



Productivity Commission 'Towards Better Local Regulation' Report

Submission from the Tararua District Council

The Tararua District Council supports the findings in the Report, and commends the Commission on a thorough review of the local regulation system and the regulatory issues facing local government.

Specific Submission Points

Commission Recommendations

- R5.1 *Regulations should be reviewed to remove specific fee amounts and make those fees at the discretion of local authorities, subject to the requirements of section 101(3) of the Local Government Act 2002.*

Council Submission

Council supports this draft recommendation, as this would significantly improve the ability to recover actual and reasonable costs from regulatory activities. Council would need to include the rationale for the new fee levels in the Revenue and Financing Policy if there was a significant change to fees and/or rates. The earliest this could occur (unless there was an amendment of the LTP) would be part of the 2015 Long Term Plan process.

Commission Questions

- Q3.1 *To what extent should local government play an active role in pursuing regional economic development?*

Council Submissions

Local government reflects the vision and desired outcomes of local residents. The level of investment in local economic development will vary significantly depending on current economic performance, the level of wealth and the mix of local industry. This variation is healthy and is not a problem that needs to be fixed.

Bearing in mind that every decision councils make will have an impact on economic growth, either positive or negative, the answer to whether local government should play an active role in pursuing economic development is one that only local voters can determine. If central government wishes a more coordinated regional strategy or specific objectives pursued then some more direction should be given. Knowledge of what works locally in a small rural council is definitely understood better by the local council and local businesses.

Q4.1 *Have the right elements for making decisions about the allocation of regulatory roles been included in the guidelines? Are important considerations missing?*

The critical point might be the cost to residents (or those subject to the regulation) and whether or not that cost is reasonable, given the cost to residents/users in larger jurisdictions. The ability to provide different levels of standards that reflect local preferences should be included. What is appropriate for Auckland urban may be totally unnecessary or excessive for Eketahuna (and other small rural townships), and unaffordable for its residents.

Q4.4 *Should such analysis be a requirement in Regulatory Impact Statements or be a required component of advice to Ministers when regulation is being contemplated?*

Local government should have involvement at the early stages of conceptual thinking and deciding whether regulation is the appropriate tool to address a problem.

Q5.1 *Do any regulatory functions lend themselves to specific grants? If so, what is it about those functions that make them suitable for specific grants?*

A partnership does not result in one of the partners being penalised without the ability to say 'no'. Councils should have the ability to recover costs of regulation from the users or targets of the service. Currently new regulations, such as Alcohol Reform, are still resulting in some costs being imposed on the general ratepayer. The costs of local policy development should be considered as part of the development of any new regulation, and these costs are best funded through grants from central government. In this way, the true costs of new regulations can be identified.

Q5.2 *If general grants were to be considered, on what basis could 'needs assessments' be undertaken? What indicators could be used to assess need?*

The diversity of communities is very wide and no single measure will reflect a fair way of funding each council. The capability and therefore additional costs faced by Tararua compared to Auckland differs significantly. Measures that could be used include median income, population, visitor numbers, rateable properties, capital value, and economic output. Appropriate measures would vary depending on the regulation.

Q5.3 *What would appropriate accountability mechanisms for funding local regulation through central taxation look like? How acceptable would these be to local authorities?*

A partnership with appropriate funding would have agreed standards to be achieved and an annual performance measure. These performance measures could vary between large urban councils, provincial councils with medium sized urban centres, and smaller rural ones.

- Q7.1 *What measures, or combination of measures, would be most effective in strengthening the quality of analysis underpinning changes to the regulatory functions of local government?*
- Q7.2 *What measures, or combination of measures, would be most effective in lifting the capability of central government agencies to analyse regulations impacting on local government?*

Secondments would be valuable both ways – central to local and local to central – not just in terms of providing a local government view but also in increasing understanding of the issues. The value is in ensuring that the officials who are drafting regulatory solutions actually understand the context that they are making regulations for.

Secondments from local to central would generally only be feasible from the bigger councils. Smaller councils often only have one officer with specific technical skills. However, with increasing shared services, staff from rural councils could be available for specific projects. Local government has a long history of providing support for key experienced staff to be able to provide sector wide guidance. Unfortunately, this is usually done after central government have already drafted policy or regulations.

Best practice guidance for officials in local and central government is important and is already carried out successfully across local government. Lack of capability in some councils is not caused by a lack of guidance; it is usually driven by a lack of resource or experience.

Regulatory Impact Statements need to involve the experts at the delivery end of regulations, not just policy staff at central government. This input needs to be part of the early process.

- Q9.2 *Are bylaws that regulate access to council services being used to avoid incurring costs, such as the cost of new infrastructure? Is regulation therefore being used when the relationship between supplier and customer is more appropriately a contractual one?*

Bylaws are developed to ensure costs or actions of individuals do not unfairly impact on the residents of the district. In rural councils, new bylaws are formed rarely, and in response to real issues. Bylaws that set standards for wastewater and water use are an efficient means of reducing the cost impacts for each scheme and reflect resource consent conditions imposed by regional councils or central government.

- Q10.2 *The Commission wishes to gather more evidence on the level of monitoring that LAs are undertaking. Which areas of regulation do stakeholders believe suffer from inadequate monitoring of compliance? What are the underlying causes of insufficient monitoring? What evidence is there to support these as the underlying causes?*

The areas of monitoring that cannot be on-charged to applicants often suffer from a lack of resources in small councils. This is a result of pressure on councils by central government and residents to keep rates down. Even with monitoring that can be charged for there are not always the appropriate skills available locally.

Q10.3 *Which specific regulatory regimes could be more efficiently enforced if infringement notices were made more widely available? What evidence and data are there to substantiate the benefits and costs of doing this?*

Resource management; freedom camping; illegal dumping of waste.

The benefits of enforcing infringement notices needs to be balanced against the cost of providing warranted officer resource to enforce and collect the infringement fines. Having the additional option would allow more efficient responses to local issues.

Q10.4 *Is there sufficient enforcement activity occurring for breaches of the RMA, other than noise complaints? If not, what factors are limiting the level of enforcement that is occurring?*

Small councils find the cost of enforcement and prosecution to be greater than income received from a successful prosecution. This is particularly true given the isolation and distance of many of our properties, and the difficulty and cost of monitoring these. Generally, rural areas respond to complaints (except for high impact consents) as this is the only feasible long term affordable approach.

Q10.5 *Should the size of fines imposed by infringement notices be reviewed with a view to making moderate penalties more readily available? What evidence is there to suggest that this would deliver better regulatory outcomes?*

Several infringement fees have maximum levels that do not reflect the costs of enforcement. If the infringements do not provide a reasonable penalty cost then there is little incentive to deter illegal actions, or for councils to enforce them.

Q13.2 *What are some examples of cost-effective inclusion of Maori in decision-making you are aware of?*

Tararua has a good working relationship at the governance and regulatory level with local Iwi. Treaty settlement has yet to occur and Iwi resources are small. Government needs to be very cautious before imposing any further mandatory processes on both councils and Maori organisations. While there may be sound reasons and good outcomes from further processes this could place requirements on local Iwi that cannot be fulfilled. Not all Iwi are sufficiently resourced to participate fully in regulatory processes. Any requirements for councils to fund further policy development would impact on rates levels.

Q13.4 *What are some examples of decision-making systems well tailored to Maori involvement?*

In Tararua there has been positive involvement as part of the Manawatu River Accord process. This has resulted in the upgrading of a number of wastewater plants across the region. Local Iwi are also enthusiastic about their involvement as a major stakeholder in discussions of the vision for the district, as well as issues around economic development. The ability to have an influence at the strategic policy level is most valued.

Q14.4 Which of the Commission's performance assessment options have the best potential to improve the efficiency and effectiveness of assessment of local government regulatory performance and improve regulatory outcomes? What are the costs and benefits of these options? Are there other options in addition to those that the Commission has identified?

Regulatory terms of reference documents:

Tararua District Council supports this option. Increasing clarity about the purpose of regulatory regimes, the relative roles of local and central government and the manner in which performance will be assessed should be helpful for local authorities.

Expansion of leading practices to other regulatory regimes:

The sharing of good practice where opportunities exist is being actively pursued currently through shared service arrangements. There needs to be a 'horses for courses' approach as good practice in metro councils will often be cost prohibitive for rural councils where this is higher than the legislative minimum. This is just the reality of staff resources, IT platforms and the type of customers.

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