

**Government response to recommendations of the Productivity Commission’s report
Towards Better Local Regulation**

Improving regulatory design

**Productivity Commission
Recommendation**

Government response

**R5.1-
5.4**

Central and local government should work together to develop a ‘Partners in Regulation’ protocol. The protocol should develop an agreed set of principles to govern the development of regulations that will have implications for the local government sector.

The Government should add the requirements of the ‘Partners in Regulation’ protocol to the Cabinet Manual. A Cabinet directive should be given for all agencies to act in accordance with the protocol. Progress towards implementing the protocol should be included in the performance assessments of central government agencies.

A review of the ‘Partners in Regulation’ protocol should be conducted a suitable amount of time after it is introduced. The review should be undertaken by an independent party appointed by the Minister of Local Government in consultation with LGNZ.

The ‘Partners in Regulation’ protocol should include a provision that local authorities include a ‘statement of intent to comply’ in their annual plan.

The Government agrees that there would be value in central government and local government improving their collaboration in the development of regulations that have implications for local government.

How central and local government work together is important to overall economic, social, and environmental performance.

Several central government portfolios are highly reliant on local government for their core business with frequent contact and a significant mutual impact (Building and Construction, Civil Defence, Environment, Land Information, Local Government and Transport). Through local government, these portfolios deliver outcomes to improve overall living standards. Examples include housing supply, resource management, transport provision, resilience to natural hazards, and the provision of essential infrastructure.

Work is already underway to determine how best to manage and improve the overarching relationship.

The value and effectiveness of a formal joint mechanism however are questionable, and improvements can be achieved without one.

Improvements will be made to central government documentation, such as the Cabinet Office Manual, Cabinet Guide, Regulatory Impact Analysis Handbook and the Department of Internal Affairs *‘Policy Development Guidelines for Regulatory Functions Involving Local Government’*.

Recommendation 5.2 brings attention to the lack of reference in the Cabinet Office Manual to the need to consult effectively with local government during policy development (while the Cabinet Guide and other secondary guidance does). To resolve this, the Cabinet Office Manual will be amended.

If any mechanism to improve collaboration between central and local government is developed, this will be reviewed periodically, and in collaboration with the local government sector. It is unlikely that any mechanism for local and central government collaboration will seek to bind the signatories.

R5.5 Central government agencies should develop strategies to increase, and then maintain, their knowledge and understanding of the local government sector.

As part of its enhanced leadership role regarding the coherence of central government advice on local government, the Department of Internal Affairs will progress this recommendation.

The Commission makes this recommendation as it notes that there is little emphasis within agencies on the specific knowledge needed to analyse issues involving the local government sector.

This is an area for ongoing improvement. The Department of Internal Affairs is establishing a strategic leadership role in enhancing central government performance in relation to local government-related issues. This will consider how best to address gaps of central government knowledge and understanding of the local government sector.

The Department of Internal Affairs' *'Policy Development Guidelines for Regulatory Functions Involving Local Government'* assists central government agencies to identify and consider key issues that may arise in developing regulatory programmes involving local authorities. These guidelines will be updated, with Treasury, to include material on preparing regulatory impact statements for policy proposals involving the local government sector.

A number of training courses are currently available to central government officials aimed at increasing knowledge and understanding of the local government sector. Courses and webinars are run by Local Government New Zealand (LGNZ) and the Society of Local Government Managers (SOLGM), including an introductory 'Local Government for Central Government Officials' workshop. Topic-specific courses have also been run by a number of organisations including for example, the Ministry for the Environment's 'RMA101,' which has previously been offered to other central government agencies.

Secondments from local government have also been utilised to provide expertise to projects – for example, in the proposed resource management reforms.

Central government agencies will also be invited to consider the possibility of seconding central government staff to local government.

R5.6 The trigger for involving the Treasury's Regulatory Impact Assessment Team in scrutinising Regulatory Impact Statements should be amended to explicitly cover proposals that have a significant impact on local government.

Actions have been taken which respond to this recommendation.

The main mechanism for assessing the potential significance of a forthcoming regulatory initiative is the Preliminary Impact and Risk Assessment. This is prepared by the relevant agency at an early stage of policy development and reviewed by the Treasury to determine whether a Regulatory Impact Statement needs to be prepared and whether Regulatory Impact Analysis Team will need to provide the quality assurance of that Regulatory Impact Statement.

The Treasury issued a revised version of the Preliminary Impact and Risk Assessment template in July 2013. This now includes an additional prompt for departments to consider whether the options being considered would have significant costs or benefits on local government. The revised template also requires departments to consider whether there is a possibility that local government will be expected to implement, administer or enforce any options.

With these clarifications, the existing significance criteria will continue to ensure that Regulatory Impact Analysis Team is appropriately involved in providing quality assurance for proposals that have a significant impact on local government.

<p>R5.7 The Government, in consultation with local government, should develop and publish a regulatory change programme that signals areas of local government regulation that may come under review in the coming 12-24 months.</p>	<p><u>The Treasury will be reviewing the existing regulatory plan process during the second half of 2014.</u></p> <p>The Treasury already collects information on forthcoming regulatory initiatives. However, this information does not systematically identify possible local government impacts, and does not cover all agencies that may administer regulation affecting local authorities. Most importantly, this information is not made publicly available as a general rule, though individual proposals may be signalled in departmental Statements of Intent or through other announcements.</p> <p>The Treasury will be reviewing the existing regulatory plan process during the second half of 2014, with changes expected to come into effect from early 2015. This will consider how regulatory plans can be used to provide better advance information about forthcoming regulatory proposals which may affect local government or other stakeholders.</p>
<p>Allocating Regulatory Responsibility</p>	
<p>Productivity Commission Recommendation</p>	<p>Government response</p>
<p>R6.1 The allocation framework [developed by the Commission, and proposed in the Report] should be used by central government agencies when recommending new regulation or amendments to regulation where local government is involved. This would be achieved through updating the Regulatory Impact Analysis Handbook and the requirements in the Cabinet Office Manual.</p>	<p><u>A non-statutory allocation framework will be developed.</u></p> <p>As part of its Better Local Government programme, the Government has committed to developing a non-statutory allocation framework for guiding decisions on which regulatory functions are best undertaken by local and central government. This will be completed by the Department of Internal Affairs, in consultation with Local Government New Zealand.</p> <p>This project has been on hold pending the Commission's report, as the Commission's suggested framework will be taken into account. The project will include considering how to best promote usage of the framework by departments in their regulatory policy design.</p> <p>For example, the Commission's case study of Building Consent Authorities provides useful analysis of the allocation question, and is being taken into account as part of developing policy advice on the building consent system.</p>
<p>R6.2 Agreement to use the allocation framework should be part of the proposed regulatory protocol between local and central government.</p>	<p><u>As above, the Government does not plan to develop a Partners in Regulation Protocol at this time.</u></p>
<p>R6.3 The allocation framework should be used to review existing regulation, such as reviews undertaken as part of government agencies' regulatory review programmes. The framework should also be used where there are issues with capability or there is evidence of poor regulatory outcomes.</p>	<p><u>An allocation framework should be used as reviews of existing regulation are undertaken.</u></p> <p>The allocation framework could be used during regulatory reviews undertaken by departments. The Government has encouraged departments to develop their own systems for more active regulatory stewardship, including monitoring regulations to make sure they remain fit for purpose. It is expected that departments will develop their own work programmes based on an assessment of priorities.</p>

Improving Local Government's Regulatory Capability

Productivity Commission Recommendation

Government response

R7.1 The guidelines for preparing Regulatory Impact Statements should be amended, to require departments sponsoring regulation that will be delegated to local government to include in their statements — following reasonable consultation with local government—the costs of improving to an acceptable level the capabilities in local government to administer and enforce the regulation.

The Regulatory Impact Analysis Handbook and the Department of Internal Affairs 'Policy Development Guidelines for Regulatory Functions Involving Local Government' will be updated.

The underlying concept behind regulatory impact analysis is that the impacts on any individuals or groups in the public, private or voluntary sector should be considered. The guidance on implementation also reminds departments that they should consider administration issues, such as which agency will implement and administer the option and how it will function.

The question of the capability of the regulator (whether a new or existing Crown entity or a local authority) is clearly important to the likely success of any regulatory option being considered. If consultation on possible regulatory options is undertaken properly (as the regulatory impact analysis system requires), this information will become available to inform the final regulatory impact statement.

Where departments are developing proposals with regulatory implications for local government, the Regulatory Impact Analysis Handbook and the Cabinet Guide refer them to the Department of Internal Affairs 'Policy Development Guidelines for Regulatory Functions Involving Local Government'. These guidelines include questions about the capacity and capabilities of local government. Any costs required to improve capabilities to an acceptable level should be captured in the regulatory impact statement, and the risk of not achieving this should also be assessed.

To support this, the Department of Internal Affairs will review the *Policy Development Guidelines* to support departments to work more effectively with local government in the design and implementation of policy, and to better consider the impacts of policy for local authorities. In parallel with this, the Treasury will update the Regulatory Impact Analysis Handbook to reinforce the existing requirement to include this material in regulatory impact statements.

R7.2 The Government should use existing forums, or develop new ones, to:

- ensure that both levels of government understand the regulatory outcomes that central government is seeking and their relative importance; and
- identify resource and capability gaps that may prevent councils from achieving these outcomes, and determine how they will be addressed.

This will be considered by departments that organise relevant forums for inclusion in those forums, as appropriate. Other measures are underway to identify resource and capability gaps.

This type of dialogue is important. There are at least five existing central/local government forums that can assist in delivering the desired outcomes:

- Central Government – Local Government Forum;
- Auckland Central – Local Government Forum;
- Central Government – Local Government Chief Executives' Forum;
- Auckland Joint Officials' Group;
- Chief Executives' Environment Forum; and
- Resource Managers' Group.

The second part of this recommendation will be addressed via better engagement and advice. Through its enhanced leadership role, the Department of Internal Affairs intends to enhance the flow of information between central and local government, in relation to regulatory outcomes sought (by central government) and resource gaps that prevent effective implementation (local government).

<p>R7.3 Relevant departments should consult with local government about the adequacy of guidance material and the potential benefits and costs of options for improving it.</p>	<p><u>Agencies will be asked to consult with local government about the adequacy of relevant guidance material and potential for improving it. This consultation may be incorporated into existing reviews.</u></p> <p>It is agreed that consultation on guidance material is required to ensure that it is useful. The Ministry for the Environment already consults with local government on the adequacy and efficacy of guidance material it produces as a matter of course.</p>
<p>R7.4 The Government should work with local government to develop a process for reviewing the regulatory practices of local government that is voluntary, and involves self-assessment and publication of findings.</p>	<p><u>The Department of Internal Affairs is building its capacity to monitor the performance of local authorities and advise on what support is needed for performance improvement.</u></p> <p>This may include working with the local government sector to develop a performance review process, which would include regulatory practices.</p> <p>A Rules Reduction Taskforce, with representatives from central and local government and other groups, will be established to consider local concerns and identify opportunities to improve regulation/legislation administered by local authorities that adversely and unnecessarily affects property owners. The findings of the Taskforce will assist central and local government in identifying areas for improving local regulatory practice.</p>
<p>R7.5 The Government should provide sufficient lead-in times for new regulation in order to ensure that councils have time to consider opportunities for local cooperation in administering and enforcing the regulation.</p>	<p><u>Regulatory Impact Analysis and policy guidance materials will be refreshed.</u></p> <p>The Government agrees that providing sufficient lead-in times for new regulation is an important element of effective implementation, particularly where the administration or enforcement depends on the activities of other parties.</p> <p>This is an implicit expectation in the Regulatory Impact Analysis Handbook and in the training that Treasury provides to departments. The <i>'Policy Development Guidelines for Regulatory Functions Involving Local Government'</i> already includes guidance on implementation issues and the notice that is desirable to provide for local authorities to implement new regulatory responsibilities. The proposed amendments to the Regulatory Impact Analysis Handbook and other policy guidance materials will provide an opportunity to refresh this material in consultation with local government.</p>
<p>Local authority regulatory processes</p>	
<p>Productivity Commission Recommendation</p>	<p>Government response</p>
<p>R8.1 Councils should make publicly available on council websites, using a standardised template format, the key components of the analysis underpinning regulatory decisions, and the information used in making decisions, to improve transparency.</p>	<p><u>This approach would not be appropriate, given existing mechanisms, and the cost/benefit of requiring the use of such templates.</u></p> <p>The Government supports the objective of transparency in regulation. It is important that councils clearly communicate their requirements to regulated parties. However, standardisation of this type is not required to achieve the objective.</p> <p>The development and use of a single, or a few, standardised template formats across councils would unlikely be able to cater for the breadth and depth of the differing levels of analyses that underpin the wide range of regulatory decisions taken by local authorities.</p>

The overall cost of this exercise for councils is likely to outweigh the overall benefit, given existing transparency requirements. Scrutiny of councils' activities is already facilitated by (for example):

- meeting papers and minutes being published on council websites;
- the Local Government Official Information and Meetings Act 1987;
- requirements in the Resource Management Act 1991 (RMA) to make available key components of analysis underpinning regulatory decisions. The Resource Management Amendment Act 2013 improved the quality of the analysis by requiring more detailed economic cost-benefit analysis, and for the level of detail to correspond to the scale and significance of the regulation in question;
- when Nationally Significant Proposals are referred to the Environmental Protection Agency (EPA) for consideration by a Board of Inquiry, the EPA will make available all relevant documents, evidence, submissions received and notes of the hearing's panel decision on their website for the public to consider; and
- councils are required to publicly report on their income from fees payable, and their costs incurred, in carrying out their functions under the Sale and Supply of Alcohol (Fees) Regulations 2013.

R8.2 The Local Government Act 2002 should be amended to enable local authorities to take an approach to consultation proportionate to the level of discretion they have to regulate, and the significance of the issue.

The Local Government Act 2002 Amendment Bill (No 3) makes amendments which respond to this recommendation.

The Local Government Act 2002 Amendment Bill (No 3), if enacted, will enable local authorities to take a more flexible approach to consultation, by repealing most requirements to use the special consultative procedure when consulting under the Local Government Act 2002.

In its report, the Productivity Commission made particular mention of the consultation requirements relating to making, amending or revoking bylaws. The Bill amends these provisions so that the special consultative procedure is not mandatory except where:

- the bylaw concerns a matter identified in a significance and engagement policy as being of significant interest to the public; or
- the local authority considers there is, or is likely to be, a significant impact on the public due to the proposed bylaw (or proposed changes to a bylaw).

R8.3 The Ministry for the Environment should consider the feasibility of making the Environment Court's mediation capability available to support local authority plan-making processes earlier.

Proposed changes will seek to address the corresponding problem.

The Government recognises that the Environment Court's mediation capability is important in resolving plan appeals before proceeding to a full hearing.

The freshwater and resource management reforms propose new optional planning processes that feature a more rigorous hearing process alongside reduced appeal rights. Independent hearing panels would have a greater ability to direct parties to engage in mediation. The Ministry for the Environment is looking at ways to support local authorities to enhance local authority capability in mediation for plan-making processes.

R8.4 The Department of Internal Affairs should begin the process to strengthen the statutory requirements on local authorities to separate prosecution decisions from political involvement.

The Government disagrees that statutory change is necessary. The importance of separating prosecution decisions from political involvement will be reinforced in a communication to councils. Local Government New Zealand will update already-available guidance material.

The report fairly identifies a potential link between prosecution decisions and political interference, and examples of where this has occurred.

Amending statutory requirements to strengthen the requirements on local authorities to separate prosecution decisions from political involvement is unlikely to effectively mitigate this problem.

There is not a straightforward way of extracting elected representatives from decisions as to whether or not to grant funding for prosecution activities (where that has not been previously budgeted during the annual planning process). This decision making power can have the practical effect of preventing or ending a prosecution.

In theory, mechanisms can be designed to ensure enforcement services have ample funds to flexibly decide whether to pursue a prosecution without political interference. Examples include a pooled funding or insurance style model. In practice, these are not likely to be feasible and may create further problems.

The message that prosecution decisions should be separate from political interference will be reinforced, and may facilitate the provision of guidance material.

LGNZ provides guidance to its members outlining the need to strengthen requirements on local authorities to separate prosecution decisions from political involvement. It will update this guidance in 2014 to highlight this particular issue.

R8.5 The Ministry for the Environment should consider the impact of expanded requirements to use independent hearings panels on the decision-making role of councils, and councils' accountability to their communities for the resource management decisions they make.

The Ministry for the Environment has considered and is satisfied with the use of independent hearings panels.

Engaging independent commissioners to decide on resource consents, hear submissions on plans and make recommendations to councils is common practice under the RMA.

The proposed new freshwater and resource management planning processes include a role for independent panels. Under these processes, councils must use a panel with a majority of independent commissioners to hear submissions on the council's notified plan. The local authority retains the responsibility for making final decisions on plan content. Appeal rights are narrowed if the council's final plan is consistent with the panel's recommendations (or, in the case of the freshwater process, the consensus group's position).

This is intended to create an incentive for stakeholders, communities and iwi to engage early in the planning process. The intent is to place greater emphasis on council decision-making, create greater certainty and reduce the need for costly litigation.

Proposed changes to the resource management consenting process include an amendment to the objection provision. Applicants can currently request that their notified applications are heard by an independent hearings commissioner instead of the council, however objections to certain decisions can only be made to the council. The new proposal entitles an applicant to request that an independent commissioner hear and decide upon an objection rather than the council.

This is intended to provide an avenue for an applicant to receive an independent hearing without recourse to an Environment Court appeal.

Responsibility for appointing independent commissioners lies with councils and decisions made by commissioners are done so on behalf of the council.

Local regulation and Māori

Productivity Commission Recommendation

Government response

R9.1 Local authorities should aim to support Māori who are involved in decision making with sufficient inclusion of tikanga Māori in plans, policies, and regulations to be able to meaningfully adjudicate whether particular proposals align with tikanga Māori.

The Government supports the objective of this recommendation. A range of obligations for local authorities to include tikanga Māori in particular matters already exists.

Requirements to include Māori in decision making are reflected in the provisions of the Local Government Act 2002 and RMA.

For example, proposed reforms to the RMA are intended to achieve greater clarity on the role of iwi/hapū in local government planning. These changes would require councils to seek out and have particular regard to the advice of iwi/hapū when drafting plans, and to report on how this advice was considered. Councils would also be required to invite iwi/hapū to enter into arrangements that would detail how iwi/hapū and councils work together through the planning process.

Monitoring and enforcement

Productivity Commission Recommendation

Government response

R10.1 To promote risk-based allocation of monitoring and enforcement resources in councils, the Department of Internal Affairs, Local Government New Zealand and the Society of Local Government Managers should identify opportunities to pool regulatory experience and databases among councils and central government regulators, to identify trends and patterns in compliance. This work should involve the Privacy Commissioner in order to protect the integrity of private information.

Work is underway to strengthen the Compliance Common Capability Programme (CCCP).

The Government agrees that there is room for improving the level and quality of central and local government collaboration to further promote risk-based implementation of regulation in local government.

There is an existing vehicle for this: the central/local government Compliance Common Capability Programme (CCCP). The CCCP has:

- established formal qualifications that will help to improve individual capability, attract and retain people in the compliance sector;
- put in place a voluntary “learning council” to share learning and development material and activities; and
- published a better practice guideline, “Achieving Compliance,” which draws on New Zealand and international theory and practice to improve organisational capability.

Collectively, these activities are intended to strengthen the professional nature of compliance work for the benefit of businesses, communities and government.

The Society of Local Government Managers is a core partner in the CCCP. A balanced number of local government and central government organisations involve themselves in the Programme’s activities and events.

	<p>The CCCP currently involves informal sharing of experience. Efforts are underway to further strengthen this programme at present. In future, it could support more systematic information sharing (including databases) that would enable pattern and trend identification between and within the respective levels of government.</p>
<p>R10.2 Territorial authorities should formally coordinate with other monitoring and enforcement agencies, including the police, when administering, monitoring and enforcing liquor licensing.</p>	<p><u>This is an existing requirement.</u></p> <p>The Sale and Supply of Alcohol Act 2012, section 295, 'Duty to collaborate,' states:</p> <p><i>The Police, inspectors [of a territorial authority], and Medical Officers of Health within each territorial authority's district must—</i></p> <ul style="list-style-type: none"> <i>(a) establish and maintain arrangements with each other to ensure the ongoing monitoring of licences and the enforcement of this Act; and</i> <i>(b) work together to develop and implement strategies for the reduction of alcohol-related harm.</i> <p>Further to this, the regulatory agencies have had a coordination group in operation during the implementation of the new Act. This has included delivering combined training and also the establishment of a combined enforcement website.</p>
<p>R10.3 Agencies responsible for regulations that local government enforces should work with Local Government New Zealand to identify regulations that could usefully be supported by infringement notices and penalty levels that need to be increased.</p>	<p><u>This is an established, ongoing expectation.</u></p> <p>It is agreed that regulatory agencies should consult with LGNZ, and local government generally, to determine appropriate penalties and update these over time. Cabinet has agreed to an ongoing expectation in relation to regulatory stewardship that agencies should:</p> <ul style="list-style-type: none"> • monitor, and thoroughly assess at appropriate intervals, the performance and condition of their regulatory regimes to ensure they are, and will remain, fit for purpose; and • have processes to use this information to identify and evaluate, and where appropriate report or act on, problems, vulnerabilities and opportunities for improvement in the design and operation of those regimes.
<p>R10.4 Section 259 of the Local Government Act 2002—relating to the empowerment of infringement notices—should be amended to enable regulations to be made for infringement notices for similar kinds of bylaws across local authorities, rather than on a council-specific and bylaw-specific basis.</p>	<p><u>Further progress will be made as resourcing permits.</u></p> <p>The Government is aware of the limitations of the current legislation. Infringement regimes are not suited to all regulatory regimes. Some preliminary assessments have been made as to the feasibility of what is proposed. Further progress will be made as resourcing permits.</p>

Improving regulatory performance assessment

Productivity Commission Recommendation

Government response

<p>R11.1</p>	<p>The Department of Internal Affairs should work with local authorities to:</p> <ul style="list-style-type: none"> • remove any instances where authorities provide the same data to more than one department; and • make central government administrative datasets available to local authorities to assist in the assessment of regulatory performance. 	<p><u>The Government agrees that duplicate data-provision requirements should be removed where possible. Efforts will be progressed as resourcing and technology-development permit.</u></p> <p>Departments will be asked to identify opportunities where they hold administrative datasets that may be shared with local authorities to assist in the assessment of regulatory performance. The Department of Internal Affairs, alongside SOLGM and LGNZ, may be able to assist in the dissemination of such datasets.</p> <p>Some work is already underway to improve data-provision requirements. For example, the Ministry for the Environment is working with councils and other central government agencies to develop a National Monitoring System (NMS) which will result in better collection and sharing of RMA information to improve RMA processes. The NMS will replace the current two-yearly RMA Annual Survey and the benefits of the NMS will include: greater certainty on what, when and how information will be collected, organised and used for national monitoring of RMA performance; and better availability of RMA information.</p>
<p>R11.2</p>	<p>The Department of Internal Affairs should work with Local Government New Zealand and the Society of Local Government Managers to assess the case for common measures of regulatory services, and prepare a framework for implementation.</p>	<p><u>This is not a Government priority at the present time.</u></p> <p>Non-financial performance measures were recently promulgated for five core infrastructure-related services provided by councils. Lessons learned from the development and implementation of these performance measures will be taken into account in considering whether any further common measures should be developed.</p>
<p>R11.3</p>	<p>The Treasury, Local Government New Zealand and the Society for Local Government Managers should jointly trial the concept of a ‘health check’ of a regulatory regime, in which experts from local and central government would summarise the problems and opportunities in an area of local government regulation.</p>	<p><u>The Government recognises that regular checks are an important element in the stewardship of the regulatory system and will continue to develop the arrangements for regular assessments. Although not a ‘health check’ as proposed by the Commission, as part of the ongoing assessment of regulatory regimes, a Rules Reduction Taskforce will consider opportunities to improve locally administered legislation and regulation that adversely and unnecessarily affects property owners.</u></p> <p>The Treasury is currently undertaking the first reassessment of regulatory regimes against the Best Practice Regulation principles. The results of this reassessment are due to be published later this year. This review will effectively provide a high-level health check of 56 different regulatory regimes, several of which involve local government in their delivery.</p> <p>The assessment process relies mainly on input from the sponsoring departments within central government, but could be expanded to include those involved in implementation and enforcement of regulations on the ground, including local authorities. We hope that local authorities will take the opportunity to provide their own views on these assessments, based on their experience.</p>

Some areas of regulatory practice at the interface between central and local government are already under review, notably changes to the RMA, the freshwater management system and various initiatives on housing supply.

A Rules Reduction Taskforce, with representatives from central and local government and other groups, will be established to consider local concerns and identify opportunities to improve particular areas of regulation/legislation administered by local authorities that adversely and unnecessarily affects property owners.

Making it happen

Productivity Commission Recommendation

Government response

R12.1 Each level of government should:

- **review whether its current organisations are capable of developing and implementing a reform programme for local government regulation; and**
- **jointly consider establishing new intergovernmental arrangements, the purpose of which would be to initiate, develop and monitor the implementation of significant initiatives to improve the achievement of regulatory outcomes that require cooperative action by both levels of government.**

The Department of Internal Affairs is taking on an enhanced leadership role to improve the performance of central government in relation to engaging with local government and providing advice on key issues.

The work programme of the leadership programme is being developed; it will include both capacity building and coordination. As this initiative progresses, experience will help to identify whether any new arrangements or activities are necessary to improve local government regulatory outcomes.