Briefing to the Incoming Minister of Local Government
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Introduction

Welcome to the Local Government portfolio.

As the Minister of Local Government, you are responsible for the local government system. Local government plays a critical role in providing for the current and future well-being of New Zealand’s diverse communities. Whether it is planning and zoning, providing infrastructure and community facilities, or attracting business – local authorities are responsible for creating strong and prosperous communities.

Local government’s role is crucial to delivering the Government’s priorities relating to housing, infrastructure, fresh water and climate change. Local authority roles in housing include: regulating land supply; funding and providing infrastructure and place-making amenities; and consenting land use and development.

Regional councils are co-regulators with central government for fresh water quality and quantity, and territorial authorities provide water services to their communities. Local authorities will therefore be a key participant in the Clean Water Summit the Government intends to hold in its first 100 days.

Partnering with local government offers a way to achieve the Government’s policy objectives more quickly, and with greater effect. The Department of Internal Affairs is the central government lead on the local government system.

Our role is to support you to deliver your policy priorities. We will work with you to understand the direction you wish to take. Advancing the Government’s priorities, including for housing, will require coordinated action across a range of portfolios. We will seek your direction on how you wish to engage with your ministerial colleagues and the local government sector. This briefing informs you about the current programmes and opportunities in the portfolio.

We look forward to working with you, to support the delivery of your priorities.
Local government is at the heart of public policy that drives the delivery of services to New Zealanders.

The diagram to the right shows some of the areas where central and local government work together to deliver services for New Zealanders.

Many areas of central government policy rely upon or affect local government. Local government needs to operate effectively to achieve many policy objectives.

The diagram is not a comprehensive list, however, it illustrates the scale of intersection between local government roles and government policy.
Part One: Strategic opportunities and challenges

Local Government is important …

1. Local government provides community leadership that New Zealanders rely on every day. Good local governance shapes the character and quality of life in all of New Zealand’s communities, from the smallest rural locality, to towns, cities and regions.

2. **Local government is at the heart of many public policy issues.** Strong and prosperous communities enhance and protect the well-being of their members, are more resilient and contribute to a prosperous economy. Central government devolves or delegates many functions and services because local delivery, tailored to the circumstances and preferences of communities is needed.

3. Partnerships between central and local government are likely to provide innovative policy solutions to some of the most challenging problems, like housing supply. Solutions designed to work nationwide and locally towards common objectives have a significant chance of success.

4. There are times when nationwide standards are required. In some circumstances, government standards are necessary to achieve policy objectives. For example, this is the case with bottom lines for freshwater quality.

... and local government is diverse, like our communities

5. Local government comprises: six unitary authorities, 11 regional councils, 11 city councils, 50 district councils, approximately 125 council-controlled trading organisations, 74 not-for-profit council-controlled organisations and approximately 95 other related organisations.
6. The size of local authorities varies considerably. For example, Auckland Council employs 6,100 full time equivalent staff, manages 5,000 square kilometres of land and provides services to over 1.4 million residents and is growing fast. In contrast, Kaikōura District Council has a total of 27 staff and manages a district of 2,000 square kilometres with only 3,552 residents. The needs and preferences of the communities in Auckland and Kaikōura vary considerably. So do the capacity and capability of their respective councils to undertake work and respond to changing circumstances.

7. Between the two extremes of Auckland and Kaikōura are 76 other local authorities that provide for their communities:
   - representative leadership and participatory democracy;
   - planning, place-making and resource allocation; and
   - critical services like drinking water, stormwater, wastewater, local roads, public transport, ports and community amenities.

**There are significant challenges facing local authorities ...**

8. **The system of local government needs to be sustainable.** Critical decisions will need to be made about the long-term financial sustainability of the local government system and the funding models applying to it. Growth in council rates has outstripped common economic indicators. Continuing rates increases may challenge the future affordability of council rates for households. The graph below shows the growth in council rates relative to other economic indicators.
9. The drivers for rates increases are complex. They reflect changes in service levels, the scope of council activities, past spending decisions, and future investment decisions.

Changes in council rates compared with common economic indicators

10. **Local government funding sources can limit investment for growth.** The services provided by local government are generally financed from a mix of local rates, development contributions, fees and debt.

11. The Local Government Funding Agency is the main lender to local authorities. Councils like Auckland, Hamilton and Tauranga, which are experiencing high population growth and housing expansion, are fast approaching their debt limits as determined by the Local Government Funding Agency. Debt is a key funding mechanism to support investment in inter-generational infrastructure. Limits on access to credit will hamper further investment in assets that support, for example, housing expansion.
12. Local authorities are struggling to:
   - finance infrastructure for housing, tourism and regional development;
   - provide safe drinking water and meet New Zealanders’ aspirations for clean rivers and lakes; and
   - provide infrastructure that is resilient to climate change and natural hazards.

13. We note that the coalition agreement with New Zealand First identifies a public inquiry to revisit the conclusions of: *Funding Local Government, Report of the Local Government Rates Inquiry* (the Shand Report). The result of such an inquiry may assist with addressing some of these issues.

   "Funding and affordability is seen to be the biggest impediment to local authorities achieving results for their communities. For a majority of respondents, funding was the 'single biggest thing' that kept them awake at night."

   Jonathan Salter, Simpson Grierson on *Taking the Pulse of Local Government in New Zealand 2017*

14. Low income communities and areas with declining and ageing populations struggle with the high operating and replacement costs of water services and other infrastructure. With a declining population, the opportunity for rates revenue reduces. So too does the capacity to invest in other areas of the community. This cycle threatens the sustainability of council services.

15. Growing visitor numbers through tourism provide opportunities for regional and local economic development. However, growth in visitor numbers can put pressure on ageing infrastructure and community services. These facilities need to be developed and maintained to ensure positive visitor experiences and cater for seasonal peaks in demand. New ways of thinking about local government funding may help to realise tourism growth opportunities and respond to the pressures of visitor growth.

16. Communities are increasingly exposed to and aware of natural hazards. Recent earthquakes and floods and the forecast effects of climate change are changing the way local authorities plan for future land use. These events impose additional costs on local government, including by requiring infrastructure upgrades and replacements.
17. The Christchurch (2010 and 2011) and Hurunui / Kaikōura (2016) earthquakes increased awareness of the effects of natural disasters. Local authorities mitigate the exposure of existing and future residents to the risks from natural hazards. The flooding in Edgecumbe on 6 April 2017 is an example of the type of severe weather event that local authorities need to plan for. Council stopbanks were breached and the town of Edgecumbe was inundated with floodwater from the Rangitāiki River.

... the planning system is slow to respond to these challenges

18. The planning system is limiting urban development and contributing to poor outcomes for the natural environment. It is not agile enough to respond to the challenges and opportunities from growth and urban change, competing demands for natural resources, and the effects of climate change.

19. Incremental changes to the Resource Management Act 1991, Local Government Act 2002 and Land Transport Management Act 2003 have made some improvements but have also increased the complexity and reduced the coherence of the planning system.
Opportunities to address these challenges

Creating strong and resilient communities through responsive local leadership and participatory democracy, sustainable financial models, infrastructure, services and regulation.

**Working in partnership**
Collaboration between central and local government, providing opportunities to take innovative approaches to public policy issues

**Infrastructure**
Providing the physical and social services for sustainable community well-being and growth

**Regulation**
Fit for purpose regulations for safe, prosperous communities, now and into the future

**Community representation and participation**
Building social cohesion and community resilience. Decisions that reflect the desires and aspirations of communities

Providing opportunities for Māori to contribute to council decision-making processes
Infrastructure supports community prosperity and well-being

20. Community infrastructure underpins economic development, environmental health, social cohesion and living standards. Managing infrastructure for community expectations today, and meeting future demand, is complex. Local authorities need to take into account a wide range of national and local interests.

21. Examples of community infrastructure provided by local authorities include:
   - water networks and services;
   - flood protection works;
   - local roads and footpaths; and
   - public amenities, such as parks, pools, libraries and reserves.

22. Infrastructure funding is a key issue in the face of population growth and decline in specific areas. Addressing the housing supply and affordability pressures in our cities and regions will require additional investment in infrastructure, particularly water and roading.

23. Providing water and roading infrastructure is expensive. Between 2014 and 2016 local authorities invested $3.318 billion on water and flood protection infrastructure and $3.098 billion on roads. Despite the size of this investment, availability of infrastructure remains a constraint on the supply of land for housing.

24. In addition to population growth and decline, changes in standards and maintenance of ageing infrastructure are major cost drivers for local authorities. For example, local authorities need to meet community expectations for better water quality, whether by reducing wastewater overflows into rivers and the sea, or providing safe drinking water.

25. Many territorial authorities are constrained in their ability to borrow more or increase rates to fund infrastructure. Alternative funding options will need to be explored. Work on funding options could support the Government’s First 100 Days commitment to begin work to establish the Affordable Housing Authority and begin the KiwiBuild.

26. The issues discussed above could be incorporated in the proposed inquiry discussed at paragraph 13.

Havelock North Water Inquiry

The Havelock North Drinking Water Inquiry is underway. It is considering:

- how the Havelock North water supply became contaminated with campylobacter;
- whether relevant parties complied with their obligations;
- how local and central government agencies responded to the public health situation;
- how to reduce the risk of outbreaks of this nature recurring; and
- the potential for similar situations to occur in other New Zealand water supplies.

The inquiry is due to report back on Phase 2 by 8 December 2017.
27. You are likely to have a lead role in adjusting local government policy settings to enable more effective infrastructure provision. The Local Government portfolio includes responsibility for core legislation containing the funding mechanisms and mandate to provide local infrastructure. Addressing issues with infrastructure will require a collaborative approach with your ministerial colleagues. We will support you in your role to lead and support policy initiatives.

**Community representation and participation: local government provides community-led decision-making**

28. The local government system is built off a base of community representation, mandate, transparency and accountability. Local authorities act independently. There is little central government oversight of the activities of local authorities, and they are primarily accountable to their communities.

29. You are responsible for the local government system that enables local authorities to make decisions legitimately on behalf of their community, including strong relationships with Māori. As the Minister of Local Government you have oversight of the regulated processes for local decision-making and the safeguards for communities. A challenge for the system is to provide representation that reflects the whole community, including whanau, hapū and iwi Māori.

30. There are practical issues with current local election processes that could affect the representativeness of local authorities. These issues include: declining postal services; limited options for the visually impaired; and challenges from low voter turnout. There is an opportunity for central and local government to work in partnership to modernise the voting system for local elections.

Increasingly, the choice to use digital means to cast a vote will be important for voter participation in elections in a country like New Zealand, which ranks so highly internationally in indices of e-government and e-participation.

**Community decision making**

Examples of community decision-making include:

- long-term plans – these are statements of intent by local authorities developed with the community;
- setting bylaws, district plans and other local regulations; and
- significant decisions affecting strategic assets, such as investing in large infrastructure projects or the sale of assets.

Christine Cheyne

*E-voting Eventually? – Online voting in (local) elections*
31. Beyond elections, community participation is a central feature of the decision-making processes of local authorities. Participation processes should be inclusive to ensure that local authorities take into account the diversity of views within communities. There are opportunities to look at the way the public participates meaningfully. Technology is changing the way communities engage and public expectations for participatory processes in decision-making. For example, local authorities are increasingly engaging through social media and broadcasting their meetings over the Internet. There is an opportunity to support these emerging technological opportunities as legitimate ways to participate.

Working in partnership for better outcomes

32. You, the Department and the Local Government Commission (the Commission) have important roles in developing and improving the way central and local government work together. There is an opportunity to continue to foster coordination and collaboration with and across local authorities.

33. The Department has recently invested in new capability to support better alignment between central and local government. Our new approach is to work across central government agencies, and between local and central government, to support a ‘one system’ approach to delivering local services for New Zealanders.

34. Central and local government objectives are highly interdependent. As the diagram on page 3 shows, local government is at the heart of solving many major nationwide policy issues. There is an opportunity to coordinate across central government to improve the interface between the levels of government. Issues requiring a collaborative response include: housing; infrastructure; the planning system; tourism; regional economic development; climate change; and natural hazards management.

35. Local authorities cannot resolve the challenges they are facing in isolation. Collaboration across the sector can provide economies of scale and scope, as well as a platform to share and build expertise.

36. Some existing collaborations between local authorities relate to:
   - local government finance;
   - building consent management and processing;

Collaboration across the sector

The Local Government Funding Authority (LGFA) was incorporated in 2011. It is an example of local government sector collaboration that has provided the necessary scale for local authorities to access low borrowing rates, certainty in debt markets and longer-term borrowings.

There are 30 council shareholders, in addition to the New Zealand Government. There are 53 councils eligible to borrow from the LGFA.

As of 19 June 2017, 97% of local government debt was with the LGFA.

From time to time you will be asked to vote on LGFA matters including membership and remuneration.
• water management;
• ICT systems; and
• relationships with tangata whenua.

The Local Government Commission is working in a collaborative way

37. The Commission is an independent statutory body that makes decisions on the structure of local authorities and their electoral representation, for fair and effective representation for communities. The Commission deals with structural issues through formal applications for reorganisation. It also performs an informal “brokering” role to identify non-structural change.

Better regulation to support everyday transactions and interactions

38. Local authorities set standards and regulate a wide range of activities for the protection and well-being of their communities. Many regulatory systems draw upon the local government system. Local government regulates: land and resource use; building construction; food and hygiene; health hazards; alcohol and gambling activity; the storage of hazardous substances; waste management and more.

39. Regulatory issues are often interconnected across portfolios.

“Without local government success in carrying out these regulatory activities, central government cannot achieve its broader economic, social and environmental policy objectives”

Productivity Commission 2014, Towards better local regulation

40. We understand the Government proposes to reinstate the environmental, social, cultural and economic dimensions of community well-being in the Local Government Act 2002. The proposed inquiry discussed at paragraph 13 could recommend changes to the Local Government Act 2002 and other legislation.
41. We have also reviewed the Labour Party’s Environment Manifesto. We note the Manifesto proposes an expert-led review of the Resource Management Act 1991 to ensure it can remain fit for purpose and improve its alignment with other legislation.

42. These reviews and addressing other issues, such as KiwiBuild and establishing the independent Climate Commission, are likely to identify fundamental problems with the planning system. There is an opportunity to review of the planning system to address deeply embedded issues that constrain outcomes for towns and cities and the natural environment. Initially this work could focus on urban issues, such as housing and infrastructure.

43. Stakeholders, including Local Government New Zealand, agree that a review of the current planning system is needed. Improving how it operates to create a coherent and cohesive system that produces better decision-making outcomes and is more agile and enduring.

44. Addressing issues with the current planning system will require a collaborative approach with your ministerial colleagues. Relevant agencies will jointly seek ministerial direction on the potential scope and process for a review. A review could cover the three primary planning Acts (Resource Management Act 1991, Local Government Act 2002 and Land Transport Management Act 2003) and aspects of other legislation. It could also look beyond the legislative framework to incentives, non-regulatory tools and the capacity and capability of decision-makers at all levels.

45. Your oversight of the local government system provides an opportunity to expand regulatory capacity and foster capability across the local government sector.

“Fifty-five per cent of businesses agree that local government services and infrastructure are either ‘extremely important’ or ‘very important’ to their business (which is not a statistically significant shift from sixty-two per cent in 2014)”

New Zealand Local Government Survey, 2017
Part Two: Roles and responsibilities

Your role as Minister of Local Government

46. As the Minister of Local Government you are responsible for the system of local government overall. This includes ensuring the system performs well and is “fit for purpose” to meet long-term challenges. You will have a leadership role within central government, across the portfolios that impact and rely on local government. As the Minister of Local Government, you can take a systems perspective of how decisions cumulatively impact the local government sector and communities.

47. Local authorities are complex political organisations. Local government in New Zealand is constituted under the Local Government Act 2002. The Local Government Act, along with approximately 30 additional pieces of legislation, delegate and devolve responsibilities to local government. Local authorities act independently and autonomously in carrying out their responsibilities. Working with local authorities requires careful and considered relationship management.

48. You will lead the Government’s relationship with local government. Regular engagements with the sector have included the annual Central Government and Local Government Forum, the annual Auckland Central-Local Government Forum, meetings with local authorities and more. There is scope to enhance the working relationship between central and local government, to embed constructive engagement and to codify practices.

49. It matters both to New Zealand, and to individual communities, that local authorities perform well. As Minister of Local Government you have the opportunity to support continuous performance improvement in local government. You have a wide range of options to support and influence the performance of local government. These include articulating the Government’s goals and priorities, through to setting mandated requirements in legislation. You can also assist local authorities or exercise powers of intervention if problems become serious.
Working with tangata whenua

50. Iwi have a strong interest in the local government sector and representation within local authorities. Iwi and hapū may establish new governance arrangements with local authorities through the Treaty of Waitangi settlement process. Beyond the formal Treaty settlement arrangements, partnerships with iwi and other Māori groups are an increasingly important component of regional development, decision-making and environmental management. Central government has important roles, supporting local government to understand and implement settlement agreements, and encouraging successful collaboration between iwi and local authorities for the benefit of communities.

Other roles

51. As Minister of Local Government, you have a range of statutory responsibilities relating to:

- being the territorial authority for offshore islands outside the jurisdiction of a local authority;
- being the harbour authority for Lake Taupō / Taupō Moana;
- administering the Rates Rebate Scheme;
- being a shareholder, with the Minister of Finance, in the Local Government Funding Agency;
- appointing development contributions commissioners; and
- appointing members of the Local Government Commission.
Portfolio funding within Vote Internal Affairs

52. As Minister for Local Government, you are responsible for $75.7 million of expenditure within appropriations relevant to the Local Government portfolio. See Appendix C for details of the appropriations. The briefing Welcome to the Department of Internal Affairs provides you with more information about:

- Vote Internal Affairs;
- the Minister of Internal Affairs’ role as Vote Minister and the Minister Responsible for the Department; and
- coordinating budget planning.
Roles and responsibilities overview

**Minister of Local Government**
- Supports a fit for purpose local government system
- Supports the central and local government relationship to ensure ongoing dialogue on the issues affecting both
- Supports other portfolio objectives that impact local government
- Represents and champions local government among Ministerial colleagues
- Determines the strategic work programme for the portfolio
- Guides and sets expectations for the Local Government Commission, and appoints commissioners
-Acts as the territorial authority for offshore islands and the Lake Taupō Harbour Authority
- Holds responsibility for all expenditure and services received under appropriations relevant to the portfolio
- Coordinates budget planning and reporting with other Ministers who have appropriations, or outcome expenses within Vote Internal Affairs

**Portfolio Funding**
- Minister of Finance
- Minister of Internal Affairs
  
  More detail can be found in Appendix B

**The Local Government Commission**
- An independent body established to uphold the principles of the electoral system
- Makes decisions on the structure of local authorities and their electoral representation

**The Department of Internal Affairs**
- Provides you with advice to support your decisions
- Drafts replies to public correspondence, Official Information Act requests, parliamentary questions and media enquiries
- Builds strong relationships with local government
- Creates and cultivates links with other portfolio agencies

**Local Councils**
- 78 local authorities made up of:
  - 11 regional councils
  - 6 unitary authorities
  - 61 territorial authorities (11 city councils and 50 district councils)

More detail can be found in Appendix D
### Part Three: Briefings and decisions

53. The following table is a list of briefings relevant to your portfolio that, subject to your approval, we will provide you in the coming months. We will work with your office on the delivery of these briefings.

<table>
<thead>
<tr>
<th>Date to Minister</th>
<th>Title</th>
<th>Detail</th>
<th>Priority</th>
</tr>
</thead>
</table>
| November 2017    | Three Waters Review and the Havelock North Inquiry | Introduction to the Havelock North inquiry and to the Three Waters infrastructure work  
*For decision* | High |
| November 2017    | Rates rebate scheme: current issues and opportunities | Overview of the rates rebates scheme, current issues and opportunities, including a Member’s bill that may be reinstated  
*For decision* | High |
| November 2017    | Advice on the reinstatement of Parliamentary business | Outlines how Bills are reinstated and the policy and legislative process  
*For noting* | High |
| November 2017    | Technical In-year Breach of Appropriation – Capital Investments – Lake Taupō | Information about a technical in-year breach of appropriations for Vote Internal Affairs and next steps  
*For decision* | High |
| November 2017    | Local Government Commission | Implications for December budget  
*For decision* | High |
| November 2017    | Introduction to modernising voting | Overview of modernising voting work and next steps  
*For decision* | Medium |
| November 2017    | Introduction to planning system issues | Overview of planning system issues  
*For noting* | Medium |
| November 2017    | Local Government Interventions | Overview of your responsibilities in the Local Government Act 2002 (Part 10) and current intervention work  
*For noting* | Medium |
Planned bills and regulations

Bills before the House at the dissolution of Parliament

54. We intend to brief you shortly about the reinstatement of parliamentary business. We will work with your office to confirm your preferred approach for these Bills.

<table>
<thead>
<tr>
<th>Bill/regulation name</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government Act 2002 Amendment Bill (No 2)</td>
<td>Awaiting committee of whole House</td>
</tr>
<tr>
<td>This Bill implements a set of reforms to enable improved service delivery and infrastructure provision arrangements at the local government level.</td>
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</tbody>
</table>

Bills prepared but not before the House

<table>
<thead>
<tr>
<th>Bill/regulation name</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dog Control Amendment Bill</td>
<td>Awaiting approval for introduction</td>
</tr>
<tr>
<td>The proposed Bill introduces measures to reduce the risk and harm of dog attacks, including a licensing system for owners of high-risk dogs.</td>
<td></td>
</tr>
<tr>
<td>Local Government Regulatory Systems Bill</td>
<td>Exposure draft ready for consultation</td>
</tr>
<tr>
<td>The proposed Bill is an omnibus Bill to make minor and technical amendments to the local government regulatory system to improve the efficiency and effectiveness of the system.</td>
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</tr>
</tbody>
</table>

Notable bills and regulations that affect local government

<table>
<thead>
<tr>
<th>Bill/regulation name</th>
<th>Type</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Te Ture Whenua Māori Bill</td>
<td>Government</td>
<td>Committee of whole House partially completed</td>
</tr>
<tr>
<td>Bill/regulation name</td>
<td>Type</td>
<td>Current status</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>---------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>Rates Rebate (Retirement Village Residents) Amendment Bill</td>
<td>Member’s</td>
<td>Second reading partially completed</td>
</tr>
<tr>
<td>New Plymouth District Council (Waitara Lands) Bill</td>
<td>Local</td>
<td>Awaiting committee of whole House</td>
</tr>
<tr>
<td>Local Government (Freedom of Access) Amendment Bill</td>
<td>Member’s</td>
<td>Awaiting first reading</td>
</tr>
</tbody>
</table>
Appendix A: Legislation we administer

The main enactments that the Department administers are outlined below. The main statutory responsibilities of the Minister of Local Government are also described.

**Dog Control Act 1996**

*Purpose:* This Act makes provision for the care and control of dogs. It sets out dog owners’ obligations and local authorities’ enforcement powers and policy responsibilities. It also regulates dangerous and menacing dogs.

*Minister’s responsibilities:* The Minister may recommend regulations to the Governor-General to add a breed or type of dog to those listed in the Act as subject to ban on importation and muzzling.

**Freedom Camping Act 2011 (administered jointly with the Department of Conservation)**

*Purpose:* This Act gives local authorities and the Department of Conservation the flexibility to decide where freedom camping is prohibited or restricted. It contains a nationwide consistent infringement regime that gives local authorities and the Department of Conservation the ability to issue on-the-spot infringement notices to people or vehicles for freedom camping offences.

*Minister’s responsibilities:* The Minister of Conservation and the Minister of Local Government may recommend regulations prescribing the infringement fees.

**Local Electoral Act 2001**

*Purpose:* This Act governs the conduct of local elections and polls. Among other things it sets out the rights of individuals to vote, stand for election, and nominate candidates for election. The Act limits candidates’ electoral expenses and includes an offence regime. It also allows local authorities to choose the electoral system and voting method for local elections and polls, and to regularly
review representation arrangements (with oversight from the Local Government Commission when disputes occur).

**Minister’s responsibilities:** The Minister may recommend regulations authorising the use of voting methods (other than booth or postal voting) for elections/polls.

**Local Government Act 2002**

*Purpose:* This Act provides the general framework and powers under which New Zealand’s local authorities operate. It enables democratic and effective local government that recognises the diversity of New Zealand communities. The Act promotes accountability to communities and allows local authorities to decide which activities they undertake and the manner in which they are undertaken.

*Minister’s responsibilities:* The Minister has various responsibilities under the Act, including using powers of assistance and intervention and deciding intervention measures in certain circumstances of poor council performance. The Minister is responsible for appointing development contributions commissioners. The Minister also acts as the territorial authority for several offshore islands

**Local Government (Auckland Council) Act 2009**

*Purpose:* This Act establishes the Auckland Council as the unitary authority for Auckland. Amongst other things, it establishes arrangements for the management of transport and water supply and wastewater services for Auckland and requires the Council to adopt a spatial plan for Auckland.

*Minister’s responsibilities:* The Minister has no specific responsibilities under the Act.

**Local Government (Rating) Act 2002**

*Purpose:* This Act promotes the purpose of local government set out in the Local Government Act 2002 by providing local authorities with flexible powers to set, assess, and collect rates to fund their activities. It ensures that rates are set in accordance with decisions that are made in a transparent and consultative manner and that ratepayers are able to identify and understand their liability for rates.
**Minister’s responsibilities**: The Minister has regulation making powers relating to the rating of educational establishments.

**Rates Rebate Act 1973**

*Purpose*: The Rates Rebate Scheme was established under this Act to provide a subsidy to low-income homeowners on the cost of their rates.

*Minister’s responsibilities*: The Minister is responsible for administering the Rates Rebate Scheme and adjusting the rebate levels (which is currently done annually in line with the consumer price index).

**Other Acts**

We administer other Acts which do not involve significant ministerial responsibilities or activities. These are the:

- Bylaws Act 1910
- Chatham Islands Council Act 1995
- Impounding Act 1955
- Local Authorities (Members’ Interests) Act 1968
- Local Government Borrowing Act 2011
- Land Drainage Act 1908
- Libraries and Mechanics Institutes Act 1908
- Local Government Act 1974
- Local Government Official Information and Meetings Act 1987
- Maritime Transport Act 1994 - the Minister’s statutory responsibility under this Act is being the harbour authority for Lake Taupō / Taupō Moana
- Public Authorities (Party Wall) Empowering Act 1919
- Public Bodies Contracts Act 1959
Local Government Accords under the Waikato River Treaty legislation

Under the Waikato River Treaty legislation, the Minister of Local Government has entered into Local Government Accords with four of the five Waikato River Iwi: Waikato-Tainui; Maniapoto; Ngāti Raukawa and Te Arawa. Ngāti Tūwharetoa does not have a Local Government Accord, but it is entitled to one. They may wish to progress Accord negotiations in 2018.

Under the Accords, the Minister of Local Government and the Department have specific obligations to engage early with the Waikato River Iwi on any policy or legislative reform that may directly affect the health and well-being of the Waikato or Waipā rivers. The Accords also include general relationship principles, including a commitment to a “no surprises” approach. The overarching Crown Accord provides for annual relationship forums between each iwi and the Prime Minister, Minister for Māori Development, Minister for Treaty of Waitangi Negotiations and Minister for the Environment. Other Ministers are invited where issues relevant to their portfolio will be discussed.
Appendix B: Appropriations

Vote Internal Affairs

Funding for the Local Government portfolio is appropriated within Vote Internal Affairs. More information about the Vote and appropriations can be found in the *Welcome to the Department of Internal Affairs* briefing.

Local Government portfolio funding

As Minister of Local Government, you are responsible for all expenditure and services received under appropriations relevant to the Local Government portfolio. The Local Government portfolio appropriations are $75.7 million ($11.7 million departmental operating and $64 million non-departmental). The tables on the following pages outline these appropriations based on Main Estimates of Appropriations 2017/18.

In November 2017, you will receive the October Baseline Update briefing, which provides you with more detailed information about the appropriations for your portfolio and any financial changes since the Main Estimates of Appropriations 2017/18.

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1 Departmental operating appropriations are outputs, other expenses, or expenditure incurred by the Department. The Department is responsible to the Minister for what is achieved with departmental appropriations. Non-departmental appropriations are where Ministers have decided to use a supplier other than a department to provide an output.
### Departmental operating

You are responsible for $11.7 million of departmental operating appropriations.

<table>
<thead>
<tr>
<th>$million</th>
<th>Departmental appropriations based on Main Estimates of Appropriations 2017/18</th>
</tr>
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<tbody>
<tr>
<td>5.720</td>
<td>Provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to local government*</td>
</tr>
<tr>
<td>3.158</td>
<td>Administering local government legislation and supporting the effective operation of the local government system</td>
</tr>
<tr>
<td>2.304</td>
<td>Provision of advisory and support services to the Local Government Commission in respect of its statutory functions*</td>
</tr>
<tr>
<td>0.547</td>
<td>Provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to local government*</td>
</tr>
<tr>
<td><strong>11.729</strong></td>
<td><strong>Total Departmental Operating</strong></td>
</tr>
</tbody>
</table>

* Denotes a multi-category appropriation, which is a single appropriation made up of multiple categories (which can be different types of expenditure including output expenses, other expenses, and non-departmental capital expenditure) that all contribute to the same overarching purpose.
Non-departmental operating

You are also responsible for $64 million of non-departmental operating appropriations.

<table>
<thead>
<tr>
<th>$million</th>
<th>Non-departmental appropriations based on Main Estimates of Appropriations 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>57.500</td>
<td>Assistance with rates for low-income residential ratepayers</td>
</tr>
<tr>
<td>3.206</td>
<td>Contribution to the cost of the Chatham Islands Council meeting its statutory responsibilities</td>
</tr>
<tr>
<td>0.587</td>
<td>Maintaining Crown-owned assets at Lake Taupō</td>
</tr>
<tr>
<td>1.500</td>
<td>Payment to Tūwharetoa Māori Trust Board to provide for continued public access to Lake Taupō ³</td>
</tr>
<tr>
<td>1.250</td>
<td>Limited assistance to local authorities to support their increased activities resulting from the November 2016 Hurunui/Kaikōura earthquake</td>
</tr>
<tr>
<td><strong>64.043</strong></td>
<td><strong>Total Non-Departmental Operating</strong></td>
</tr>
</tbody>
</table>

³ Denotes a Permanent Legislative Authority.
Appendix C: Key contacts in the Department of Internal Affairs

Chief Executive of Internal Affairs

Colin MacDonald
Chief Executive
Secretary for Internal Affairs
Secretary for Local Government
Government Chief Digital Officer
04 495 9396
027 498 3515

Policy, Regulation and Communities

Marilyn Little
Deputy Chief Executive
04 816 4073
021 228 8118

provides policy and regulatory advice, advice and services relating to Ethnic Communities and oversees the Local Government Commission.

Central/Local Government Partnerships

Helen Wyn
Deputy Chief Executive
04 495 9329
021 679 655

is your chief adviser for local government and leads work across central government and between local and central government.

Raj Krishnan
General Manager
Policy
04 494 0572
021 593 973
Appendix D: key stakeholders in the portfolio

The following tables list the key statutory bodies with a formal role in the local government system, as well as the key stakeholders in the sector. We will provide contact details to your office.

It is standard practice for us to support you in meeting with stakeholders. We will provide briefings before you meet with stakeholders including biographies, and can attend meetings if you wish.

Statutory bodies

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Contact</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government Funding Agency (LGFA)</td>
<td>Chair: Craig Stobo</td>
<td>The primary purpose of the LGFA is to provide more efficient funding costs and diversified funding sources for local authorities. The LGFA is owned by 30 local authorities (80%) and the Crown (20%). The LGFA is the second largest issuer of New Zealand dollar bonds. On 16 November 2015 the LGFA listed $5.56 billion of its bonds on the NZX Debt Market for the first time. According to Standard and Poors, New Zealand’s local authorities are highly rated financially, with all councils achieving a minimum of an AA rating. The Department is the Crown’s delegated representative on the LGFA’s Shareholders Council, which meets quarterly. The Minister of Local Government and the Minister of Finance receive updates on the performance of the LGFA. From time to time you will be asked to vote on LGFA matters including membership and remuneration.</td>
</tr>
<tr>
<td></td>
<td>Chief Executive: Mark Butcher</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Organisation</th>
<th>Contact</th>
<th>Role</th>
</tr>
</thead>
</table>
| Local Government Commission        | **Chair:** Sir Wira Gardiner  
**Chief Executive:** Suzanne Doig | The Local Government Commission is an independent statutory body that makes decisions on the structure of local authorities and their electoral representation, for fair and effective representation for communities. It deals with structural issues through the formal reorganisation process, and exercises an informal ‘brokering’ role to identify non-structural change.  
The Commission is considering local government reorganisation in the following areas: Auckland, West Coast and the Wairarapa. The Commission will provide you with a separate briefing, including detail about the areas subject to current reorganisation proposals. |
| The Office of the Auditor-General  | **Controller and Auditor-General:** To be appointed  
**Assistant Auditor-General, Local Government:** Andrea Reeves | The Controller and Auditor-General (the Auditor-General) is an Officer of Parliament who provides independent assurance, to Parliament and the public that local authorities are operating in accordance with Parliament’s intentions and accounting for their performance. The Auditor-General is independent of executive government and Parliament in discharging the functions of the statutory office, but is answerable to Parliament for the stewardship of the public resources entrusted to them. The Auditor-General’s mandate and responsibilities are set out in the Public Audit Act 2001. |
Local government representative stakeholders

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Contact</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government New Zealand (LGNZ)</td>
<td><strong>President</strong>: Dave Cull (Mayor of Dunedin)</td>
<td>LGNZ represents the national interests of local authorities in New Zealand and leads best practice in the local government sector. It provides advocacy and policy services, business support, advice and training to members to assist them to build successful communities throughout New Zealand. LGNZ is governed by a National Council made up of 15 elected members from throughout New Zealand. All 78 local authorities are members of LGNZ.</td>
</tr>
<tr>
<td></td>
<td><strong>Vice President</strong>: Stuart Crosby (Councillor, Bay of Plenty Regional Council)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Chief Executive</strong>: Malcolm Alexander</td>
<td></td>
</tr>
<tr>
<td>Society of Local Government Managers (SOLGM)</td>
<td><strong>President</strong>: Phil Wilson (Director of Governance, Auckland Council)</td>
<td>SOLGM is the national membership organisation for local government professionals. Its role is to promote and support professional management in local government. It focuses on providing professional leadership, promoting innovation and excellence in management practice and developing the sector’s capability to enhance service delivery to local communities. As at 30 June 2017, it had 615 members and all local authorities in New Zealand are subscribed to the Sector Good initiative. The Department works closely with SOLGM and LGNZ to understand the implementation implications of policy proposals, and on providing guidance on legislative changes for local authorities.</td>
</tr>
<tr>
<td></td>
<td><strong>Chief Executive</strong>: Karen Thomas</td>
<td></td>
</tr>
</tbody>
</table>