

*Newsletter of the*  
LOCAL GOVERNMENT  
FORUM

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Wellington

## *Welcome to the Forum*

The Local Government Forum advocates policies that create a positive economic environment. Recognising the significant role of local government in private investment decisions, the Forum was established in 1994 to promote greater efficiency in the local government sector and to contribute to debate on policy issues affecting it.

The Forum comprises business organisations that have a vital interest in the activities of local government, and regularly produces publications addressing crucial issues relating to the performance of local government and legislative developments in that sector.

This newsletter offers commentary on a range of issues affecting local governance, and is written and produced by Forum members.

## COUNCIL SPENDING OUT OF CONTROL

*By Charles Finny*

**Weak local government democracy... is partly responsible for enabling the growth of the sector over recent years.**

The Local Authority Quarterly Financial Statistics released recently by Statistics New Zealand made interesting reading. It would seem that the sector is in denial about the economic situation as the depth and breadth of council spending continues to grow. The figures show that council spending nationwide rose 9.3% in the year to June 2009 following on from previous years' increases consistently in the 8-10% range.

The weakness of local government democracy, as evidenced by low voter participation in local government elections among other things, is partly responsible for enabling the growth of the sector over recent years.

Many residential ratepayers are not aware of the high cost of local government as their rates are subsidised by businesses and farmers. Furthermore, people who don't own their properties don't see their rate bills (they are paid by the landlords) so are not as vocal as they otherwise would be.

This combination of factors has allowed the sector to grow largely unnoticed and unchecked while councils' PR machines are in full force taking credit for positive developments that occur in their communities.

It is true that councils have done some quite positive things for their communities but often at great cost that ratepayers would baulk at if there was more transparency.

Meanwhile, inefficiencies abound as can be expected from an institution which has a monopoly on the services it provides and a guaranteed source of revenue.

Local government excuses about the cost of pipes and other cost increases as reasons for the growth in spending do not stack up. Even adjusting for inflation, rates have risen almost four times as fast as population since 1996.

Last year alone the 9.3% increase in spending on employees - of similar magnitude to spending overall - indicates that unlike central

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## COUNCIL SPENDING OUT OF CONTROL *Continued...*

government, the local government sector doesn't seem to have caught on to the need to limit the growth in the bureaucracy.

With a relatively constrained 5.5% increase in rates revenue last year, the figures suggest that some councils are trying to put voluntary caps on their rates increases. It is good that councils are thinking a bit more about affordability for ratepayers but as a sector they must also do better at controlling their spending if we are to avoid the inevitable catch-up in rates increases.

The effect of continuing rapid growth in spending and reduced growth in revenue is that councils are increasingly running deficits and borrowing more.

The capacity for ratepayers to continue to be squeezed is surely limited and sooner or later councils are going to have to cut their cloth. It is true that some are making progress, but it's high time that prudence and restraint catches on more widely.

For all these reasons, the Local Government Forum is right behind Rodney Hide's efforts to get councils focused on the basics and to improve the transparency, accountability and financial management of local government.

*Charles Finny is a Director of the New Zealand Chambers of Commerce and Industry and Chair of the Local Government Forum.*

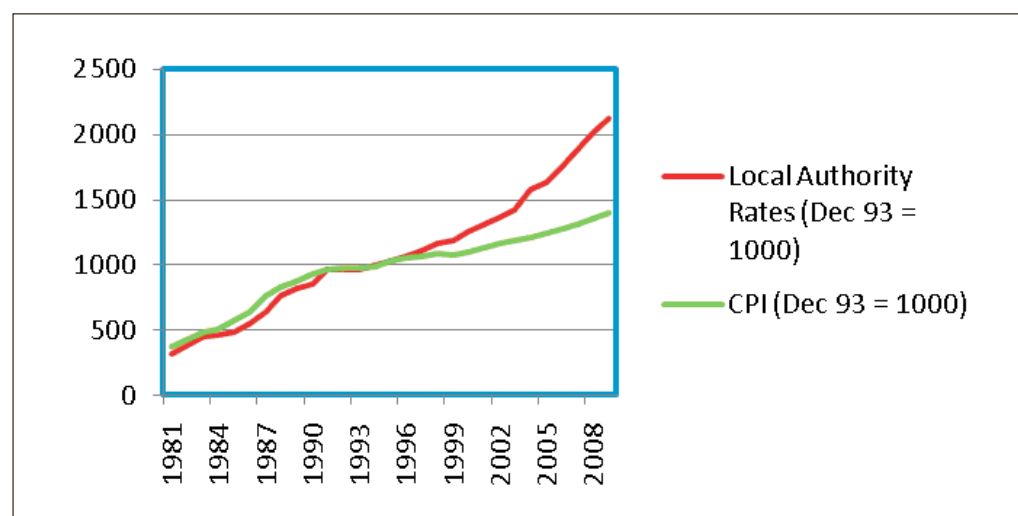
## STATE OF THE GAP

The cost of local government (both directly through rates and charges and indirectly through the impacts of policies and plans) is a driver of inflationary pressures. As such, it is one of a number of factors contributing to interest rates that have been higher than necessary as the Reserve Bank fought inflation.

The chart plots the 'local authority rates and charges' sub-index of the consumer price index

(CPI) against the overall 'all groups' CPI. It shows that since June 1995 rates have increased by 105% while the CPI itself has increased by only 36%.

The big worry for ratepayers is the rapid increase of the rating burden in real terms which, according to Local Government New Zealand, has not prevented the growth of a substantial infrastructure deficit.



*\*Graph based on information supplied by the Department of Statistics*

## FOCUSING LOCAL GOVERNMENT ON CORE ACTIVITIES

By Roger Kerr

**Coming up fast on the government's reform agenda for local government is a rewrite of the Local Government Act 2002. This has become all the more important with the formation of the Auckland Council, which could become a costly monolith if its powers are not properly circumscribed.**

The Forum's 2007 publication *Local Government and the Provision of Public Goods* made clear its view that the core role of local government is to ensure the provision of public goods, including justified local regulation. Community welfare will be reduced if councils do not supply public good services that would be under-supplied by private firms or not supplied at all.

By contrast, basic economics tells us that private goods should be left to private firms to supply because they can do so more efficiently.

The level of confusion in the sector about public and private goods is extraordinary.

In a 31 July article in the *New Zealand Herald*, Manukau City mayor Len Brown (a candidate for the Auckland Council mayoralty) criticised minister Rodney Hide's view that councils should be focused on core public good services. He asked whether parks and reserves or an anti-graffiti campaign would be excluded. But those are stereotypical public goods: no serious commentator on local government would share mayor Brown's confusion.

He also raised the prospect of councils losing a role in providing libraries and swimming pools. Again, the Forum's paper acknowledged that, while not pure public goods, these services have some public good characteristics and are a legitimate function of councils (although user charge policies could contribute to the costs of running them).

On the other hand the paper argued that a large array of private good activities such as airports, ports, parking facilities, farming, forestry and commercial property should be left to the

private sector if New Zealand is to prosper and catch up to Australian living standards.

Port operations in Australia, for example, are mainly in private hands. It is difficult to see how the problem of abysmal returns on investment in New Zealand ports will be solved while they remain under council ownership, or how necessary port rationalisation will be achieved.

Minister Hide recently pointed to Environment Canterbury's Target Pest fiasco, Hamilton City's airport losses and Wairarapa councils' cuisine school venture as activities councils shouldn't be involved in.

The LGA 2002 with its wide purpose and role statements (sections 10 and 11) and power of general competence (section 12) has encouraged councils to stray far beyond their proper roles.

Section 10 should be a starting point for reform. A better formulation might be to specify activities (like parks and reserves) which councils would be authorised to undertake; activities they should exit (like ports); and activities (like stadiums) that could be undertaken if ratepayers agreed in a referendum.

**The level of confusion in the sector about public and private goods is extraordinary.**

Such an approach would be consistent with the principle of limited government – government limited to its proper roles – to which National and the ACT Party are committed. Moreover, if tighter constraints were placed on councils the requirement for expensive and ineffective consultation processes with which councils are currently burdened could be relaxed.

*Roger Kerr (rkerr@nzbr.org.nz) is the executive director of the NZ Business Roundtable*

## LATEST RATES SURVEY: FARMERS MONSTERED

By Don Nicolson

**Big rates are damaging the profitability of individual farms and are a drag on the primary sector as a whole. A Federated Farmers survey shows how bad the situation is on the land.**

Federated Farmers' latest local government rates survey has revealed two farms paying over \$100,000 in rates this year and a further six paying over \$50,000.

The self-selecting survey, conducted in late August, garnered 520 responses. It discovered rural property rates have increased by an average of 12.5 percent in 2009/10 - significantly higher than the current inflation rate of about 2 percent.

The survey vigorously reinforces the Federation's call for local government funding reform.

We undertook the survey in response to a higher than usual number of members' complaints about hefty rates increases following significant property revaluations. Farmers have been hit particularly hard by these revaluations, as councils still rely on the archaic and fundamentally flawed property-value rating system.

### **Crippling costs**

Two farms, both under Maori trusts, face \$100,000 rates bills this year. Another North Island farm, also run by a Maori trust, is staring down the barrel of a 50 percent rates increase simply because it farms a coastal property and the entirely theoretical potential to subdivide has driven up the rateable value. The cost of rates to this Maori trust, and many other farms, has little to do with its current income and future economic use as a farm.

Such examples demonstrate that local government can cripple the profitability of farming operations with impunity. There is no limit on total rates on an individual, no limit on annual increases, and no check - other than a submission process - on the substance and justice of a rates allocation. The monster is out of control.

### **Districts and Regions**

While district council rates dominate a farm's total rate bill, and they are one of the largest farm expenses, farmers have good reason to ask "why should that be so?" They say that apart from having equal road access, the vast majority of farmers ask for and receive less benefit from council funded activities than the average ratepayer.

Survey respondents on average paid district rates of \$9,267 in 2008/09, rising to \$10,458 in 2009/10 - an increase of 13.1 percent. And remember the vast majority of farms provide water

Survey respondents on average paid district rates of \$9,267 in 2008/09, rising to \$10,458 in 2009/10 - an increase of 13.1 percent. And remember the vast majority of farms provide water and wastewater services at their own expense plus pay again through road user charges and petrol tax for road access - they pay twice.

While it is by no means alone, the Tasman district is a particularly big problem area, with 34 survey respondents facing average increases of 34.5 percent in 2009/10. Many respondents in the district reported valuation increases of well over 100 percent. Other big increases have been seen in areas like Kaipara, Rotorua, Marlborough and Invercargill.

Compounding this problem is the dramatic increase in regional council rates over the past year. Survey respondents on average paid regional rates of \$2,659 in 2008/09, rising to \$2,938 in 2009/10 - an increase of 10.5 percent.

### **Ball in Minister's Court**

These results are particularly unwelcome during the current recession. Agriculture can't lead New Zealand out of the economic doldrums while farmers are rated unfairly. That just takes vital reinvestment opportunities from them. Nationally as income earners we all know our general taxation levels in advance, nothing is hidden, but for local government rating somehow it is thought fair to annually impose costs disparately over ratepayers. Applying property values to collect revenue for what are generally people services cannot be defended by anyone in 2009.

Federated Farmers strongly supports the Minister of Local Government's call for councils to focus on core business, while improving transparency, accountability and financial management. But the Federation will also continue to push for the reform of local government funding and rating systems so that farmers receive a fairer deal.

*Don Nicolson is the President of Federated Farmers of NZ*

# POWER TO THE PEOPLE: THE CASE FOR GREATER USE OF REFERENDA

By Nick Clark

**Can communities be trusted to make responsible choices when they have a direct opportunity to influence local government expenditure?**

With public participation in council planning processes often pitifully low, and with consultation and decision-making processes regarded by many as “a sham”, should ratepayers now be given greater power to vote on proposed rates increases or other major council decisions?

The Local Government Forum thinks so. We are supporting Local Government Minister Rodney Hide’s plans to reform council planning processes in the interests of improving transparency, accountability and financial management.

The most controversial aspect of the Minister’s plans has been referenda, making certain decisions of councils automatically subject to a poll. Some in local government circles vehemently oppose the very thought of ratepayers having a more direct say in this way.

## Trust

It would seem that Local Government revels in the role of interpreting the community’s wishes – but doesn’t want the signals to be too clear. It is also no coincidence that those who think ratepayers should blindly trust their elected representatives to make all the decisions about the spending of their money also support an expansionary, big spending, ‘maximalist’ local government. By implication they say that the people cannot be trusted to make the right calls and that referenda could result in zero rates increases and a fire sale of community assets.

Is this just sheer arrogance, or is there some truth to the notion that referenda are part of a ‘vast right wing conspiracy’ to downgrade the aspirations of our elected councils?

## Precedents

The practice of local referenda is common overseas and international evidence suggests that their use improves public knowledge and understanding of issues. In New Zealand referenda have also had a long history, and one council in particular is making extensive use of them.

Wanganui is a conservative district but it’s hardly a hot-bed of hard right neo-liberalism. What it has

done though is elected a mayor and a council that is attuned to the needs of its ratepayers and over the past few years it has run an annual referendum in parallel with its annual and long-term planning processes.

The most high profile example has of course been the spelling of the city’s and district’s name (with 77.3% preferring ‘Wanganui’) but in 2009 there were also questions on whether:

- **The Visitor Information Centre should be moved** (yes 58.5%, no 39.5%);
- **There should be a levy to fund tourism promotion** (yes 27.8%, no 70.1%);
- **Energy Direct should be sold** (yes 28.3%, no 68.5%);
- **Ownership of pension housing complexes should be transferred** (yes 25.5%, no 71.4%); and
- **The rates increase should be 3% (48.5%), 5% (22.4%), 7% (3.9%), or left to councillors (22.3%).**

## POWER TO THESE PEOPLE...

*Local Government has less to fear from referenda than they think.*

*Voters have the maturity and foresight to vote public funds for worthwhile projects, while kicking for touch those that aren’t.*

*There is no evidence to suggest that referenda will produce only selfish individualist responses.*

*A Tauranga poll carried out by the local electricity trust recently sought responses to a proposal that all of its surpluses should be annually distributed to individual consumers, rather than the present arrangement that provides for 20% to go to community groups. The response in support of the trust continuing to fund community groups was an overwhelming 78.55%.*

Looking at the results, they could hardly be described as ‘extreme’. Indeed a big majority of voters opposed the selling of assets and although the referendum is not legally binding the council would be wise to take note.

## Better return

And with a voter turnout of almost 60% and with the



## POWER TO THE PEOPLE: THE CASE FOR GREATER USE OF REFERENDA

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costs of running referenda relatively modest, public participation is much greater and there is much greater 'bang for the buck' than the traditional approach of expensive big, glossy documents, sparsely attended public consultation meetings, and written submissions that don't necessarily reflect the views of the wider community.

While the Forum likes the idea of referenda, we do have some reservations, particularly if they are made binding. The most significant is that, being open to all residents- regardless of whether they receive and pay a rate demand- referenda can result in people who won't bear the cost of the decision swaying the vote and imposing the costs on ratepayers. This could be a particular problem under our property-value based rating system where the costs can and do fall disproportionately on minorities such as businesses and farms.

This concern could be addressed by either confining the franchise to ratepayers, or by requiring a super-

majority of voters if councils wish to go beyond their core activities or exceed spending and/or rates limits.

Referenda also need to be part of a suite of wider reforms of local government planning and decision-making processes. The Minister's approach of dealing to ineffective and costly consultation while empowering the voters is a good one, but what is also needed is attention from the Government to the role and purpose of local government and to its funding.

We are looking forward to seeing what the Minister comes up with.

<sup>1</sup> *The Report of the Controller and Auditor-General on Public Consultation and Decision-making in Local Government (December 1998) provides an earlier reference to this perception.*

**Nick Clark is General Policy Manager at Federated Farmers of NZ**

## INFRASTRUCTURE BILL SHOULD UTILISE RAIL CORRIDORS

*By Alan Jenkins*

### **The Infrastructure Bill risks missing a big opportunity**

The Infrastructure Bill currently going through the House is a relatively narrow document. It is mainly designed to empower a 'code of practice' for coordinating work in the road corridor. The code is almost certainly the draft code that has been worked on over the past two years by a mix of utilities, local government and the NZ Transport Agency.

A number of submitters to the Infrastructure Bill, including the Local Government Forum, have made the point that it could do much more to achieve its purpose and should take the opportunity to improve consistency and clarity in regard to accessing corridors. Most notably, the rail corridor is a vast under-utilised resource, and bringing this into the same broad 'infrastructure corridor' regime that governs the road reserve would be of immense value to New Zealand.

Nationally, rail today is only a pale shadow of the system that was once needed to open up regional New Zealand. The rigid, single purpose approach adopted

by the rail controlling authorities to utility access is an anachronism. This Bill could become a ground-breaking facilitator for tomorrow's infrastructure if it widened its scope to allow the key infrastructure providers reasonable access to rail, under the same code-governed arrangements.

Providing an 'infrastructures' rail corridor access regime similar to the road corridors regime would be consistent with the drive to normalise rail and roading conditions. Most importantly, it would help hold down costs to consumers as new services such as fibre broadband are rolled out, and as the pipes, cables and conduits installed during the post-War infrastructure development period are renewed and extended.

The Infrastructure Bill will also repeal the Affordable House (Enabling Territorial Authorities) Act. Last year the Forum submitted against the Affordable Housing Bill, considering that it would increase costs for councils and developers, impact adversely on property rights, and not address the real issues around housing affordability. We are therefore pleased that it is now being repealed.

**Alan Jenkins is a Chief Executive of the Electricity Networks Association**

# REGULATORY REFORM CRUCIAL TO IMPROVING BUSINESS COMPETITIVENESS

By John Pask

**For business to be excellent the real drivers of the massive growth in the cost of local government must be sought out.**

Recent Statistics NZ figures show local government rates rose \$268 million for the year to June 2008 – a rise of 8.1 percent on the previous year – and by \$196 million for the year to June 2009 – a rise of 5.5%.

Over the last five years the national rates' bill has risen by a massive \$1.1 billion, about \$700 million more than if rate rises had stayed in line with inflation as measured by the Consumers Price Index (CPI).

While rate rises of this size are unacceptable to the general public, they are even more problematic for the business community, given the still widespread use by councils of business rating differentials. Business differentials impose significant and unjustified costs on the business sector – the engine room for economic and employment growth.

Groups trying to justify the massive growth in local government revenue and expenditure employ a variety of arguments, such as the question of cost shifting from central to local government. While debate on such issues can be useful in determining the appropriate roles for central and local government, what is most needed is a fundamental review of local government cost drivers. Greater heed should be taken of calls by the Local Government Forum and other business organisations for local government to 'stick to its knitting' – in other words, provide local public goods the private sector cannot efficiently deliver.

## Prices required

Lack of pricing signals to determine resource allocation and use is still a major issue for local government. Water, solid waste, sewerage and stormwater are all generally funded from rates with little or no association between use and user-charging. Without sound pricing signals, there is a distinct danger of introducing regulation to manage demand along the lines of proposals previously floated and later sunk.

Limiting the size of water cylinders and shower heads or moving towards smaller rubbish bins are two such proposals. How can anyone plan for efficient infrastructure investment if consumers have no idea of the costs involved? There is a clear need for greater guidance on user pays, targeted rates, development contributions and differentials (if any) if the right signals are to be sent to consumers.

## Some progress

To its credit, the current Government is looking at improving the transparency of local government decision-making, and is reviewing the rationale for a number of inappropriate regulatory proposals which simply add significantly to ratepayers' costs for no major benefit.

For example, decisions to review the Building Act and streamline consenting processes, the moratorium on drinking water standards, and the review of air quality standards are all important moves targeted at ensuring regulations are soundly based and do not impose unnecessary compliance costs on business and households generally.

The Government's Regulatory Responsibility Taskforce will hopefully suggest concrete mechanisms for improving the quality of regulation (including how best to implement the Regulatory Responsibility Bill, that impose much greater discipline on those who generate regulatory proposals.

## Taskforce to Commission

The Forum fully supports the 2025 Taskforce's ambitious target of at least meeting Australia's standard of living by 2025. But a firmly established and truly independent New Zealand Productivity Commission would help facilitate quality regulation and productivity enhancing policies well beyond the Taskforce's designated three year period.

The Forum can see three broad areas for local Productivity Commission involvement:

- *Undertaking investigations of economic significance where productivity can be greatly enhanced;*
- *Acting as an initial gate keeper for new and/or amended regulation, ensuring every regulation passes through an expert set of eyes to identify any unintended consequences;*
- *Having representatives in all major Government departments tasked with examining ways of improving the quality of all regulations produced.*

Establishing a Productivity Commission would be a bold statement from Government about the importance of productivity and its vulnerability to over-regulation. New Zealand's businesses badly need it.

**John Pask is an Economist at Business NZ**

# FINANCIAL AND DEVELOPMENT CONTRIBUTIONS

By Roger Kerr

**Most territorial local authorities impose development contributions when land is subdivided or developed. The Local Government Act 2002 introduced them following lobbying by local government.**

Development contributions are similar to financial contributions, which may be levied under the Resource Management Act 1991. Local government argued that financial contributions were too restrictive. They were also subject to the RMA's appeal provisions. There are no rights of appeal for development contributions.

Development contributions are mainly used to fund capital spending on reserves, parks, water, wastewater, stormwater and roads where there is a direct causal link between the need for such capital expenditure and a development. Such expenditure is said to be caused by growth. The claimed causal link may be problematic as *Neil Construction Limited & Ors v North Shore City Council* highlighted.

Almost all capital expenditure funded by development and financial contributions is spent upstream or downstream of the relevant subdivision or development. The landowner generally funds directly works within the subdivision or development.

Financial and development contributions have been growing rapidly. Development contributions, for instance, were expected to yield \$3.9 billion or 5.3 percent of the total revenue that all territorial authorities are

projected to raise during 2006-16. However, development contributions account for up to 20 percent of the forecast revenue of certain local authorities whose population is growing rapidly.

Development contributions are a large impost on some developments. Contributions of around \$30,000 for each residential lot are common in some districts. Commercial projects are also subject to development and financial contributions. Those costs are passed forward to homeowners and consumers, or backward to the owners of undeveloped land.

The Local Government Forum will shortly release a report that examines development and financial contributions on a first principles basis. It focuses on whether such contributions are an efficient method of funding council investment in infrastructure and whether development and financial contributions are an appropriate source of general revenue.

The report identifies major problems with development and financial contributions.

**Roger Kerr ([rkerr@nzbr.org.nz](mailto:rkerr@nzbr.org.nz)) is the executive director of the NZ Business Roundtable**

## FORUM WEBSITE

The Local Government Forum produces in depth publications, submits on government proposals, and makes media comment on crucial local government issues. The Forum's publications, submissions, and media statements are now available at a recently established website

***[www.localgovtforum.org.nz](http://www.localgovtforum.org.nz)***



# WHAT WILL THE SUPER CITY MEAN FOR THE REST OF NEW ZEALAND?

By Jeremy Harding

**As the form and structure of the new Auckland Council is developed, focus is turning to what the implications for the rest of the country might be and whether there is a case for amalgamation of other councils.**

The case for local government amalgamation has always been mixed with arguments both for and against larger councils. What is best for each area will depend on a range of factors but with the creation of a 'super city' containing a third of the country's population, the balance of opinion seems to be shifting in favour of amalgamation.

The traditional arguments against amalgamation are that smaller councils tend to be closer to their communities, more focused on their core roles and without the excessive regulation and large bureaucracy that often burdens larger councils. In addition there is the benefit of competition among councils which also argues against amalgamation for its own sake.

On the other hand there are potential economies of scope and scale in larger councils. There are also benefits from improved policy coordination and better quality strategic decision-making that are likely to occur at the regional level. The potential for petty territorial battles that currently occur in some areas could be reduced under amalgamation.

In forming judgments, function should come before form. In other words, the first issue should be the justification and scale of different functions (eg roading and water) and then the territorial area in which they should be undertaken.

## Potential imbalance

Notwithstanding these arguments, and in light of the Auckland 'super city' decisions, there is a growing opinion that the rest of the country will become politically marginalised if some rationalisation does not occur elsewhere. There is a fear that a third of the population with one powerful voice, and the rest of the country with 78 weaker voices, will produce too much of an imbalance in the corridors of power. Rightly or wrongly, a desire amongst local body politicians to retain their relative influence – in the Beehive and elsewhere – is likely to be the main driver for further amalgamations.

## Changes elsewhere?

Local Government Minister Rodney Hide says there are no plans for further amalgamation. He has said the focus is on implementing changes in Auckland and that any changes beyond that would have to wait until after the 2010 local body elections. Any such changes would be driven by the regions and not the government. While little has been said publicly, it would seem that council officers around the country have been watching closely what is happening in Auckland and investigating what the best structure for their regions might be. Perhaps they are feeling they need to prepare for the inevitable?

It would be unfortunate if any future amalgamations were based on politics or ideology. What is right for some regions may not be right for others. Fortunately the rest of the country has the advantage of being able to watch and learn from the Auckland process and model, and it may be that some sensible rationalisation will occur across district councils as well as elimination of the regional council layer of local government when the Environmental Protection Authority is established.

**There is a fear that a third of the population with one powerful voice, and the rest of the country with 78 weaker voices, will produce too much of an imbalance...**

## Case for local boards

The decision to create a number of 'local boards' underneath a unitary authority (20-30 in the case of Auckland) should be replicated in any other large amalgamated councils formed outside of Auckland. This model allows councils to stay close to their communities while still enabling better region-wide decision making. It will facilitate genuinely local functions being carried out locally while more region-wide functions are carried out at that level. In some regions the local board boundaries might resemble existing territorial authorities.

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## WHAT WILL THE SUPER CITY MEAN FOR THE REST OF NEW ZEALAND? *Continued...*

While large bureaucracies must be avoided at all costs, there is scope for larger, amalgamated councils to operate more efficiently than they do now by reducing the duplication and repetition that currently occurs. With fewer councils, the quality of councillors and the level of scrutiny from ratepayers are likely to rise. The latter will be crucial in ensuring amalgamated councils focus on their core roles and do not become too big and unwieldy.

The Royal Commission on Auckland Governance estimated that amalgamation would provide annual savings in Auckland of between 2.5 and 3.5 per cent of existing costs. While better strategic decision making is likely to be the major benefit from amalgamation, savings of this magnitude are not insignificant if applied to other councils. There would also be money freed up from the sale of surplus assets.

### Options for other regions

Different regions are likely to respond differently to the Auckland changes. As sizeable urban areas,

Wellington and Christchurch, for example, are both likely to be sensitive about the loss of relative influence but their situations are very different.

Christchurch with a population of 370,000 is already largely covered by a single council while Wellington is more fragmented with nine councils covering a relatively small geographic area. Wellington region's population of 474,000 gives it a greater council to population ratio than Auckland. There is clearly less scope for amalgamation in some councils than others and a one-size-fits-all approach must not be applied.

The rest of the country must move fast to identify the best structure for local government governance to best suit regional needs. It is likely that by the time of the 2013 local body elections councils will be operating in a totally different landscape.

*Jeremy Harding is Policy Manager at the Wellington Chamber of Commerce*

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## PUBLICATIONS AVAILABLE FROM THE LOCAL GOVERNMENT FORUM

- **Democracy and Performance: a Manifesto for Local Government**  
(Available from: [nclark@fedfarm.org.nz](mailto:nclark@fedfarm.org.nz))
- **Property Rights Primer**  
(Available at: [www.nzbr.org.nz](http://www.nzbr.org.nz))
- **Local Government and the Provision of Public Goods**  
(Available from: [nclark@fedfarm.org.nz](mailto:nclark@fedfarm.org.nz))
- **Efficiency and Equity in the Funding of Roothing Expenditures**  
(Available from: [nclark@fedfarm.org.nz](mailto:nclark@fedfarm.org.nz))
- **Income and Wealth Redistribution – Should it be a Role for Local Government?**
- **Coming Soon: Taxing for Growth and Development – a Critical Review of the Role of Development and Financial Contributions**

Participants in the Local Government Forum are:

Federated Farmers of (NZ) Inc. (Secretariat)

NZ Business Roundtable

Business NZ

NZ Electricity Networks Association

NZ Retailers Association

NZ Chambers of Commerce

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