

The Local Government Amendment Bill: better public services or amalgamation by stealth?

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In 2015, major amalgamations of local authorities in Wellington, Hawke's Bay and Northland failed for lack of public and council support. But central government has not given up on pursuing greater efficiency in local government through reorganisation. Select committee submissions on the Local Government 2002 Amendment Bill (No 2) (the Bill) have closed and it is approaching its second reading in Parliament. The Bill was promoted by Minister of Local Government Hon Peseta Sam Lotu-liga as giving local authorities the necessary flexibility to deliver efficient services in spite of the rapid demographic changes affecting New Zealand's regions. The Bill is intended to achieve efficiency by creating more flexible options for amalgamating local authorities and promoting the use of council controlled organisations (CCOs).

If enacted in its current form, the Bill will allow local authorities to carry out their functions in other local authorities' districts and provide greater flexibility for unitary authorities to act as regional authorities in districts administered by other territorial authorities.

CCOs increasingly provide basic local government services such as water, transport and waste disposal on behalf of their shareholders. By providing services across multiple districts, so called *multiply owned CCOs* will, in theory, deliver more efficient public services through economies of scale and the pooling of expertise. By achieving this objective without changing the organisational make-up of local authorities, multiply owned CCOs are seen as a low profile alternative to unpopular amalgamations of local authorities.

The Bill also significantly expands the role and powers of the Local Government Commission, which will have the discretion to consider, and even initiate, new reorganisations.

Opposition parties and the local government sector itself have attacked the Bill on the basis that it represents an erosion of local democracy and creates the risk of amalgamation by stealth. Arguably, the transfer of territorial authority functions to regional CCOs diminishes the role of elected councillors and the scope of local democracy generally, particularly if such transfers and amalgamations are initiated from above as appears to be contemplated by the Bill.

Promulgation of the Bill has led to scrutiny of the fundamental merits of local government amalgamation and these challenges appear to be coming from across the political spectrum. A recent report by the New Zealand Initiative, for instance, challenges the 'bigger is better' orthodoxy and notes that local authorities need to maintain flexibility to attract capital and talent in a competitive global economy.

It is difficult not to give some credence to these fears. Centralising control over core local government services will dilute democratic control over key infrastructure and leave democratically elected local authorities struggling for relevance. As recent resistance to amalgamation has shown, local democracy and control of local infrastructure, are valued highly by communities.

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