

Rethinking local government for rural and provincial New Zealand – a new look at community governance

A presentation to a joint session of the rural and provincial groups of Local Government New Zealand

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PETER MCKINLAY

Director, Local Government Centre, AUT University
and

Executive Director McKinlay Douglas Ltd
peter@mdl.co.nz

INTRODUCTION AND CONTEXT

The brief for this presentation to a joint session of the rural and provincial groups of Local Government New Zealand was to consider what rural and provincial councils could learn from what has been happening internationally with local government, both in the context of the government's current reform programme, including the new role for mayors, and the changed provisions for local government reorganisation and more widely.

Introduction

My brief for this presentation is to consider what New Zealand and especially rural and provincial councils can learn from what has been happening internationally with local government, both in the context of the government's current reform programme, including the new role for mayors, and the changed provisions for local government reorganisation and more widely. In doing so I will draw on insights from working on projects dealing with the role, function and structure of local government in a number of different jurisdictions internationally, primarily Australia, but also England, Canada (especially British Columbia), South Africa, the United States and a number of European jurisdictions. As I hope this presentation will demonstrate, there is a great deal which New Zealand can learn from experience elsewhere, including how pivotal the role of local government should be in the governance of our communities.

I have been set an extremely challenging task largely because of the very significant differences between New Zealand's understandings of and discussions about local government, and what is happening elsewhere. Central government policy in New Zealand in respect of local government is travelling in almost exactly the opposite direction from policy in other developed Westminster countries, seeking to limit local government to a relatively narrow range of 'core services' rather than asking the more fundamental question "what are the governance needs of New Zealand's communities and how are they best met?" - which is the way the question is being debated in a number of other jurisdictions.

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Against this background, one thing has really struck me since the government announced its Better Local Government strategy. So far as I can tell, the public debate including the majority of media comment has automatically assumed that the principal matter for consideration was local government amalgamation. One thing we can learn from international experience is that the debate we need to have is about how we take and implement the decisions our communities need to secure their futures. The place of local government as such is properly part of this debate, but arguments over how many councils and who does what to whom - essentially debate about the current artefact we use to take some of the decisions which matter for our communities - is only part, and often a less important part, of the overall debate.

That the debate including the media should jump so quickly to the assumption that better local government has to be about amalgamation is simply one consequence of the reality that evidence informed public debate in New Zealand

on local government and the governance of our communities is almost non-existent and for very understandable reasons:

- Geographically, we are far removed from other jurisdictions; we can't simply 'look over the fence' to see what is happening elsewhere.
- We do not have the depth of public institutions, either governmental or non-governmental, typical of most other jurisdictions. Australia has three unicameral and five bicameral parliaments. We have a single unicameral parliament. The United Kingdom has one bicameral parliament and three unicameral assemblies. Australia, the United Kingdom and most other developed jurisdictions have a strong think tank culture, and significant university investment in research and debate. We do not. This means that by and large we do not have the natural sources of evidence, research and ideas that inform debate elsewhere
- Our scale inevitably means that we cannot afford the in-depth investment in investigative and political journalism still typical of other developed countries despite the generally very harsh economic environment for conventional media.
- Again, in part because of our scale and distance from the rest of the world, we have developed a very centralised political culture with a strong sense that if anything needs to be done, it's almost certainly the government's responsibility – in contrast with a number of other developed economies where the state is seen as an important player, but by no means the only one.

Context

The immediate context for this presentation is the government's initiatives for further reform of the legislative and operating environment for local government. The government's policy statement, Better Local Government, the Local Government Amendment Act, and on-going policy work all imply a particular understanding of the place of local government within New Zealand's governing arrangements, and the inherent role of local government.

The apparent government view - and a possible explanation

Although neither document spells out the government's understanding in precise detail, a reading of government policy papers and other material suggests a mental model of local government which sees it as primarily:

- A subsidiary tier of government, properly subject to detailed direction and oversight by central government;
- Primarily concerned with service delivery and local regulation;
- Perhaps best thought of as a set of locally owned but nationally supervised infrastructure companies.

The material also suggests that the primary concern which both government and communities should have in respect of local government is with efficiency leading to "least cost to households and businesses". Finally it also contains within it an underlying assumption of basic homogeneity - that where ever they are found,

local authorities are by and large dealing with the same sorts of issues and face the same sorts of challenges.

Contrast this with the opening statement to the most recent consultation document put out by the Independent Panel considering reform of local government in New South Wales¹:

Local government in New South Wales must change. The future is challenging but also full of potential. Local councils must embrace the challenges and realise the potential. They can be catalysts for improvement across the whole public sector. They can demonstrate how to tackle complex problems by harnessing the skills and resources of communities, and how effective place-shaping can boost the State's economy and enhance people's quality of life.

Local government in New Zealand has been generally critical of much of the government's proposals, arguing that they are not well based in terms of evidence, and do not properly address the needs of New Zealand's communities. In support of this local government has referred to recent reports such as the Local Government Rating Inquiry and various reports, both from the Office of the Auditor-General and from the government's own advisers, the Department of Internal Affairs. Despite what the sector clearly regards as the logic of its position, there has been little public support for its stance.

Instead, the government has been able to take comfort from a range of different sources which suggest that it is indeed on the right track. Much of media coverage, public feedback such as letters to the editor, and representations from what should be important stakeholder groups for local government - for example business organisations - is by and large supportive of the government approach. There is clearly widespread public support for the proposition that local government is relatively inefficient, spending on low priority activity, and increasing rates well beyond what can be justified.

If local government is indeed performing as well as it argues, why should there be such widespread support for the government's approach? Part of it is almost certainly a combination of the fact that rates as a tax is probably both New Zealand's least popular way of raising revenue for public sector activity, and the least understood, and the fact that too often people's direct interaction with local government is with its regulatory role, where a common experience is to be told that they cannot do what they want to do, or they can but it is going to cost them significantly. The fact that this is typically a consequence of the regulatory environment that central government has required local government to operate is seldom well understood.

This paper's coverage

In this paper I want to cover four areas of great importance for the future of local government and the governance of New Zealand's communities, and where learning from international experience has much to offer us. They are:

¹ Better, Stronger Local Government: The Case for Sustainable Change. Available at: <http://www.localgovernmentreview.nsw.gov.au/documents/LGR/Stage%20One%20Consultation%20-%20The%20Case%20for%20Change.pdf>

- Globalisation, including the rise of metropolitan centres.
- The role of local government in respect of major social services (managing fiscal risk).
- Developments in community² governance.
- Recent and prospective legislative change.

I will then conclude with some observations on the implications for the future of local government in New Zealand's rural and provincial areas.

GLOBALISATION

Globalisation is normally thought of in terms of the impact on employment, with a sense that jobs are being exported to low-wage countries, either in manufacturing (where China is seen as having taken jobs away in areas ranging from T-shirt production to the manufacture of locomotives), or in service activities such as call centres and data processing with work being outsourced to countries such as the Philippines and India.

The implications for local government, by comparison, are not generally well understood although arguably they are profound. Most of local, regional and national leadership grew up and formed their understandings in an environment in which central governments were largely able to determine the distribution of economic activity, including employment levels, and income distribution, because they operated within borders which were substantially sealed against influences which governments wished to exclude. New Zealand was an extreme example of this. Recall that in 1984, prior to the major programme of reform of the late 1980s, the degree of regulation in the New Zealand economy was compared to that in communist controlled Eastern Europe.

Limitations on the ability of governments

We are now in a world in which increasingly central governments are limited in their ability to influence what happens within their domestic economies.

We are now in a world in which increasingly central governments are limited in their ability to influence what happens within their domestic economies. A 2003 paper by the head of the OECD's Territorial Reviews and Governance Division summed this up as "international economic integration is increasing the interdependence of nations, thereby modifying the traditional policy instruments through which governments influence the process of economic and social change, while simultaneously exposing territories to challenges for which they are often ill-prepared. Exchange and interest rates are less and less susceptible to manipulation by administrations....In addition, national barriers to competition are being dismantled and regulations homogenised. In short, the limits to policy-making explain

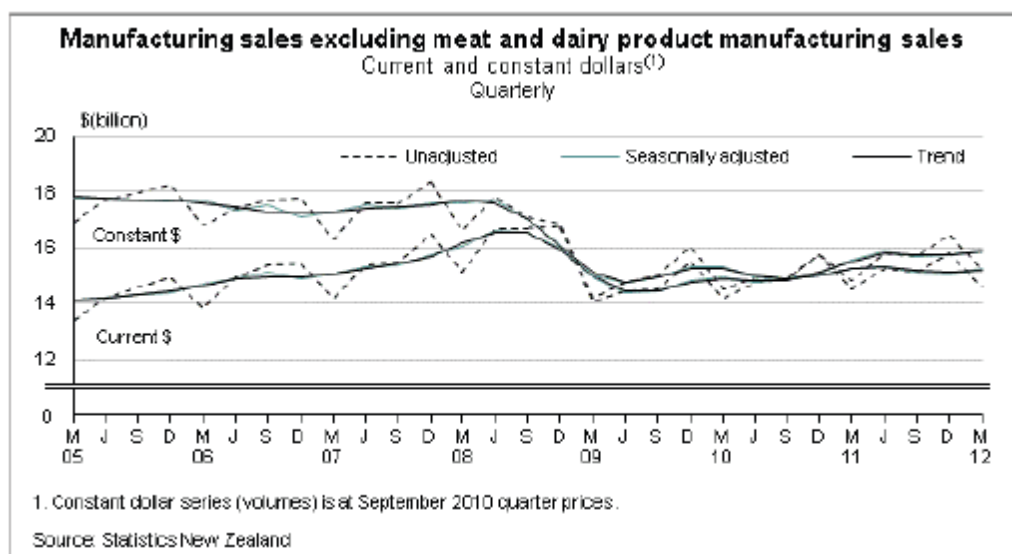
² The word "community" is a much used term in local government, but one which presents very real problems in terms of definition, especially if the purpose of the definition is to draw a sharp boundary between what is community and what is not community. In this paper, the term encompasses communities of place, interest, ethnicity and faith, and also encompasses iwi and hapu.

why signs of increased expectations with regard to territorial policies are not only at the core of OECD activities." (Pezzini 2003).

One effect has been to change markedly the competitive environment in which firms operate. New Zealand firms which are exposed to international competition (that is firms which make up what is known as the tradable sector), either as exporters, or because they compete with imported goods or services, can no longer look to the state to protect them against international competition (or for that matter against the impact of a fluctuating currency). Instead, their focus now needs to be on out-performing their competitors. Part of this depends on initiatives firms themselves may take; part depends crucially on how others within their environment perform. Specifically, are other businesses and service providers whose activities influence the cost structure of New Zealand firms doing everything they can to minimise their impact on firm costs?

Declining competitiveness and the needed local government response

The importance of this is illustrated by the way our performance in the production and export of physical goods is lagging. Data on manufacturing sector sales demonstrates this, with the trend in the following table showing a decline of approximately 8% in constant dollars over the period 2008 - 2012:



The evidence on the competitiveness of sectors such as manufacturing (and the ongoing public agitation by exporters as evidenced, for example, in the current enquiry by opposition political parties) raises a different set of issues; how do we create an environment in which they can be internationally competitive? One important element in this is the extent to which costs arising in the non-tradables sector have the minimum possible impact on the cost structures of firms in the tradables sector.

Local government is an important component of the non-tradables sector. The costs it generates, both direct in terms of rates and user charges, and indirect in terms of things such as decision making processes, regulatory requirements, and standard specifications for engineering and other works can have a major impact.

It has been common for councils to develop their services, regulatory and planning requirements, specifications for engineering works (for example kerbing and channelling) and a lot of their back-office practices on a stand-alone basis, with council staff, and occasionally advisors, developing what appear to be reasonable provisions drawing from a range of different good practice approaches.

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The need to ensure that the competitive environment for our tradables sector is as favourable as we can make it is and will remain a major driver for change in the way local government undertakes its activities. As a country, we can no longer afford the luxury of individual councils choosing to undertake activities in-house and on a stand-alone basis when there are alternatives that would produce as good or better outcomes for their communities at a lower cost. And even where there is a good case for the local authority undertaking activity on a stand-alone basis, it is essential that it does so at the least possible cost in order to minimise the impact on other sectors of the economy.

Encouraging local government to act in this way is obviously part of the motivation behind the recent rewrite of the purpose of local government³, but it needs a more strategic approach than the legislation seems to contemplate (it is a matter of almost entrepreneurial initiative, not government-driven compliance).

Two recent Australian reports provide an indication of what we can expect to see required of New Zealand local government:

- The final report of the Australian Productivity Commission on the impact of local government's regulatory role has emphasised the importance of consistency - that local government's regulatory requirements should be consistent across councils unless there is good reason otherwise - proposing as a leading practice that:

There is a case for state, territory and local governments to assess the mechanisms available to harmonise or coordinate local regulatory activities where the costs of variations in local regulation exceed the benefits. (See:

http://www.pc.gov.au/data/assets/pdf_file/0007/118564/local-government-volume1.pdf)

- The Ernst & Young report *Strong Foundations for Sustainable Local Infrastructure* prepared for the Department of Regional Australia, Local Government, Arts and Sport argues the case for greater collaboration amongst councils. This includes the establishment of structures that would allow the joint ownership and management of infrastructure assets as a

³The new Act replaced that part of the purpose statement in the Local Government Act for local government "to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future" with "to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses."

means of achieving needed efficiencies and economies of scale, as well as the ability to structure financing arrangements not readily available to individual councils. (See: http://www.regional.gov.au/local/lqifr/files/Strong_foundations_20120615.pdf)

The Productivity Commission recommendation, if applied in New Zealand, would see a major emphasis on consistency in requirements such as plans, bylaws, engineering specifications and much of back-office activity. The expectation in Australia is clearly that this approach, once implemented (there are some significant legacy issues which mean it will take time and costs), should be a valuable contribution to reducing the cost burden on the tradables sector.

The recently published draft report of the New Zealand Productivity Commission, *Towards Better Local Regulation* (available at: http://www.productivity.govt.nz/sites/default/files/towards-better-local-regulation-draft_0.pdf) suggests a similar concern here (although confined to regulatory matters) with its findings (F11.1 and F11.2):

- Delays in obtaining responses from local authorities, and the sequencing of multiple regulatory requirements and decisions by local authorities, can impose substantial holding costs on business.
- The Commission's survey of businesses showed that almost three quarters of businesses had at least some contact with local government through the regulatory process. Of those that did:
- 39% report that local government regulation places a significant financial burden on their business.

... simply because we cannot afford to ignore any initiative that can improve its [the tradables sector's] competitiveness.

The Ernst & Young report is a very clear signal that local authorities should put aside their traditional reluctance to share services and instead ensure that their preferred means of delivering services to their communities are designed to capture whatever economies of scope and scale are available.

It seems a reasonable proposition that New Zealand governments, of whatever hue, will increasingly require local government to undertake its activities in ways which minimise the cost on the tradables sector, simply because we cannot afford to ignore any initiative that can improve its competitiveness.

The growing importance of cities

Recent research, especially in the disciplines of economic geography and regional economics, has been emphasising the growing importance of cities, and the growth of Metropolitan centres in particular as new nodes in a more interconnected world, one which increasingly functions city to city rather than country to country. The North American academic Richard Florida began making his reputation with the concept of the creative class - highly skilled professionals whose location preferences were very much focused on quality of place, including arts, cultural, recreational, retail and hospitality experiences.

The Economist Intelligence Unit, in major cross-country research financed by Philips Electrical⁴, identified the critical importance of infrastructure as a factor in locational choice – increasingly, people and firms making cross national locational decisions were focusing on ease of movement, not just as an issue of personal convenience, but as an important component of the cost of doing business.

Face-to-face contact matters

The Internet has been another influence, but not quite in the way we were expecting some 10 or more years ago. At first, the ability to transfer information instantaneously, and to communicate through media such as video conferencing, was welcomed as freeing people to live and work where they pleased. There was a real sense that geographically peripheral economies such as New Zealand would no longer be so locationally disadvantaged, as people could work remotely, but still interact as they needed.

Experience, however, has demonstrated that face-to-face contact is becoming more, not less, important. In an important 2011 article, reviewing research on the relationship between countries, cities and multinational enterprise, McCann and Acs highlight the importance of connectivity and the increasing role which multinational enterprise is playing in the success of cities.

Three extracts from the article provide an overview of findings significant for New Zealand, and especially for local government concerned with economic development and prosperity of the districts for which they are responsible.

- Whereas up until the early twentieth century, city growth was largely a matter internal to the individual nation-empire-state, today the situation is the reverse. In a world of falling trade barriers and increasingly permeable national borders, combined with falling spatial transactions costs for low knowledge activities and rising spatial transactions costs for high-knowledge activities, the global connectivity of cities is therefore critical, rather than simply the scale of cities. Modern transportation and communications technologies and the ability to exploit knowledge assets globally mean that the performance of a country increasingly depends on its city-regions, whose performance in turn increasingly depends on the connectivity, global engagement and competitive performance of its multinational firms.
- Obviously, cities that are too small to provide the scale of international transportation infrastructure necessary to be part of these global networks will be unable to sustain global companies in the long term. Yet, infrastructure alone is not the answer, as there does appear to be a minimum threshold of approximately 1.5–2 million people in order for a city-region to achieve sufficient knowledge-related agglomeration effects to sustain the local multinationals.
- However, the individual nation-state is in many ways becoming weaker than ever as an arbiter of its own destiny, and this weakness is magnified the smaller is the nation-state and the less globally connected are its

⁴ Liveable Cities: Challenges and Opportunities for Policy Makers, available at: <http://pdf-world.net/download.php?id=99196>

cities. The most striking case is that of New Zealand, a country with some of the world's best institutions, a high degree of international openness, flexible and open factor markets, and a highly educated and entrepreneurial society. Yet, its particular combination of geographical isolation, small cities and a small domestic market means that today the dominant impact of globalization on New Zealand is actually that of the Australian home-market effect, which operates in favour of Australia and against New Zealand.

The implication from the McCann and Acs article, and the research it considers, is that New Zealand is not well placed to compete in the new environment for high-knowledge activities. It is geographically remote, has only one urban centre which is even close in scale to the minimum threshold of 1.5-2m people required to achieve sufficient knowledge-related agglomeration effects, and its one international airport of any significance still has very limited connectivity, compared with the majority of hub airports (the range and frequency of direct international flights is regarded as the most important single element of connectivity).

What we are now learning about the nature of high-knowledge activities, and the associated knowledge-related agglomeration effects, suggests that local authorities outside Auckland may be better placed to focus on how to leverage off and support Auckland's success ...

The findings from the research on the nature and growth of metropolitan centres point to an important strategic issue for New Zealand. Traditionally our different urban centres have seen themselves as competitors, both in terms of attracting investment and activity, and in relationships with central government. What we are now learning about the nature of high-knowledge activities, and the associated knowledge-related agglomeration effects suggests that local authorities outside Auckland may be better placed to focus on how to leverage off and support Auckland's success, rather than how to compete against Auckland.

The special case of rural and provincial New Zealand

Finally, and for this audience it is particularly important to acknowledge another aspect of the impact of globalisation and the rise of metropolitan centres. This is the relative shift of population internally in many countries, including New Zealand, as metropolitan and urban centres grow at the expense of more rural and provincial areas.

Associated with this are significant divergences in other socio-economic factors such as income per capita and unemployment. To provide a brief overview of what is happening I have selected two regions, the Bay of Plenty and Waikato. The following tables, based on the 2006 Census, show the expected per annum rate of population change over the period 2006-2031 (using the medium projection), and the median per capita annual income for local authorities within the two regions:

Bay of Plenty

Local authority	Annual percentage change in population 2006-2031	Median income for people aged 15 years and over, 2006 Census
Kawerau	-1.1%	\$17,200
Opotiki	-0.8%	\$17,400
Rotorua	+0.1%	\$23,900
Tauranga	+1.4%	\$23,200
Western Bay of Plenty	+0.9%	\$22,600
Whakatane	-0.1%	\$21,700
New Zealand	+0.9%	\$24,400

Waikato

Local authority	Annual percentage change in population 2006-2031	Median income for people aged 15 years and over, 2006 Census
Hauraki	-0.3%	\$19,600
Hamilton city	1.2%	\$24,000
Matamata-Piako	0%	\$25,600
Otorohanga	-0.4%	\$24,100
South Waikato	-0.9%	\$20,900
Taupo	0.2%	\$24,500
Thames-Coromandel	0.1%	\$20,300
Waikato	1.0%	\$25,700
Waipa	0.7%	\$26,500
Waitomo	-0.3%	\$23,300

What these tables highlight is the very different circumstances which urban and peri-urban local authorities on the one hand, and more rural and provincial local authorities on the other face. Tauranga city and the Western Bay of Plenty district in the Bay of Plenty and Hamilton, Waikato and Waipa can expect continuing population growth. The remaining councils face either slow or declining population growth. Incomes vary, but in all cases in the Bay of Plenty median incomes are beneath the New Zealand median. Waikato local authorities are somewhat better off reflecting the strength of New Zealand's dairy heartland.

For urban and peri-urban authorities their challenge is dealing with growth; for the remainder the principal challenge looks to be managing decline. This emphasises at least two things in the current environment:

- A 'one size fits all' approach to role function and structure of local government is unlikely to meet the differing needs of urban and peri-urban councils on the one hand and rural and provincial councils on the other (and for that matter New Zealand's needs).
- The need to address the unique changes taking place in different local authorities suggests that local government has an important role to play, not just in central government's vision of 'core services', but in working with their communities to determine how best to adjust to very different socio-economic circumstances.

The outstanding challenge for much of rural and provincial New Zealand may be addressing how to cope with the implications of the ongoing improvement in agricultural productivity. This has seen dramatic improvement in output per head but ironically with the direct consequence of a decline in population - as much of productivity growth has been about replacing people with machines and a more sophisticated use of information technology.

One consequence has been to undermine the support base for local services - with fewer people available, population dependent services lack critical mass, and the rich tapestry of voluntary engagement in and provision of recreational and cultural opportunities is threatened. This is an area where the agricultural sector and local government need to make common cause.

In the long-term, the continuing prosperity of the agricultural sector, and the wealth of the farming community, depend critically on the ability to attract and retain the increasingly high skilled staff needed for modern agricultural (and horticultural and forestry) businesses. They are the very people who want to see high-quality local services, a variety of opportunity for their children, and career opportunities for their partners.

We argue strongly that there is now a compelling case for the agricultural horticultural and forestry sectors, and local government in rural and provincial New Zealand, to work very closely together in order to determine how best to provide and resource those services and other facilities needed to support the quality of life which will increasingly be a critical factor in attracting and retaining a strong rural workforce.

THE ROLE OF LOCAL GOVERNMENT IN THE DELIVERY OF MAJOR SOCIAL SERVICES

Traditionally, New Zealand local government has resisted suggestions that it should become involved in the delivery of social services (apart from typically modest involvement in community development and some housing under largely government funded programmes). Its main argument has been that central government owns the taxes required to fund social services (income tax, GST), and that social service provision is inappropriate for a property tax funded tier of government.

For many years this has seemed to be a reasonable position for local government to take (and for central government and ratepayers respectively to accept). However, that may now be changing. There is growing research-based evidence

that the so-called "wicked issues" which bedevil modern societies – inadequate housing, educational underachievement, family dysfunction (including child abuse), substance abuse as examples - cannot be solved by relying solely on the traditional top-down interventions and strategies of central governments. Instead, there is now a recognition that issues of this type need a partnership approach able to tap into local knowledge, networks and support – resources local government is uniquely placed to provide (the Mayors' Task force for Jobs, ably led by Mayor Dale Williams of Otorohanga provides a very good example). The same looks likely to be the case for other major areas of policy, including economic development and responding to the impacts of demographic change, including an ageing population.

It is this understanding that has informed government initiatives in England, beginning with community strategic plans and local strategic partnerships in the early 2000s, and continuing on through Total Place, the Big Society and Open Public Services and now leading onto the community budget initiative in which, in a number of pilots, central government agencies and local authorities are pooling resources around specific services with significant gains in outcomes and efficiency. It is the same understanding that has seen the development of practices such as co-production and co-design (communities, and central and local government agencies working together on policy design and delivery).

Elements of this can also be seen in the report of the New Zealand Government's Better Public Services Advisory Group (see: http://www.ssc.govt.nz/sites/all/files/bps-report-nov2011_0.pdf). In looking at options for improving performance, it uses a case study in the delivery of social services showcasing the potential for local government:

Determined to improve results for young people in areas such as truancy, educational achievement, offending, alcohol and drug abuse, the Ministries of Social Development, Justice, Education and Health, and the New Zealand Police are working together to trial a change in the way social services are delivered in small communities. Governance is through a mutually agreed joint venture board comprising the chief executives of the departments. The board reports to a group of Ministers.

To ensure the response addresses the unique needs of the community, each trial has a local governance board, often chaired by the mayor. In some communities, the programme contract is led by a government agency; in others by a non-government organisation. The contractor reports to the board on results achieved against an action plan – public accountability is seen as important, and transparency to the local community essential.

But it's not just the so-called "wicked issues" that require a different approach from what we have been accustomed to employ. We know that a number of the major policy issues now confronting us as a society are crucially dependent on voluntary behavioural change on the part of individuals, households, firms and communities. Responding to climate change is a good example. Governments can only go so far through incentives and regulation. At the end of the day the behaviours required to reduce our collective climate footprint will require

voluntary change. Again, this is a question of building support within communities and at a local level - a core role for local government.

None of this is to argue that local government should necessarily begin spending large amounts of ratepayers' (or for that matter taxpayers') funds. It is to argue that local government has a unique role to play in enabling a whole of community approach to dealing with the major challenges we now face. As the New South Wales Independent Panel expressed it "They [councils] can demonstrate how to tackle complex problems by harnessing the skills and resources of communities".

None of this is to argue that local government should necessarily begin spending large amounts of ratepayers' (or for that matter taxpayers') money. ... local government has a unique role to play in enabling a whole of community approach to dealing with the major challenges we now face. For central government, there are some very practical benefits. ... local governments ... are well-placed to ensure that the delivery and design of policy is well informed and well-targeted.

For central government, there are some very practical benefits. It is reasonably clear that local governments generally know and understand their communities better than central government agencies. They are well-placed to ensure that the design and delivery of policy is well informed and well-targeted. Interestingly, this now seems to be recognised, at least by the Minister of Finance. In a recent article he is reported as responding to a question on whether government should take control of land supply away from local government by stating "that's a dramatic solution, and possible if the the situation continues to get significantly worse, but, of course, government doesn't have the knowledge of the local circumstances in the way that councils have, and actually doesn't have a mandate from local voters to make those decisions in entirety." (See <http://www.stuff.co.nz/business/industries/8208317/Govt-could-run-housing-land-supply>).

Quite a bit of research in England has demonstrated that drawing on the knowledge and networks which local government has can significantly reduce the cost of major social services. The Manifesto for Londoners (see: <http://www.londoncouncils.gov.uk/policylobbying/londonmatters/publications/manifesto/default.htm>), prepared a couple of years ago, argued the case for a greater involvement of the London boroughs in the design, targeting and delivery of major social services and demonstrated that there would be significant cost reductions available to central government through such an approach. The main barrier, in an ironic parallel with the difficulty local government has in adopting shared services, is the reluctance of individual government agencies to share control.

More recent research has confirmed the potential benefits.

This is important not just in terms of existing services, but in responding to the new demands we can see emerging. The standout example is the impact of an ageing population with a virtual certainty that the costs of providing what we regard as a minimum level of care and support will grow exponentially - and almost certainly beyond the ability of the taxpayer to fund. There is a clear and urgent case to take a 'whole of community' approach to developing an ageing in place strategy which draws on community resources and capability as well as on taxpayers' and ratepayers' funds.

DEVELOPMENTS IN COMMUNITY GOVERNANCE

International research suggests that there are significant changes taking place in the way citizens want to relate to their local governments. Twenty five years ago in most developed countries the principal means of engagement with local government was through the electoral process; you elected your representatives and by and large left them to get on with the job.

Consultation and its shortcomings

In New Zealand this began to shift with the incorporation into the Local Government Act of the statutory requirement for consultation through the special consultative procedure. At the time this was seen as a significant shift towards greater citizen engagement. With hindsight it is now clear that this process was not well designed to meet local government's need for a legitimate means of engaging with its communities - legitimate in the sense that people were prepared to accept that it is a fair and reasonable process, and that the outcomes, even if they disagreed with them, should generally be seen as acceptable.

It is a process that has been critiqued for reasons including:

- The essence of the process is the council inviting its communities to comment on the council's answer to the council's question. Commonly what people now seek is the right to take part much earlier in the process, helping determine what the question itself should be. The
- On any matter which is at all controversial, the process has the potential to divide rather than unite communities - there is no provision for dialogue either between citizens and the council or between citizens and citizens. Instead, there is a single opportunity to submit (initially in writing and subsequently in person) with the council then making a decision which may require it to deal with a wide range of inherently conflicting submissions. People who agree with the council decision will believe they have been heard, people who don't agree will believe they have been ignored. Almost certainly, there will be an absence of consensus within the community on how to proceed, and sometimes on the legitimacy of proceeding at all, and the process itself may help undermine confidence in the council.

Declining voter turnout

The present context for the relationship between councils and communities is part of what has been a very substantial shift in citizens' (communities') expectations. This has manifested itself in at least two different and important ways. First, there has been an ongoing decline in turn out at local authority elections, although with some upward blips following changes such as amalgamation, or a shift to postal voting (partly disguised in Australia in those states where voting is compulsory) (Russell 2004). Declining turnout has been associated with factors such as increased representation ratios (the ratio of residents to elected members) and declining trust in local government (Purdam *et al* 2008, Sorabji 2006). It remains a preoccupation for many involved in or associated with local government in New Zealand.

The conventional response to declining voter turnout has been to consider means of encouraging greater participation in elections. As an example, for Australia Russell suggests: "The relationship between council size and representation ratio with voter turnout highlights the scope for focused interventions to improve voter turnout. Short of structural change, such interventions could involve targeted voter information/education programs in large municipalities or the selective introduction of compulsory voting in those municipalities." (Russell 2004)

Are new forms of engagement becoming more important than voting?

... citizens may be changing their preferences in terms of how they want to engage with local government, with voting seen as less significant than it once was.

Next, recent European research suggests that other factors may be at work. Specifically, citizens may be changing their preferences in terms of how they wish to engage with local government, with voting seen as less significant than it once was. Haus & Sweeting (2006) propose four different concepts of local democracy for political leadership: representative (the conventional electoral engagement); user (as a consumer of services); and network and participatory (Haus & Sweeting 2006: 271-283).

Schaap *et al* (2009) adopt a similar approach in an overview of innovation in sub-national government in Europe. This study is of particular interest as they find that notwithstanding quite different political systems, similar trends are evident. They describe the public motivation in these terms:

...the public is realigning itself. People are bonding less with the local community and becoming more individualistic. They are demanding more and better services from the government. At the same time, they are more willing to participate, debate and act. The importance of traditional representative democracy is declining. These trends are creating tension between representative democracy and trust in an elected body on the one hand, and public input and participation on the other. All of this is taking place against a background of increasing social fragmentation. (Schaap *et al* 2009)

They identify four different emerging strategies: strengthening the existing model of representation (electoral reform etc); broadening the concept of representation (greater dialogue while maintaining representation as the only source of legitimate authority); the citizen as customer - 'customer democracy'; and direct or participatory democracy (referenda, co-production, self-governance).

Community governance - the emergence of new practice

Recent Australian work has also highlighted the growing interest in direct involvement with council decision making. ... different forms of direct community engagement with councils are gaining importance.

Recent Australian work has also highlighted the growing interest in direct involvement with council decision making. Research led by McKinlay Douglas Ltd in partnership with the Australian Centre of Excellence for Local Government, the Municipal Association of Victoria and Local Government Managers Australia with the support of the Bendigo & Adelaide Bank Ltd, published as *Evolution in Community Governance: Building on What Works*

(McKinlay et al, 2012) shows that different forms of direct community engagement with councils are gaining in importance. It's very much a matter of developing solutions which suit individual circumstances. The range of practice can differ considerably, depending on the size, demographics and composition of different councils.

In some instances, the emphasis is on the council acting as advocate, bringing together communities, service providers and government agencies to develop solutions in areas such as public transport, education and health services. In others it may be the council taking a role in capability development for locally based community organisations, helping them develop as legitimate means of expressing community aspirations and seeking means for delivering on those.

The growing interest in community governance is leading to a rethinking of the way in which councils themselves function, raising questions ranging from the role of elected members to how the council itself is organised. Is it still appropriate for elected members act as though the mere fact of being elected is a sufficient mandate to take decisions on whatever matters come before the council, or is their role now much more one of facilitating a process of dialogue with the community seeking solutions to which all parties can contribute⁵?

In terms of organisation, a number of councils are now recognising that the changing nature of the relationship communities want to have with councils requires a rethink of how councils are organised - with a sense that the need now is to move from a functionally based structure, to place-based management.

Developments in England, also, including the greater rights given to communities under the Localism Act, suggest a growing belief that communities should have a much wider role in decision-making at the local level.

In New Zealand there has been much less enthusiasm generally for developing different channels for engagement between councils and communities, partly because of the somewhat equivocal nature in many instances of the relationship between councils and community boards where those exist. In some respects this can be seen as an unintended consequence of the view taken by the Remuneration Authority that governance should, in effect, be treated as a fixed lump of activity, so that where community boards exist, it is legitimate for a portion of the pool set aside for paying elected members to be used to meet half of the fee for community board members. Leaving aside that the reasoning itself

⁵ The following quotation from a blog by the general manager of one of Sydney's northern beaches, commenting on findings from a community satisfaction survey, illustrates the way public attitudes are changing: *What has surprised the council about the survey results is the fact that residents appear to be less concerned about what I would call the 'traditional' activities of local government – and much more interested in what could loosely be termed participatory democracy. The survey findings go on to say that out of ten drivers of satisfaction – what residents really want – the top two were access to Council information and support and community involvement in decision-making. development came third, domestic waste fourth and perhaps most surprising of all, maintaining local roads came seventh.*

is demonstrably wrong, it is scarcely surprising that many elected members have taken the view that they are personally paying part of the remuneration of community board members and have thus had a somewhat jaundiced attitude towards them. (There is hope that the current review of elected member remuneration being undertaken by the Remuneration Authority will move away from the pool approach, and put an end to the practice of part-paying community board members out of funds which would otherwise be used to remunerate councillors.)

Despite this, both the overseas experience and much public comment in New Zealand regarding the nature of current processes for council/community engagement suggest that finding new ways of working with communities so that people have the opportunity to feel that they have had an opportunity to influence decisions which particularly affect them will become more, not less important. This will be especially the case as councils inevitably become more involved in facilitating the effective design, targeting and delivery of significant social services.

The way in which community engagement is evolving suggests that research based understanding, and council responses, are both very much 'work in progress'. Despite this, we now know enough from research and experience in jurisdictions which have strong similarities with local government in New Zealand to be confident that attachment to place, and the right to have a say about decisions which affect your place, are important aspects of identity for many if not most New Zealanders. This suggests that legislative and other initiatives to redefine or refine the role and function of local government need to be very sensitive to the way people now want to connect with the places where they live.

LEGISLATIVE CHANGE

The Government's Better Local Government Programme announced early last year envisaged a two-stage process for changing local government legislation. The first stage was enacted just prior to Christmas; the second is currently being developed, based on reports from a series of advisory groups established by the government.

I want to comment briefly on three of the changes enacted in the first stage, and on one which is foreshadowed for the second stage – the purpose of local government, powers of mayors, and local government reorganisation from the first stage, and consultation in the second stage.

The purpose of local government

As already noted, the purpose statement has been amended to remove the reference to community well-being and replace it with "to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses."

The jury is very much out on what the effect of the change [in the purpose of local government] will be and, indeed, on what it actually means.

The change has been controversial. Here I'm concerned with the likely effect, rather than the rationale. It was clearly intended to result in councils

restricting what they do to a much narrower range of activities than the government believed had become the case. The jury is very much out on what the effect of the change will be and, indeed, on what it actually means. The term “local public services” with its implication that these are activities of benefit to the community which would not otherwise be provided, when carefully considered, suggests that community well-being remains part of the purpose of local government.

Mayoral powers

The new legislation significantly increases the powers of mayors. At the moment, the only power the Mayor has above and beyond those of any elected member is the power to chair the Council and, if council standing orders so provide, to exercise a casting vote.

In recent years there has been a significant shift internationally to enhance the powers of mayors. In England, the Blair led labour government created the Greater London Authority, led by an elected executive Mayor with considerable decision-making powers. That government and its successors have sought to extend this model across English local government, however, with a relative lack of success largely because of a failure to communicate the case for change effectively.

Closer to home, Queensland’s mayors were recently given enhanced powers. The New South Wales Independent Panel has signalled it is considering a much enhanced role for mayors including:

- Being the designated ‘community leader’ and ‘principal representative’ of the council
- Oversighting the performance of other councillors, including code of conduct issues
- Establishing committees and appointing chairs
- Guiding the preparation of the Community Strategic Plan, Delivery Program and budgets.

The New Zealand Legislation in respect of mayoral powers now includes:

The role of a mayor is to provide leadership to—
“(a) the other members of the territorial authority; and
“(b) the people in the district of the territorial authority.
“(2) Without limiting subsection (1), it is the role of a mayor to lead the development of the territorial authority’s plans (including the long-term plan and the annual plan), policies, and budgets for consideration by the members of the territorial authority.”

In support of the new role the Mayor’s powers include:

- “a) to appoint the deputy mayor:
- “(b) to establish committees of the territorial authority:
- “(c) to appoint the chairperson of each committee.”

The government's rationale for these changes was expressed by the then Minister of Local Government, the Hon David Carter, in his first reading speech, as:

The leadership roles of mayors will be strengthened in line with that of the Auckland mayor under the Local Government (Auckland Council) Act of 2009. Mayors will be given governance powers that will align with the level of public responsibility they have for council decisions, and that will support clear, strong leadership by mayors.

This was very consistent with the rationale which has been put forward in other jurisdictions: the need for an effective mandate against which the Mayor and council can be held accountable. The dilemma in New Zealand and many other jurisdictions at the present time is the very weak democratic mandate associated with the election of councils. There is simply no basis which allows voters to make an informed judgement about what elected members will be able to achieve, and assess them against their performance. In most councils at the present time, most candidates stand as independents, with no sense of whether they will have any prospect of implementing any of the proposals they put forward (assuming that they do put any proposals forward). It is fair to say that this can be a lesser problem with smaller councils where councillors individually will be much closer to their communities.

The new mayoral powers will allow mayoral **candidates to put forward a manifesto** with some reasonable indication of how they will go about implementing their proposals ... [and] to set out how they expect the council to function.

The new mayoral powers will allow mayoral candidates to put forward a manifesto with some reasonable indication of how they will go about implementing their proposals. They will be able (and ideally expected) to set out how they expect the Council to function - what committees, what responsibilities, what processes will apply. They may also give voters an indication of the team with which they expect to work.

In contrast with recent practice, this has the potential of being a significant enhancement to local democracy. I am aware that the new powers have been criticised in some quarters for two reasons – first because they may act as a barrier to mayors seeking to achieve a consensus across the council as a whole. Whether they do so, I suggest, will be more a function of the political skills and approach of individual mayors, rather than of the exercise of the powers per se.

The second reason is that they are simply 'Clayton's powers' because the legislation as enacted included a late change which would allow councils to overturn any mayoral appointment or decision on establishing a committee. That of course could only happen if there were a majority against the Mayor. Especially given the inherent nature of the powers, it's a reasonable proposition that any mayor with good political and leadership skills should be able to exercise the new powers in such a way as to ensure a majority around the council table.

These criticisms suggest that the powers are likely to be controversial, at least until communities have some experience of how their mayors, and councils operate with them in practice. Despite the criticisms, I would argue they remain the best hope in recent times of establishing genuine democratic accountability for council performance.

Reorganisation

The Minister of Local Government in his first reading speech described the purpose of the changes to the reorganisation provisions in these terms:

The fourth area of reform in the bill is the streamlining of local government reorganisation procedures for the union, abolition, and constitution of districts and regions, and the creation of unitary authorities. Currently, such reorganisations can proceed only if they are supported by more than 50 percent of the votes cast in each affected district or region, and reorganisation involves a long and complex process. This bill will make it easier for communities and local authorities to apply for a local government reorganisation, and it will give the Local Government Commission more flexibility in considering applications. Reorganisation applications will need significant community support before the commission can progress them.

Reorganisation – often simply referred to as amalgamation – seems to be the traditional New Zealand response to concerns about local government performance. As I commented in the introduction to this presentation, the much more significant debate is what we actually require from local government and for the good governance of our communities - and this is about much more than just local government itself, but how different interests work together. Increasingly, facilitating collaboration is seen as an important role for local government (see the quotation from the New South Wales Independent Panel at page 4 above).

It is also not simply an issue of whether individual local authorities should be merged, or remain independent. The argument that amalgamation brings cost savings has been largely discredited, as researchers have examined the results of amalgamation initiatives. Instead, current thinking about local government amalgamation is that its purpose should be to enhance strategic capability.

The rationale for this approach was expressed in the 2007 report of the Queensland Local Government Reform Commission (available at: <http://mountgarnet.org.au/reportTRC.pdf>) as:

The Commission's assessment is that many councils currently are struggling to meet the demands that come with contemporary public administration and management. They are needing to compete for skills, expertise and experience and to appropriate substantial investment in management systems. It is the Commission's view, stronger more robust local governments will enable councils to attract and retain staff with the requisite skills and competencies needed to ensure the performance of core functions.

What has been highlighted in research on local government size and function is that different services reach economies of scale at different levels - the Ernest & Young report discussed above, effectively argues that economies of scale for much of local government infrastructure are reached at scale significantly above that which can be achieved by any local authority on its own, other than perhaps mega-authorities, such as Brisbane and Auckland.

Today, much of the discussion about amalgamation focuses on creating the means of taking and implementing decisions on major regionwide services, with the implication there is relatively little to gain from amalgamating councils

involved in district or local services, especially when the negative impacts of amalgamation are taken into account. The preference now is for a stronger emphasis on initiatives such as shared services, although with the recognition that there may need to be some form of compulsion, given the reluctance (which is actually less than commonly believed) for local authorities to collaborate.

There is a growing view that the government's presumed objective of making it easier to implement local government amalgamations may prove elusive.

So much for background. The immediate issue with the new reorganisation provisions is what they will actually mean in practice. There is a growing view that the government's presumed objective of making it easier to implement local government amalgamations may prove elusive. A simple example will make the point. Some of the media reaction to the recent Bay of Plenty conference on reshaping local government seemed to assume it was part of a regional council strategy, perhaps aided and abetted by councils in the Western Bay, to mount the equivalent of a hostile takeover bid for Rotorua.

The legislation sets out the steps the Commission is required to go through in dealing with a reorganisation application. It includes:

If the Commission decides to assess a reorganisation application, the Commission must first be satisfied that there is demonstrable community support in the district of **each affected territorial authority** for local government reorganisation in the affected area. [Emphasis added.]

Obviously, Rotorua is an affected territorial authority for any reorganisation application which would have an impact on Rotorua. It's quite clear that the Commission could only decide to assess any reorganisation application dealing with Rotorua, if it were satisfied that there is demonstrable community support in Rotorua for the application.

Given the apparent attitudes within Rotorua to any suggestion of being subsumed within a larger council, especially one based outside Rotorua, it looks very likely that any such application would be a nonstarter.

There is much else in the legislation which relies on judgements by the Commission where it's hard to see that the process of reorganisation has been made any easier than it is at present - indeed the weight of informed opinion looks to be swinging towards the view that the government may have made it more rather than less easy to promote local government amalgamation.

One possible positive outcome from the change, given the likely complexity of contested reorganisation applications, is to provide a much stronger incentive for a collaborative approach including not just individual councils, but key stakeholders in the governance of the communities involved.

Consultation

One of local government's long-standing concerns with successive amendments to local government legislation over the past decade or so is that provisions around consultation and local government decision-making have been made vastly more complex and expensive, with little or no benefit for councils or the

publics they serve. Accordingly, the government's decision to establish a task force to provide independent advice on how to streamline local government consultation, planning and financial reporting requirements and practices under the Local Government Act 2002, was cautiously welcomed.

The final report of the task force was released in December 2012 (it can be viewed at: [http://www.dia.govt.nz/pubforms.nsf/URL/Local-Government-Efficiency-Taskforce-Final-Report-11-December-2012.pdf/\\$file/Local-Government-Efficiency-Taskforce-Final-Report-11-December-2012.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/Local-Government-Efficiency-Taskforce-Final-Report-11-December-2012.pdf/$file/Local-Government-Efficiency-Taskforce-Final-Report-11-December-2012.pdf)).

If the report's recommendations are adopted, the public's opportunities for input into local government decision-making could be very significantly reduced. Relevant recommendations include:

- Amend relevant provisions of the Act (in particular section 10(a)) to reaffirm that a representative model of local government is the intention of the Act.
- Retain mandatory use of the special consultative procedure for the adoption and amendment of council long-term plans.
- Repeal the provisions of the Act which make use of the special consultative procedure mandatory for council consultation and give flexibility and discretion to councils as to when and how a council consults with the community.

The first recommendation would require repeal of the first leg of the purpose statement in the Local Government Act, "to enable democratic local decision-making and action by, and on behalf of, communities" and its replacement with a statement which made it clear that elected representatives had the sole decision-making right - an affirmation of the "we were elected to decide" approach to local government.

The remaining recommendations (which are reinforced by others relating to Council decision making) would limit the public's legal right to be consulted to the provisions of the Long Term Plan.

One risk [of the proposed change] is that this could undermine the very necessary shift to a much more collaborative approach for the effective governance of New Zealand's communities.

The obvious motive is to do away with the undoubtedly excessive time and resources committed to current decision-making and consultation requirements, but there is a very clear risk that the pendulum could swing too far in the opposite direction, effectively shutting the public out from a sense of involvement. One risk is that this could undermine the very necessary shift to a much more collaborative approach for the effective governance of New Zealand's communities.

IMPLICATIONS FOR LOCAL GOVERNMENT IN RURAL AND PROVINCIAL NEW ZEALAND

In this section I highlight what I suggest should be seen as the most significant implications for local government in rural and provincial New Zealand, from the international and national experience covered in this presentation.

- 1 Local government will become more, not less, important in helping take and implement the decisions which will shape the future of New Zealand's communities – at the local, district and regional level.
- 2 It's less about spending ratepayers' money, and more about using local government's capability, leadership potential (especially with the enhanced role of the Mayor) and local knowledge and networks.
- 3 The drivers of this include the impacts of globalisation, the rise of cities, especially metropolitan centres, demographic change and responding to the needs of an ageing population. Together these influences and others mean a much greater need for local decision-making to deal with unique local situations.
- 4 But local government can't do it on its own. New Zealand's communities need collaborative leadership across business, the public sector, the third sector and iwi if we are to manage the complexity we now confront.
- 5 We need to confront the wide and growing divergence between the New Zealand understanding of the role, function and potential of local government, and the understanding which is emerging in a number of other jurisdictions. Specifically, the New Zealand view appears increasingly one that local government is primarily to be an efficient provider of a limited range of local services. This contrasts with the growing perception internationally that local government should truly play a governing role in respect of its communities.
- 6 The impact of globalisation on the ability of national governments to influence and direct economic outcomes has been profound. It now varies between extremely difficult and impossible for New Zealand governments to do anything to shield New Zealand businesses against the impacts of international competition, despite growing evidence that many of even our most efficient exporters are finding it increasingly difficult to cope.
- 7 There is a very direct and major implication for local government. Councils both directly and indirectly can have a major impact on the cost structure of New Zealand business. It is now imperative that councils take whatever steps are needed to ensure their activities are managed, their fees, charges and rates set, and their services are delivered in the most efficient manner consistent with the outcomes intended.
- 8 Even in the Bay of Plenty, which at the moment would have to be seen as the exemplar in terms of shared services, with the relative success of BOPLASS as an enabler, there is much more that both could and should be done. Councils should now be working actively with their major stakeholders to identify every possible opportunity for reducing cost and/or undertaking services in more cost-effective ways.
- 9 Cities, especially major metropolitan centres, are increasingly dominant, not just in terms of population, but as domestic and international nodes of economic activity, as preferred locations for high skilled activity, and as important locations for and enablers of artistic, cultural and recreational activity. Secondary urban centres such as the major population centres in

- the Bay of Plenty, need to understand the full significance of the interplay between the growth of metropolitan centres and the location decisions of high skill based businesses, especially multinational enterprises.
- 10 The challenge for many rural and provincial councils is very different, but just as immediate; it is how to work with the agricultural, horticultural and forestry sectors to ensure that, between them, they are able to provide the quality of living environment needed to attract and retain a high skilled rural workforce - and this will require farmers to move beyond seeing rates as a cost burden to be minimised, to seeing rates as a continuing investment in the viability of their businesses
 - 11 this is part of recognising that different councils face very different scenarios for future population and economic growth. This highlights the fact that a 'one size fits all' approach to the role of local government, or how best to meet the needs of different communities, is unlikely to be appropriate. Instead, there needs to be an increased focus on how to develop strategies specific to the different situations in which different communities find themselves.
 - 12 A persistent challenge for central governments is how best to deal with the so-called 'wicked issues', such as educational underachievement, family dysfunction (including child abuse), substance abuse, substandard housing (or lack of housing altogether), and newly emerging, but testing issues such as coping with an ageing population. Local government generally and individual councils should be taking the opportunity to act as the catalyst to bring public sector agencies and other stakeholders together in order to develop more effective ways of managing major public services (in keeping with the New South Wales view that councils can demonstrate how to tackle complex problems by harnessing the skills and resources of communities).
 - 13 How people want to engage with their councils is going through quite major change. The old idea that you voted for your Councillor once every three years, and that was that no longer holds. The evidence is that increasingly, people want the opportunity to take part in making decisions which affect where they live, work and play. Internationally councils are responding to this shift in a number of different ways, including supporting the development of community based organisations with a local mandate to address community issues of one kind or another - typically, these are non-statutory, and evolve in ways which meet the needs of the local community, rather than being required to conform to a standard template such as New Zealand's community boards. This is about much more than just better community involvement. It's very much about building the legitimacy of Council decision making and strengthening council/community bonds - an important and timely benefit in the current central government policy environment.
 - 14 The effect of many of the provisions in the recent Local Government Amendment Act will not become clear until they have been tested in a court of law - at the moment there is very real doubt, for example, that the change to the purpose of local government will have any practical significance. Councils should assume, despite expressions of government intent to the contrary, that they continue to have the power to undertake activities which they believe will promote community well-being.
 - 15 The new mayoral powers are consistent with trends internationally to strengthen the role of the Mayor and have the potential to be an important enhancement of local democracy through enhanced democratic

accountability to the community. For the first time in New Zealand it will be possible for mayoral candidates in all of New Zealand's territorial local authorities to stand on the basis of a manifesto and make it clear how that manifesto will be delivered - the power to establish committees and appoint the deputy Mayor and committee chairs is effectively the power to build the team the Mayor requires to support him or her in delivering the manifesto.

- 16 The reorganisation provisions which have emerged from the legislative process are far from clear. They involve a number of subjective judgements on the part of the Local Government Commission in situations in which it's extremely likely that the Commission's judgement, whatever it is, will be subject to judicial review. It is likely also that some of the last-minute changes may make it extremely difficult for the Commission to decide to assess a reorganisation application. Before it can do so, it must be satisfied on several criteria, including that "there is demonstrable community support in the district of each affected territorial authority for local government reorganisation.in the affected area." This looks very likely to make it virtually impossible to mount any "hostile takeover" of one local authority by another. What this emphasises - not just for councils, but for any other group or individual with an interest in local government reorganisation - is the importance of getting broad consensus for any proposal before approaching the Local Government Commission.
- 17 Amalgamation is far from being a 'Silver Bullet' for solving the presumed problems of local government. It often makes better sense to focus specifically on what is the problem which requires a solution. In every region finding an effective means for taking and implementing decisions on regionwide issues (land transport, major land use, strategic planning are likely candidates) is the immediate priority. As an example should regions be forming a single regionwide infrastructure company to handle water, waste water and council involvement in roading? In principle, the answer is almost certainly yes when questions of economies of scale and strategic capability are considered. At the same time, though, it can also be argued that there is a real deficit in governance at the community level, especially if councils are to meet the interest people now have in taking part in decisions which affect them, and are to build the knowledge and networks to facilitate the better delivery of major social services, or local responses to challenges such as an ageing population.
- 18 Finally, both councils and others with an interest in good local governance should remain vigilant in respect of future changes to local government legislation. The suggestion in the recent report of the local government efficiency task force that the purpose of local government should be further amended to make it clear that local government is a creature of representative democracy, and not in the business of promoting local democratic decision-making and action by and on behalf of, communities is worrying. The worry increases with the suggestion that virtually all of the consultation provisions in the present act should be removed, with councils only obliged to consult on their long-term plans. As the task force recognised, there is much wrong with the present consultation provisions. If relationships between councils and their communities are to be strengthened, the local government act changes should be supportive of closer working relationships, and not leave it entirely over to councils to decide whether or not they should consult with the community - this is

consistent with the growing international emphasis on moving from consultation to dialogue.

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