

Report 01.81

8 February 2001

File: E/7/7/6

Report to the Policy & Finance Committee
from Lloyd Bezett, Policy Analyst, Council Secretariat

Draft Local Government New Zealand Work Programme and Subscription

1. Purpose

To consider making a submission Local Government New Zealand on its Draft Work programme for 2001/02 and proposed levy structure.

2. Background

Each year Local Government New Zealand produces a draft work programme and requests that member authorities comment on the document.

The draft work programme is divide into the following key issues:

- Local Democracy and Legislative Framework
- Land Transport
- Environment, Natural and Built
- Economic Development
- Community Development, Social Cohesion and Housing
- Treaty of Waitangi/Maori participation
- Local government Financial Framework and Performance
- Water and Wastewater
- Ready Response
- Monitoring and Amending Legislation and Policy
- Member of Development
- Communications
- Research, Publications and Grants
- International
- Client and Information Management Services
- Internal Governance
- Strategic ad Annual Planning
- Zones and Sectors
- Conference – Future years

- Governance of the LGITO
- Contract Servicing – Civic Assurance

The work programme (**Attachment 1**) is structured so that each “project” is made up of an issue statement, an outcome statement, objectives to be achieved and key outputs. This year there is more financial information to enable members to identify where direct costs are targeted, the forecast movement of costs and overheads for four years and the proposed funding sources. Submissions close on 14 February 2001.

Local Government New Zealand has also circulated a memorandum setting out a new funding formula for the levy on all member authorities.

3. **Comment**

3.1 *Draft Work Programme*

A copy of the 2001/02 draft work programme has been circulated to Councillors in the Information Bulletin for comment. No councillors provided any comments on the proposal, but the document has been examined by officers who have concluded that it is to be generally supported.

3.2 *Subscriptions*

Local Government New Zealand has proposed to alter the way in which member authorities are levied for the annual subscription. The proposed changes are a result of lobbying by large metropolitan and small rural authorities which consider that the current system is not equitable. Local Government New Zealand also proposed that there be a 10% general increase in subscriptions to address the financial issues that council were made aware of last year.

The proposed subscriptions be based partly on the operating expenditure of each council. The impact on the Wellington Regional Council is a 19% increase in the level of subscription for 2001/02 (from approximately \$52,000 to \$62,000 per annum).

The main issue of concern is the proposal that the operating expenditure of each council will not include the operating expenditure of some Local Authority Trading Enterprises (LATEs). Some councils have formed LATEs to undertake many of the functions previously considered core local authority functions. The exclusion of LATEs from the calculation of the annual subscription artificially reduces the fee paid by some local authorities and thereby raises the fees paid by others, where the LATE charges customers directly for services, (eg. water charges made by a water LATE). This is not the case where a LATE is wholly funded by the local authority.

It is recommended that the Council write to Local Government New Zealand stating its support for the new subscriptions but noting that the operating expenditure of LATEs should be included in the calculation of councils' operating expenditure when determining the annual subscription.

4. Recommendation

- (1) *That the submission to Local Government New Zealand on the Draft Work Programme for 2001/02, as outlined in Report 01.81, be endorsed.*
- (2) *That the Council communicate to Local Government New Zealand its concern over the proposed subscriptions for 2001/02.*

Report prepared by:

Approved by:

LLOYD BEZETT
Policy Analyst, Council Secretariat

TED MAGUIRE
Council Secretary