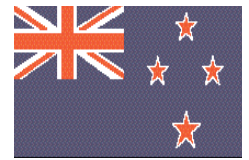


THE LOCAL GOVERNMENT SYSTEM IN

NEW ZEALAND



1 INTRODUCTION

New Zealand is situated in the south Pacific, and has an estimated population (as at February 2007) of 4,115,771¹ and a land area of 270,534 sq km.

New Zealand is a constitutional monarchy and a unitary state with parliamentary sovereignty. The head of government is the prime minister.

Based in the capital, Wellington City, the parliament is unicameral comprising 121 members. Members are elected every three years by universal suffrage on a mixed-member proportional system of representation in which voters elect constituency MPs and vote for party lists. The prime minister is generally the leader of the party with the largest number of seats.

Local government comprises 12 regional councils and 73 territorial authorities. The latter are divided into district and city councils. Local government expenditure is equal to 4% of New Zealand's GDP.

2 POLITICAL AND ORGANISATIONAL STRUCTURE OF NEW ZEALAND

2.1 Position of local government in the state

Central and local government in New Zealand are independent of one another politically, financially and administratively. Although local government is a creation of the parliament, it remains autonomous financially.

The most recent national elections were in September 2005 when Labour gained 50 seats, the National Party 49, New Zealand First seven, the Green Party six, the Maori Party four,

United Future three, the ACT two, and the Progressive Party one seat. Labour formed a coalition government with the Progressive MP with support from New Zealand First and the United Future parties. The next elections are due in 2008.

In the late 1980s the government initiated a major reform of local government. This resulted in local authorities being rationalised from over 800 to 85. Significant legislative changes also occurred which enhanced the transparency and accountability requirements of local authorities, clarified the respective roles of territorial authorities and regional councils (especially in the area of resource management responsibilities), and introduced the option of community boards to enhance participation in territorial authority districts. Further legislative reforms have occurred since 1989 and, more recently, a new legislative framework came fully into effect on 1 July 2003. The main components of this framework comprise the Local Government Act 2002, the Local Government (Rating) Act 2002 and the Local Electoral Act 2001.

Though local government operates independently of central government, the Minister of Local Government does have the power to intervene under specifically prescribed powers conferred by the Local Government Act 2002. A ministerial review can be initiated in cases where the minister considers that there has been a significant or persistent failure of a council to fulfil its statutory obligations, or significant and identifiable mismanagement of a council's resources, or a significant and identifiable deficiency in the decision-making processes of a council. Such a review can lead to the appointment of a commission to act in the place of the council, or the calling of an election. This power is rarely used, and has resulted in the replacement of only one council in the last 15 years.

3 LEGAL BASIS FOR LOCAL GOVERNMENT

3.1 Constitutional provisions

New Zealand has no consolidated written constitution. Local government's powers are defined by Acts of Parliament.

Table 1. Size and range of local authorities by population

	Smallest	Largest	Average
Regional councils	31,300	1,303,000	236,938
Territorial authorities	610	404,700	54,432

3.2 Main legislative texts

The Local Government Act 2002 is the key piece of legislation governing local government. This Act defines the purpose of local government as:

- To enable democratic local decision-making and action by, and on behalf of, communities
- To promote the social, economic, environmental and cultural wellbeing of communities, in the present and for the future.

The role of local authorities is to give effect to this purpose and, in order to do so, the Act provides local authorities with full rights, powers and privileges to do so. This general empowerment, within certain prescribed limits, fundamentally changed the basis on which local authorities in New Zealand operate. Previously they could only undertake activities permitted by law and any activity that fell outside this code of duties and powers was legally considered *ultra vires*. Now local authorities are empowered to undertake what

is necessary to promote the wellbeing of their communities subject only to other legislation and the general law, and the accountability processes set out in the Local Government Act.

Other important legislation setting out how local authorities are to operate includes the Local Government (Rating) Act 2002, the Local Electoral Act 2001 and the Local Government Official Information and Meetings Act 1987. The Department of Internal Affairs administers all these Acts under the local government portfolio.

Another significant piece of legislation is the Resource Management Act 1991, which promotes the sustainable management of natural and physical resources. A key feature of the Act is the extent to which responsibilities and powers for resource management are devolved to local and regional authorities. While a major review over 2004/2005 identified a need for greater government involvement and leadership in identifying the national interest in managing these resources, it is intended that this will occur within the current devolved framework.

4 LOCAL GOVERNMENT ORGANISATIONAL STRUCTURE

There are three kinds of local authority:

- Regional councils
- Territorial authorities, of which there are two types – district (mixed urban/rural) and city (primarily urban) councils. The Chatham Islands Council is a territorial authority constituted under a separate Act of Parliament performing district council functions and holding a limited range of powers normally held by regional councils
- Unitary authorities, which are territorial authorities also having the responsibilities, duties and powers of regional councils.

There are 73 territorial authorities including the four unitary authorities (15 cities, 57 districts and the Chatham Islands). Territorial authorities have an average population of 54,432 ranging from the smallest, Chatham Islands at 610, to Auckland City, the largest, at 404,700. The average land area of the territorial authorities is 3,529.5 sq km, ranging from 22 sq km to 11,880 sq km.²

There are 12 regional councils. The average population is 236,938, ranging from the sparsely populated West Coast with a population of 31,300, to the conurbation of Auckland with a population of 1,303,000. The average land area of the regional councils is 27,896 sq km, ranging from 12,640 sq km to 56,612 sq km. Regional councils' (and unitary authorities') land area figures include the sea areas out to the 12-mile limit for which they are responsible.

5 DEMOCRATIC AND POLITICAL STRUCTURES IN LOCAL GOVERNMENT

The Local Electoral Act 2001 gives local authorities the choice of conducting triennial elections using either the first-past-the-post or the single transferable vote (STV) electoral system. For the 2004 elections, 10 councils used STV for the first time. Councils have the option of running elections by either postal voting or booth voting. In every election since 1992 all councils have used postal voting. This system has been seen to result in substantially higher voter participation (around 50%)³ than booth voting.

Voters must be 18 years of age or over, on the parliamentary electoral roll and resident at their address for one month to qualify as a resident elector. Ratepayer electors qualify by owning property in a region or district in which they are not resident, or by being nominated by a corporate body. No individual can exercise a vote in the same election as both a resident and (non-resident) ratepayer elector.

Table 2. Distribution of local authorities and population

Regional council/unitary authority	Number of territorial authorities*	Population	Average population
Auckland	7	1,303,000	186,143
Bay of Plenty	6	257,400	42,900
Canterbury	11	521,800	47,436
Chatham Islands	1	600	600
Gisborne	1	44,500	44,500
Hawke's Bay	4	147,800	36,950
Manawatu-Wanganui	7	222,400	31,771
Marlborough	1	42,600	42,600
Nelson	1	42,900	42,900
Northland	3	148,500	49,500
Otago	4	193,800	48,450
Southland	3	90,900	30,300
Taranaki	3	104,100	37,700
Tasman	1	44,600	44,600
Waikato	10	382,700	38,270
Wellington	8	449,000	56,125
West Coast	3	31,300	10,433
Total	73	4,027,900	54,431

* Some territorial authorities (TAs) cover multiple regions. These TAs have been counted once in the region their geography most strongly relates to.

Source: Statistics New Zealand, 2006 Census, regional summary tables.

However a rate-payer who lives in one local authority and owns a property in another may vote in both.

Only New Zealand citizens who qualify as electors are eligible to stand for council. The term of office for all councillors and mayors (in territorial authorities only) is three years. A councillor or mayor cannot be a member of both a regional council and a territorial authority or community board in the same region at the same time.

There are no statutory committees which councils are required to set up. However, they are required, as far as is practicable, to separate out their regulatory functions, so in most cases a council will establish a committee especially to handle its regulatory responsibilities.

The basis for remunerating elected members was significantly changed in 2001. From December 2001 a new system took effect whereby the Remuneration Authority, an independent central government statutory body, rather than the Minister of Local Government, determines remuneration. That body makes determinations for elected member salaries and allowances, based on statutorily prescribed criteria.

In the larger areas, the workload means mayors and regional council chairpersons are generally full-time. It is not unusual for councillors also to be near full-time in some of the larger authorities. In smaller rural authorities the workload and remuneration levels are less and result in a less than full-time presence by elected members.

Women's representation has increased steadily, reaching 34.7% in 1998. Following elections in 2004, women accounted for 27.2% of elected members in regional councils and territorial authorities, including 18.9% of mayors and chairs (16 out of 85).⁴

5.1 Community boards and consultation

Local authorities have a legal duty to consult their communities. This occurs both as part of the community planning process (including new requirements to identify community outcomes and to produce long-term council community plans) and on specific policy issues. Community boards may also be used by the territorial authority for consultation purposes. All local authorities also have an obligation to consult directly with their communities on their district plans and regional policy statements prepared under the Resource Management Act.

Territorial authorities may also have directly elected community boards within their district. These boards represent and advocate the interests of their community, maintain an overview of services provided by the territorial authority, and undertake responsibilities

delegated by the territorial authority. Boards comprise between four and 12 members and must include at least four elected members, and may include members appointed by the parent territorial authority.

5.2 Local authority staffing

The only local authority officer required by law is a chief executive, who is appointed for a maximum fixed term of five years with a right of renewal for a further two years subject to completion of a satisfactory performance review.

Other local government staff are recruited by the chief executive, on behalf of the local authority, who also has the powers to discipline and dismiss staff. Secondments between central and local government are not a common feature of local government staffing in New Zealand.

Each authority is free to determine its own staffing structure. However, it is typical to have a chief executive with a management team comprising managers in areas such as planning and policy, service delivery, finance, asset management and corporate affairs.

5.3 Independent scrutiny

There are several bodies that scrutinise the financial and administrative activities of local authorities, including:

- Local Government Commission – has responsibilities relating to reorganisation and representation including the hearing of objections and appeals
- Parliamentary Commissioner for the Environment – investigates the effectiveness of environmental planning and management
- Office of the Ombudsman – deals with appeals relating to official information under the Local Government Official Information and Meetings Act
- Office of the Controller and Auditor General – responsible for the conduct of the annual financial audit of local authorities and any aspect of financial management it considers necessary to investigate. This Office also audits long-term council community plans.⁵

6 DISTRIBUTION OF SERVICE DELIVERY COMPETENCE

Regional councils and territorial authorities have traditionally worked as two spheres of local government with different jurisdictions and little overlap. However, this may change to some extent in the future as a result of the new legislation providing general empowerment for both territorial authorities and regional councils. The key principle traditionally underpinning the division between regional

councils and territorial authorities has been the separation of planning and service delivery responsibilities.⁶

6.1 Regional councils

The 12 regional councils are primarily responsible for resource management (integrated management of natural and physical resources of the region); biosecurity; river and catchment management including flood control; harbour navigation and safety; marine pollution; regional emergency management and civil defence and regional land transport planning. In keeping with their prime environmental and physical resource management function, the boundaries of the regional councils have, as far as possible, been drawn along river catchments.

Regional councils have generally had no direct service delivery functions (except Auckland and Wellington regions which inherited some regional service delivery functions when they were established in 1989, such as bulk water supply in Wellington, and the administration of regional parks in Auckland and Wellington).

Regional councils are led by a chairperson elected indirectly by the council for a three-year term. Regional councils may delegate responsibilities to committees or other structures, with certain exceptions, including the powers to set rates, make by-laws, borrow money, appoint a chief executive or adopt certain plans.

6.2 Unitary authorities

There are four unitary authorities which are territorial authorities encompassing the duties and powers of both territorial authorities and regional councils.

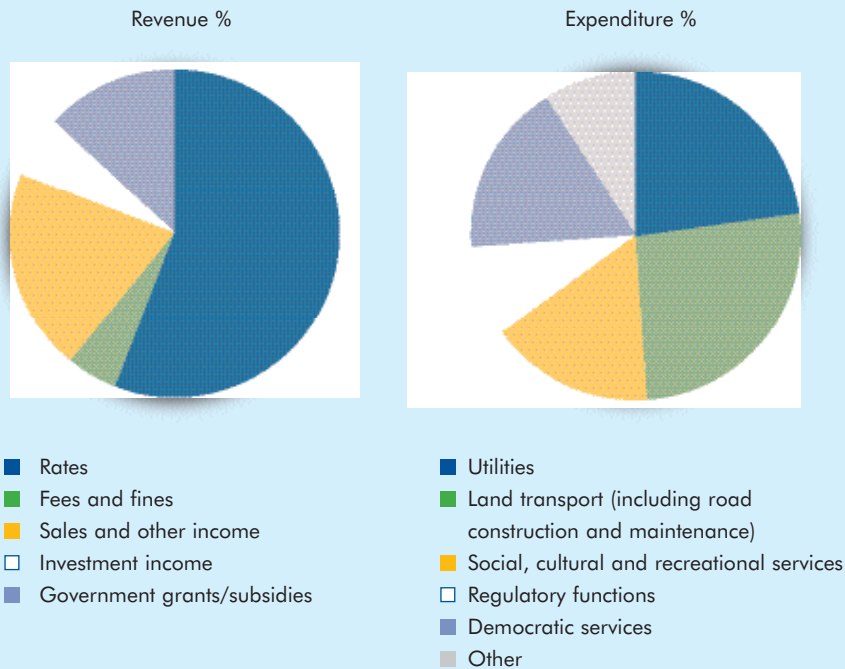
6.3 Territorial authorities

Consequent to the way boundaries of regional councils have been drawn, several districts straddle regional council borders.

The 73 territorial authorities provide services directly or indirectly to the community. The city and district councils are responsible for community well being. This has traditionally covered activities and services such as public health and safety, infrastructure, recreation and culture, and resource management (control of the effects of use, development or protection of land and associated physical and natural resources).

Territorial authorities are led by mayors who are directly elected by the community. Territorial authorities may delegate responsibilities in the same manner as regional councils.

Figure 1. The financial structure of local government in New Zealand



- developing and improving relationships
- sharing information and encouraging good practice.

The establishment of the website www.localcentral.govt.nz provides local authorities with quick and easy access to information from more than 60 government agencies. The website also contains publications, news, notice of events, and links.

10 E-GOVERNMENT

The New Zealand government has been developing an e-government strategy to increase online access to information, products and services, enhance citizen participation, and develop e-business initiatives. The government website www.govt.nz provides a portal for access to national government and local authority services.

All local authorities have their own websites. The services and information offered varies between local authorities.

The Department of Internal Affairs has also established the www.localcouncils.govt.nz website which: provides information about how the New Zealand system of local government works; outlines how people can get involved in local government; gives a statistical overview of local government in New Zealand; and provides a financial and statistical profile for each local authority area.

In 2005 3.2 million people, or 78% of the population had access to the internet.⁷

7 FINANCE

7.1 Revenue

In 2004/2005 local authority aggregate revenue was NZ\$5.4bn (US\$4.17bn). The major sources were:

- | | |
|--------------------------------|-------|
| 1. Rates | 56.1% |
| 2. Fees and fines | 5.2% |
| 3. Sales and other income | 20.2% |
| 4. Investment income | 5.7% |
| 5. Government grants/subsidies | 12.7% |

7.2 Revenue-sharing

In the year to June 2006 transfers from central government totalled approximately \$684m, representing 12.7% of local government income. 89% of transfers were accounted for by roading and transport.

7.3 Expenditure

In 2004/2005 the total aggregate expenditure of local government was NZ\$5.3bn (US\$4.10bn). The major lines of expenditure were:

- | | |
|---|-------|
| 1. Utilities | 22.9% |
| 2. Land transport (including road construction and maintenance) | 27.8% |
| 3. Social, cultural and recreational services | 16.8% |
| 4. Regulatory functions | 9.2% |
| 5. Democratic services | 16.1% |
| 6. Other | 7% |

8 ORGANISATIONS OF LOCAL GOVERNMENT

Local Government New Zealand is a voluntary, country-wide association that represents the

interests of all 85 member local authorities. It acts as the national voice of local government and represents it at the central government-local government forum (see section 9 below). Local Government New Zealand is a member of the Commonwealth Local Government Forum.

The Society of Local Government Managers is the national professional body of senior local authority officers.

9 INTERGOVERNMENTAL RELATIONS

In early 2000 the government established a regular central government and local government forum to discuss common issues and the coordination of services. The first meeting, held in March 2000, included, from central government, the prime minister, the deputy prime minister, the minister of local government, the finance minister and other ministers. Representing local government were the president of Local Government New Zealand and members of its National Council. The 12th Central Government and Local Government Forum was held in December 2006.

In November 2004, the Local and Central Government Interface Team was established as part of the Department of Internal Affairs, Local Government and Community Branch. The interface team actively supports contact between local authorities and central government agencies involved in community outcomes and the implementation process. A dedicated team of relationship managers has responsibility for:

11 ENVISAGED REFORMS

The government of New Zealand has announced plans to reform the governance structure of Auckland, New Zealand's largest city and home to roughly 33% of its population. Currently Auckland is governed by seven city councils and one regional council which is responsible for environmental planning, regional parks and bulk water supplies. The government has announced the establishment of a Royal Commission to examine future governance models for the city.

The Commission is due to complete its considerations by the end of 2008. In the mean time councils have voluntarily agreed to develop a single plan for the city and establish a sustainable development committee which would also have representatives from key government departments.

The government also established an independent commission to investigate local government funding following a number of years of large rate increases.

The Local Government Commission, an appointed body responsible for hearing appeals and objections to councils'

representation reviews prior to triennial elections, as well as any proposed amalgamations or de-amalgamations, is undertaking a review of the Local Government Act 2002 and the Local Electoral Act 2001. The Commission was given this responsibility when the Local Government Act 2002 was enacted and its focus will be to assess the degree to which the legislation has encouraged greater citizen participation, improved efficiency and strengthened local governance. It will report to the Minister of Local Governance around August 2008.

12 SUMMARY

New Zealand's local government system comprises regional councils and territorial authorities (including four unitary authorities). Both have general empowerment, within certain prescribed limits, to promote the well-being of their communities. The high degree of political and financial independence in New Zealand local government is reflected in a range of governance and financial structures and processes.

As a balance to general empowerment, parliament has imposed upon local authorities specific requirements to consult their citizens, thus establishing primary accountability to the local electorate, rather than to central government.

Much of New Zealand's local government legislative framework has recently been reformed. The focus has now moved to successful implementation of the new legislation.

References

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- 4 Local Government New Zealand, Survey of Elected Members, 2005
- 5 K Solomon (ed.), 'Australia, Korea, New Zealand', International Local Government Monograph Series, IULA-ASPAC, 1998, p.60
- 6 'Briefing to the Incoming Minister of Local Government, December 1999', p.7
- 7 CIA World Factbook 2007.



Service	Delivering authority		Remarks
	Central	Local government	
		Regional	Territorial
GENERAL ADMINISTRATION			
Police	●		
Fire protection	●		●
Civil protection	●	●	●
Criminal justice	●		
Civil justice	●		
Civil status register	●		
Statistical office	●		
Electoral register	●		
EDUCATION			
Pre-school	●		
Primary	●		
Secondary	●		
Vocational and technical	●		
Higher education	●		
Adult education	●		
Other	●		
SOCIAL WELFARE			
Kindergarten and nursery	●		
Family welfare services	●		
Welfare homes	●		
Social security	●		
Others			●
PUBLIC HEALTH			
Primary care	●		
Hospitals	●		
Health protection	●		●
HOUSING AND TOWN PLANNING			
Housing	●		●
Town planning			●
Regional planning		●	
TRANSPORT			
Roads	●		●
Transport	●	●	●
Urban roads			●
Urban rail			
Ports			●
Airports	●		●
ENVIRONMENT AND PUBLIC SANITATION			
Water and sanitation			●
Refuse collection and disposal			●
Cemeteries and crematoria			●
Slaughterhouses			
Environmental protection	●	●	●
Consumer protection	●		
CULTURE, LEISURE AND SPORTS			
Theatre and concerts	●		●
Museums and libraries	●		●
Parks and open spaces		●	●
Sports and leisure	●		●
Religious facilities			●
Other cultural facilities	●		●
UTILITIES			
Gas services			
Electricity			●
District heating			
Water supply			●
ECONOMIC			
Agriculture, forests and fisheries	●		●
Economic promotion	●		●
Trade and industry	●		
Tourism	●	●	●
Other economic services	●		●

● = discretionary service by the local authority