

Local government, planning & funding reform

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Need now critical: a Royal Commission into local government activities, resourcing and structures.

IN THIS COLUMN LAST YEAR, I wrote that the requirements being placed on local government to protect the environment, grow the economy, deliver local services and keep rates down were incompatible. I called for a Royal Commission into the activities, resourcing and structures of local government to sort out the problem. This year, I'm going to review what's happened in the space to underline why such an inquiry is urgently needed.

Sharing services

In 2015, the Local Government Commission decided not to proceed with a referendum on Wellington and Northland governance reform and soon after voters rejected the Commission's restructure proposal for the Hawke's Bay. Since that time, the Commission has focused on encouraging councils to share services like water and transport to achieve economies of scale, better prioritise investment and improve strategic capability.

A number of councils across the country have responded. From the Manawatu to the Bay of Plenty, councils are cooperating on everything from planning to water investment prioritisation. However, with the exception of Watercare in Auckland, no council grouping has seriously considered combining assets, revenue, investment prioritisation and service delivery in a way which can fully leverage the benefits of scale, technology and expert capability.

The norm is for control to remain firmly under the management of established local authorities, leaving the wider public good subordinate to the individual needs of existing councils.

As a consequence, capital is underutilised, sitting idle on one council's balance sheet while another next door discharges raw sewage into a shared waterway. One council may pull back on road spending to reduce rates pressures, but responsibility for shouldering growth falls to their neighbour. It's inefficient, inequitable and not meeting national or private needs.

Meanwhile, the one proposal which has considered a more formal shared service arrangement – a combined water delivery company for the Hamilton City and Waikato and Waipa District Councils – has encountered just about every obstacle imaginable.

A comprehensive report showing half a billion dollars of benefit over the next 30 years has been reviewed twice and still the decision to proceed has been deferred, relitigated and

politicised. In spite of its significant benefit to the three council areas, there remains no certainty that the process will proceed and even if it does, major questions remain as to why other nearby councils are not involved.

Spatial planning

Yet even if all New Zealand's local authorities combined roads, water or other services with relevant partners – for which there is no expectation – the outcome would still be limited. A May 2016 report by Boffa Miskell for the Local Government Commission looked at how spatial planning could proceed in an unamalgamated Wellington region. Following interviews with council and other public officials, Boffa Miskell found support for spatial planning across the region. Officials felt it could integrate infrastructure and development, provide a vision for the region, align central and local government, and assist economic development.

Is the existing delegation of responsibilities across regional and territorial authorities appropriate?

However, despite these significant benefits, the report also found that, "without a legislative mandate, the challenges to preparing a metropolitan spatial plan on a voluntary basis would appear to impose a formidable and almost insurmountable barrier".

Fundamentally, spatial planning cannot occur in an environment where governance and funding are fragmented. This is because, even if parties can agree on a plan, reprioritising their spending for the greater good when it conflicts with local priorities is next to impossible. This was exactly the experience of Auckland before its restructure and effectively proscribes spatial planning and all its benefits for Wellington, Waikato, Hawke's Bay and other regions.

Resource Management Act 1991

The problem created for planning by disparate funding and governance relationships is not limited to strategic spatial issues.

Underpinning all growth challenges is how infrastructure and development can be enabled but balanced against environmental objectives. The Resource Management Act (RMA) lies at the very heart of local decision making, democracy and environmental stewardship. And it's broken.

The RMA is New Zealand's pre-eminent environmental protection legislation. It exists to enable economic, social and cultural progress while protecting the environment. However, a recent report by the Environmental Defence Society found that the environmental outcomes of the RMA have not lived up to expectations. Poor implementation over a quarter of a century has seen "virtually all" evaluative studies conclude it is performing sub-optimally and as a result our environment is suffering.

Planning performance and the RMA

The environmental failings of the RMA are unfortunately more than matched by weaknesses across the Act's other core function. As New Zealand's chief planning statute, the RMA prescribes, prevents, allows and guides urban planning. It dictates where growth can occur, where it cannot and in what form. It sets the rules and standards for infrastructure, housing and all critical development.

As successive reports from the Productivity Commission have found, the RMA and its effects-based approach to development has not worked. Rather than providing a forum to balance competing concerns and enable sustainable development, the

RMA has facilitated opposition, appeals, NIMBYism and has erected barriers to basic services like housing.

Local government, planning and funding

In light of the urgent need to fundamentally rethink the RMA, there is an equally critical need to reconsider which institutions should be involved in resource management and planning decisions. Is the existing delegation of responsibilities across regional and territorial authorities appropriate? Does central government play enough of a role? Can planning be separated from infrastructure responsibility?

The question of responsibility is of interest to local government for two reasons. The first is that it raises the possibility of different governance arrangements. The second is that it requires revisiting how local government is funded. Somewhat unfortunately, concern from the local government sector about the former has to date drowned out the opportunity created by the latter: we can finally address the issue of inadequate funding of local government.

A Royal Commission or similar national process is required to investigate whether the current system which oversees planning, development and environmental protection is working. We need to know who should be responsible for activities, what form those institutions should take and with what resources. Such a process will address the government's questions over the efficiency of councils, councils' questions over the adequacy of their funding and everybody's concerns over the functioning of the RMA. **LGP**



TAKING THE HEAT OUT OF SUMMER

While NZ's holiday hotspots are flat out coping with another summer holiday onslaught – and the usual sensational media coverage of freedom camping – the NZMCA has worked to take the heat out of summer. This year again we encouraged our members to head off the beaten track to enjoy the 'real' New Zealand in our 45 Motorhome Friendly locations and other destinations. It's all part of our plan to ensure that the benefits of our country's unprecedented tourist boom are shared with provincial and rural communities nationwide. And it is why we have invested close to a million dollars over the past three years to encourage our 69,000 members – and other Motorhome Tourists – to get off the beaten track. For more information on how your town can become Motorhome Friendly, contact Gillian on (09) 298 5466.

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