

Journalists' guide to local government

2016 edition



**We are.
LGNZ.**

Preface



Democracy works best when we have an informed media monitoring and reporting on the activities of our public organisations. Local government is no exception. As members of the fourth estate, journalists play a critical and important role in upholding democracy.

As the organisation that represents all New Zealand's local authorities we are committed to raising public awareness about the importance of local democracy and how councils work. This requires raising awareness about how councils work and how people can get involved in local democratic processes, as both candidates and voters. Such a task is fundamental to our vision –

< local democracy powering
community and national
success >

This Guide has been designed to assist you, as a journalist, in your coverage of local government.

I do hope the Journalists' Guide provides you with the information you need to report on local government issues in an informed way so that your audiences are able to make more enlightened decisions about whether or not to stand as candidates and who to choose to represent them in local government.

This booklet will be available online at www.lgnz.co.nz. Content will be updated as required.

A handwritten signature in blue ink, appearing to read 'L. Yule'.

Lawrence Yule
President
Local Government New Zealand

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About Local Government New Zealand

About Local Government New Zealand

LGNZ represents all local authorities in New Zealand. Our purpose is to be *the strong voice for great local government* and our mission is *local democracy powering community and national success*.

We believe New Zealand cannot be a strong and successful nation if it doesn't have strong and successful communities – building strong and successful communities is the core business of local authorities. LGNZ works towards this by advocating for national policies and legislation that support effective local governance and providing services that strengthen the governance capacity of our members.

LGNZ is an incorporated society governed by a National Council of 15 elected representatives, headed by a President and Vice President. The organisation is funded primarily through member subscriptions. LGNZ is based in Wellington where its staff work on advocacy, performance improvement, best practice and policy development.

Local government profile

City, district, and regional councils are corporate bodies with the authority to make decisions and policies that are in the best long-term interests of their communities. Local government is one of two spheres of government that operate in New Zealand, along with central government. Local government owes its establishment to Parliament and is accountable to communities through regular elections and a range of accountability requirements, such as the duty to consider the views of their citizens when making decisions.

There are two types of local authority, territorial authorities and regional councils. There are 67 territorial authorities made up of 13 city councils and 54 district councils. The functions of territorial authorities include:

- supply of drinking water and waste water
- local roads
- solid waste management community facilities and services
- libraries
- economic development
- environmental health and safety
- recreation and culture
- resource management, including land use planning and development controls
- local regulations
- tourism promotion
- local amenities.

Regional councils are responsible for environmental resource management, flood control, air and water quality, water allocation, pest control, bio diversity and, in some cases, public transport, regional parks and bulk water supply.

Six territorial authorities are 'unitary authorities'. Unitary authorities have the responsibilities of both territorial authorities and regional councils. The unitary councils are Auckland Council, Nelson City Council, Tasman District Council, Marlborough District Council, Gisborne District Council and Chatham Islands Council.

Statistical overview

Local government is a major sector of the economy and:

- has an annual operating income of \$8.05 billion (GST ex)
- has an operating expenditure of \$8.4 billion (GST ex)
- owns assets worth approximately \$120 billion
- contributes to around 4 per cent of New Zealand's gross domestic product
- employs about 24,500 full time equivalent staff
- spends approximately 11 per cent of all public expenditure.

Other facts:

- the proportion of roads owned by local authorities 87 per cent

- the proportion of council income that comes from rates 58 per cent
- the proportion of women councillors 33 per cent
- the number of elected members who are identified as Maori (2010) 8 per cent
- the number of women mayors after the 2013 elections 13
- the number of councillors 911
- the number of community board members` 574
- the number of local board members 149

See www.localcouncils.govt.nz for more statistical information.

How councils work

Local authorities are governed by a 'governing body,' also known as the 'committee of the whole.' Governing bodies are able to establish standing committees and subcommittees and have extensive powers of delegation. Standing committees are responsible for much of council's work, such as regulatory services, planning, recreation and promoting economic development. Not all councils use committees. Some make decisions through the full council itself while others use a portfolio system in which individual councillors are given responsibilities to lead on key policy issues.

Many councils delegate decision making to community boards, especially decisions concerned with neighbourhood-scale services. Information on how councils organise themselves can be found in each council's Governance Statement, located on the council's website.

Leadership

Territorial authorities are led by a mayor elected at large by all the citizens of a city or district while regional councils are led by a chair, who is elected by fellow councillors. Each local authority employs a chief executive who then employs staff on the local authority's behalf. Information on the number of staff employed by a council and the overall level of remuneration can be found in a council's annual report, which is required to be published by the end of October each year. Annual reports are normally available on council websites.

Community boards

These exist to ensure a community's interests are represented by bringing decision-making closer to citizens. In 2013, there were 111 community boards. Community boards' primary role is to advocate and represent the interests of communities, although many councils delegate a range of local decision-making responsibilities to their boards.

The Auckland model

A new governance model for local government was established when the current city was established in 2010. Auckland Council consists of a Mayor and 20 councillors (the governing body) and 21 local boards. Under this model, Auckland's community boards have been replaced with local boards.

Auckland's governing body and local boards have different, but complementary, responsibilities. The governing body of the Auckland Council is responsible for region-wide strategic decisions, regional issues, regulatory activities and regional facilities. Local boards make decisions on local issues, local activities and local facilities, such as libraries and swimming pools. Distinctive features of the Auckland model are the:

- The Maori Statutory Board
- A range of executive powers given to the mayor
- The Mayoral Office
- The extensive use of council controlled organisations to run services, such as Auckland Transport and ATEED
- The requirement to develop a spatial plan for the city.

Local boards

There are 21 local boards which comprise between five and 12 members. While similar to community boards local boards have a broader range of statutory roles and responsibilities. Each board must develop a three year plan which is then incorporated in a funding agreement with the Auckland Council. The Auckland Council owns all property and employs all staff. The Local Government Commission is able to establish local boards in other parts of the country during reorganisation processes that involve unitary councils.

Council Controlled Organisations

Council Controlled Organisations (CCOs) are a type of publicly owned company in which a council has the right to appoint more than half the directors. They are designed to provide services at arms-length to the council. Council Controlled Trading Organisations (CCTOs) are CCOs with a commercial purpose. Councils direct CCOs and CCTOs through a statement of intent (SOI) which is negotiated annually.

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Local democracy - how elections work

Local democracy – how elections works

Local authority elections are held every three years with election day occurring on the second Saturday of October, every three years. Voting is currently by postal ballot, although an online voting trial might be held in 2016. Voting papers are delivered three weeks before polling day and papers must be received by electoral officers by 12.00 noon on polling day.

Councils have the choice of two voting systems, First Past the Post (FPP) or Single Transferable Vote (STV). Seven councils are using STV in the 2016 elections. For further information on the voting systems see: http://www.dia.govt.nz/diawebsite.NSF/wpg_URL/Resource-material-STV-Information-Index?OpenDocument

Turnout varies considerably between different types of councils with higher levels of turnout generally found in smaller rural and provincial authorities. Total turnout in 2013 was 42% with turnout varying by age, ethnicity and circumstances. A survey into who did and didn't vote commissioned by the Local Government Commission in 2007 found:

- 62% of those age 45 and over voted, compared to 39% of 35 to 44 year olds and 16% of 18 to 34 year olds;
- 49% of NZ Europeans voted, compared to 35% of non-NZ Europeans;
- 49% of those living with a partner or spouse voted compared with 32% of those not living with a partner or spouse;
- 49% of property owners voted compared to 13% of renters.

The survey found no statistically significant association between voting behaviour and income. See <http://www.lgc.govt.nz/assets/Uploads/LegReviewLGactLEactNationalSurvey2007.pdf>

Pre-election reports

Pre-election reports are designed to provide information and promote discussion about the issues facing the local authority and must be published not later than two weeks before nomination day. They are normally published on a council's website.

The purpose of the pre-election report is to promote discussion about the issues facing each local authority so that candidates and voters are well informed. The pre-election report must contain, for the three years preceding the election and the three years following the election, the following:

- the funding impact statement
- a summary balance sheet
- a statement setting out the extent to which the authority has complied with limits in its financial strategy
- information on planned major projects.

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Key statutes

Key statutes

Local Government receives its powers through legislation. Key statutes are:

The Local Government Act 2002 (LGA)

The LGA 2002 provides councils with their general powers as well as setting out the purpose, powers and principles through which councils operate. It also includes the power to make certain kinds of by-laws. The Act describes the purpose of local government as:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities
- (b) 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 (s. 10 LGA).

Good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are efficient, effective, and appropriate to present and anticipated future circumstances.

The LGA requires that councils must manage their revenues, expenses, assets, liabilities, investments and general financial dealings prudently, and in a way which promotes the community's current and future interests. Operating revenue must be set at a level sufficient to meet that year's projected operating expenses (balanced budget). This includes funding depreciation, although there can be exceptions in cases where it is prudent, such as where a facility is not meant to be replaced.

The Local Government (Rating) Act 2002

The purpose of the Local Government Rating Act (LGRA) is to provide councils with flexible powers to set assess and collect rates to fund local government activities. It also sets out processes and regulations to ensure rates are set in accordance with decisions that are transparent and undertaken in a consultative manner.

- (a) The LGRA provides processes and information to enable ratepayers to identify and understand their liability for rates.
- (b) Local Government Official Information and Meetings Act 1987 (LGOIMA)

This Act makes official information available – unless there is a valid reason for withholding it. However, there are conditions under which requested information may be withheld. Under Sections 6, 7, 8, and 17 of LGOIMA, requests for information can be withheld in a range of situations, for example:

- To avoid prejudicing the maintenance of the law
- To protect the health and safety of individuals
- To protect the privacy of individuals
- To protect information which could prejudice or damage the public interest
- To maintain legal professional privilege

To prevent disclosure or use of official information for improper gain or advantage.

The Resource Management Act 1991

The Resource Management Act (RMA) requires councils to provide for integrated management of natural and physical resources. The Act provides councils the means to manage the environmental effects of using and developing resources and codifies many good practice requirements. This includes consultation in planning and decision-making and the use of analytical and evaluation techniques, including assessments of environmental effects of alternatives.

The RMA sets out the resource management functions of territorial and regional councils and what each needs to do in performing these functions. It provides councils with the powers needed to administer their plans, and establishes a resource consent process for activities not (either explicitly or implicitly) permitted as of right, by a plan, or the RMA.

- Territorial councils must adopt a city or district plans which govern land use
- Regional council must adopt regional policy statements which set air and water quality standards

In preparing RMA plans, councils are required to consult with iwi and recognise and provide for Māori values in resource management matters important to Māori.

The Local Electoral Act 2001

The Local Electoral Act (LEA) sets out the rules governing elections and electoral processes, such as:

- Representation reviews: at least once every six years a local authority must review its number of elected members and the boundaries of wards and constituencies to ensure representation is fair and effective
- Voting systems: councils can choose between first past the post (FPP) or single transferable voting (STV) systems

The LEA also sets out eligibility requirements for being a candidate.

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**About the
democratic
process**

About the democratic process

Local government is primarily an expression of local representative democracy. As such, it must operate in accordance with a number of rules to ensure decision-making is transparent, accountable and open to citizens and the public. For example, councils must adopt standing orders which regulate how business at council and committee meetings is conducted.

Meetings

There are two kinds of meetings, ordinary meetings and extraordinary meetings. Ordinary meetings are regular meetings of the council and are scheduled well in advance. An extraordinary meeting can be called by the mayor, chair or the chief executive (if the mayor/chair is absent) if there are matters which must be dealt with and require shorter notice. All meetings must be held in public unless there are legitimate reasons for excluding the public. These reasons are set out in the Local Government Official Information and Meetings Act 1987.

Councils must publish monthly schedules of meetings giving the time and place, including all committee and sub-committee meetings. Councils must provide public notice well in advance of their meetings, unless they are extraordinary meetings. Meeting agendas must also be published in advance. Many councils have a period at the beginning of their ordinary meetings for public submissions.

Order papers

Apart from the first meeting following an election, legislation allows councils to determine their order of business. The chief executive prepares an agenda for each meeting listing the items of business and attaching relevant information. The order paper is distributed to members before the meeting. Business is dealt with in the order set out in the agenda unless the chair gives precedence to a particular item of business. If there is business from which the public is excluded, this is usually dealt with at the end of the meeting.

Standing orders

Councils must adopt standing orders. Standing orders apply to full council meetings committee meetings and meetings of local and community boards. They provide the basis for the orderly conduct of meetings and contain rules defining the rights of chairs and members to address meetings. Councils also use standing orders to deal with the many matters they manage that are not covered by legislation. Councils can amend or suspend any part of their standing orders on the vote of three-quarters of the members present.

Workshops

Many councils hold workshops or informal meetings to brief elected members on emerging issues, or get an indication of councillor preference before initiating a policy project. Meeting procedures and LGOIMA do not apply to workshops, and it is common for the media and the public to be excluded. Workshops cannot be used to make decisions.

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About plans and policies

About plans and policies

Much of a council's work involves planning for the future, whether it is determining where a city or town will grow, or making provision for the on-going maintenance and renewal of a community's infrastructure. Major plans and policies include:

Significance and engagement policies

Significance and engagement policies set out a council's general approach to determining the significance of a matter and how it will engage with its communities when considering specific matters, based on that significance. Their purpose is to:

- Provide clarity about how and when communities can expect to be engaged in decisions
- Inform the local authority the appropriate extent of public engagement and the type of engagement required (s.76AA LGA 2002).
- Significance and engagement policies can be found on council websites.

The Long Term Plan

The Long Term Plan (LTP) is a council's primary strategic planning document. It is also the main opportunity for the public to participate in local decision-making. The LTP sets out the council's priorities over the medium to long-term and how it intends to achieve its purpose.

Many decisions and actions can only be undertaken if they are included in an LTP, or amendment, such as:

- significantly altering the service levels of a significant activity
- transferring ownership or control of a strategic asset to or from the local authority

Councils must produce LTPs once every three years. The LTP must cover a period of at least 10 years. This means councils will undertake a major consultative process at least one year in three and a smaller consultative exercise in the second and third years focusing on amendments to the LTP, or on the annual plan. Once adopted, an LTP can be amended but not revoked.

An LTP also includes a range of funding and financial policies, such as:

- financial strategies – which sets out factors likely to impact on local government funding and the council's limits on rates, rate increases and borrowing
- Infrastructure strategy – which shows how a council will maintain its infrastructure over the next 30 years, including the cost
- revenue and financing policy – which sets out how the council will fund its services over the length of the plan

The annual plan

This contains the annual budget and is a link to the rate-setting process; in fact in the first year of an LTCCP, the financial and service level information in the LTCCP is, by law, the annual plan. Councils must still prepare an annual plan, although the main planning document is now the LTCCP. The annual plan will link the LTCCP to the annual budgeting process (including setting rates.) The annual plan must include:

- a proposed annual budget including estimated costs and revenues
- a funding impact statement for the year
- forecast financial statements for the year
- statements setting out service levels and performance measures
- details of any changes from the information in the LTP (including the reasons for change).

Annual plans must be adopted by June 30 each year. There is no penalty for councils that fail to meet the June 30 deadline. If a council's annual plan makes no material changes to the budget and work programme set out in its LTP there is no requirement on a council to consult or seek the community's views.

An important feature of the LGA is councils cannot make significant changes to their work programme or budget through the annual plan. Such changes can only occur through a LTP or an amendment to the LTP. A council cannot be required to comply with the provisions of either its LTP or annual plan.

The annual report

Annual reports close the 'feedback' loop with citizens and provide information on how well each council performed. Annual reports must include:

- the amount spent on capital expenditure for the previous year and whether it was allocated to meet additional demand, improve the level of performance or replace existing assets
- a statement of service performance detailing financial and non-financial performance of the local authority (which must be audited)
- reports on the performance of council-controlled organisations
- information on remuneration received by each elected member and the chief executive
- total annual remuneration and employee levels, including the number of employees of the local authority and the number by specified remuneration bands.

Councils are also required to produce an annual report summary. The summary of the annual report is important for accountability as simplified financial and performance information should be more understandable and accessible than the more detailed annual report. Annual reports must be audited and adopted by 31 October each year. Your councils must also publish a summary of its annual report which must be audited and publicly released within one month of the annual report being adopted.

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About council funding

About council funding

Governments in New Zealand have access to three major forms of tax, income, consumption and property. While central government is authorised to apply income and consumption taxes local government is limited to property taxes. Local authorities can levy two forms of property tax, or rates:

- general rates which are determined by the land, capital or rental value of a property
- uniform annual general charges which are a fixed dollar charge for each rating unit or 'separately used' part of a rating unit.

'Separately used' refers to a property or building used by a person, other than the owner, who has the right to use that portion through a tenancy, lease, licence or other agreement. Councils must include a definition of 'separately used or inhabited' in their LTP.

General rates can be set at the same rate in the dollar for all rating units. They can also be set differentially. This means some properties might pay more, or less, than the average rate even though they have the same value. In some cases councils will pay a lower differential because they use fewer council services, such as a rural differential. Rural differentials are such an example. Alternatively, a higher differential might be applied where a sector uses more council services than average.

The Rating Act also places a 30 per cent cap on the portion of council's total revenue which comes from uniform charges and targeted rates (except those made for water supply and sewage disposal.)

Targeted rates

These are set to fund a specific function or group of functions. If a council sets a targeted rate it cannot use the revenue for any other purpose. An irrigation scheme would be an example. Targeted rates ensure only those properties benefiting from the scheme pay the rates to fund it. For example, the use of targeted rates to fund security, street-cleaning or beautification in the central business district.

Development contributions

Many territorial authorities in New Zealand face pressures on services they provide as a consequence of population growth. The LGA enables territorial authorities to levy a development contribution on new development in order to pay for the additional infrastructure required to meet growth related demands. Without development contributions, the cost of putting in new infrastructure would be spread across existing ratepayers.

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Glossary, websites and contacts

Glossary of terms

Asset Management Plans (AMPs) – detail how a council’s infrastructure and other assets are managed so the organisation can achieve its strategic goals. AMPs include the levels of service an asset will provide, the service levels against which performance will be judged and the scheduled capital, renewal and operation expenditure necessary to maintain required service levels.

Community boards – carry out functions and powers delegated by their councils, representing and advocating on behalf of their communities. There are approximately 105 community boards in New Zealand. Community boards can have between four and 12 members, at least four of whom, or more than half, must be elected. Some members may be appointed by the territorial authority.

Community outcomes – are, to the extent determined by the council, the community outcomes for the district, city or region.

Consultation – a process by which councils seek the views of citizens about a proposal. When considering submissions, as part of a consultation exercise, elected members must keep an open mind.

Council-Controlled Organisation (CCO) – an organisation in which one, or more, local authority owns or controls 50 per cent, or more, of the voting rights or has the right to appoint 50 per cent, or more, of the directors of the organisation.

Council-Controlled Trading Organisation (CCTO) – is a CCO that has been established to make a profit.

District plans – city and district councils and unitary authorities must prepare a district plan for the sustainable management of the district’s resources, to enable them to manage their significant resource management issues. District plans must give effect to any national policy statement, the New Zealand Coastal Policy Statement, and regional policy statements. District plans must also be consistent with regional plans.

Engagement – involves engaging with citizens and organisations at the beginning of a policy process, rather than seeking views at the end.

Funding Impact Statements (FIS) – sets out the funding council requires, the mechanisms required to raise the funding, and how much each mechanism or funding tool will raise. This must be provided in LTPs and annual plans.

Infrastructure strategies – set out the major infrastructure challenges facing the authority for the next 30 years and the principal options for meeting these.

Local boards – are sub municipal bodies established as part of the re-organisation of Auckland. Similar to community boards, but with greater decision-making authority, local boards in Auckland have responsibility for libraries, local facilities and local parks.

Local governance statement – contains information about the way in which each council works, makes decisions and organises itself. Governance statements can be found on council websites.

Local Government Commission – appointed by the Government, the Commission is responsible for considering re-organisation proposals, boundary adjustments and considering appeals and objections to councils’ representation reviews.

Local Government New Zealand (LGNZ) – an incorporated society which represents all local authorities in New Zealand. Membership is voluntary and activities are funded through an annual subscription. The organisation’s primary focus is advocacy, providing value added services and policy development.

National Environmental Standards (NES) – is a tool to set mandatory bottom line standards for specified activities under the RMA, for example, standards for air quality and electricity transmission.

National policy statements – national policy statements are statutory documents in which the Minister for the Environment can state policies of national resource management significance, for example, the New Zealand Coastal Policy Statement (NZCPS).

Significance and Engagement Policy – the policy every council must adopt that sets out criteria for determining what level of engagement is required for different kinds of decisions, from significant to minor. Significance and engagement policies also provide information on how councils will engage and consult.

Society of Local Government Managers (SOLGM) – the professional development body representing senior managers within the local government sector.

Special Consultative Procedure (SCP) – a formal process that sets out the steps a local authority must follow when consulting on major issues.

Statement of Intent (SOI) – sets out objectives, expected activities, and forecast CCO performance for the coming year. It is negotiated between councils and each of their CCOs.

Statement of proposal – a document that provides the basis for consultation under the SCP, by setting out a local authority’s proposals.

Strategic asset – an asset or group of assets held by the local authority to maintain its capacity to promote outcomes it considers important.

Regional plans – regional plans deal with specific resource management issues such as air, water, or land management. Regional plans must give effect to any national policy statements, the NZCPS and regional policy statements.

Regional Policy Statements – The RMA requires regional councils and unitary authorities to prepare a regional policy statement for the sustainable management of the region’s resources.

Triennial agreement – an agreement, negotiated after each election, which sets the basis for communication and co-ordination between territorial councils and their regional authorities.

Useful Websites

www.lgnz.co.nz – for information about Local Government New Zealand.

www.elections.org.nz – for information about the election process.

www.localcouncils.govt.nz – for information about local government, councils and useful links, maintained by the Department of Internal Affairs.

www.localgovt.co.nz – portal for local government.

www.legislation.govt.nz – for information about the legislation.

www.stv.govt.nz – for information about single transferable voting.

Contact details

All requests for interviews should be directed to Helen Mexted, Director Advocacy, on 029 924 1221 or at helen.mexted@lgnz.co.nz



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Dunedin.
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Gore.
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Hawke's Bay
Region.
Horizons.
Horowhenua.
Hurunui.
Hutt City.
Invercargill.

Kaikoura.
Kaipara.
Kapiti Coast.
Kawerau.
Mackenzie.
Manawatu.
Marlborough.
Masterton.
Matamata-Piako.
Napier.
Nelson.
New Plymouth.
Northland.
Opotiki.

Otago.
Otorohanga.
Palmerston North.
Porirua.
Queenstown-
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Rangitikei.
Rotorua Lakes.
Ruapehu.
Selwyn.
South Taranaki.
South Waikato.
South Wairarapa.
Southland District.

Southland Region.
Stratford.
Taranaki.
Taranua.
Tasman.
Taupo.
Tauranga.
Thames-
Coromandel.
Timaru.
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Waikato District.
Waikato Region.
Waimakariri.

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