

Local Government Regulatory Performance

Rotorua District Council

Submission to
New Zealand Productivity Commission
August 2012

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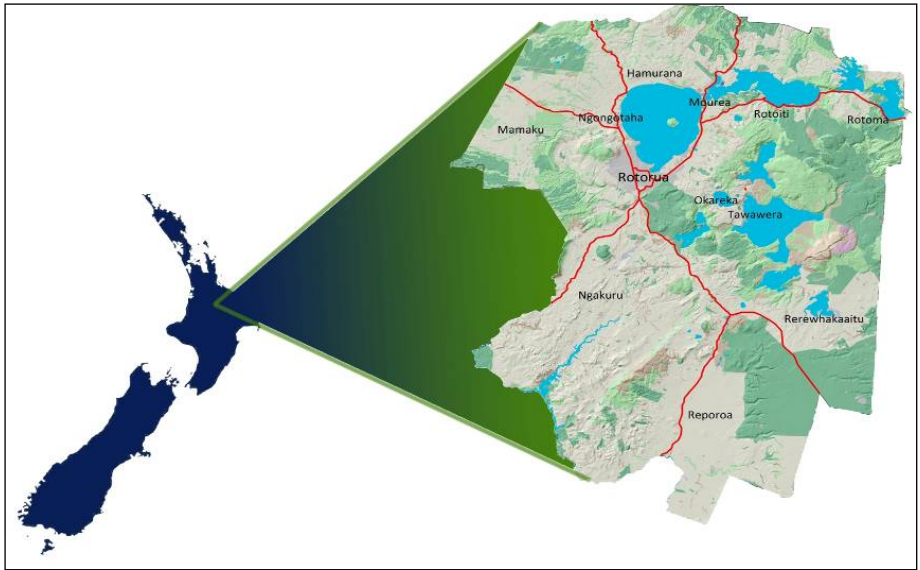


Rotorua District Council

This submission has been prepared on behalf of Rotorua District Council.

Rotorua District lies within the Bay of Plenty and Waikato Regional Council areas.

The local environment encompasses 16 lakes, active geothermal areas, and a considerable amount of public open space. Land cover in the district is now dominated by pasture (48%) and planted forest (20%), as well as indigenous forest and lakes. There are 137 Protected Natural Areas in the district, covering more than 30,620 ha.



More than half of this area comprises scenic reserves. Rotorua has an increasingly broad industry base that includes tourism, agriculture, forestry, retail, manufacturing, business services, social services and education.

District Facts

Area:	2,614.9km ²
Dwellings:	26,823 (2006 Census)
Gross Land Valuation:	\$6.6 billion
Gross Capital Valuation:	\$12.5 billion
Local Roads:	More than 1,000km - 82% sealed
Reserves:	800ha
Population:	65,901 (2006 Census)
	33,897 Female
	32,004 Male
	57% European
	34% Maori
	4% Pacific Islands
	5% Asian and others
Gross Domestic Product:	\$2.88 billion per annum

Executive Summary

There are numerous issues facing our community right now, many a result of the global financial crisis and its impact on international, national and local economies. Rotorua's economy continues to feel the effects of these problems and so our prime area of attention for the next three years is on building an environment for healthy economic growth to occur. This will be addressed by focusing, in particular, on implementation of our recently adopted Sustainable Economic Growth Strategy, our destination marketing plan and a number of related economic projects aimed at giving a boost to local economy conditions. We hope to see signs of an improvement in the economic environment by 2015.

We have aligned our strategic direction into three key themes focussed on the delivery of the above.

The three revised 2012 key themes are:

Theme 1: Economic prosperity: council investment focused on contributing to the district's economic growth.

Theme 2: Environmental improvements: a sustainable and targeted contribution to improving the district's natural and built environment.

Theme 3: Continuous business improvement: a council that is focused on customer services with continuous productivity improvement.

One of the ways we will be managing to keep our rates increases to relatively low levels is through increased efficiencies within the organisation – providing more services but with less money. We have started implementing a programme of continuous business improvement known as Lean Thinking, right across the organisation. This concept is about doing things better, faster, easier, and at less cost. The council believes that full implementation of Lean Thinking across the council's operational and service delivery activities has the potential to produce savings of approximately \$10 million over the course of the Long-term Plan.



RDC began integrating Lean Thinking into the organisation's operations in 2011. In the short time this has been in place teams and individuals across the organisation have already developed new skills, improved a number of systems and processes, and brought better performance to several council activities.

Under Lean Thinking, staff members are encouraged to bring more flexibility to their work, to be innovative, and to find creative solutions to problems, so the expectations of customers are better met. In simple terms it is about doing things better, faster, easier, and at less cost.

The core objective is to lift service standards for customers while minimising waste. Lean Thinking means the creation of more value for the council's customers while using fewer resources. As a Lean Thinking organisation we understand customer expectations and we focus on key processes that continuously increase value for those customers.

The following characteristics are integral to RDC's Lean Thinking approach:

- We take a customer service perspective by seeking to optimise value for the general public, the regulated community, and other community stakeholders;
- We involve employees and external stakeholders in ongoing improvement and problem-solving activities;
- We deploy a continuous improvement framework that emphasises rapid implementation rather than prolonged planning;
- We aim to reduce the complexity of processes and variation in process outputs;

- We use performance metrics and visual controls to provide rapid communication and feedback in order to improve real-time decision-making and problem-solving.

“We strive for excellence, continuous improvement and value for customers”

[Rotorua District Council vision, mission and values]

Local government regulatory performance

The Economic & Regulatory Services Group underpins Council's refreshed focus on a 'whole of council' approach to sustainable economic growth. Combining the economic development and regulatory functions into one group is designed to ensure that Rotorua District Council is in the best position possible to fulfil its critical role as one of the major influencers of Rotorua's sustainable economic growth environment. In September 2011, Council adopted the Rotorua Sustainable Economic Growth Strategy. The strategy has a very clear aim of:

- Lifting the reputation of Rotorua as a leader in the forestry and wood processing, tourism, geothermal and agricultural sectors
- To be recognised as a preferred lifestyle destination
- To be an attractive and easy place to invest and do business in and
- To be a district with an enabling regulatory environment

Significant emphasis is being placed on Rotorua District Council contributing to the roles identified in the Rotorua Sustainable Economic Growth Strategy.

At a high level, Rotorua District Council's role is focussed in four main areas:

1. Setting a clear sustainable economic growth strategic direction;
2. Creating an enabling regulatory policy environment that takes a sustainable approach to the management of the district's physical and natural environment while supporting the strategic direction;
3. Investing in Infrastructure and services that support the development of the strategic direction;
4. Backing this approach with a customer friendly, can-do approach to delivery of services related to the strategic direction.

In summary, the Economic & Regulatory Services Group will contribute to Rotorua District Council's role by focussing on the following key areas over the life of this plan.

- Alignment of regulatory and land-use planning policy with the sustainable growth strategy of the district.
- Creation of an enabling regulatory function with a focus on an effective, efficient and customer-friendly can-do approach to doing business.
- Promotion of the destination as a great place to visit, live, work, invest and do business.
- Committing resources to sustainable economic growth initiatives in areas where Rotorua has a sustainable competitive advantage and where Rotorua District Council can genuinely influence outcomes in a manner that will complement and/or stimulate private sector investment opportunities.

- A set of integrated CBD focussed actions and investments designed to contribute to the vision of “creating a public space where residents and visitors can enjoy recreation, outdoor dining, retailing and entertainment activities within a safe and attractive setting.”
- Provision of high quality conference and event facilities and management services for the Rotorua community which support endeavours to attract large, high-yield local, regional, national and international events and conferences.
- Provision of a world class museum experience.
- Reducing the net cost to the ratepayer of those functions that can operate on a more commercially sustainable basis.
- Leading in aligning local sustainable economic growth plans and initiatives with key players at the regional and national level.
- Supporting the efforts of external sector focussed entities charged with assisting in the creation of a sustainable economic growth environment including the Rotorua Tourism Committee and the economic development council controlled organisation (CCO.)

This group is made up of the following activities of Council:

- Building Services
- Economic Development (economic projects, city services, destination marketing, travel office)
- Planning Services
- Regulatory Services; (parking enforcement, health inspection including noise, liquor licensing and animal control)
- Events & Venues
- Rotorua Museum - Te Whare Taonga o Te Arawa

In direct response to the questions contained in the Local Government Regulatory Performance – Issues paper July 2012 Rotorua District Council's responses are contained in the following:

The Commission's approach

Q1 What is the relative importance of the range of the regulatory activities local government undertakes? Where should the Commission's focus be?

Local Government has a wide gambit of regulatory functions, in our view the productivity commission focus should be in the areas of those functions that impact on sustainable economic growth. In particular as a starting point those areas where there is the opportunity for greater alignment and definition of roles between central and local government this would tend to suggest those areas where there are national standards that may require some unique local elements to be introduced from time to time based on the local environment. i.e. building (national standard) with the unique aspect in a Rotorua environment of geothermal.

Q2 What are the main economic, social, demographic, technological and environmental trends that are likely to affect local government regulatory functions in the future?

There are numerous issues facing our community right now, many a result of the global financial crisis and its impact on international, national and local economies. Rotorua's economy continues to feel the effects of these problems and so our prime area of attention for the next three years is on building an environment for healthy economic growth to occur. More specifically this may be:

- the impact on the level of risk and certainty required to stimulate levels of new investment and reinvestment
- the changing demands of international and cross regional investment into New Zealand, particularly that of the Asian based countries.
- the growing role of Iwi in the community (as a legal perpetual land owner, significant natural economic resource owner, investor, environmental custodian and social change)
- the Increasing level of technological change and its impact on the application, delivery and monitoring of a regulatory environment
- increasing level of community expectations
- impact of natural disasters on regulatory environment and the increasing level of pressure for implementation at a local level. E.g: Christchurch Earthquake
- increased demands and expectations to improve the lake water quality eg significant spend on improving sewerage schemes
- the increasing expectation by ratepayers to continue to do more but not increase rates therefore stretching council in terms of the level of service it can provide or sustain

Local government and regulation

Q3 Has the Commission accurately captured the roles and responsibilities of local government under the statutes in Table 2?

The table is reasonably complete although there are many other acts and regulations that impact on local government. For example, the Fencing Act. In this case the Act itself impacts on local government in much the same way as it does other individuals. However, local government is regularly required to mediate Fencing Act disputes between neighbours. These types of roles and responsibilities of local government seem to be conveniently overlooked by central government. Agencies such as the Police and Ministry of Social Development, etc, could be argued to be a better choice for being responsible. However, they do not have the will or inclination. When such matters like these are then left unresolved they contribute towards breakdowns in the success and sustainability of communities.

Q4 Are there other statutes that confer significant regulatory responsibilities on local government? What, if any, regulatory roles of local government are missing from Table 2?

The challenge the Productivity Commission has is to gain a practical understanding of how the unwritten responsibilities of local government are delivered. Those responsibilities come from a clear understanding of the community expectation, understanding the legislative and regulatory responsibilities, and working in a collaborative manner with other agencies. An example is community safety where the Rotorua District Council has a strong relationship with the Rotorua Police. Also the Council has included additional funding for City Guardians who provide information to visitors and residents, and are an extra pair of eyes, ears and hands to assist the Police. We also have a Crime Prevention Advisory Group, which is a group made up of Rotorua District Council Officers and the Area Commander for the Rotorua Police and another Police Officer with responsibilities for community safety. It is these relationships that lead to sustainable, well-functioning communities and which are not especially described in **legislational** regulations.

Q5 Are there any other local organisations with regulatory responsibilities that the Commission should consider?

In its review the Productivity Commission should understand the strong connection between local government and all government agencies at a regional level. In the Bay of Plenty we have established an organisation – Collaboration Bay of Plenty (COBOP) – where there are 23 government agencies and eight local authorities have signed up to an accord that ensures that the efficiency and effectiveness of central and local governments working collaboratively brings about much greater outcomes. Those agencies are:

- Bay of Plenty Regional Council
- Kawerau District Council
- Opotiki District Council
- Rotorua District Council
- Taupo District Council
- Tauranga City Council
- Western Bay of Plenty District Council
- Accident Compensation Corporation
- Bay of Plenty District Health Board
- Career Services Rapuara
- Department of Conservation

- Department of Corrections
- Department of Internal Affairs
- Department of Inland Revenue
- Department of Labour
- Housing New Zealand Corporation
- Lakes District Health Board
- Ministry of Agriculture and Forestry
- Ministry for Culture and Heritage
- Ministry of Economic Development
- Ministry of Education
- Ministry for Environment
- Ministry of Health
- Ministry of Social Development
- NZ Police
- NZ Trade and Enterprise
- Sport and Recreation NZ
- Te Puni Kokiri
- Tertiary Education Commission
- NZ Transport Agency

Until the Productivity Commission understands the collegial, collaborative, clustering and networking arrangements that local government has with its community and other government agencies, it will not be possible to understand accurately and how local government performs its duties.

Regulatory variation

Q6 Do the different characteristics and priorities of local authorities explain most of the difference in regulatory practice across local government?

Local government is focussed on serving or reacting to the priorities within the area at the time of the issue, strategic direction focus and cost therefore variation between local authorities does exist. The main reasons for this being:

- Different characteristics at a local level that create limitations or specialist attention such as the geothermal environment or lake water quality.
- The size of a territorial authority and their resource and skill base determines how regulatory practice is carried out. E.g. smaller councils are usually less well resourced.
- Local issues arise at the local level and change is sought usually via a bylaw or Bill.
- Parochial nature of the structure of Local Government environment.
- Some differences have been created because of a lack of guidance from central government in providing clarity around implementation of those regulations that have national standard characteristics. For example 76 different Quality Manuals were created across the country (under the Building Act) where as a more standardised approach would have made savings in effort, costs and time and resulted in less variation and the creation of more certainty for the customers.

Q7 Are community expectations to 'do more' about social issues leading to different approaches to regulation between local authorities?

Q8 To what extent are local preferences a source of regulatory variation in New Zealand? How far should councils, when implementing a national standard, have discretion to reflect local preferences in their bylaws?

The nature of local government under the LGA means local preferences will always be a source of variation.

Although bylaws are made locally they may be addressing issues that exist nation wide. In these instances legislation could be made for the whole of the country, eliminating the need for local variation. An example of this includes the Graffiti Removal Bill. Local Government New Zealand could have a greater role in making sure there is greater consistency throughout New Zealand by communicating better to territorial authorities regarding Bills throughout the country.

While local preferences reflect the local needs and wants of a community they are not always a good reason for variation. For example, National Environmental Standards should be kept without variation as this defeats their purpose. However where local conditions (eg. geothermal) exist some flexibility should be available.

Also the final bullet point in Q6 should be taken into account here, with the particular focus on guidance around how implementation at a local level should be undertaken.

Another key point to be taken into account is the ability for local authorities to create a regulatory environment that is targeted at enhancing their natural resource and/or competitive investment positioning through regulatory environment setting.

Q9 Are there areas of regulation where local and central government regulation appear to be in conflict? If so, how far should such conflicts be accepted as a consequence of the diversity of preferences?

Between the main legislation we work with (Resource Management Act, Building Act, Health Act, Sale of Liquor Act and some others) we do not experience major conflict, but it is a challenge to make these work together for our customers when a query or proposal crosses more than one of these. It should be noted this is the case in the majority of customer inquiries. RDC has been and is continuing to streamline and simplify processes to make it easier for the customer to understand processes and requirements. Where there may be conflict comes down to interpretation of Acts. To avoid this, technical topics should have more standards such as NES'. Also again taking into account the answer to Q6 could assist here.

To assist the customer in this regard RDC has reorganised it's planning department putting into practice a client manager whos role is designed to assist customers early in the planning stages on the understanding of applications being made to council and in providing up-front vetting of applications prior to lodgement. This is aimed to remove the frustrations felt by many customers in understanding the application process and ensures that from a customer perspective they are providing the correct information and detail at the correct stage in the process.

Q10 Does the way in which a local authority chooses to exercise its regulatory powers – through bylaws or through its District Plan – lead to differences in effectiveness and outcomes for communities?

Q11 In what ways has the Treaty of Waitangi influenced how local authorities have undertaken regulatory functions delegated to them by the Crown?

RDC has had a long standing history of working closely with Te Arawa and its hapu as the Confederated Iwi of Rotorua district. A number of mechanisms have been developed for consultation, engagement and communication purposes, and to involve Maori of the district in council decision-making processes. These mechanisms provide a broad range of services on matters to do with Te Arawa, to ensure Te Arawa are able to participate in the decision making process. The following Maori groups within council provide opportunities for greater involvement by Maori in Council's decision making processes and in many cases provide opportunities to be directly involved in regulatory functions.

- Te Arawa Standing Committee – a formal committee of Council chaired by the mayor.
- Ngati Whakaue Gifted Reserves Protocol
- Iwi Consultative Group
- Kauae Cemetery Group
- Pukaki Trust
- Waka Taua Trust
- Council's Kaupapa Maori Department
- Mana Whenua Funding Policy
- Rotorua Te Arawa Lakes Strategy Group
- Lakes Restoration and Rehabilitation Programme
- Tuhourangi Memorandum of Understanding

- Te Arawa Lakes Trust and Rotorua District Council Memorandum of Understanding
- Te Pukenga Koeke o te Whare Taonga o Te Arawa

Q12 What does this variation mean in practice – for Māori, the local authority and for the regulation of the resource?

Q13 Are there other significant sources of variation in local authority regulatory practice than those described in this chapter?

Q14 Can you provide examples of inconsistencies in the administration and enforcement of regulations between local authorities?

There are subjective clauses in the Building Code such as 'as near as practically practicable' which result in variation of decisions made. In some situations if a high level of compliance approach was to be taken then the proposal/project could be affected to the extent that the project would have to be abandoned.

Below are three examples where RDC's administration and enforcement is different to some of its neighbouring peers are:

- Sending a copy of its Dog Policy with fees (mandatory under the Dog Control Act 1996)
- Refunding dog registration fees proportional to the remaining financial year
- Enforcement of Schedule 2A in respect to parking enforcement of vehicle warrant of fitness and registration.

We also have recently undertaken a review of the food regulations in an attempt to gauge how RDC compared with other Territorial Authorities in interpreting the hot water supply requirements of the Food Act and Food Hygiene Regulations for the establishment of new commercial food premises. In doing so RDC sought comparative data from 21 Territorial Authorities stretching from Palmerston North to Auckland.

There had been a concern that RDC's requirement of a hot water supply of 83°C for the cleaning of work surfaces in a retail Butcher outlet were overly restrictive. The information provided by the Territorial Authorities which responded, showed that 58% of them required the same hot water capabilities as that sought by RDC, however the others varied. The point is this was a national operator who had various complying requirements in different parts of NZ.

Another point to be considered is the relative levels of risk that each local authority (community) is comfortable with which results in different approaches.

Q15 Do these inconsistencies impose extra costs on businesses? If so, are these extra costs significant?

A peer council is known to require all building consents be peer reviewed by engineers which costs the customer an extra ~\$1000. However this may be due to staff numbers and skills, or the level of risk the environment presents.

In the case of infringements there are no extra costs on businesses. The only extra costs are on council.

Q16 To what extent does variation in regulatory practice matter?

From an investors perspective it can have quite a serious impact on the certainty required around the investment environment. This is of particular relevance if the trends identified in question 2 are to become the reality.

Q17 Can you provide examples of regulatory innovation by local government?

RDC acknowledged the need for a more innovative approach in 2010 which resulted in an organisational restructure that led to a three group model for RDC consisting of: Economic & Regulatory Services Group; Infrastructure Services Group and Corporate & Customer Services Group. In relation to regulatory innovation this included the combining of the regulatory and economic sections of RDC into one group with the aim of creating a more sustainable economic growth environment backed by enabling regulation and customer focussed delivery.

This was done to ensure the vision for the district was integrated into a new approach and eventually business as usual. Key customer focus roles have been established to ensure that the regulatory process is completed in a seamless and efficient manner. This is particularly important for customers who are over-awed by the complexity of the regulatory process and the plethora of both legislation and internal council departments involved in their regulatory approvals process.

For example, building consents on average are assessed by 3 key departments within Council and up to 5 on occasions. Any disconnect between these entities will only frustrate the building consent process where applicants are required to deal with multiple entities/ organisations. Having these functions together under this structure at RDC means a 'one-stop-shop' approach can be undertaken to make it easier for the customer to acquire information required, reduce conflicting council information and streamlines the consenting processing of the application.

One of the best examples of regulatory innovation RDC has implemented of recent times is the focus on aligning its sustainable economic growth strategic direction (Rotorua Sustainable Economic Growth Strategy) and resources available, to the setting of the regulatory environment with a focus on delivery through improved processing and customer interaction. By aligning these key components upfront and communicating them to the businesses and wider community the ultimate outcome is a more enabling regulatory environment that allows and encourages activity to take place in a more focussed way which acts to fulfil Rotorua's strategic direction. On the ground that means businesses, investors and the general public have greater certainty, a higher level of interaction and overall a more positive experience with RDC.

An example of this is the development of the proposed Rotorua district plan. Following the initial release and feedback on a draft plan the project was put on hold for 12 months to allow time to complete the Rotorua Sustainable Economic Growth Strategy which set the strategic economic development direction for Rotorua. During this time the Long-term Plan was also completed which provided resources to drive both RDC's role and that of some external agencies in the implementation of the strategy. Following the setting of the strategic direction and alignment of resources to drive implementation further work was then undertaken on the proposed district plan to ensure it reflected the feedback from the initial release and that it also aligned to both the sustainable growth strategy and the LTP. This has resulted in more focus on the key areas of focus around forest industry, geothermal, tourism and land-use change/management practices related to the improvement of lake water quality in Rotorua.

Under RDC's Lean Thinking the development of a "whole of council regulatory" approach is developing aimed at providing the customer a better service and outcome in a seamless manner. By way of example this has led to the development of consistent forms and front-end process. There is still a way to go with this approach however it has also highlighted the issues of the disparate nature of how the various national and local level regulations interact / accommodate each other. (eg: RMA, Building, Food Act etc)

Another example the Lean Thinking approach has resulted in improving the vetting procedure for building consents. Over time if repeat applicants submit quality applications then there is no need for their application to go through the vetting process and is instead put through for processing straight away. Also, some minor consents are processed on the spot rather than delaying the customer a few days, an example of this is a building consent sought for the installation of a fire place.

Also see additional examples in the answer to question 34.

Q18 Is the innovation specific to a particular local authority and its unique circumstances, or could it be adopted more widely?

There is no reason why it can not be adopted more widely.

Q19 What mechanisms or incentives are there for local authorities to share innovations (or experiences with 'failed' innovations) with others?

SOLGM, Local Government New Zealand and the various list serves that are available provide good mechanisms for local authorities to share innovations and the what worked well, what did not examples.

Q20 What factors encourage (or deter) local authority innovation? (eg, the (in)ability to capture the cost savings from innovation)

Factors that can encourage innovation include:

- A continuous improvement culture
- Expectation/ drive for innovation from management
- An understanding of the customer and in particular the requirements of a sustainable economic development environment.
- Having flexibility for innovation such as the Building Code.

Factors that can deter local innovation include:

- The parochial nature of the political structure of Local government
- Culture of narrow spheres of thinking and accountability resulting in a lack of drive for innovation within the work culture
- Lack of resources and time
- Older, more restrictive legislation such as the Health Act 1956 and Impounding wondering stock Act 1955

We believe that the majority of innovation will come from the private sector and that local and central government needs to be well placed to be responsive to support innovation through continuous improvement and best practice initiatives. Whilst requiring or implementing innovation in smaller, less resourced councils may burden them even more, continuous improvement can be done by all councils for better efficiencies and outcomes for both councils and customers.

Who should regulate?

Q21 Has the Commission captured the advantages and disadvantages of centralisation and decentralisation for each of the factors?

Q22 Which of the factors discussed in this chapter are the most important for allocating regulatory functions locally or centrally?

In our opinion this question cannot be answered effectively without referring to a specific topic. In general the most important to our regulatory environment are:

- Acknowledgement that regulation is the best option
- Regulatory consistencies (central, local and how the legislation works with other related components)
- Economies of scale
- Understanding of the impact of regulation on the sustainable economic development environment
- Governance
- Good information
- Preference
- Costs (not addressed separately in the issues paper under this section but came up in our discussion as being important)

Q23 Which other factors might be important for considering whether a regulatory function should be undertaken locally or centrally?

- Levels of risk comfort for the local community
- See answer to Q16/17

From an investors perspective it can have quite a serious impact on the certainty required around the investment environment. This is of particular relevance if the trends identified in question 2 are to become the reality.

Q24 Are the factors discussed above helpful in thinking about whether a regulatory function should be relocated?

Q25 In the New Zealand context, are there regulatory functions that need reconsideration of who (central, local, community) carries them out?

The introduction of shared services across regions should be considered. (An example is databases for storing and sharing information discussed later). A collaborative approach between councils would ensure there is enough capacity to perform regulatory functions in the prescribed timeframes. This could be written into the LGA 2002.

The above idea could extend into investment in technology by Government to allow for shared services to function efficiently. For example databases with the same reporting abilities as national process systems could be made available to local government would avoid repetition and in doing so save both time and money across the country.

Another area to look at who should carry them out is around the Hazardous substances regulations which at present are complicated and confusing. The reasons for complication exist due to:

1. Self regulation under HZNO (except for workplaces which the Department of Labour regulates)
2. District/ city councils regulating public places and private dwellings only
3. Regional Councils maintain the HAIL list and regulate the discharge of hazardous substances
4. No central register of hazardous substances or contamination – an issue for the NZ Fire Services in an emergency.
5. Controls around the importation of hazardous substances however there is no consideration/ regulation for 'end of life' disposal.

SUBMISSION

Getting regulation right

Q26 Do local authority significance policies allow for adequate consideration of the present and future costs and benefits of local government regulation-making?

In determining whether a matter is significant council's significance policy considers the following:

- the four wellbeings
- the community outcomes
- Maori/Iwi
- affected parties to a proposal/project etc
- financial and non financial impacts
- history in generating public interest.

At this point in time no particular reference is made to allowing for adequate consideration of the present and future costs of local government regulation-making.

Q27 Does the local government regulation-making process lead to good regulation? If there is evidence to show that it does not, how could the process be improved?

It is of benefit to the community and councils' relationships with communities when they are able to take into account and reflect the communities' focus and requirements. Examples of this include gambling and prostitution policies and bylaws. Each community has very differing expectations of their council yet all TLA's are working from the same base legislation. A balance should be reached between having nation-wide systems and standards for example, and the ability to reflect the needs of individual communities.

In general the process does work but is time consuming and costly in instances where national standards could be implemented.

Q28 Do you have examples of regulatory responsibilities being conferred on local authorities with significant funding implications?

To implement the gambling policy (mentioned in question 27 above) carries a cost to RDC of approximately \$15,000 to \$20,000 per 3 year period. There is no scope for realistically recovering these costs and central government has not contributed funding to carry out this function. Infrequently there are applications for the relocation of a Class 4 venue however revenue goes to the Department of Internal Affairs (excluding trust administrative costs and disbursements).

An example of unnecessary cost to Council is the proposed Alcohol Reform Bill which takes away the delegation that allows council staff to process un-opposed applications. Instead, the new District Licensing Committee must hear all applications which results in increased costs (as they are paid for their service) and delay in the process. This approach is considered by RDC as an inefficiency in the regulatory process.

An example where costs do not meet the needs of enforcing bylaws is in the case of window washers at intersections in the Rotorua district. Currently to enforce this minor offence information must be laid with the Court for 'a minor offence with a fine not exceeding \$20,000'. For a minor offence of this kind it would be more fitting and efficient for the ability to issue an on the spot infringement to the value of around \$200.

Q29 How might central government regulation-making better take account of the costs and impact on local authorities from the delegation of regulatory functions?

Listed below are three suggestions:

- When a new responsibility is added funding should be considered to accompany it.
- Undertake complete cost benefit analysis to strengthen the case for delegating future regulation functions to local government.
- Introduce the ability to issue infringements for bylaws under the LGA to help local authorities enforce bylaws in a more cost effective way.

Q30 How might central government better work with local authorities on the design, implementation and funding of delegated regulatory functions?

- Efficiencies in renewing policies and bylaws could be better achieved if timeframes were better aligned. An example is polices and bylaws for the regulation of alcohol. For example, bylaws are reviewed 5 years after promulgation then 10 yearly (although they can be reviewed earlier if required). Policy for Class 4 Venues is reviewed 3 years after adoption then 3 yearly. The proposed Local Alcohol Plan will expire after 6 years, after which another Policy is required to be adopted. These differing timeframes make for inefficiencies in administration and costs to the TLA. They can also result in delay and inconsistencies between documents. Rotorua estimates costs of \$15,000 to \$20,000 each time a review process is undertaken. Aligning timeframes may address these inefficiencies.
- In central government's consultation with territorial authorities there could be better facilitation (by neutral facilitators) to keep focussed and result in concise and useful feedback.
- National standards for all regulatory functions would help by providing certainty and efficiencies.
- Leadership from the Government when new requirements are introduced would help increase efficiencies by saving time for local authorities and resulting in less variation.
- Adequate support and interpretation by the Government when new legislation or regulation implemented that is to be carried out by local government would help in providing certainty and direction.

Q31 How could the RIA framework be improved to promote a fuller understanding of the impact of devolving new regulatory functions to local authorities?

- Through the training and education regimes that produce the staff
- Through offering training to the professional organisations of the various staff
- Through developing the understanding of the rational and the outcomes from the process, maybe with some reporting requirements around it?

Q32 How successful has the guidance document Policy development guidelines for regulatory functions involving local government been in improving the consistency and coherence of central government policies that involve local government?

Q33 To what extent is the effective implementation of regulations delegated to local government hampered by capability issues in local authorities? Do capability issues vary between areas of regulation?

Q34 Can you provide examples of regulatory cooperation and coordination between local authorities or between central and local government, and describe successes and failures?

- An example of a good process and outcome was Rotorua District Council and Bay of Plenty Regional Council's proactive collaboration in producing the Air Quality Control Bylaw 2010. Although air quality is regional council's function a bylaw was decided to be the best option to address the issue. RDC made the bylaw and transferred its functions to the regional council.
- Rotorua District Council and Hamilton City Council worked collaboratively to implement online services for dog registration, 'Dogs On-Line'. This produced efficiencies in resources and skills. There is a similar development underway for parking infringements.
- The government is proposing to introduce an online consenting system for building consents that will hopefully include reporting functions required by local and central government. This is welcomed by RDC.
- Database collaboration between local authorities saves money and creates consistencies.
- Councils are now collectively working on adopting a common quality manual and this is a common case re-work that would not have been necessary if a national model was introduced.
- The Department of Building and Housing has developed a processing checklist and procedures for approving national multi-use building consents and this is an example where this model could be rolled out nation wide.
- Bay of Plenty and Waikato wide there are a number of networking groups and forums at different levels of council that helps keep communication and opportunities for joint projects and initiatives open.
- Joint prosecutions with regional council help to share resources and keep costs down where there are cross functional RMA enforcement issues.

Q35 What types of regulatory functions more readily lend themselves to coordination to improve regulatory performance?

- The Lakes- Coast cluster group is a group of 8 district and city councils that are working on initiatives to create a Quality Manual (building) to reduce duplication. This could result in a centralised website that all can access and includes for example, forms, vetting processing and technical resources.

- RDC is currently working to a 'one-stop-shop' approach by grouping functions together for example, grouping of licences, or liquor licences, building consents and resource consents.
- Shared services such as online registration of dogs.
- Shared inspections for building, health, and liquor licensing.
- Technical topics where location specific variation is less prevalent.

Q36 What are the most important factors for successful regulatory coordination?

Q37 Are opportunities for regulatory coordination being missed?

- When Parliament consider Bills they could consider whether there is merit in 'rolling' it out nationally if the issue exists across New Zealand rather than one TLA area, i.e. Hutt City Council (Graffiti Removal) Bill.

Q38 What are the main barriers to regulatory coordination?

- Lack of a "whole of Government" approach to legislation which leads to a lack of "whole of local Government" approach.
- As identified in Q6 the focus on the regulatory implementation expectations on local authorities.
- Time and continuity of staff.
- Political barriers.

Q39 Are there examples in New Zealand where local authorities mutually recognise each other's regulations?

Q40 Which local government regulatory areas (eg, planning and land use, building and construction, environmental regulation, public safety and food safety) impose the greatest unnecessary regulatory burden on individuals and businesses?

Q41 In what ways are these regulatory areas unnecessarily costly (eg, are they too complex, prescriptive or unclear)?

A good example of how costs could have been avoided was the implementation of accreditation following the leaky building issue. Seventy-six councils implemented different quality systems. There was some guidance put out, however this was not produced in conjunction with the auditors and subsequently the model was found to be too cumbersome for many and didn't necessarily meet all the regulations.

The regulations were late in being signed off by Government and consequently many councils were unable to abide by the time frames set down in the legislation that had to be amended twice.

Q42 Are there particular examples where local government approaches to regulatory responsibilities are especially effective at minimising unnecessary compliance costs for individuals and businesses?

See answer to Q17.

RDC has focussed on aligning its strategic direction (Rotorua Sustainable Economic Growth Strategy) and resources available, to the regulatory environment for improved processing and customer interaction. By aligning these upfront and communicating them to businesses and the community the ultimate outcome is a more enabling regulatory environment that allows and encourages activity to take place that acts to fulfil Rotorua's strategic direction. On the ground that means businesses and the general public have greater certainty and a better, more positive experience with RDC.

An example of this is the development of the proposed district plan. Following release and feedback on a draft plan the project was put on hold for 12 months to complete the Rotorua Sustainable Economic Growth Strategy. During this time the Long Term Plan was also completed. Further work on the proposed district plan was then done to ensure it reflected comments submitted on the draft and that it also aligned to both the strategy and LTP.

Regulatory and economic sections have also aligned and implemented 'Lean' thinking systems to enhance and streamline the approval processes required by legislation and administered by local authorities.

This was done to ensure the vision for the district was factored into business as usual.

Key roles have been established to ensure that the regulatory process is completed in a seamless and efficient manner. This is particularly important for customers who are over-awed by the complexity of the regulatory process and were held up by a piecemeal approach to authorising proposals.

For example, the project information memorandum part of a building consent on average are assessed by 3 key departments within Council and up to 5 on occasions. Any disconnect between these entities will only frustrate the building consent process where applicants are required to deal with multiple entities/ organisations. Having these functions together at RDC means a 'one-stop-shop' approach can be undertaken to make it easier for the customer to acquire information and proceed with their application. This is important for attracting investors and business to our district.

Q43 For which aspects of the regulatory process (eg, approval, monitoring, enforcement and appeals) could compliance costs to business be reduced without compromising the intent of the regulation? How could this be done?

Efficiencies in renewing policies and bylaws could be better achieved if timeframes were better aligned. An example is polices and bylaws for the regulation of alcohol. For example bylaws are reviewed 5 years after promulgation then 10 yearly (although they can be reviewed earlier if required). Policy for Class 4 Venues is reviewed 3 years after adoption then 3 yearly. The proposed Local Alcohol Plan will expire after 6 years, after which another Policy is required to be adopted.

These differing timeframes make for inefficiencies in administration and costs to the TLA. They can also result in delay and inconsistencies between documents. Rotorua estimates costs of \$15,000 to \$20,000 each time a review process is undertaken.

Q44 How well are the principles on which local authorities are required to base the funding of regulatory activities applied?

Q45 Are there examples of where cost recovery is reducing compliance with regulations and reducing their effectiveness?

62 Local Government Regulatory Performance

Q46 To what extent are councillors involved in the administration and enforcement of regulation? Has this raised issues in regard to the quality of regulatory decision-making and outcomes?

Q47 Are there any other governance issues which impede the efficiency of local government regulation?

Q48 Are the current processes for reviewing existing regulation adequate? Could they be improved?

- Regulation review of the RMA has been perceived as reactive following elections.
- Some regulation is taking too long which is something that could be improved. An example of this is the New Food Bill.
- The process for review of policies for bylaws from central government generally works well and achieves good outcomes.

Q49 In which regulatory areas are there good regulatory review mechanisms? In which regulatory areas are there poor or insufficient regulatory mechanisms?

The mechanisms for reviewing bylaws are good because they are clear and easy to follow. However, there is no ability for local government to ask central government to review an Act. This can only be done via a Private Member's Bill and select committee. This approach results in inconsistencies nationally. Perhaps the LGA could be mandated to do something in respect to this.

Q50 Who should undertake regulatory review – the responsible agency or an independent body?

Q51 Is there a sufficient range of mechanisms for resolving disputes and reviewing regulatory decisions of local authorities?

Q52 Are some appeal mechanisms used excessively, frivolously or for anti-competitive reasons?

How should regulatory performance be assessed?

Q53 In what areas of local government regulation is performance being monitored effectively?

As noted in the Performance Management Frameworks: Still your side of the deal – SOLGM December 2010; performance management and reporting is good local governance, regardless of whether the law requires it or not. At RDC the performance management framework is seen as the way to not only help describe our activities but also to aid in the delivery of better services and goes hand in hand with our Lean Thinking initiatives. Appended are examples of the performance measures from our Building Services and Planning Services activities. It is believed amongst management and staff that the tracking of our performance against measurable targets focuses us on continuous improvement daily. Performance management is a way of life at RDC; through the implementation of visual management boards we have a major focus on our performance measures and the results are displayed and updated regularly so that staff can see for themselves how we are tracking against the targets set.

RDC continues to report the results of our performance to elected members on a quarterly basis and on a monthly basis to the Chief Executive. Many of the performance targets have engaged Lean projects to achieve the target set and are using Lean techniques to implement and recognise the target results. An example is within the Building Services activity which has locked in stretch targets around reductions in the building consent processing timeframes (see appended).

Q54 Are there areas of local government regulation where performance is not being monitored and assessed?

Q55 Is the current monitoring system effective in providing a feedback loop through which improvements in the regulatory regime can be identified and rectified? What examples are there of successful improvements to a regulatory regime?

- The most common monitoring is done through the LTP & State of the Environment monitoring / District Plan effectiveness monitoring. Surveys such as the biennial Ministry for the Environment RMA Survey, and the Department of Building survey on building consents are useful as they provide feedback and benchmark performance & peer comparisons with other like sized / resourced Council's
- Improvements were made in 2007 in the form of a technical review on compliance schedule building warrant of fitness. This was a useful exercise to make internal improvements to processes and quality. RDC is audited every two years by an independent auditor and it helps to continue to raise the bar in our standard of work.
- Under the Dog Control Act every year a section 10 report is submitted to the Department of Internal Affairs on functions undertaken, however feedback is not received in return this could be done in the same fashion as the MFE and Department of Building survey and reports.
- An example of a successful monitoring is under the Sale of Liquor Act where information is required from councils on licensing. The findings are reported and taken to parliament for change to make improvements, such as the new Alcohol Bill.
- Internally RDC do well: we are audited, talk to the community, set targets, measure the targets and report performance back to the community, as well as make improvements through reviews.

Q56 What challenges or constraints do local authorities face in developing and sourcing data for better practice regulatory performance measures?

Q57 Are there examples where local authorities are using better practice performance measures? What, if any, obstacles exist for wider adoption of these measures?

Q58 What kind of regulatory performance measurement would add maximum value to local authorities, their communities and New Zealand?

Q59 What regulatory performance indicators are most commonly used by local authorities? Can you provide examples of good input, output and outcome measures for regulations you have experience with? What makes them good indicators?

Q60 What kind of centrally provided data would enhance the local government regulatory monitoring regimes?

- Data or feedback that takes into consideration both quantity and quality of results or outcomes. An example might be delivering resource or building consents in a short time but the outcome being unsatisfactory and of poor quality which then may take longer to complete/ resolve through appeals and court action.
- Customer satisfaction (third party evaluation)
- Central government could provide some statistics back to local government, for example on what is being input to the national dogs database for example are they efficient and effective. It is important to receive feedback from central government.
- The RMA biennial survey by the Ministry for the Environment is useful as it provides results to pitch peers to drive results. This means politicians know how performance is going, and it focuses local authorities to collect this data. It also supports the legislation review to align national and regional State of the Environment indicators.

Q61 Are there quality issues in existing nationally available data sets that would need to be resolved before developing national performance measurement regimes?

Q62 What are the specific characteristics of individual local authorities that make local authorities comparable with regard to their regulatory performance?

Q63 Of the performance indicators commonly collected by local authorities, do any naturally lend themselves to systematic benchmarking of regulatory performance?

While there are a lot that are already measured there could be a lot more if there was greater standardisation.

Some examples that could be benchmarked include:


- Performance measures in the LTP
- Customer surveys (or other 3rd party evaluation)
- Department of Building and Housing statistics.
- Health and dog registration, regulation, inspection and enforcement figures
- Processing times
- Efficiency and effectiveness measures

Q64 What new performance indicators could meaningfully measure the regulatory performance of local government?

Q65 Is there a role for a third party evaluator to measure customer service standards in local authority regulatory functions?


Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2014 to 2022
 Safe and Caring	<ul style="list-style-type: none"> By undertaking routine inspections to ensure the construction of buildings is meeting all aspects of the building code. By staying up-to-date of changing legislation and best practise within the building industry. Able to respond and adapt quickly to changes in building code legislation and best practice. 	Buildings are constructed and maintained so people can use them safely.	Percentage of PIMs, building consents processed within statutory timeframe of 19 working days.	New measure 98% on or before day 19	PIMs register	40% on or before day 10 60% on or before day 15 100% on or before day 19	40% on or before day 10 60% on or before day 15 100% on or before day 19	40% on or before day 10 60% on or before day 15 100% on or before day 19	40% on or before day 10 60% on or before day 15 100% on or before day 19
			Inspections undertaken within: 60% within 24 hours 80% within 48 hours 100% within 72 hours	99%	Request for service tracking	60% within 24 hours 80% within 48 hours 100% within 72 hours	60% within 24 hours 80% within 48 hours 100% within 72 hours	60% within 24 hours 80% within 48 hours 100% within 72 hours	60% within 24 hours 80% within 48 hours 100% within 72 hours
			Full accreditation without limitations under the Building Act 2004 is maintained.	Achieved	Accreditation process	Achieved	Achieved	Achieved	Achieved
			25% of all premises in Rotorua district audited annually for compliance with building warrant of fitness.	Achieved	Ozone WOF inspection database	Achieved	Achieved	Achieved	Achieved
			Percentage of industry/customers who are very/fairly satisfied with building consent process.	New measure	Customer survey	5% increase on previous year used as baseline	5% increase on previous year used as baseline	5% increase on previous year used as baseline	5% increase on previous year used as baseline
		Dangerous and insanitary buildings are dealt with to maintain public safety.	100%	Complaints database	100%	100%	100%	100%	

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Environment	<ul style="list-style-type: none"> By implementation of planning management controls to assist in improving the natural and physical environment, and in achieving environmental respect. By providing a land use planning tool that assists in achieving environmental respect, and providing planning management controls to assist in improving natural and physical environment. 	Timely and consistent processing of resource consent applications.	100% of land use consents processed with statutory timeframe of 20 days. 40% on or before day 10 60% on or before day 15 100% on or before day 20	99%	Ozone job tracking/ reports	100%	100%	100%	100%
			100% of subdivision consents processed with statutory timeframe of 20 days. 10% on or before day 10 25% on or before day 15 100% on or before day 20	97%	Ozone job tracking/ reports	100%	100%	100%	100%
			Council is ranked within the top 20 for timeliness of consent processing.	New measure	Ministry of Environment biennial survey	Achieved	N/A	Achieved	N/A
			Percentage of customers very/fairly satisfied with the resource consent process.	New measure	Customer survey	Obtain baseline	Net 5% increase on previous year's actual	Net 5% increase on previous year's actual	Net 5% increase on previous year's actual
		Prompt responses to complaints about planning and environmental issues.	100% of complaints responded to within 24 hours of receipt.	100%	Complaints database	100%	100%	100%	100%