



4 March 2013

**SUBMISSION FROM PALMERSTON NORTH CITY COUNCIL  
ON THE PRODUCTIVITY COMMISSION TOWARDS BETTER LOCAL REGULATION  
DRAFT REPORT**

Thank you for the opportunity to comment on your draft report.

We believe that the Productivity Commission has identified the key issues that need to be addressed in order to improve New Zealand's regulatory system. In particular we agree with the "whole of system" approach taken by the Commission. As the Commission says most of local government's regulatory functions arise from central government statutes. Therefore, any improvements to the regulatory system need to include improvements to the processes of central government.

Other key starting points for us are that:

- good regulations have wide public benefits that help achieve broad economic, social and environmental goals for our communities. Regulation should not be seen as just a cost or a constraint.
- diversity of regulation is a benefit as it means local community differences can be taken into account.
- regulatory functions should be performed closest to the community that is affected, unless there is good reason to centralise.
- flexibility in regulatory services is needed - there is no one-size-fits-all solution.

Our Overall Approach

As we said in our submission to the Commission's initial discussion document we believe that local Councils, after weighing up local preferences, should set, administer, enforce, and monitor local regulations within an overall national framework.

We note the Commission's finding that 70% of businesses only deal with one Council on regulatory matters. This confirms that a local preferences within a national framework approach will meet most business's needs - and keep local communities needs and wishes at the forefront of the regulatory process.

Based on this, we support the process set out in your One-Page Guide to allocate regulatory functions locally unless there is a good reason to allocate them elsewhere. We also agree with the funding principles outlined in Chapter 5 of your report.

We accept that the national framework would set minimum standards where necessary. These national standards would be in areas like building control, public health and safety. In terms of the Building Act, minimum safety standards would be set nationally, and local more variable needs would be satisfied through the delivery of local services.

Where there are national standards we agree that central government would have some role in monitoring local Councils to ensure that they are properly meeting the standards. However, at times we find that the cost of this outweighs the benefits, e.g. the costs of maintaining Building Accreditation status.

In the past this setting of national standards has sometimes happened without adequate input from local government. This is a good example of the Commission's finding that Central Government does not always take into account the impact of its regulatory process on local Councils.

It is especially important that Central Government has a clear understanding of the range of issues facing different Councils and the range of resources that they have. Large metropolitan Councils are quite different to small rural Councils. Also, while a regional approach may suit areas such as metropolitan Auckland, it will not always suit other regions, where there is a much wider mix of Councils, communities and geographic limitations.

Within our preferred approach it is possible to have model regulations and bylaws that can be taken by Councils and adapted to their particular needs. This would increase consistency of approaches across the country, reduce the costs of preparing regulations and bylaws, while still allowing for local preferences to be reflected. This is currently occurring through things like the Standards New Zealand model bylaws, and the SOLGM listserves and good practice guidelines.

An example where this didn't happen was building accreditation; instead each Council had to prepare its own process.

Here are our comments on some of the more specific issues raised in the draft report.

### Central Government

We support the Commission's finding that there has been a breakdown in the relationship between Central Government and Councils. We also agree that too often Central Government imposes regulatory responsibilities and obligations on Councils without fully considering their impacts and costs. An example of this is microchipping of dangerous dogs and the national dog database.

Another example of this is Central Government's development of mandatory infrastructural performance measures for Councils. All Councils currently have performance measures set in conjunction with local communities. These reflect local priorities. The mandatory measures cut across these and may add to our costs – for example, we may have to carry out additional surveys to gather some of the extra information required. Our ratepayers have not asked for these mandatory measures and should not bear any additional cost due to a requirement by the Department of Internal Affairs. A copy of our submission to the Department is attached.

We agree that Central and Local Government need to develop pragmatic relationships based on mutual understanding. This is the starting point for all of the other improvements to the regulatory process.

We support the improvements to the regulatory governance system set out in your report. As the report says as there is no single policy solution and a range of solutions are needed. In this context we reinforce our point that there are big differences between metropolitan, provincial and rural Councils. Central government needs to take these into account when thinking about improving the relationship between central and local government.

### Co-operation between Councils

The Commission points out that there is considerable co-operation between Councils on regulatory functions. We outlined some examples of these in our original submission. For example, we provide the full range of building consent services to Manawatu District Council. We worked with Horowhenua District Council to utilise two seconded building staff from Horowhenua to assist our Council in better managing workloads.

The agreement with Manawatu has many advantages, including administrative economies of scale - eg only our Council needs to be a fully accredited Building Consent Authority and there is a single certification process for clients of both Councils. It also allows for more consistency of services between the Councils, a better management of workloads, and makes it easier for us to recruit and train staff across both Councils. However, because we do not run a central processing team, people in Manawatu can still lodge consent applications in Feilding and can still talk to local building officers. This is an important part of providing local services.

Our Council has also worked with some of our other neighbouring Councils to offer level three building consent processing services (for complex commercial and industrial consents). These are infrequent consents and working with our neighbours in this way means that expertise can be shared amongst us, instead of each Council trying to maintain its own expertise.

As well as these formal arrangements, our Councils have many regular meetings and informal conversations about best practice and dealing with issues and organisational cultures.

One downside to these arrangements is that Palmerston North is predominantly an urban area and our neighbours are mostly rural so at times there are different priorities.

However, we believe that the arrangements work well – they offer efficiencies and yet still provide local services to local people.

We are concerned that these arrangements are at risk because Central Government is considering imposing a centralised consenting process on all Councils. This includes an online consenting system that could allocate some consents (eg large commercial consents) to just one or two Councils nationwide. While in some ways this is similar to the level three building inspections system we have just described, the big difference is that the Councils entered in to the relationship on a willing basis.

Our concern with the centralised consenting process is that there has been very little discussion with local government. In our view there are still debates to be had about the pros and cons of this approach. We have serious concerns that the wider impacts on local government are again not being considered. The Government should not rush into one size fits all “solutions” that create more problems than they solve, possibly at greater cost. For example, the new system may remove some types of building consents from Councils, leading to Councils having problems funding and delivering the remaining services. Centralising building consent processes will decouple an efficient “one stop shop” service offered by Territorial Authorities and produce an inefficient and lengthy procedure between two organisations, rather than a process involving one organisation. Building consents often require the engagement of Council planners and engineering staff to resolve issues of driveway access and connections to sewer, water and stormwater lines. Building consent clients would have to navigate between two separate organisations to obtain a consent rather than the current one organisation. For businesses, time is money and if clients have to

navigate through two organisations for building consents then costs for clients are likely to rise.

Centralising building consents also does not appear to include the cost of stranded overheads for Councils. We are currently geared up to providing a building consent service and if this were to be centralised then certainly some costs would be transferred to a new central organisation but inevitably each Council would be left with some stranded overheads. The Productivity Commission is strongly urged to have the full costs of a centralised consent service evaluated.

### Enforcement Tools

We agree that Councils would benefit from a wider range of enforcement tools. Bylaws such as the Dog Control Bylaw are enforced by issuing infringement notices and charging a penalty. These infringement offences and penalties are established by statute, however, not through the bylaw. This makes the penalty for failing to keep a dog under control the same in every local authority, irrespective of their bylaw.

For many other bylaws (for example, controlling signs in public places, keeping animals) the Council is not able to create an infringement offence or issue a fine. While there are a range of enforcement tools (seizing property, prosecution), these are often inappropriate for smaller offences. A good solution would be to allow Councils to set infringement offences and penalties through bylaws. This could be subject to oversight by Department of Internal Affairs to ensure that infringement offences and penalties are not revenue-driven or unjust.

Another solution could be to set in legislation a generic "breach of bylaw" infringement offence with a standard penalty of \$50-\$100, for breaches of a bylaw where no other infringement offence has been stipulated. This would allow for bylaws controlling minor offences to be directly enforced without recourse to the Courts.

### Monitoring

We accept that more emphasis needs to be put on monitoring the costs and benefits of local regulations. This should happen at two levels:

- Governance: Councils need to be able to show to their communities that their regulatory services are adding maximum value at least cost.
- Management: Regulatory Managers need to be able to learn from best practice and improve the way they provide their regulatory services

One way of improving how Councils monitor regulations is some central benchmarking of fees. We find it difficult to compare our fee levels with those of other Councils. This is partly because each Council does things slightly differently (to meet local preferences) but it does mean comparisons are difficult. Rather than each Council try to make these comparisons we believe a two yearly Central Government survey of Council fees, grouped according to Council type such as metropolitan, provincial and rural, would allow Councils to more easily benchmark their fees.

We support the general options put forward in the report. We agree that taken a joint approach to performance monitoring and more focus on sharing industry good practice would be valuable here.

## Conclusion

We agree with the Commission's findings and are comfortable with the general way forward outlined in your Report. As always, the devil will be in the detail and any implementation of these findings will require cross party, industry conversations to find the most cost effective solutions. We would like to be involved in these discussions and believe we have a track record that can add value to them.

The solutions will only work if they are integrated. We believe that Councils already take an integrated approach to regulations. This means integrated within a Council to ensure a cost-effective one stop shop model for clients. It also means integrated across Councils through co-operation where this is cost effective for Councils, - and hence for clients and communities.

Of course there is room for improvement in how all Councils carry out their regulatory functions. But we believe that the biggest improvements will come from better links between central and local government. As we said at the start of this submission we strongly support the "whole of system" approach taken by the Commission.

Thank you for the opportunity to make these comments. We appreciate the consultation you have carried out to date in your enquiry.

If you have any questions please contact Andrew Boyle, Head of Community Planning, Palmerston North City Council, phone 06 356-8199 or email [andrew.boyle@pncc.govt.nz](mailto:andrew.boyle@pncc.govt.nz)

A handwritten signature in black ink, appearing to read 'Paddy Clifford', with a large, sweeping underline that extends to the left and then back under the signature.

**Paddy Clifford**  
**Chief Executive**

**Submission from the**  
**Palmerston North City Council**  
**on the Department of Internal Affairs**  
**Proposed Mandatory Performance Measures**

**26 February 2013**

Thank you for the opportunity to comment on the draft measures.

**General Comments**

We are concerned that over time the proposed benchmarking system will lead to increases in levels of service and hence increased costs for Councils. This will occur because no Council will like to see itself at the bottom of a "league table" and may make changes to their levels of service to move up the table – whether these changes are initiated or not by residents. Also interest groups are likely to use the comparative measures to back their claims for increased levels of service.

This impact is contrary to the overall thrust of the government's reforms for local government.

We believe that the Department should reimburse local authorities for any increased cost incurred in order to measure the mandatory KPIs. Our ratepayers have not asked for this initiative and should not bear any additional cost due to a requirement by Department.

We believe that the Department should also track the direct and indirect costs to Councils of the mandatory measures.

The rest of our submission is made up of comments of the suggested measures. There are several common themes in these comments:

- It is important to ensure that all of the measures have clear definitions sitting behind them so that all Councils are measuring and reporting the same things.
- It is important to limit the measures to things that Councils are responsible for and that they can control.
- To avoid added monitoring costs Councils should be allowed to measure some KPIs once every two (or maybe three) years. This would be for KPIs that are expensive to monitor and that don't change rapidly over time. Councils would still report the data every year and it would be made clear that the results were based on previous years.

If you have any questions please contact Andrew Boyle, Head of Community Planning, Palmerston North City Council, phone 06 356-8199 or email [andrew.boyle@pncc.govt.nz](mailto:andrew.boyle@pncc.govt.nz)

A copy of our submission is being forwarded to the Productivity Commission and Office and the Auditor General.

## **Roads and Footpaths**

### **Road Safety – fatal and serious traffic accident numbers.**

We do not support using annual traffic accidents as a quantitative measure.

In the past we used a KPI based on the number of traffic accidents. However we have moved away from this. There are two main reasons for this:

- So many of the factors behind traffic accidents are beyond our control
- A one-year's blip in the data can make a big difference.

For example, for many years we had two to three fatal traffic accidents a year. In one year this jumped, mostly for reasons related to poor driving rather than poor roads, to eight.

Based on this we have moved away from setting specific targets and instead describe medium term trends and the safety projects we are implementing. We discussed this approach with Audit NZ and they agree that this will give our community a good picture of what the Council is doing to make the roads safer.

If a quantitative number has to be used, then we suggest it be based on a three or five yearly rolling averages to even out the impact of blips in the figures and that some assessment be included to quantify how many of the accidents are related to road conditions.

### **Condition of the Sealed Road Network – Smooth Travel index**

We support this measure. It is something that is in our control and something that affects road users.

The Smooth Travel Exposure Index is based on a roughness measure and the number of vehicle kilometres travelled. We survey road roughness every second year and VKT every year to give us an annual measure. (Every second year this is based on road roughness data one year old. If we had to do the roughness measure every year it would cost us an extra \$40,000).

### **Maintenance of the sealed local road network – percentage of sealed local road network that is resealed annually**

We do not support this measure.

Resealing roads is a small part of roading maintenance. Other key parts include pothole repairs, crack sealing and minor releveling. NZTA is currently encouraging Councils to put less focus on resealing and doing more of the other forms of maintenance as they are cheaper. Hence using resealing on its own as a KPI could see Councils resealing roads, rather than using cheaper maintenance options.

Instead of using resealing, we suggest using the Condition Rating instead. This is a more comprehensive measure of the volume of defects in the roading network. All Councils provide this for NZTA already and NZTA looks at peer comparisons with this data.

**Condition of footpaths with the local roading network – percentage that is within the Council’s level of service**

We support this measure and already use a similar KPI: “the percentage of footpaths receiving a 4 or 5 on a 5 point scale is reduced”. This is measured every two years. If we had to repeat the survey every year it would add \$25,000 to our costs.

**Percentage of customer services responded to within a specified time.**

We believe that this is a fair and workable measure – as long as there is a clear and consistent definition of what constitutes a service request.

**Sewerage Treatment and Disposal**

**System Adequacy and Maintenance – dry weather overflows from municipal sewerage system**

We can agree with this as a measure as long as it is limited to overflows where Council is at fault. For example, we recently had an overflow where the company installing high speed broadband drilled through a wastewater pipe despite being given plans showing where the pipes were. This type of event should not count against the Council. Nor should faults or blockages in laterals on private property, as they are not Council’s responsibility.

**Management of environmental impacts – compliance with resource consents**

We agree with this as a measure. However, it may lead to unfair comparisons as different Regional Councils may have different consent requirements. This needs to be acknowledged somehow.

**Management of environmental impacts - percentage of biosolids that are reused on an annual basis**

We believe this measure could lead to Councils doing work in this area that they and their communities may not otherwise see as a priority and hence it will add to Council costs.

If it is used as a measure then there need to be clear and consistent definitions of total biosolids and biosolids reused. We would also point out that some small Councils do not clear out the biosolids out of small wastewater systems on an annual basis.

**Response to sewerage system faults – median response time**

We accept this as a measure, as long “resolution” covers what may be a temporary fix to resolve the immediate problem of sewerage overflowing. A permanent fix may take several weeks, but our immediate priority is to stop the overflow (in a way that lasts until the permanent fix).



## **Customer Satisfaction – survey or complaint numbers**

Of these two options our preference is for customer satisfaction surveys – but we see difficulties with using either complaint numbers or customer surveys for comparisons between Councils. We have stopped using the number of complaints as a 10 Year Plan measure for all of our Activities because it is so difficult to distinguish between a complaint and a request for service. For example somebody may ring about not being able to find their water toby. Is that a complaint? Or they may be complaining about a water leak that is on private property. Is that a complaint about Council's infrastructure? Also one person can generate many complaints – and use of complaints as a benchmark KPI can easily encourage disgruntled people to game the system.

We still look at the complaints that come in but use them as a management tool to improve our services, not as a performance tool. If complaints are used as mandatory KPIs there needs to be very clear definitions of what constitutes a complaint, along with clear guidelines on how multiple complaints from single people are measured. Also there needs to be clear definitions of urgent and non-urgent.

Also part of a good customer services culture is to encourage people to raise issues and complaints about the services they get. That is part of the feedback loop that leads to service improvements. Using the number of complaints as a comparative performance measure will discourage this.

We use customer satisfaction surveys as a performance measure. For this we use the NRB Communitrak Survey every second year. (If we had to do the survey every year it would cost an additional \$20-30,000.) However, we acknowledge that not all Councils use this survey. We also question the specific suggested criteria for the surveys, especially the suggested question on the way the Council responds to issues, as most people will not have experienced issues so will not be able to respond in a reasonably informed way to this.

## **Water Supply**

### **Safety of Drinking Water – compliance with NZ Drinking Water Standards**

We agree that this is an important measure.

### **Network maintenance - Percentage of water lost.**

Without universal metering this can be difficult to measure. We currently estimate this based on a sample 50 metered properties (out of about 25,000 domestic connections). Any mandatory measures need to acknowledge that for many Councils this will be based on an estimate, rather than exact figures.

### **Response to Water Supply Faults**

See our previous comments for sewerage treatment and disposal.

### **Customer Satisfaction**

See our previous comments for sewerage treatment and disposal.

#### **Demand Management- average consumption of water**

We agree this is an important measure, but suggest that a rolling three or five yearly figure be used, to smooth out the effects of weather patterns. This is important for comparisons between Councils across the country, and also for looking at trends in water use for individual Councils over time.

#### **Stormwater Drainage**

**Number of flooding events per year to habitable floors resulting from overflows from a municipal stormwater system.**

We agree that this is an important measure, if, as suggested, any extreme events that occur during the year are noted. It is not cost effective to design stormwater events to meet extreme events so such extreme events need to be acknowledged.

**Compliance with resource consents for discharge from municipal stormwater systems.**

We agree with this measure for consented systems.

#### **Median Response times**

We agree with this measure, subject to our previous comments about response times in the section on sewage systems.

#### **Customer Satisfaction**

See our previous comments for sewerage treatment and disposal.

#### **Flood Protection and Control Works**

We think the definition of major flood works needs to be refined. We have a small flood protection scheme that in most years would not fit with the criteria. However, we do have occasional capital expenditure on the scheme that would be just over \$1m in one year. We suggest that the proposed operating and capital expenditure figures be the average annual expenditure over ten years.