

Mike Reid

The Problem with Defining Core Services

One of the fundamental challenges faced by those who design governance systems involves determining at which level of government public decisions should be made, and whether the decisions are overwhelmingly political, managerial, technical, or should be left for citizens to make themselves. When designing democratic systems one of the critical considerations is ensuring that decision-making power is well distributed to avoid risks to citizens' liberty. These questions are currently on the minds of people involved with local government.

Since its election in 2008 the current government has initiated a number of policy debates that directly broach the question of who should be making decisions about the nature and role of local government. While the question of Auckland governance (see Reid, 2009) has been in the headlines, the debate has recently been extended by the addition of two further issues: who should determine what councils do and how should this occur? It is an issue which burst into life with the release of a Cabinet paper entitled 'Improving Local Government Transparency, Accountability and Fiscal Management' (TAFM) (Cabinet Office, 2009). In that Cabinet paper, which signalled a review of the Local Government

Act 2002, the minister of local government, Rodney Hide, stated that councils should focus on core services, which in his view meant:

while there is no definition of core services for local government, I would expect there to be general acceptance that it includes transport services (roading, footpaths and public transport); water services (water supply, sewage treatment, stormwater and flood protection) and public health and safety services (refuse collection and regulation of nuisances). (Cabinet Office, 2009, p.4)

Not surprisingly, the paper generated a flurry of activity as almost every group, from librarians to museum providers, sought to get their particular services on the supposed list.¹ However, it was far from clear whether the paper reflected government policy or ministerial wishful thinking. Following public release of the TAFM paper the opposition sought to expose discrepancies between the minister's minimalist view and a range of statements and initiatives endorsed by the prime minister suggesting much broader roles.² Since then

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the issue has continued to attract attention, driven particularly by the minister of local government's regular speeches on the issue. The following extract is typical:

Ratepayers and citizens need much more say in what's done with their money, because they have to pay the price for the often silly and outlandish expenditure decisions of councils. If money is spent poorly and a project flops, it's the poor old ratepayer who foots the bill.

There are plenty of examples of inappropriate council spending – Hamilton City Council's investment in the local Novotel Hotel and the South Taranaki District Council buying the Hawera movie theatre. One of the Southland local authorities even took ownership of a local Lotto shop! That's an outrageous use of ratepayers' hard-earned money.

We are going to shift the balance of power back to ratepayers and citizens so they have the control they deserve. (Hide, 2009a)

While the minister's proposals are expected to have their first reading in Parliament before the end of the year, the issues he raises deserve somewhat greater scrutiny than they have so far received. This article attempts to answer at least four critical questions raised by the debate: What is the core service debate all about? How relevant are the minister's examples of non-core services? Is there a problem? And what are the likely implications for councils and their communities should the minister's plans go ahead?

What are core services?

According to the minister of local government and his officials, local government should have a core set of services determined by Parliament and these services are those associated with physical infrastructure and the protection of health, rather than services concerned with enhancing well-being. Councils that wish to offer services beyond the core would be required to get their citizens' permission, probably through some form of binding referenda. It is an idea that is worthy of somewhat greater scrutiny than it has so far received.

The notion that services provided by local governments can be divided neatly into categories of core and non-core is something about which there is little if any supporting theory. Most accepted theories which address the role of government, whether local or national, tend to be less definitive, accepting that such decisions are best not set in concrete as appropriateness is likely to be affected by changing technology, politics and values. A prescriptive act leads to volumes of amendments as situations arise that weren't envisaged. History suggests a fairly dynamic understanding of what services we think our public sectors should undertake. For example, today we no longer expect councils to run abattoirs, even though a few years

ago it was considered routine. Today citizens' have higher expectations of their local and central governments than they did a century ago, particularly with the growth of the welfare state since the Second World War. So the idea that we should fix roles and functions in legislation is at least curious.

Economic theory treats governments as having four primary roles: allocative, distributive, regulatory and stabilisation (Bailey, 1999). Distribution, regulation and stabilisation are roles that national governments are best positioned to undertake, whereas allocative functions are best undertaken by local governments (ibid.). The economic case for local government hinges on the value of decentralising or devolving services to lower levels of government in order to meet the diverse preferences of consumers, yet services probably should not be considered in isolation from form and finance. Thinking about the interrelationship between functions, form and funding, Bailey suggests that:

- local government should provide the majority of public sector services because their benefits are localised;
- local government should only provide services where the risk of local market failure is high and of government failure is low;
- the jurisdictions of local governments should as far as practicable be coterminous with the areas benefiting from the provision of their services;
- councils should be as small as possible, while still achieving economies of scale;
- matching of financing and benefit may require regional government for the provision of some services;
- scope for exit should be facilitated by increasing the scope for inter-municipal competition for residents and decentralisation of services within council areas.

Thinking about functions in relation to form and funding suggests a contingency and dynamism that is not captured in the current debate on core services, which has not really got beyond the suggestion of a list determined by Parliament. Bailey's work suggests that ideas about core services will vary according to the size of councils, how they are funded and the form of the local government system. For example, any idea of core is likely to be affected by the existence or otherwise of strong regional government. What might be core in the new Auckland is unlikely to be core in Waimate.

Citizens themselves, however, do have a sense that some local services are more important than others and when asked what these council services might be the majority of citizens tend to highlight the most recognisable. A nationwide

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telephone survey commissioned by Local Government New Zealand in 2006 asked respondents what the top priorities for councils should be. The answers were roads and road safety (38% of respondents); water and sanitation (32%); town planning and environmental management (22%) and rubbish collection and disposal (19%). Other services were regarded as enhancements. Interestingly, when asked to identify what services are undertaken by councils most respondents could identify only three: rubbish collection and disposal; road and road safety services; and water and sanitation services. Core seems to be those things we use regularly and know for certain are provided by the council. In popular conception, core is probably regarded as essential: that is, whatever other things councils do, we must have roads, water and sewage systems and the rubbish needs to be collected.

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One of the problems with attempting to define councils' services as being either core or discretionary, with the core defined by Parliament, is whether or not all councils provide them. For example, one of the minister's core services, according to TAFM, is rubbish collection. It would be a very expensive exercise if councils were to be required to ensure that all properties had access to a public rubbish collection service, as this is a service few rural communities currently have access to; it is a similar story with potable water and sewage. How can something be a core service if some councils don't actually provide it for many of their citizens? One way around this difficulty would be to create three categories of services, for example:

- mandated core services: determined by Parliament and required of all councils;
- mandated discretionary services: a list of discretionary services determined by Parliament that councils can adopt if they wish; and
- fully discretionary services: any lawful service that the community gives the council permission to undertake through a poll or referendum or similar means.

Something like the above appears to be the most logical move should the government wish to be more prescriptive about the activities councils undertake. However, are there other ways of conceptualising the notion of core services? As a noun, 'core' refers to the centre of things. For example, the core of the earth is the centre of the earth. If we take this definition and apply it to services and organisations we are probably referring to those services which are in some way at the centre of our organisations: that is, what they exist to

do. What organisations exist for is to fulfil their purpose, so surely their purpose should be at the centre of their role. The Local Government Act 2002 describes the purpose of local government in relatively abstract terms, namely:

- a) to enable democratic local decision making and action by, and on behalf of, communities;
- b) to promote the social, economic, environmental and cultural well-being of communities in the present and for the future.

In other words, local government exists to provide a way for communities to make decisions about their current and future well-being, bearing in mind that the rest of the legislation then puts limits around the extent of that decision-making power. Other jurisdictions take a similar approach to defining the purpose of their local government systems, with statements such as promoting 'the good governance of the community' or 'promoting well-being' common. The purpose statement in the Local Government Act 1974 was less succinct but similarly emphasised collective decision making. So, at the highest level of abstraction, the core of local government involves the process of collective decision making.

When approaching the matter of what local government should do there are two fundamental questions: who should decide, and is there actually a problem? Under the current legislation there are two mechanisms which determine what councils do: one is the passage of binding legislation by Parliament and the other is a decision supported by a majority of councillors in a formal meeting. Interestingly, the number of responsibilities Parliament has placed on local governments is relatively modest, particularly when compared to other countries, with the majority being regulatory functions carried out on behalf of the Crown. These are described in the Appendix to this article. The minister's announcements so far could be interpreted as suggesting that core services are those defined by Parliament and anything else will be discretionary. However, the minister goes slightly further, suggesting that decisions about undertaking any of these discretionary services should not be made by elected councillors. They should instead be made by the community itself, through a referenda process.

The problem of definition

The reification of core services in legislation fails to recognise the degree to which the range of services provided by councils tends to be dynamic over time. Today, no self-respecting city of any size could go without a medium-sized indoor sports stadium, reflecting growing community wealth and changing expectations. In the past it was normal for councils to operate abattoirs, ports, airports and, until the early 1970s, the fire brigade. Increasingly, councils are putting activities like art galleries, museums and zoos into trusts and companies in order to establish them as arm's-length entities and attract

investment from other parties. So 'core' is a fluid concept, which is likely to be contingent on technology as well as on political and community preferences. It is not a concept that fits well with the idea of nationally-dictated lists of permissible local activities.

A century ago, councils operated gas works and electricity departments, and Wellington City, for example, employed the conductor of the local sinfonia orchestra. As societies change, so does the range of activities we expect our local civic organisations to provide. In the sixties and seventies, as urbanisation increased, councils became operators of car parking buildings, and many still are. However, as improved technologies and higher demands have encouraged the private sector to become more active, other councils have moved out of this activity and left it to the market. In fact, the history of local government is one in which councils have shown a capacity to adapt to meet the needs of changing societies. Their proximity to communities means councils are better placed than Parliament to respond.

The proposal to define core services takes us back to the Local Government Act 1974, which had approximately 300-400 pages concerned with describing the activities councils were permitted to do. Yet despite this level of detailed guidance, councils frequently resorted to legal advice to ensure their intended decisions were within the law. Risk aversion was rife. The problem concerns our ability to define clearly the nature of a service. For example, while it may seem straightforward to put in legislation that running parks is a permitted activity, the definition of 'park' is likely to be contested ground. Will a sports field or a forest park be consistent with the definition of 'park' employed in the legislation? And will the right to provide parks extend to botanical gardens and scented gardens for the blind? How would the town belt of Wellington be defined? Is all of it a park, or only those areas specifically labelled as parks, like Hataitai and Newtown? Attempting to resolve these issues through legislation highlights the problems of blunt instruments.

Likewise, while the legislation might permit councils to operate museums and libraries, will it be legal to run a combined museum and library? Will the combined facility be defined as some new form of facility which does not appear on the list? While the definition of museum might be relatively clear in the popular mind, would Te Papa, with its interactive attractions, comply? If a museum includes live tuatara in its exhibitions, will it still be a museum, or will it have become a zoo and possibly outside the core? Do not laugh: this is what life was like under the Local Government Act 1974. The result was a range of quite perverse behaviours as councils sought to find ways around the limitations of statutory language in order to meet the needs and expectations of their citizens. Parliament simply lacks the information to make these kinds of judgements

and our society is, thankfully, not uniform enough to compartmentalise.

Defined lists make councils risk averse as their focus tends to shift from a concern with community well-being to the issue of whether decisions are legal or not. As well, measures which create recourse to lawyers in order to define the nature of each service increase the opportunity for gaming, as they allow external parties to utilise the core debate to drive the policy agenda, effectively undermining representative democracy. Given the contingent nature of most council services (even roads - it was only ten years ago that proposals were being discussed for taking them away councils), enabling locally-elected members in consultation with their citizens to determine the mix of services that best matches local preferences and willingness to pay is surely the most efficient choice.

New Zealand is a country of communities and they vary considerably. The local government framework currently gives councils substantial discretion which enables them to develop the appropriate mix of services to reflect the different communities they govern. For example, while the cost of roading dominates the budgets of most rural councils, in a few cases reaching 60-70% of their expenditure, in urban councils it is generally less than 20%. The challenging issues for most cities concern the soft infrastructures, like youth services, community safety and economic development. Is it reasonable to try and define a core set of services for a sector which is so diverse? Will we see a resurgence of local bills, as existed before the Local Government Act 2002, to validate local decisions taken to deal with local issues which were outside the core?

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Will a list of parliamentary-defined core services enhance local democracy?

In practice, any list of services given the status of 'core' by Parliament is likely to enhance the status of those services in comparison to others, even if the others are more relevant to a particular community. Clearly that will be Parliament's intention, but is it desirable in the context of our goal of strengthening local democracy? One issue, which is noted above, is the risk that those councils not currently providing the defined services will come under community pressure to provide them, with corresponding pressure on funding for

smaller rural councils. In addition, a nationally-defined list will be seen as the default functions of local government and might be seen as representing a 'creeping centralism' which will, over time, result in greater homogeneity and standardisation and less diversity between councils. We are in a period in our history when the idea that Wellington knows best would attract almost universal scorn. Indeed, the whole reform of Auckland is an indication that we need to adjust our governance arrangements to reflect local and regional diversity. This suggests an appetite for greater diversity, not less.

Nationally-elected politicians are poorly placed to second guess the decisions of locally-elected politicians when determining, in consultation with citizens, the appropriate mix of local goods and services to match citizens' preferences and willingness to pay. These are seldom simple decisions

Thought ... needs to be given to developing a framework that allows for management of low-skill migration and, in these [domestic] jobs, a primarily female migration. This framework needs to keep multiple goals in mind.

as they involve trade-offs (the 'I want to do X but not if it means losing Y' debate) and are best made in a deliberative setting. There are also advantages in these decisions being made in multiple local settings rather than in one place, such as Parliament, as it diminishes the risk of policy capture by single-interest groups.

The New Zealand Parliament has the undisputed authority to make decisions about what councils do, if it chooses to exercise that authority. In the past, Parliaments have tended to approach this issue with some caution, as local government is part of a nation's constitutional framework and decisions that undermine local self-government effectively undermine its democratic framework. The critical aspect of a democracy is that governments are able to respond to the needs, expectations and demands of their citizens.

Even if Parliament approached the issue with due caution, there is still the question of whether or not a national body is in the best place and has access to the necessary information to determine the right mix of activities local authorities should undertake. Until 2002 local government legislation was generally based on the principle of *ultra vires*, which essentially limited councils to only those activities the legislation allowed. Not surprisingly, the legislation was often out of touch with the demands being made on councils, necessitating frequent trips to Parliament for amendments; for example:

- to allow the Wellington Regional Council to contribute to the costs of constructing the 'cake tin' in Wellington;

- the transfer of local facilities and tourism promotion from the three territorial authorities in Taranaki to the Taranaki Regional Council at the request of the territorials; and
- to enable the Hawke's Bay Regional Council to distribute port profits through a one-off payment of cash to local ratepayers.

In short, legislation is a blunt and inflexible instrument. Parliament is too far removed from the local coal face to know in advance what communities require and national politicians lack the appropriate incentives or flexibility to respond quickly to local needs.

The impact of defining core services on the role of councillors

New Zealand has a system of representative local democracy; that is, elections are held regularly in order to elect representatives to make decisions on behalf of their citizens,

in a similar manner to the way in which central government works. Actions that interfere with the relationship between voters and elected members can be problematic, as they have the potential to reduce the elected members' decision-making sphere and undermine their accountability. The more the decision-making authority of elected members is constrained by higher-level governments, the less interest citizens are likely to take in local government. For example, a survey undertaken by the Local Government Chronicle in the United Kingdom identified the limited

decision-making authority of councillors in that country as a major reason for poor voter turnout at local government elections. In the United Kingdom, constraints on councillor decision-making are caused by the highly centralised nature of their system and extensive use of nationally-determined performance targets.

Reducing the scope of councillor discretion is also likely to diminish the willingness of people to stand for elected office, as the opportunities to 'make a difference' will be considerably less than under a generally empowered regime. Certainly, early feedback Local Government New Zealand has received from some of its members suggests that many of them will reappraise their political futures if the role of an elected member is diminished further. The same applies to staff. Recent research undertaken by the Society of Local Government Managers suggested that officials would also find a more prescriptive and limiting approach to their council's role less satisfying from a job/career perspective. Key aspects of their work which they valued involved:

- a place where you can make a difference to peoples' lives;
- service to the community;
- making the best of poorly-crafted government legislation;
- making a difference for the future; and
- working for the development of the city.

Requiring Parliament to define core services essentially removes the decision from local communities, who pay the

bill, and thus limits their ability to make trade-offs with regard to the use of their own resources. It may also require councils to undertake complex processes to go beyond the parliamentary list which are unlikely to be efficient. These decisions are best made locally; the question is, should they be made by local politicians elected by and accountable to local citizens, or by citizens themselves?

Measures to shift decision making from elected members to citizens themselves through referenda are likely to be quite problematic, as many of these so called non-core activities need only very minor resources to achieve their aims and are likely to cost less than the cost of a referendum. In addition, the evidence suggests that participation in referenda will be quite low, and likely to decrease over time if councils need to resort to them frequently. The result is that a small number of voters will be able to control council expenditure and activity. It is difficult to see this as somehow preferable to the current situation, where elected councillors make such decisions in open forum based on a consultative process. Presumably, those community facilities outside the core which are not supported by a referendum will need to be disposed of. Will important parts of our cultural heritage thus be up for sale because they are non-core?

Is there really a problem?

One of the astonishing aspects of this discussion is the lack of any proper evidence that New Zealand has a problem here. The core service debate appears to be driven by a perception that councils have extended their activities beyond what the majority of their citizens are prepared to pay for or what they have traditionally done. There is simply no evidence to back this view, particularly given the fact that New Zealand local government is one of the smallest local government sectors in the OECD and isn't growing significantly, as shown in Figure 1.

In the last five years, three separate inquiries have considered this question and each has come to the same conclusion: namely, that there is no evidence of any systemic increase in new activities undertaken by local authorities. The first study was undertaken by a joint officials group, the Local Government Funding Project. In its final report the officials state:

no evidence to date has been produced to suggest that local government as a whole is undertaking a wider group of functions than it had prior to 2003. In cases where councils have taken on additional responsibilities these have proved to be quite small in scale and operational in nature. (Local Government Funding Project Team, 2006, p.18)

This view was reinforced a year later by both the report of the Inquiry into Local Government Rates and the Local Government Commission's review of the Local Government Act 2002. The report of the Rates Inquiry stated:

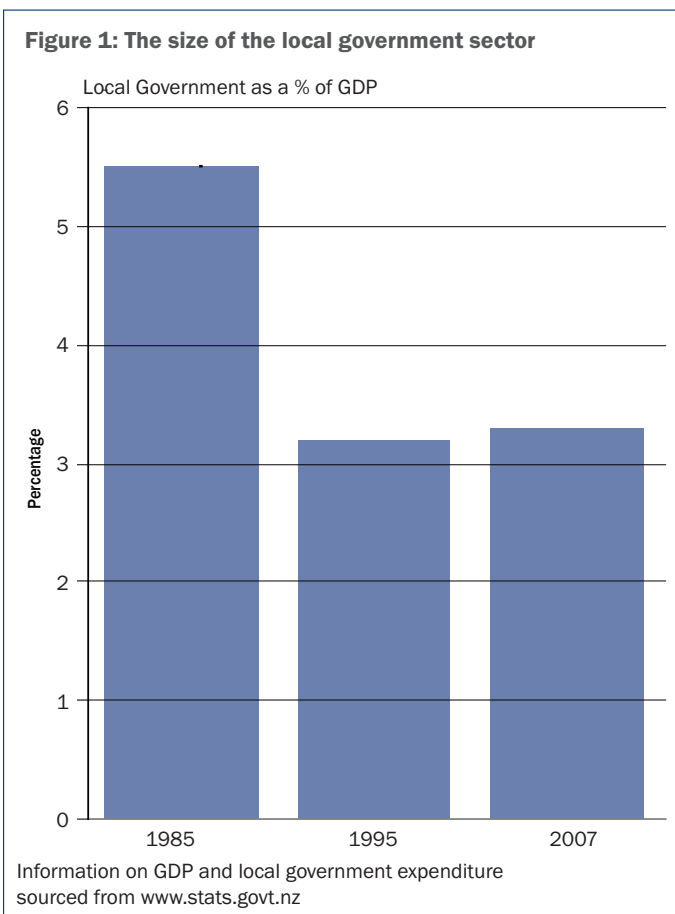
The panel received many submissions suggesting the LGA 2002 has been a major driver of increased expenditures

in that it encouraged councils to move into activities outside their 'core business' by giving them a power of general competence. The Panel could find little evidence to support this. (Rates Inquiry, 2007, p.5)

To the degree that there has been change it is most pronounced in a few regional councils that have contributed primarily to regional economic development activities, such as investment in regional facilities. Rather than problems, these decisions should probably be seen as economically prudent, as the regions are better placed to spread the costs of these services over the full range of beneficiaries, one of the reasons for the reorganisation of Auckland. Yet despite systemic evidence to the contrary, the minister of local government continues to argue that local politicians are taking liberties and spending ratepayers' money on activities for which they have no credible licence, activities that are not core and for which they have not sought ratepayer or citizen permission.

So what do non-core activities actually look like? The minister has highlighted three examples, as noted earlier: the Hamilton City Council's investment in the local Novotel Hotel; the South Taranaki District Council purchase of the Hawera movie theatre, and one of the Southland local authorities' (Invercargill) ownership of a local Lotto shop. These examples deserve further consideration.

Hamilton City's investment in the Novotel Hotel represents a public-private partnership between the city



and Tainui, which was looking to invest some of its Treaty of Waitangi settlement resources in the local economy. While it is unusual for a council to invest directly in the operation of a hotel, it is not at all unusual for councils to offer incentives for business to locate in their districts, through, for example, a rates holiday. Hamilton City has every reason to expect the central government to support and encourage this investment as it fits very well with its national objectives to enhance Māori economic development and skills development. We should also add that the Novotel itself has made an important contribution to the economic performance of the city.

South Taranaki’s decision to purchase the building that houses the town’s only cinema and subsequently lease it back to the cinema operator must surely be seen in the context of a council acting to protect the town’s heritage. Councils fund the preservation of our heritage in numerous ways, from giving grants, as Wellington City Council did to the Embassy Theatre Trust prior to the launch of *The Lord of the Rings*, to direct ownership of opera houses and town halls (and sometimes movies are shown in these buildings). Before making the decision to purchase the theatre, the council would have considered a full range of options for the building’s preservation. It is difficult to think of the preservation of our past as somehow not being a traditional local government role.

The minister’s criticism regarding the Lotto shop is puzzling as, seen from a different perspective, it is an example of a council being innovative and fixing a local problem – something the minister seems to want but is reluctant to allow councils to do. The background to the council and the Lotto shop story began with the closure of banks and their unwillingness to instal ATM machines in Bluff. Not only were local residents in need of cash, tourists who travelled to land’s end often found themselves unable to stay and enjoy the local facilities for the same reason. After failing to convince the banks to provide an ATM, the council took the logical step of purchasing a Kiwibank franchise itself and placing it in the council’s service centre. As it turned out, the Lotto shop was part of the franchise.

As a result of the council’s initiative, locals and visitors now have access to funds and the service centre is generating an income to lower its cost to ratepayers. It is a solution in which everyone wins, except, apparently, the minister. What makes the minister’s discomfort so surprising is that Lotto is actually a government-owned service. Hence, the council is helping the government by providing a base for one of its Lotto shops in a community that would otherwise not be able to access its money and spend it on what they want, including gaming and other local services. Why does the minister think this is a bad thing? Interestingly, the types of examples cited are not ones of councils making poor economic choices. In many instances the ratepayers benefit through lower rates. The criticism seems to be purely about a philosophy of not wanting things done if they are done by any arm of government. Economically, I would venture to suggest that few things of this nature undertaken by councils ‘fail’ as

councils tend to be very cautious in what they support.

The minister’s rhetoric on the core service question has morphed somewhat since the beginning of his term. More recently it has begun to take an ‘if you don’t eat your greens you won’t get any pudding’ tone. Consider: ‘I also believe, its crucial, especially so in these times, that councils ensure that core activities are properly identified and funded before spending occurs on more discretionary activities’ (Hide, 2009b). Again, it is a position which begs the question: is there a problem and have we got data that suggest core services, or big essential stuff, is somehow being overlooked?

Interestingly, the best data are the various analyses undertaken of council long-term plans, undertaken by both the Rates Inquiry and more recently the Department of Internal Affairs, which looked at the new 2009–2019 plans. Both analyses show strong evidence of council expenditure dominated by capital investment in the three big infrastructures: roads, water and wastewater services. What this data tells us is that the Local Government Amendment Act (No.3) 1996, which introduced long-term financial planning in order to force councils to focus on their long-life infrastructures, worked, particularly after these plans became subject to audit following the Local Government Act 2002. In fact, New Zealand local governments are regarded as amongst the best asset managers in the local government world, with most Australian states having copied our approaches to asset management and long-term planning and our engineers selling their expertise internationally.³

There is, perhaps, one other evidence set we can look at to see whether or not councils have their focus on the minister’s core services, and that is surveys of community satisfaction. What do citizens think about councils’ performance on the development and maintenance of our big infrastructure activities? Councils undertake regular surveys to test citizen perception of the quality of their services; they are a useful window on how councils are perceived. In general, rankings tend to be highest for our basic infrastructure services. A sample of residents’ satisfaction surveys taken in 2008 indicates relatively positive rankings for the major infrastructural services (see Table 1).

Table 1: Levels of satisfaction with infrastructure services⁴

	Wastewater	Potable water	Roads	Mayor/councillors
Rotorua	78%	93%	80%	58%
Rodney	78.1%	76.1%	60.8%	58.4%
Waikato	42%	51%	58%	59%
Ashburton	81%	84%	78%	69%
Southland	94.1%	72%	75.9%	90.3%
Porirua	88%	94%	88%	N/A

While noting that in any jurisdiction there may be local issues, residents' views about the performance of their councils in relation to the delivery of the three large infrastructures does not suggest any systemic problem. Considering too their views of the performance of their elected members, which are all relatively positive, with the exception of Southland which is outstanding, the three infrastructures would seem to be the least of our problems.

When Parliament intervenes in the relationship between voters and their elected members, or second guesses the decisions made by local elected members after deliberating with their citizens, it risks weakening not only the framework of local democracy but also New Zealand's overall democratic framework. As Professor John Roberts wrote in 1968:

The growing power of government, as evidenced by its ever increasing intervention in the economic and social affairs of the people, constitutes another reason for the existence of an efficient system of local government. While central and local government must share, as collaborative partners, the total task of governing the nation, an effective local government structure is an important counterweight to the growth of central government power. Local government is not solely a matter of the management of local services; it provides the democratic machinery for the expression of local opinion on all matters of public policy. (quoted in Boswell, 1981)

Councils provide a range of roles within our democratic system, including that of providing a valve for community discontent with national policies. If councils are to play their appropriate role in our democracy, citizens and their elected members need the authority to make decisions about their various localities. Parliament currently places obligations on local authorities with regard to some of the activities they undertake and the decision-making processes they operate. This is fair and reasonable. However, if democracy is to operate effectively, Parliament must be circumspect in how it exercises its authority and ensure that it focuses only on matters of national interest, supporting local democracy and allowing it to address those issues that are of local or regional nature.

Conclusion

As framed by the minister of local government, the issue of core services not only concerns the role of councils, it has a direct bearing on the capacity of councillors to make decisions. The minister has suggested that decisions to go beyond 'the core' might be left up to citizens themselves to decide, through a poll or referendum. The immediate concerns of the local government sector involve cost and complexity (imagine the cost of referenda in a city as big as the new Auckland) and the loss of flexibility to act as local issues and needs require.

However, referenda also provide additional opportunities for minority interests to influence or capture the allocation of public resources. International experience, for example in California, is replete with examples of wealthy single-interest groups exploiting referenda opportunities to promote their particular agendas. They also create the 'tyranny of the majority' problem. How likely is it that initiatives such as a marae development plan or a recreation project for disabled children would survive if dependent on community referenda? It is often only through strong and inclusive leadership by elected members that marginalised groups are acknowledged and treated equitably. These are judgements best made by elected members who can weigh up the benefits and costs and the overall contribution not only to the current generation but to future generations, and be accountable for them. Local Government New Zealand's research on rate capping (NZIER, 2009) shows that long-term planning models, in

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which elected members are responsible for making decisions in consultation with their citizens, are the most sustainable decision-making approaches.

How would, for example, the private sector work if Parliament determined what products it could produce and then required all shareholders to vote before major expenditure investments could be made? I suspect the answer is poorly, as historic international examples could illustrate. We need cities and towns that are vibrant and innovative because without these qualities they will fail to attract the investment and the new citizens the country needs in order to prosper. We cannot afford a standardised approach to governing our communities and rigid central dictates cannot fit or know best in all circumstances.

While the minister's challenge addresses the question of whether or not councils should have a core of services defined by Parliament (other than those which are currently mandatory), it raises a more fundamental question. That question concerns the relative roles of central and local politicians. The minister's focus on core services is actually an attack on local representative democracy and the role and competence of local politicians. His charges that local politicians are responsible for silly and outlandish expenditure decisions are not justified and his solutions to this non-problem will erode their decision-making authority by a combination of greater centralisation and direct participation. Changes of

this magnitude, which have implications for the constitutional balance between local and central government and the way in which citizens traditionally perceive local government, require the involvement of the full community, as their implications for local government, and by extension local communities, are probably more important than the introduction of MMP was for Parliament.

The core service debate is a solution looking for a problem. Existing checks and balances appear to be working well and focusing elected members' attention on the big essential infrastructure items, to the effect that today councils are arguably more focused on the big items than they were in the past. That was what Parliament intended in 1996 with the Local Government Amendment (No.3) Act, and all the evidence suggests it was successful. The minister's attempts to identify and emphasise a set of core services seem not only unnecessary but, overall, counter-productive.

- 1 In a later interview the minister informed the interviewer that libraries would be a core service as well, otherwise his mother would stop talking to him. Rumour has it that librarians from Waitakere City sent Mrs Hide flowers.
- 2 Coincidentally with the release of the TAFM paper the prime minister and government contributed to the purchase of Auckland harbour land to enable the council to develop 'party central' for visitors to that city – hardly a fit with the minister's more narrow list of core services.
- 3 For example, the former chief executive of Rodney District is advising the United States military on how to develop effective asset management plans utilising the methodologies based on those developed at his former council.
- 4 The Rotorua survey was undertaken by National Research Bureau (NRB) and is available from www.rdc.govt.nz; the Rodney survey was carried out by International Research

Consultants Ltd and is available from www.rodney.govt.nz; the Waikato survey was undertaken by NRB and is available from www.waidd.govt.nz; the Ashburton survey was carried out by NRB and is available from www.adc.govt.nz; the Southland survey was undertaken by Polson Higgs and is available from www.southlanddc.govt.nz; the Porirua survey was carried out by NRB and is available from www.pcc.govt.nz.

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Appendix: Mandatory functions: territorial local authorities

Roads:

- Council has statutory responsibilities under the Local Government Act and Land Transport Management Act to provide services for this activity.

Rubbish and recycling:

- Council has legal responsibilities, in relation to the activity, under the Health Act 1956 and the Local Government Act 1974 to improve, promote and protect public health through providing effective and efficient waste management.

Wastewater:

- Council has statutory responsibilities under the Health Act 1956 to improve, promote and protect public health within the district. This includes identifying the need for waste and stormwater services and either providing these directly, or overseeing the service if it is provided by others. The Local Government Act 2002 requires the ongoing waste and stormwater services by council, unless specific approval is sought to withdraw from this.

Water:

- Council has statutory responsibilities under the Health Act 1956 to improve, promote and protect public health within the district. The Local Government Act 2002 requires the ongoing operation of water supplies by council.

Community planning and consultation:

- Council has statutory responsibilities under the Local Government Act 2002 to produce a large number of plans, strategies, policies and statements.

District planning:

- Council has statutory obligations under the Resource

Management Act 1991 (RMA) to provide the services for this activity. The RMA requires the sustainable management of natural and physical resources.

Animal control:

- Council has statutory responsibilities under the Dog Control Act 1996 and the Impounding Act 1955 to provide services for this activity.

Building control:

- Council has statutory responsibilities under the Building Act 2004 to provide the services for this activity. The Building Act provides for the regulation of building work, a licensing regime for building practitioners and the setting of performance standards for buildings.

Emergency services:

- Council has statutory responsibilities under the Civil Defence Act 2002, the Fire Services Act 1975 and various other acts and regulations to provide the services for this activity. Rural fire and civil defence are core activities required through various acts and regulations to ensure we can respond quickly and effectively to local emergencies.

Regulatory and environmental health:

- Council has statutory obligations under numerous statutes including the Health Act 1956, Resource Management Act 1991, Food Act 1981, the Sale of Liquor Act 1989, the Gambling Act 2003 and the Prostitution Act 2003 to provide services for this activity.

Gardens and green spaces:

- Council has statutory responsibilities to administer reserves under the Local Government Act 2002 and the Reserves Act 1977. Councils also have statutory responsibilities

to provide certain types of public spaces. Council must provide cemeteries for the district under the Burials and Cremation Act 1964 (and amendments).

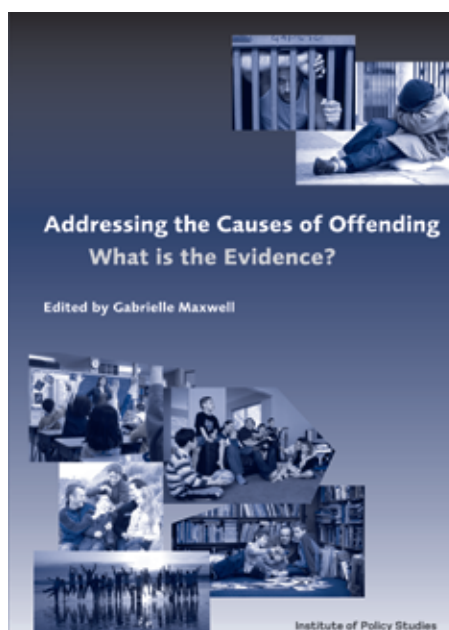
Community buildings:

- Community housing and community buildings are discretionary activities; however, the Local Government Act 2002 defines community housing as a strategic asset.

Representation:

- Council has statutory obligations under the Local Electoral Act 2001, the Local Government Act 2002 and other statutes to provide the services for this activity (council and community boards).

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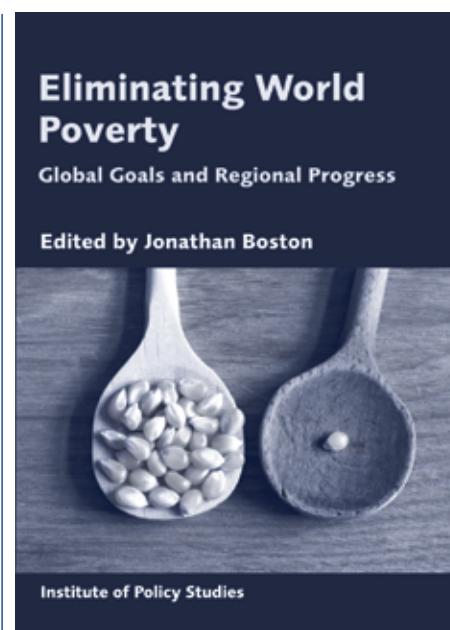
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