

The local government system in

# New Zealand



## Key facts

**POPULATION:** Census 2006: 4,027,947  
**AREA:** 270,467 km<sup>2</sup>  
**CAPITAL:** Wellington City  
**LOCAL GOVERNMENT CONTRIBUTION TO GDP:** -  
**CURRENCY:** New Zealand dollars (NZD)  
**HEAD OF STATE:** HM Queen Elizabeth II  
**GOVERNOR-GENERAL:** Sir Anand Satyanand  
**HEAD OF GOVERNMENT:** Prime Minister John Key  
**FORM OF GOVERNMENT:** constitutional monarchy  
**PARLIAMENTARY SYSTEM:** unicameral parliament  
**TATE STRUCTURE:** unitary  
**LANGUAGES:** English and Maori (official)  
**NATIONAL ELECTIONS:** last: February 2008;  
 turnout: 76%; next: 2013  
**LOCAL ELECTIONS:** last: Oct 2010%;  
 turnout: 49%; next: March 2012

### SUMMARY

New Zealand has two levels of government, central and local, which are politically, financially and administratively independent of one another. New Zealand has no written constitution and the powers of local government are defined in the Local Government Act 2002. The Minister of Local Government is responsible for local government's core legislation, although s/he holds no oversight role except in situations where a council may have failed to perform its statutory duties.

Local government in New Zealand has three types. Regional councils, of which there are 12, are responsible for environmental management policy and regulations with regard to water, air and the coastline. Territorial authorities, of which there are 73 (15 city and 57 district plus the Chatham Islands), deliver a wide range of local services including potable water, sewerage, libraries, parks, recreation, cultural and community facilities, town

planning and economic development. The third type, unitary councils, of which there are five, are territorial councils that also have the additional powers of regional councils.

A large proportion, over 50%, of the income of New Zealand's local governments comes from property tax. Councils and authorities are required to take account of community diversity, the interests of the indigenous Maori population and the interests of both current and future generations when making decisions.

### 1. CENTRAL GOVERNMENT

New Zealand is a constitutional monarchy with parliamentary sovereignty. Based in the capital Wellington City, the parliament comprises 120 members; however numbers can vary slightly should a party gain more seats than its relative share of the vote<sup>12</sup>. Members are elected every three years by universal suffrage on a mixed-

member proportional system of representation in which voters elect constituency MPs and vote for party lists. The head of government is the prime minister and is generally the leader of the party with the largest number of seats.

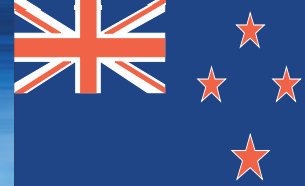
### 2. LEGAL BASIS FOR LOCAL GOVERNMENT

#### 2.1 Constructional provisions:

New Zealand has no written constitution and local government can be traced back as far as the Municipal Corporations Act 187613

#### 2.2 Main legislative texts:

Local government's powers are currently defined in Section 10 of the Local Government Act 2002, which gives the following dual purpose of local government, *'to enable democratic local decision-making and action by, and on behalf of, communities, and...to promote the social, economic, environmental and cultural wellbeing*



**Table 1.** Distribution of councils and population, census 2006

Regional & Unitary authorities	Number of territorial authorities	Population (2006)
Northland	3	148,470
Waikato	10	392,716
Bay of Plenty	6	257,379
Hawke's Bay	4	147,783
Taranaki	3	104,123
Manawatu-Wanganui	7	222,423
Wellington	8	448,956
West Coast	3	31,326
Canterbury	9	521,832
Otago	5	193,800
Southland	4	90,873
Auckland	Unitary	1,515,513
Gisborne	Unitary	44,496
Tasman	Unitary	44,625
Nelson	Unitary	42,888
Marlborough	Unitary	42,558
Chatham Islands	Unitary	609
<b>TOTAL 11 &amp; 6</b>	<b>61</b>	<b>4,027,947</b>
Canterbury 521,832	Auckland 1,500,000	<b>Largest</b>
West coast 31,326	3,621	<b>Smallest*</b>

\* Excludes Chatham Islands Source: Statistics New Zealand

*of communities, in the present and for the future'* it also provides local authorities with full rights, powers and privileges.

This general empowerment fundamentally changed the basis on which local authorities in New Zealand operate. Previously they could only undertake activities permitted by law. Now local authorities are empowered to undertake what is necessary to promote the wellbeing of their communities, subject only to other legislation, the general law and the accountability processes set out in the Act. Prior to the Local Government Act 2002, there was a Local Government Amendment Act 1989 which reduced the number of local authorities from more than 850, down initially to 86. This has since been reduced to 78.

Local government's ability to set property taxes is outlined in the Local Government (Rating) Act 2002, while the legislation governing the local electoral process is the Local Electoral Act 2001. Another significant piece of legislation is the Resource Management Act 1991, which promotes the sustainable management of natural and physical resources. A key feature of this Act is the extent to which responsibilities and powers for resource management are devolved to local and regional authorities. While a major review in 2004/2005 identified a need for greater government involvement and leadership in identifying the national interest in managing these resources, it is intended that this will be achieved within the current framework.

Local Government Official Information and

Meetings Act 1987 ensures that the public have access to local authority information and meetings. Information can only be withheld from public request for commercial reasons or personal sensitivity. All meetings must be advertised in advance and open to the public unless a council resolves to go into public excluded session, which can only be justified on the basis of commercial or personal sensitivity.

### 3. STRUCTURE OF LOCAL GOVERNMENT

#### 3.1 Local government within the state:

Central and local government in New Zealand are independent of one another politically, financially and administratively.

#### 3.2 Ministerial oversight:

The Minister of Local Government, supported by the Department of Internal Affairs, is responsible for local government's core legislation. The minister has no direct oversight role except in situations where a council has significant or persistent organisational weaknesses which have resulted in a failure either to perform its statutory duties or execute its functions efficiently, or where there have been irregularities in the decision-making process. In such a case, an inquiry can be instigated and if necessary a commissioner established to replace the council. This has only occurred once in the last 50 years, in 2000 when Rodney District Council was deemed to be dysfunctional and was replaced by a commissioner appointed by the minister. In

2010 the government enacted special legislation to remove the elected members of the Canterbury Regional Councils and replace them with appointed commissioners. It is expected to return to democratic control in the 2014 local authority elections.

#### 3.3 Council types:

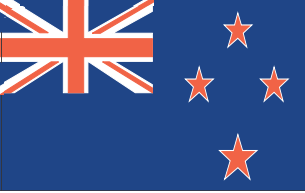
In the New Zealand local government system there is only one level, although within that level there are two types of local authorities. As of the end of 2010 the 78 authorities are made up of 11 regional councils and 67 territorial authorities (the 67 territorial authorities consist of 11 city and 50 districts as well as six unitary councils, which may be either districts or cities, depending on size). Significant recent legislative changes have enhanced the transparency and accountability requirements of local authorities, established distinct roles for territorial authorities and regional councils – especially in the area of resource management responsibilities – and have introduced the option of community boards to enhance participation in territorial authority districts. There are no statutory committees which councils are required to set up. However, they are required, as far as is practicable, to separate out their regulatory functions, so in most cases a council will establish a committee especially to handle its regulatory responsibilities.

**3.3.1 Regional councils** are responsible for setting environmental management policy and regulations with regard to water, air and the coastline. Some regional councils are also responsible for managing water catchments, regional parks and regional stadia. Coastal regional councils are responsible for up to the 12-mile limit out to sea.

**3.3.2 Territorial authorities** consist of city (urban) and district (mostly rural) councils that deliver a wide range of local services including potable water, sewerage, libraries, parks, recreation, cultural and community facilities, town planning and economic development.

**3.3.3 Unitary councils** are territorial authorities which also have regional council powers.

**3.3.4 Community boards** have been formed in more than 40 territorial and unitary councils. These are sub-municipal bodies which are elected but may also contain appointed councillors and are given a range of responsibilities for local and neighbourhood matters. Auckland City contains 21 local boards, which are similar to community boards but have no appointed members and have a broader range of statutory decision-making powers.



## 4. ELECTIONS

### 4.1 Recent local election:

This was held on 9 October 2010 with an average turn out of 49%.

### 4.2 Voting system:

The Local Electoral Act 2001 also gives local authorities the choice of conducting triennial elections using either the first-past-the-post or the single transferable vote (STV) electoral system. For the 2004 elections, ten councils used STV for the first time, though this had reduced to five in the 2007 elections. In 2010 six councils used STV. Councils have the option of running elections by either postal voting or booth voting. In every election since 1992 all councils have used postal voting. This system has been seen to result in substantially higher voter participation, which has recently been around 50%; however, there has been a gradual decline in turnout since 2001 but with an increase in 2010.

Voters must be 18 years of age or over, on the parliamentary electoral roll and resident at their address for one month to qualify as a resident elector. Ratepayer electors qualify by owning property in a region or district in which they are not resident, or by being nominated by a corporate body. No individual can exercise a vote in the same election as both a resident and (non-resident) ratepayer elector. However a ratepayer who lives in one local authority and owns a property in another may vote in both.

### 4.3 Elected representatives:

The number of councillors each authority may have is specified within the Local Electoral Act 2001. Both regional and territorial councils must have a minimum of six councillors with upper limits of 18 for regional councils and 30, including a separately elected mayor, for territorial councils. Only New Zealand citizens who qualify as electors are eligible to stand for council. The term of office for all councillors and mayors is three years. A councillor or mayor cannot be a member of both a regional council and a territorial authority or community board in the same region at the same time.

### 4.4 Women's representation:

Women's representation on local authority councils or authorities reached 34.7% in 1998 and has settled just below that figure in subsequent elections. Following elections in 2007, women accounted for 30% of elected members in regional councils and territorial authorities, including 16% of mayors and chairs. The 2010 elections failed to increase these numbers and overall representation declined

slightly, including the number of female mayors fell by one.

## 5. SYSTEMS FOR COMMUNITY INVOLVEMENT

### 5.1 Legal requirement:

Local authorities have a legal duty to consult their communities and this occurs both as part of the community planning process and on specific policy issues. The Local Government Act 2002 created a broad requirement to consider community views in the decision-making process as well as to consult on the development of annual plans and long-term council community plans. Section 82 contains six consultation principles, including:

'that persons who will or may be affected by or have an interest in the decision or matter should be provided by the local authority with reasonable access to relevant information in a manner and format that is appropriate to the preferences and needs of those persons'

'that the views presented to the local authority should be received by the local authority with an open mind and should be given by the local authority, in making a decision, due consideration.'

All local authorities also have an obligation to consult directly with their communities on their district plans and regional policy statements prepared under the Resource Management Act 1991. It is common for legislation empowering local government or devolving responsibilities to local government to include provisions that mandate public involvement in decision-making. For example, under the Resource Management Act 1991 requiring councils to develop district and regional environmental management plans, councils must publish draft plans and provide opportunities for public feedback. Similarly, under the Land Transport legislation councils must publish draft transport strategies and provide opportunities for feedback.

Councils must produce a ten-year long-term community consultative plan (LTCCP) which must be revised every three years. Councils are required to provide opportunities for the indigenous Maori people to contribute to decision-making processes and consider ways of fostering the capacity of Maori to participate. The Local Government Act 2002 also requires councils to take account of community diversity and the interests of both current and future generations when making decisions.

### 5.2 Implementation:

Territorial authorities may have directly elected community boards within their district which may be used for consultation purpose. These boards represent and advocate for the interests of their community, maintain an overview of services provided by the territorial authority and undertake responsibilities delegated by the territorial authority. Boards comprise between four and 12 members, must include at least four elected members and may include members appointed by the parent territorial authority.

### 5.3 E-government:

The New Zealand government has been developing an e-government strategy to increase online access to information, products and services, enhance citizen participation, and develop e-business initiatives. The government website [www.govt.nz](http://www.govt.nz) provides a portal for access to national government and local authority services. The Department of Internal Affairs has also established the 'localcouncils' website which provides information about how the New Zealand system of local government works; outlines how people can get involved in local government; gives a statistical overview of local government in New Zealand; and provides a financial and statistical profile for each local authority area. All local authorities have their own websites. The services and information offered varies between local authorities.

## 6. ORGANISED LOCAL GOVERNMENT

### 6.1 Local Government New Zealand:

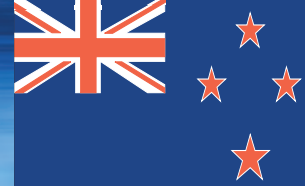
Local Government New Zealand (LGNZ) – which represents the national interests of councils of New Zealand by providing policy, advice and training to councils. Membership is voluntary and all 78 local authorities are currently members.

### 6.2 New Zealand Society of Local Government Managers:

New Zealand Society of Local Government Managers (SOLGM) is local government's national professional management organisation of senior local authority officers, that builds capability and promotes work excellence among local government managers and staff through membership services, professional development and training, good practice resources and influencing policy development and implementation.

## 7. INTERGOVERNMENTAL RELATIONS

Communication between local government and the government departments is multi-faceted. At a formal level Local Government New Zealand (LGNZ), the countrywide voluntary local



government association whose membership consists of all councils holds an annual meeting with the prime minister and relevant members of the cabinet at which high-level policy issues and future directions are discussed. In addition the President of LGNZ holds bilateral meetings on a regular basis with both the prime minister and the Minister of Local Government. Meetings are held with other ministers and their departments on an issue-by-issue basis as required. The NZ government does not have provincial offices (except for a nascent presence in Auckland, the country's largest city) so individual councils will travel to Wellington, the capital, or liaise through LGNZ. The nature of the bilateral relationships will vary between policy area. For example, as local authorities undertake a wide range of environmental policy and regulation roles there is ongoing interaction with the minister and Ministry of the Environment and an annual meeting is held between the ministry and council chief executives.

Regular meetings occur throughout the year between various departmental officials and local government officials such as mayors, and it is common, although not formally required, for departments to consult with local government representatives when undertaking policy reviews and drafting new legislation. The Local and Central Government Interface Team was established in 2004 as part of the Department of Internal Affairs, Local Government and Community Branch. The interface team actively supports contact between local authorities and central government agencies involved in community outcomes and the implementation process. A dedicated team of relationship managers has responsibility for developing and improving relationships, sharing information and encouraging good practice.

Increasingly there is a desire to achieve greater alignment between local government and central government for the provision of infrastructure, and a joint infrastructure conference involving relevant ministers and local government representatives was held in 2010 to discuss a set of principles for achieving this in the

future. The local government sector was represented by LGNZ.

The 16th Central Government and Local Government Forum was held in October 2009, and the next is scheduled for March 2011. The website [www.localcentral.govt.nz](http://www.localcentral.govt.nz), maintained by the Department of Internal Affairs, provides local authorities with quick and easy access to information from more than 60 government agencies. The website also contains publications, news, notice of events and links.

## 8. MONITORING SYSTEMS

The primary monitoring process is undertaken by the Office of the Auditor General which audits councils' long-term plans and annual reports to ensure the accuracy of forecasting assumptions and the quality of performance information as well as the prudential use of resources. Some government departments such as the Ministry for the Environment monitor councils' compliance with respect to devolved functions such as issuing resource consents or regulatory inspections.

The Local Government and Environment Select Committee considers draft legislation affecting local government and both the Office of the Auditor General and the Ombudsman can investigate council decision-making in response to complaints. Councils are also subject to judicial review; however no bodies can override a legally made council decision. Other scrutinising bodies include:

- The Local Government Commission, which has responsibilities relating to reorganisation and representation including the hearing of objections and appeals
- The Parliamentary Commissioner for the Environment, who investigates the effectiveness of environmental planning and management
- The Office of the Ombudsman, which deals with appeals relating to official information under the Local Government Official Information and Meetings Act.

## 9. FINANCE, STAFFING AND RESOURCES

### 9.1 Locally raised revenue:

All councils have the freedom to raise their own finances without externally imposed caps or limits. The government is considering legislation that will require councils to establish fiscal limits for themselves in consultation with citizens. Councils will be able to exceed this but will have to explain the reasons why. Legislation requires councils to balance their budgets on an accrual basis and to make provision for depreciation.

### 9.2 Transfers:

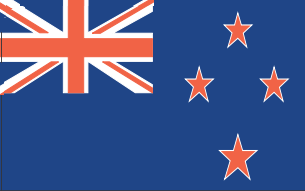
The only transfer between central and local government is a proportion of the taxes and charges raised on petrol, diesel and vehicle registration, which is allocated to local government for the maintenance and development of local roads. Historically that figure has been around 50% of the total road maintenance budget; however recently a greater share has gone to the development of the national highway network. It is worth noting however, that local government does not consider this a transfer as 87% of the nation's roads are owned by local authorities. The formula for allocation to councils takes into account the capital value of districts plus their road-building plan and public transport investment programmes.

### 9.3 Local authority staff:

Councils pay for their own staff, of which there are around 37,000. The only local authority officer required by law is a chief executive, who is appointed for a maximum fixed term of five years with a right of renewal for a further two years subject to completion of a satisfactory performance review. Other local government staff are recruited by the chief executive on behalf of the local authority and s/he also has powers to discipline and dismiss staff. Each authority is free to determine its own staffing structure. However, it is typical to have a chief executive with a management team comprising managers in areas such as planning and policy, service delivery, finance, asset management and corporate affairs.

**Table 2.** Aggregate Local Government Finances 2007/2008

Revenue in NZ\$m	RC	TA	Expenditure in NZ\$m	
<b>Central Gov. grants and subsidies</b>	<b>0.24</b>	<b>0.58</b>	<b>Admin and operational</b>	
Rates	0.35	3.60	Salaries total	1.51
Regulatory income	0.03	0.38	Facilities total	1.42
Grants and subsidies	0.24	0.58	Interest	0.23
Investment income	0.06	0.30	Service delivery (total)	3.54
Sale of goods & services, other income	0.12	1.04		
<b>TOTAL</b>	<b>0.8</b>	<b>5.9</b>	<b>TOTAL</b>	<b>6.7</b>



Since 2001, the Remuneration Authority, an independent central government statutory body, rather than the Minister of Local Government, has determined elected member salaries and allowances, based on statutorily prescribed criteria. In the larger areas, the workload is such that mayors and regional council chairpersons are generally full-time. It is not unusual for councillors also to be near full-time in some of the larger authorities. In smaller rural authorities the workload and remuneration levels are less and result in a less than full-time presence by elected members.

## 10. DISTRIBUTION OF SERVICE DELIVERY RESPONSIBILITY

Regional councils and territorial authorities have traditionally worked as two spheres of local government with different jurisdictions and little overlap. The key principle traditionally underpinning the division between regional councils and territorial authorities has been the separation of planning and service delivery responsibilities.

### 10.1 Regional councils:

Regional councils are primarily responsible for resource management (integrated management of the natural and physical resources of the region); biosecurity; river and catchment management including flood control; harbour navigation and safety; marine pollution; regional emergency management and civil defence; and regional land transport planning. In keeping with their prime environmental and physical resource management function, the regional councils' boundaries have, as far as possible, been drawn along river catchments. Regional councils have generally had no direct service delivery functions, except Auckland and Wellington regions which inherited some regional service delivery functions when they were established in 1989. These include bulk water supply in Wellington and the administration of regional parks in both Auckland and Wellington. Regional councils are led by a chairperson elected indirectly by the council for a three year term. Regional councils may delegate responsibilities – such as the power to set rates, make by-laws, borrow money, appoint a chief executive or adopt plans – to committees or other structures, with certain exceptions.

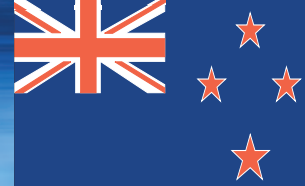
### 10.2 Territorial authorities:

Territorial authorities provide services directly or indirectly to the community. The city and district councils are responsible for community wellbeing. This has traditionally covered activities and services such as public health and safety, infrastructure, recreation and culture, and resource management (control of the effects of

use, development or protection of land and associated physical and natural resources). In recent years territorial authorities have been given responsibility for the control of gaming machines and prostitution and parliament is considering a bill to provide them enhanced powers to determine the location of liquor outlets, following community concern at the relatively unregulated spread of such outlets. Consequent to the way boundaries of regional councils have been drawn, several districts straddle regional council borders. Territorial authorities may delegate responsibilities in the same manner as regional councils.

## References and useful websites

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## Annex A. Summary of service provision in different spheres of government

Service	Delivering authority			Remarks
	Central	Local Government		
		Regional	Territorial	
<b>GENERAL ADMINISTRATION</b>				
Police	■			District Councils have a role in rural fire protection Local authorities have civil defence responsibilities
Fire protection	■		■	
Civil protection	■	■	■	
Criminal justice	■			
Civil status register	■			
Statistical office	■			
Electoral register	■			
<b>EDUCATION</b>				
Pre-school	■			
Primary	■			
Secondary	■			
Vocational and technical	■			
Higher education	■			
Adult education	■			
Other	■			
<b>SOCIAL WELFARE</b>				
Kindergarten and nursery	■			District & city councils have a discretionary role in community development, support for community agencies, commercial information etc
Family welfare services	■			
Welfare homes	■			
Social security	■			
Others	■			
<b>PUBLIC HEALTH</b>				
Primary care	■			District & city councils are responsible for inspections of water quality commercial premises, egress & noise etc
Hospitals	■			
Health Protection	■		■	
<b>HOUSING AND TOWN PLANNING</b>				
Housing	■		■	
Town planning			■	
Regional planning		■		
<b>TRANSPORT</b>				
Roads	■		■	Central government is responsible for national highways & approximately 25% of the road network
Transport	■	■	■	
Urban roads			■	
Urban rail			■	
Ports			■	
Airports	■		■	
<b>ENVIRONMENT AND PUBLIC SANITATION</b>				
Water and sanitation			■	Slaughterhouses are provided only by the private sector
Refuse collection and disposal			■	
Cemeteries and crematoria			■	
Slaughterhouses			■	
Environmental protection	■	■	■	
Consumer protection	■			
<b>CULTURE, LEISURE AND SPORTS</b>				
Theatre and concerts	■		■	The Auckland & Wellington regional councils with parks responsibilities
Museums and libraries	■		■	
Parks and open spaces		■	■	
Sports and leisure	■		■	
Religious facilities			■	
Other Cultural Facilities	■		■	
<b>UTILITIES</b>				
Gas services				
District heating				
Water supply			■	
Electricity			■	
<b>ECONOMIC</b>				
Agriculture, forests and fisheries	■		■	Although not involved in agriculture or fisheries, some local authorities have forestry interests for investment purpose. Some local authorities have shares in electricity companies
Economic promotion	■		■	
Trade and industry	■		■	
Tourism		■	■	
Other economic services	■		■	

■ = discretionary service by the local authority