

13 May 2013

Councils and Government can lift their game on local regulation

The New Zealand Productivity Commission has released the findings of its independent inquiry into regulatory performance in local government.

In releasing the inquiry report, Commission Chair Murray Sherwin said, "Local councils have a big influence on the success of communities and local economies. A large and diverse set of regulations is managed by councils. They cover things like urban development, building safety and standards for air quality, right through to dog control and food safety. It is critical to community wellbeing, and New Zealand's overall performance, that these local regulatory systems perform well.

"Most of the regulation undertaken by councils has its origins in legislation passed by Government. Having central and local government jointly thinking about what regulation is necessary, to what purpose and how best it can be implemented, enforced and monitored is critical for getting good results. This inquiry shows that we are well short of that ideal.

"At the council level, there is a need for greater attention to quality management processes to lessen the inconsistency in regulatory decisions that we see between different councils and even within individual councils. That would reduce much of the frustration reported by businesses in their interaction with councils.

"Our work has resulted in 29 recommendations for improvements in how regulation is designed, implemented, evaluated and governed. Both councils and Government need to lift their game on regulation, and work together more effectively to produce better outcomes for the community.

"Amongst the Commission's recommendations for improving regulation are:

- a tool for helping to decide what regulations, and which parts of implementing regulation, are best performed by Government or councils;
- use of standardised formats and increased transparency to better demonstrate how key council regulatory decisions have been made;
- more focus by government departments, when preparing new regulation intended to be implemented by councils, on the costs and benefits of the proposed regulation, where those costs and benefits will fall, whether or not councils have the capability and capacity required to effectively implement the new regulation, and the likely costs of building that capability and capacity where it does not exist;
- the development of a 'Partners in Regulation' protocol to better guide Government/council engagement;
- the development of new or enhanced joint Government/council forums for overseeing improvements; and
- greater use of risk-based approaches to monitoring and enforcement of regulation by councils, together with enabling greater use of infringement notices to support regulations in place of more costly formal prosecutions.

"The Productivity Commission has taken a 'whole of system' approach to its review of council regulation. What is clear is that improvements will require both central and local government to be well connected to achieve improvements."

The Commission's views were informed by an extensive engagement process which included comprehensive surveys of the business community and councils, a formal public submission and consultation process and over 100 engagement meetings with government officials, businesses and councils.

Finance Minister Bill English has tabled the Commission's report in Parliament today. The Government will respond at a later date, once the report has been considered in full.

The final report, summary material, inquiry submissions and survey results are available at www.productivity.govt.nz.

About the New Zealand Productivity Commission

The Commission—an independent Crown Entity—completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues.

For further information, please contact:

Catherine Jeffcoat

catherine.jeffcoat@productivity.govt.nz

T: (04) 903 5160

M: 029 770 8697