

# Policy Development Guidelines for Regulatory Functions Involving Local Government

## QUICK GUIDE

### About Local Government

New Zealand has 85 local authorities. This comprises 12 regional councils and 73 territorial authorities (which are district and city councils). Four territorial authorities are unitary authorities with both regional council and territorial authority functions. The Chatham Islands Council has some regional council functions.

### Partners

The central and local government partnership is the key to the delivery of national and local goals and priorities. Effective and responsive local governance helps improve social, economic, environmental and cultural well-being across New Zealand.

The Local Government Act 2002 sets out the purpose of local government. This is to

- enable democratic local decision-making and action by, and on behalf of, communities
- promote the social, economic, environmental, and cultural well-being of communities.

### Working with Local Government

It is important to recognise that

- local authorities have diverse communities, vary greatly in size and geography, and their communities have different needs, preferences and aspirations
- local authorities' primary statutory role is to reflect and respond to the needs, preferences and aspirations of their communities. Their accountability is to their communities. **Any central government policy should recognise that local authorities act autonomously in undertaking this role**

- there can be tension between local authorities' primary role and their role in implementing national policies to achieve national outcomes and objectives. **This tension can be managed if it is explicitly and transparently identified and recognised in the design of central government policy**
- local authorities have statutory decision-making, consultation and accountability requirements which determine how they must interact with their communities. These requirements also result in local authorities having to meet statutory timeframes which will affect their ability to respond to central government policy initiatives. **It is critical that these requirements are recognised when developing new policy proposals**
- regional councils and territorial authorities have different roles, although the Local Government Act enables regional councils and territorial authorities to transfer functions. **Both regional councils and territorial authorities should be considered in policy development and the delivery of regulatory functions**
- local authorities raise most of their own funding from locally derived rates and charges which reflect their accountability to their communities. Central government policies that require local government to undertake new regulatory (or other) roles should consider funding impacts. It is important that new requirements do not undermine local authorities' ability to undertake their primary statutory role. **Any new policy should try to ensure that the source of funding (ie ratepayers or taxpayers) should align with who receives the benefits.**

## Consult Early in the Process

The above factors mean that there are benefits for central government policy makers in consulting with the local government sector early in the policy process.

The benefits include

- getting clarity on the problem definition with the assistance of practical local experience
- identifying possible unintended consequences from policy proposals
- identifying alternative options and possible solutions which take account of the diversity of local government, existing statutory functions and local conditions
- identifying political ramifications, both for the local government sector and for the relationship between local and central government
- identifying how a policy proposal might be affected by other central government policies and programmes, and whether legislative amendments may be needed
- identifying how a policy proposal might fit with local authority statutory processes (such as transparency, accountability and funding requirements)
- ensuring that there is a ‘no surprises’ approach to policy development to ensure that local authorities have time to make arrangements for policy implementation
- contributing to a strengthened central and local government partnership.

## Involving Local Government in Policy Development

The challenge for central government policy makers is to engage with local government officials and/or politicians to obtain all relevant sector information in a way that is both timely and productive. At times this will require central government officials to consult with each local authority individually. At other times, it would be appropriate to consult with Local Government New Zealand or the Society of Local Government Managers. Both of these organisations have well-established networks that can assist the consultation process. Both organisations also have experienced analysts who will be able to provide initial guidance on policy issues and how best to consult.

For more information on these organisations go to

- Local Government New Zealand - [www.lgnz.co.nz](http://www.lgnz.co.nz)
- Society of Local Government Managers - [www.solgm.org.nz](http://www.solgm.org.nz)

Any policy proposal involving the local government sector should also be discussed in the first instance with Local Government and Community Policy at The Department of Internal Affairs.

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For more information, visit [www.communityoutcomes.govt.nz](http://www.communityoutcomes.govt.nz)  
and search “policy guidelines”