

Wagstaff, Michael (1988)

Local government reform

LOCAL GOVERNMENT REFORM

M.H. WAGSTAFF

Wagstaff, M.H (1988)
Local government reform

INDEX

	<u>Page No.</u>
INTRODUCTION	1
HISTORICAL BACKGROUND OF LOCAL GOVERNMENT	2-4
HISTORY OF LOCAL GOVERNMENT REFORM	5-9
THE PRESENT STRUCTURE OF LOCAL GOVERNMENT	10-13
MAP OF EXISTING REGIONAL AUTHORITIES	14
MAPS OF EXISTING LOCAL AUTHORITIES	15-16
FUNCTIONS OF VARIOUS UNITS OF LOCAL GOVERNMENT	17-18
SOURCES OF REVENUE FOR LOCAL GOVERNMENT	19-21
CONCLUSION	22-26

INTRODUCTION

Local and regional government is a large and vitally important part of the public sector. It touches on almost every aspect of life in New Zealand and provides some of society's most fundamental needs. It employs around 50 000 people and has an annual turnover in the region of \$5 billion.

Over the past 100 years local government institutions and structures have contributed much to this country's development. But while almost every other aspect of New Zealand life has changed extensively in that time, the structures of local government remain largely unchanged. Reviews over the years have been piecemeal and ad hoc in approach, and have done little to assist local government in adapting in an integrated manner to the changing needs of its communities.

The challenges of today's society demand that new ideas and fresh approaches to local government be considered. We must ensure that local government is attentive and responsive to the needs of the communities it sets out to serve, and that the needs of those communities are met in the most appropriate and most effective manner. We need to re-appraise the whole nature and role of local government and re-examine its structures from the ground up.

HISTORICAL BACKGROUND OF LOCAL GOVERNMENT

Up until the abolition of the Provinces in 1876 local administration had been carried out by municipal councils in a handful of major settlements, and by numerous road boards. Outside the few municipalities, most local functions other than roading were carried out, if at all, by six (later nine) Provincial Councils. With the abolition of the Provinces in 1876 the country was divided into 63 counties and 36 municipalities. These numbers grew rapidly and by 1920 there were 129 counties and 117 municipalities (city, borough and town councils). Since 1950 the numbers have begun to fall as each Local Government Commission has recommended amalgamation.

County, city, borough and town councils and more recently district councils (known collectively as territorial authorities) have always been multi-purpose local authorities, that is, they are responsible for, or carry out, a broad range of functions. Originally, these functions related principally to providing services to property, for example parks, libraries, nuisance abatement, health inspection and dog control. Later, roading was added as road boards were abolished, while more recently planning and people related functions and some social services, have been added.

Parallel to the growth of these multi-purpose authorities, a large number of single-purpose local authorities, commonly known as special purpose or ad hoc local authorities, has been created. The first were harbour boards established from the 1870s. Others have included hospital boards, rabbit boards (later termed pest destruction boards) and land drainage boards established late last century or early this century, and more recently catchment boards and commissions.

By 1950, there were 537 special purpose local authorities. The major reason for their development appears to have been the view that the many relatively small multi-purpose territorial authorities had neither the resources nor the inclination to tackle the development of the major infrastructural needs of New Zealand in the developing years, for example ports, hospitals, and electricity distribution, and that organisations focussing on one issue only were more likely to see the development to fruition.

In addition to the "mainstream" special purpose authorities referred to above, various other local and quasi-local authorities have been established for particular purposes over the years. These include bodies operating at the local level but essentially discharging central government functions for example education boards and regional development councils; while others are compositions of existing local authorities, for example noxious plants authorities.

The most recent major development in the structure of local government has been the establishment of regional authorities. The first to be established was the Auckland Regional Authority in 1963. It arose from a concern that with local government (both territorial and special purpose) in the Auckland Metropolitan area being as fragmented as it was, there was a need for a single, region-wide authority to co-ordinate or deliver major services across the whole urban area. Its functions now include urban passenger transport, sewer drainage and disposal, refuse disposal, bulk water supply, regional planning, and regional water board functions.

Between 1978 and 1983 the remaining territorial authority districts in New Zealand, except Chatham Islands County and Great Barrier Island County, have been grouped into a further 21 regions. Apart from Auckland, Wellington and Northland, their functional range is very narrow, being limited in most cases to regional planning, regional civil defence, and the preparation of a petrol rationing plan.

Proposals for rationalising the distribution of functions between different classes of local authority have been made on many occasions since 1876 but have met with little success. There has also continued to be a tendency on the part of Government to establish new classes of local authority wherever new issues emerge. The recent establishment of regional development councils, regional employment and access councils and district executive committees of the Social Welfare Department are all examples of new agencies carrying out functions which many would argue could be carried out by existing units of local government.

Successive Local Government Commissions have paid particular attention to the structure of territorial local government over the last 40 years, but without markedly altering it. This is in part because the procedures under which Commissions have operated have enabled citizens of particular districts (whether or not the majority of the people affected) to determine the outcome - usually resulting in the preservation of the status quo. It is also in part because its proposals for structural reform have been made outside a comprehensive review of functions, funding and other aspects of local government.

The current form of local government has been largely unchanged since its development following the abolition of provincial government in 1876. Since that time almost every other aspect of New Zealand life has changed extensively, and in some cases beyond recognition. The local government system has adapted to that change in a piecemeal and incomplete manner.

While there have been some major improvements in accountability and funding measures in recent years, the structure of local government has remained unchanged (apart from the introduction of regional authorities) and there has been relatively little change in the range of functions, sources of finance, or organisational arrangements.

As a result, local government finds itself today, particularly in its structure, set up for yesterday's conditions.

There have been many reviews over the years of a number of facets of local government, although no comprehensive review of local government as a whole has taken place. It is perhaps the ad hoc nature of these reviews and the absence of an integrated review of all the local government sector that has led to the marked lack of success of any of them. It seems also from the historical record that there is no widespread satisfaction with local government as we have it today. Rather there is evidence of continuing dissatisfaction with at least its structural and financial components stretching back over many years. It is timely that a comprehensive review and reform was put in place.

HISTORY OF LOCAL GOVERNMENT REFORM

"There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success than to take the lead in the introduction of a new order of things."

....Niccolo Machiavelli - 1469-1527.

The realisation that there was a need for reform of local government in New Zealand did not surface overnight. The following words were taken from an address delivered in the now defunct Legislative Council in 1882 - that is 106 years ago.

"If we could reach the position of having larger bodies with larger duties and larger responsibilities I think we would be very much better."

In 1889 a Parliamentary Select Committee recommended that there should be a reduction in the number of local bodies. It also recommended the establishment of local districts to be comparatively few in number and to be defined with due regard to community of interest and the natural features of the country. The four large cities of the colony with their suburbs were to be made separate districts and the remainder of the colony was to consist of not more than 16 districts.

In 1895 a Local Government Bill designed to "prune and simplify the present overgrown and unwieldy system of local government;" did not receive a second reading.

Lord Ranfurly, Governor-General of New Zealand, told the opening of Parliament in 1900: "The present system is not satisfactory. Reduction in the number of authorities, greater power and assured finance are essential. Though the matter is one that requires much attention, and thought, I hope you will not shrink from the task of placing local government on a more satisfactory basis."

In 1912 another Local Government Bill was introduced providing for only two forms of local government - municipalities and counties. It was proposed under the Bill to abolish "all those small superfluous unnecessary bodies which have been created during a number of years past, such as Road Boards, Town Boards, Water Supply Boards, Drainage Boards and the like." Their functions would be taken over by municipalities and counties. A Local Government Board was to be established to make decisions on matters provided for in the Bill. However, a change of government occurred at this time and the Bill lapsed.

In 1936, a year after the election of the first Labour Government, the Local Government (Amalgamation Schemes) Bill was introduced by the Hon. W.E. Parry. It proposed that the number of counties should be reduced by about one-third and that many of the internal local authorities should be merged with the territorial local authorities. A Commission of Inquiry would examine proposals and prepare the necessary schemes.

The Bill was reintroduced in 1937 with some minor amendments and it was referred to a Select Committee. The committee endorsed the Bill in principle and agreed that there was urgent need for the reorganisation of local government. However the report of the committee was not debated in the House. The Minister intended to reintroduce the Bill in the 1939 session but the outbreak of war prevented this action.

In 1944 a Local Government Committee was set uncomprising 14 members of the House to inquire into and report upon all phases of the local government system. The report of this committee was presented to the House in October 1945; it contained an unqualified recommendation that reform was urgently required.

The committee also recommended the establishment of a permanent Local Government Commission and this was established by the Local Government Commission Act 1946. The Act provided for a Commission of four. The chairman was required to have the qualifications necessary for appointment as a Judge of the Supreme Court and two of the other members were required to have knowledge of urban and rural government.

A National Government was elected in 1949 and enthusiasm for any reform of local government evaporated immediately. In 1951 a Local Government Bill was introduced which would have abolished the Commission and reorganisation, if any, would have depended upon voluntary negotiation. Because the Municipal and Counties Associations could not reach agreement on any alternative procedures for reform the Bill lapsed. The National Government's reluctance to face up to effecting overdue reforms in local government is evidenced by the Annual Report of the Local Government Commission for the year ended 31 March 1953.

The Local Government Commission Act 1953 reconstituted the Commission as a three-man body with its functions severely curtailed. The vital power granted to the first Commission to initiate inquiries on its own motion was not given to its successor. An Appeal Authority was also constituted to hear appeals against decisions of the Commission. However, the newly constituted Commission in its first annual report made no secret of the need for some effective action. "We have no doubt that many local authorities are uneconomic units, and that available revenues are not being used to the best advantage. At the present time when money is in short supply and capital works are required urgently for the development of the country it is essential that all public moneys be channelled for efficient usage."

A Labour Government was elected in 1957 and hopes for reform of local government were revised. In 1959 a Local Government Committee was given leave to sit over the recess to bring down a report on the structure of local government in New Zealand. The Committee had six Labour and four National members with Henry May as chairman.

The unanimous report of this committee was tabled in the House in August 1960. Its conclusions were that the lack of progress in the rationalisation of the local government structure was due to the Commission's lack of authority and its consequent ineffectiveness.

As the Labour Party was defeated a few months later it was not able to strengthen the powers and authority of the Commission.

The Local Government Commission Act 1967 provided for the introduction of area schemes and abolished the Appeal Authority. The Act provided for the Commission to prepare area schemes for every part of New Zealand by 31 December 1972. An area scheme would fix the general pattern to which local schemes affecting local authorities would have to conform. However, the Act was completely devoid of any power for the Commission to endorse any mergers of local authorities within the areas, and the history of local government both here and overseas has shown that to rely on voluntary action is just wishful thinking.

In 1972 a Labour Government was returned to office and introduced the Local Government Act 1974 which was based on the recommendations contained in the 1960 report. It provided for regional bodies to deal in a co-ordinated manner with all functions of a regional nature and included the creation of District Councils that would unite counties and municipalities. In all 1091 separate local authorities were brought within the jurisdiction of the Commission.

The Act came into operation on 8 November 1974. By September 1975 the Commission had several regional schemes at an advanced stage, and had published a provisional scheme for the establishment of regional government in Northland. The proposed boundaries of four district councils within that region were also defined. However, before a final scheme was issued there was a change of government and all action on regional schemes was halted.

The passing of the 1974 Act signalled a surge of activity in local government circles. Authorities were aware that if they didn't take action themselves, the Commission would ultimately do it for them; so it was preferable to get together on mutually acceptable terms. For the first time in many years local authorities were holding meaningful discussions. By the time the Government pulled the rug from under the Commission's feet five district councils had been established, final schemes had been issued for a further two and a number of negotiations for more mergers were well on the way. When the Act was amended in 1976 enthusiasm for mergers disappeared immediately.

The Local Government Amendment Act 1976 drew the teeth of the Commission and almost completely destroyed its effectiveness. The poll provisions were altered, and although the provision to establish regions was retained, the emphasis was on united councils, rather than regional councils.

In June 1976, the Commission, in response to a request from the Minister and the Municipal and Counties Associations published its tentative plans of the regions it considered appropriate for New Zealand. It was stressed at that time that the regional boundaries were tentative only and that the Commission wanted views and comments on the proposed boundaries. However about two thirds of the authorities who should have been vitally interested were silent. It was of course emphasised that before any region was finalised, any body or person would have a right of objection at a public hearing.

The Commission proposed that the country be divided into 19 regions, just one less than a Parliamentary Committee had recommended in 1889, 87 years before, and just one more than the Minister himself had recommended as recently as 1972.

The next job of the Commission was to issue a provisional scheme for each region. In June 1977 the Local Government Commission issued its first four regional schemes - those for East Cape, Hawke's Bay, Nelson and Marlborough. These were very closely followed by schemes for the balance of the country.

It was in the ensuing months when the Commission issued its provisional schemes for all regions that the uproar began. Some local authorities wanted much smaller regions - after all the policy was "New Zealand the way you want it" - and they made their views known in no uncertain terms to the local member of Parliament.

This political pressure from the regions brought about the dismissal of the Local Government Commission.

In July 1984 a Labour Government is returned to the treasury benches and wastes no time in reconstituting a new Local Government Commission with enhanced powers. This new Commission actively pursues reorganisation schemes, be they voluntary or proposed under coercion. Several proposals are nearing fruition when in July 1988 a further amendment to the Local Government Act is passed whereby the Local Government Commission shall determine the boundaries of the Regional Councils and those of the territorial Local Authorities within the Regional Councils. The boundaries of the Regional Councils are to correspond with those of one or more water catchments.

THE PRESENT STRUCTURE OF LOCAL GOVERNMENTTerritorial Local Authorities

All territorial authorities (city councils, borough councils, county councils, district councils, and town councils) are directly elected, have rating (ie taxing) powers, carry out a wide range of functions, and may make bylaws. Most of their functions are permissive, that is the local authority may carry them out if it wishes but is not bound to. Their principal mandatory functions are district planning, control of subdivision, and various regulatory powers in relation to health and fire inspection, dog, noise and litter and control. The predominance of permissive (non-mandatory) functions reflects the traditional view that territorial authorities exist to govern their districts and may make choices and set priorities independent of outside control, but within overall guidelines handed down by Parliament.

Community Councils

These are subordinate to territorial authorities and are of two types:

- * district community councils which have all the functions of territorial authorities as of right, except (principally) the power to borrow, levy rates, make bylaws, hold property, and appoint staff.
- * community councils which carry out such functions, within the range permitted of district community councils, as may be delegated to them by the parent territorial authority.

Communities may only be established in urban pockets within rural areas. In effect they are designed for small townships. District community councils must have a minimum population of 1500 which is larger than many territorial authorities.

Regional Authorities

These are of three types:

- * the Auckland Regional Authority which is directly elected.
- * the Wellington and Northland Regional Councils which are also directly elected.
- * nineteen united councils which are composed of appointees from their constituent territorial authority districts.

Special Purpose Authorities

There is an enormous variety of functions, structure and funding of special purpose local authorities. All carry out one primary function. Some like harbour boards and hospital boards are directly elected. Others are appointed from various sources, for example regional development councils by the Government and noxious plants authorities by territorial authorities. Still others are a mixture of elected members and appointees, for example catchment boards and area health boards. Some have rating powers, for example catchment boards and commissions, pest destruction boards, land drainage boards. Others are funded totally from central government, for example hospital boards and education boards. Some, like harbour boards and electric power boards, derive the bulk of their revenue from the sale of goods and services.

Those that are funded wholly from central government can be regarded in some way as local agents of central government rather than as autonomous local authorities, but the fact that some, for example hospital boards, are totally elected confuses this relationship. There is also no uniform coverage of the country for some functions carried out by particular classes of special purpose authorities, for example land drainage, while some are unique, for example the Christchurch Transport Boards and Selwyn Plantation Board.

From the above it is possible to identify four broad types of local authority among the various bodies subject to the current review.

FIRST there are those local authorities, typically territorial authorities, which are largely autonomous within our system of Government. These are independently accountable to their own electors, have independent taxing powers, and carry out a wide range of functions, mostly permissive, in which they can exercise a reasonable degree of choice. However, they are still created by, and derive their functions and powers from Parliament.

SECOND and at the other end of the spectrum, are bodies acting locally but which are established by central government to carry out functions accepted as being within central government policy responsibility. These are normally funded and appointed by central government. Examples are regional employment and access councils and regional development councils.

THIRD and lying at different points between these two ends of the spectrum, are the great majority of special purpose authorities, illustrating a wide range of elected, appointed or mixed membership, local, central or mixed funding, and local, central or mixed direction of activity.

FINALLY some local authorities can be seen as "voluntary" in the sense that they exist only where particular local demand requires them and are not present in all parts of the country. Examples are community councils and some of the one-off special purpose authorities.

The following is a full list of local authorities as at 31 December 1987

	<u>Number</u>
<u>Territorial Authorities</u>	
- City Councils	27
- Borough Councils	89
- County Councils	80
- Town Councils	1
- District Councils	20

Total	217
<u>Community Councils</u>	
- Community Councils	121
- District Community Councils	15

Total	136
<u>Regional Authorities</u>	
- Auckland Regional Authority	
- Regional Councils	2
- United Councils	20

Total	22
<u>Special Purpose Authorities</u>	
- Airport Authorities	34
- Catchment Authorities (includes 13 Boards; 3 Commissions and the Waikato Catchment Board)	17
- District Roads Councils	22
- Education Boards	10
- Electric Power Boards	58
- Harbour Boards	15
- Hospital Boards (25) & Area Health Boards (4)	29
- Land Drainage Boards & River Boards	27
- Land Trusts	2
- Licensing Trusts	28
- Maritime Planning Authorities	4
- Museum Trust Boards	3
- Nasella Tussock Boards	2
- Noxious Plants Authorities	92
- Pest Destruction Boards	61
- Regional Development Councils	15
- Regional Employment & Access Councils	21
- Urban Drainage Boards	3
- Miscellaneous	10
(Aotea Centre Board of Management, Christchurch Town Hall Board of Management, Christchurch Transport Board, Dunedin Ocean Beach Domain Board, Hawkes Bay Crematorium Board, Marlborough Forestry Corporation, Ohai Railway Board, Selwyn Plantation Board, south Canterbury Wallaby Board, Waimakariri- Ashley Water Supply Board.)	---
	453

TOTAL OF ALL AUTHORITIES

828

United & Regional Council Boundaries

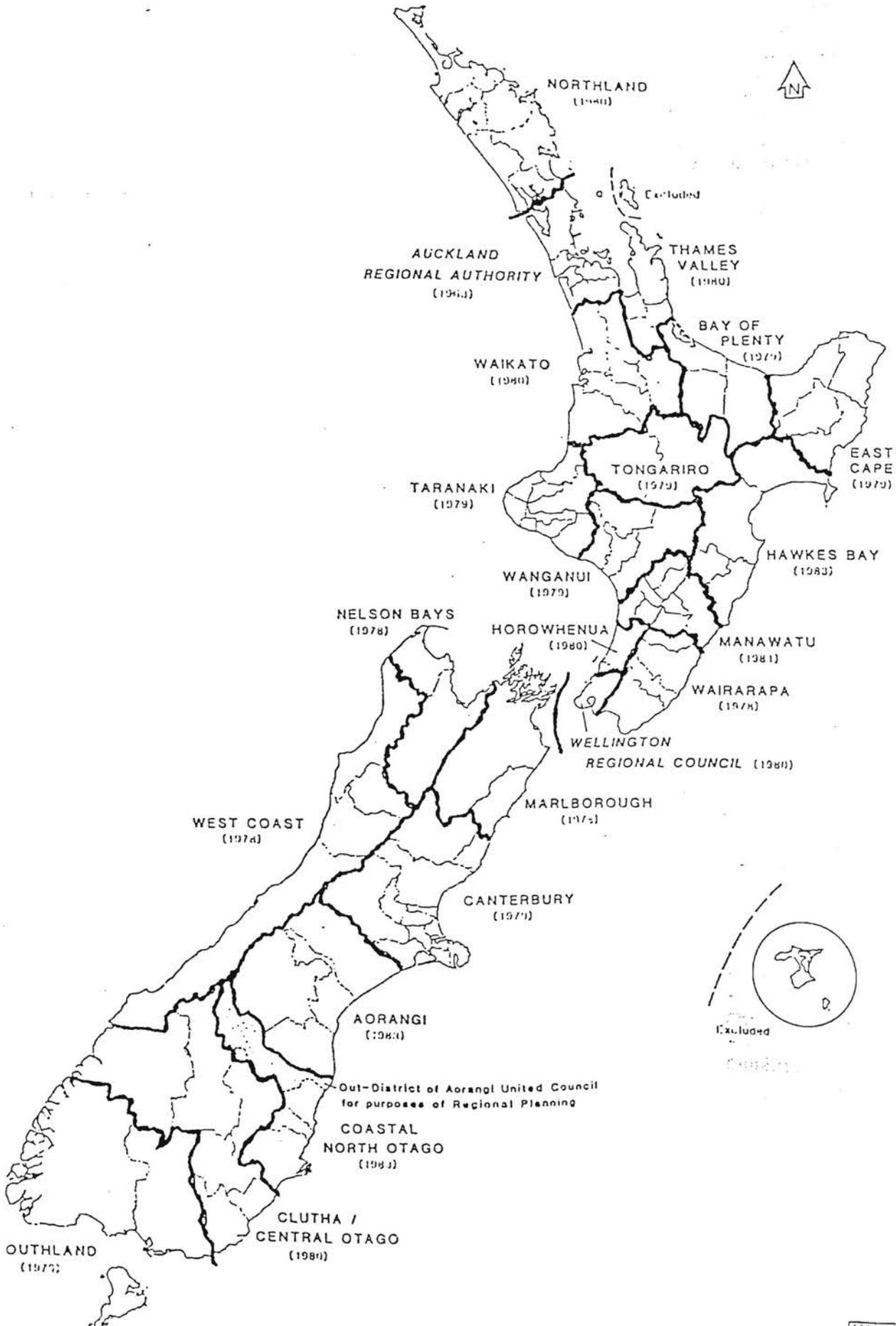
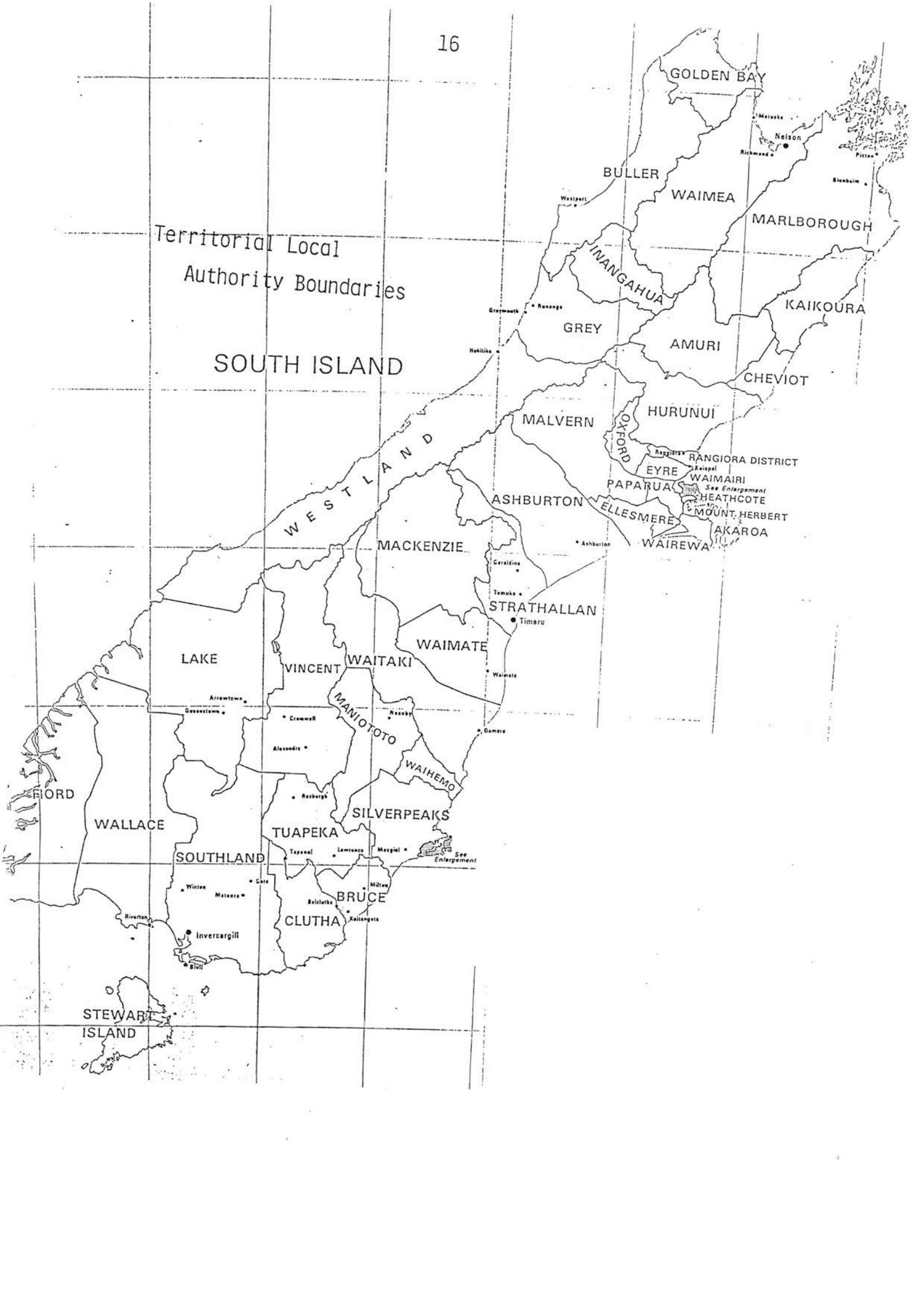


FIGURE 1

Territorial Local
Authority Boundaries

SOUTH ISLAND



GOLDEN BAY

BULLER

WAIMEA

MARLBOROUGH

INANGAHUA

KAIKOURA

GREY

AMURI

CHEVIOT

MALVERN

HURUNUI

RANGIORA DISTRICT

EYRE

WAIMAIRI

HEATHCOTE

PAPARUA

ELLESMERE

MOUNT HERBERT

WAIKARE

AKAROA

MACKENZIE

ASHBURTON

STRATHALLAN

WAIMATE

LAKE

VINCENT

WAITAKI

MANIOTOTO

WAIHEMO

SILVERPEAKS

WALLACE

TUAPEKA

SOUTHLAND

BRUCE

CLUTHA

STEWART ISLAND

FUNCTIONS OF VARIOUS UNITS OF LOCAL GOVERNMENT

Territorial Local Government

As explained in the previous chapter describing the different structures of Local Government there are two types of functions handled by Local Authorities - mandatory and permissive.

For some services provision has been required by central government, for example education and hospital services. These sorts of services are normally carried out by special purpose authorities and can be regarded more as central government functions delivered locally than as truly local government functions. Nevertheless many of these goods and services contain an element of local discretion. For example while central government may require a service to be supplied, it may be left to the local authority to determine how much, when, or in what proportion, to different users.

Alternatively the functions performed have been permitted by law to be provided by local authorities. These are probably the bulk of those most commonly associated with local government, and include most infrastructural services. Most local facilities, such as parks, libraries, and town halls are also included under this heading. Most of these goods and services are provided by territorial authorities and there is considerable discretion as to the extent of provision, although for some there are centrally determined quality controls, for example in water supply.

By and large the fact that these sorts of functions are determined and delivered at local level reflects the experience of local government over many years in responding to local needs or aspirations. There has been a tendency in recent years for territorial authorities to be permitted and even encouraged to become involved in a wider range of social activities such as housing development and community services. Nevertheless some local authorities, particularly county councils, continue to regard roading as their principal responsibility.

The following are examples of both types of functions:

<u>Permissive</u>	<u>Mandatory</u>
Roading	Town & Country Planning
Water Supply	Building Inspection
Sewerage	Health Inspection
Stormwater	Dog Control
Cultural Activities	Noise Control
Social Services	Swimming Pools
Public Relations	Civil Defence
Traffic Enforcement	Hydatids Control
Refuse	
Parks & Reserves	
Cemeteries	
Public Facilities	

The following is a brief list of some functions which are administered in some areas by territorial local authorities and elsewhere by single purpose authorities -

Irrigation	Land Drainage
Pest Destruction	Noxious Plants
Electricity Distribution	

Regional Government

Regional Government is at present divided into three categories -

1. United Councils whose functions are limited and largely confined to Regional planning, civil defence, petrol rationing and latterly in some cases regional development.
2. Regional Councils whose functions includes those of United Councils plus those of a regional water board.
3. Regional Authorities. The Auckland Regional Authority is the only Regional Authority in the country and its functions are those that it inherited from, in the main, single purpose authorities upon its inception. Those functions are:

Regional Planning	- from	- Auckland Regional Planning Authority
Bulk Water Supply	- from	- Auckland City Council
Sewerage	- from	- Auckland Metropolitan Drainage Board
International Airport	- from	- Auckland International Airport Committee
Passenger Transport	- from	- Auckland Transport Board

It also took on three new functions:
Regional Reserves; Regional Roads; Civil Defence.

SOURCES OF REVENUE

1. There are four main sources of income for Territorial Local Authorities:

i) Rates

This form of taxation is property-based and may be levied on a Land Value or Capital Value system. Because rates are a tax on property not all citizens are directly liable, but the effect of this tax filters down through the system into rents and prices.

ii) Central Government Grants & Subsidies

These play an important role in providing substantial funds for Local Government. More particularly so for rural authorities. The main source of their government funding being National Roads Board money for the maintenance of the country's network of roads.

Other grants that have been available until recently have been subsidies on capital works such as sewerage, irrigation, and water supply. Also some of the mandatory functions administered by Local Authorities have been funded to varying levels by Central Government.

iii) User Pays

Where the user of a service or facility can be identified it is possible to charge a fee to recover costs. Facilities which fall into this category are refuse collection, water supply, public library, swimming baths, Hydatids and dog control.

iv) Borrowing

Although not strictly a source of revenue it is however a source of funds for Local Authorities and is used widely by many authorities for capital works.

v) Profits

A further source of revenue is profits from any successful trading activity a Local Authority may have.

2. The three existing forms of Regional Government are funded in three ways:
 - i) The Auckland Regional Authority is funded by levies on constituent authorities in the region.
 - ii) A regional council is able to strike and collect a direct rate on landowners in the region.
 - iii) A united council derives its revenue from a levy on constituent authorities within its area.
3. The funding of special purpose authorities is as diverse as they are in number.
 - i) Some are funded completely from Central Government - Hospital Boards, Education Boards.
 - ii) Direct rating is the source of revenue for some ad hoc authorities - pest destruction boards, catchment boards and land drainage boards.
 - iii) Income earned from their primary activity is the revenue of harbour boards.
 - iv) Some of the special purpose authorities have combinations of any two or even three of the methods of finance as listed above.

At various times in the past it has been suggested that Local Government be given the powers to raise revenue by other methods. The most popular of these alternatives being:

i) Local Income Tax.

At first glance this form of revenue appears to be attractive but the costs of administration and enforcement are far too great, and the amount of revenue generated from district to district would vary considerably. For this tax to be equitable it would have to be collected by Central Government and redistributed locally which would lead to political influences coming to bear.

ii) A Poll Tax.

To be levied on each adult in the district. Measured by universality this tax would score very highly and may well be a spur for people to take more interest in the affairs of their Local Authority. Operationally a poll tax may be very difficult to administer, as the basis for an efficient system would have to be an accurate electoral roll and the difficulty or impossibility of maintaining these rolls will be appreciated.

iii) Sales Tax.

This form of tax has appeal in some quarters, mainly those of metropolitan and other more heavily populated areas. Obviously the income generated from this source would favour the afore-mentioned authorities very heavily by the fact of their naturally greater retail sales volume. Another important disadvantage is the lack of transparency of the tax. Because it would be absorbed into the price of goods and services it would not be identified as a Local Authority tax and the consumer would not as readily appreciate its relevance. Consequently accountability may become clouded.

CONCLUSION

The preceding pages have briefly described the status quo of Local Government in New Zealand at the present time.

How do we proceed to consider reform if or where it may be necessary?

My involvement is with territorial local government and I will, therefore, confine my arguments to this area.

First let us examine the role and structure of local government as these two facets go hand in hand.

The primary role of any unit of territorial local government must be the protection, and where possible, the enhancement of the wellbeing of its citizens. For this to be achieved the local authority must be :

- * Responsive - have the ability to respond positively and in a timely manner to local community needs.
- * Sensitive - be able to balance the needs of different sections of the community.
- * Unbiased - show impartiality in all cultural, racial and financial matters.

An excellent definition of territorial local authorities is "Government by Communities rather than of Communities".

In order that this definition is able to be put into practice it must be emphasised that the responsibility a council has towards its citizens is not a one way affair. The citizens likewise have an equal obligation to be responsive and responsible towards the local authority. Only with this interaction can there be a true co-operative participation in the affairs of the community.

Accepting the fact that there is a proliferation of local bodies in New Zealand, any process of reform that attempts to redress this situation must have cognizance of the close proximity of the administrators to their electorate.

To this end:

- * Any alterations of territorial local government boundaries must not be so extensive that it removes the accessibility of the citizens to the local authority.
- * The representation of the electorate must not be so diluted that the citizens feel they may be disenfranchised.

Should it come about that both these factors are ignored it would certainly become extremely difficult for a local authority to fulfill its primary role as outlined.

A further important role of territorial local government is that of advocacy. The strength of this role can play a vital part in influencing the development of a community and even in some cases ensuring its very survival. This role is more properly exercised at the local level by an elected body and again the arguments laid down previously are extremely pertinent.

Additionally, should re-adjusted local authority boundaries encompass several communities of diverse interest, the role of advocacy could become confused, thereby creating strong parochial attitudes.

The question has been raised whether territorial local government should adopt a more active social role. I find that this could be an extremely difficult role for local government to undertake as the goals of social policy must, by necessity, be determined by central government in order that they are universal.

Should local authorities administer aspects of social policy this universality may well become distorted by way of differing levels of interpretation between authorities. The only acceptable way I can see local authorities becoming more involved in the social field is as agents of central government for the delivery of limited social functions. Hand in hand with this role must go adequate funding by central government so that the ability of any one authority to deliver a specific service is not in any way jeopardised by financial constraints.

There is a very strong argument from the Local Government Commission that the favoured form of local government should be that of district councils uniting both urban and rural authorities together under a single administration.

The authority to which I am an elected member, the Waitomo District Council, is a district council, of twelve years standing, uniting what were previously separate urban and rural councils. This union is considered to be a major success.

I was elected to the Waitomo District Council three years after the amalgamation and expected to find a situation of urban/rural fractionalism. This was not the case and I can only say that there has been complete harmony between both urban and rural councillors. In fact there is complete co-operation, whereby both urban and rural representatives deliberate on matters concerning either sector of the community. This is a great strength, and I am sure, leads to more cohesive and effective decisions.

This combined structure of a district council also greatly strengthens the primary role of a local authority outlined previously. In many cases the needs of both urban and rural communities are similar, and often inter-related, and one combined administration can be far more responsive and effective.

The local authority's credibility as advocate is also greatly enhanced when acting as a single voice for both rural and urban communities.

I would support the direction the Local Government Commission is taking in favouring the formation of district councils, particularly where there is a single easily defined community of interest.

A note of warning however!

I see difficulties arising where two or even more strong communities, each with its own urban centre, are to be combined to form a single council.

With a district council at present there are two alternative forms of leadership :

- * A Chairman who is elected to the position by the councillors and represents his riding or ward.
- * A Mayor who is elected at large by the electorate and who does not directly represent any riding or ward.

My contention is that the first option is the most preferable as I see a harmonious council being led by the person they want not by someone imposed upon them by the electorate. Obviously the latter situation is more likely to occur in the larger urban and metropolitan areas rather than in the predominantly rural areas. Also in those authorities where party politics play a large role the opportunities for discordant relationships between councils and Mayors are far greater.

It is a moot point whether this is an argument for the banishment of party politics in local government affairs, or the removal of the position of Mayor.

Any reform of Territorial Local Government that is recommended must give complete consideration to the funding of all activities and functions of such authorities. It may well be that with the reorganisation of Regional Government, Territorial Local Authorities may have further functions to perform and administer as agents for Regional Government. Should this be the case the funding of those activities will be of major concern.

It would appear that Regional Government will have the power to levy rates in order to fund its activities. Any Regional services delivered by Territorial Local Authorities must be funded by the Regional Council, but herein lies a problem - accountability. As the Territorial Local Authority will not have direct representation on the Regional Council, the chain of accountability, i.e. elector to elected representative to service delivery, becomes extremely clouded.

It is also imperative that any further functions devolved to Local Government from Central Government are accompanied with adequate financial resources. Over recent years there has been a trend for Local Government to have had to locally fund mandatory activities allocated by Central Government. Once again direct accountability becomes confused where a Local Authority has to administer an activity required by legislation, but funded at local level.

With respect to alternative sources of revenue for Local Authorities, the following factors must be borne in mind:

The tax must:

1. Have the capacity to generate required revenue.
2. Be obvious to those paying.
3. Have low administration and collection costs.
4. Be predictable.
5. Not distort market realities.

A form of tax that fits the above criteria would be a Local Authority tax levied nationally, collected by Central Government, and redistributed to a prescribed formula that is equitable to all Authorities.

Local Government administration is for many citizens their first direct personal contact with any form of government. Central Government has recognised this fact and utilized it effectively by devolving a number of functions to Local Government. It is in this area of mandatory activities that the most negative public reactions become apparent, and in many cases Local Government can appear to the electorate as an uncaring and thoughtless bureaucracy.

Territorial Local Government administration must be aware of this situation and do its utmost to overcome this handicap. To this end I again suggest that responsiveness and responsibility must be a two-way affair between the elected and the electorate.

Finally, whatever the outcome of the present reform, it is the populace of the community that must be given primary consideration for;

"It is the people we are here to serve."
