brief, their range is wide and beyond the resources of NCWNZ to cover completely. The issues raised herein are the main concerns of our membership, which is grateful for the opportunity to comment.

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**Convener Public Issues Standing Committee**