



Local Government New Zealand

te pūtahi matakōkiri

NC40-06

New Zealand Local Government Association Inc
(Trading as *Local Government New Zealand*)

ANNUAL GENERAL MEETING
Wednesday 27 July 2005
Christchurch Convention Centre, Christchurch

1. WELCOME

The President, Basil Morrison, welcomed members to the 2005 *Local Government New Zealand* Annual General Meeting. The President also welcomed international guests Councillor Paul Bell, President and Ian Chalmers, Chief Executive of Australian Local Government Association; Mayor Michael Coleman, President of Municipal Association of Canada and Mr John Chaffey and Mr Geoff Geering, Life Members of *Local Government New Zealand*. The President thanked members for their attendance and encouraged participation in the formal part of our conference.

2. APOLOGIES

Apologies were received from:

Buller District Council	
Hawkes Bay Regional Council	
Stratford District Council	
Napier City Council	
Peter Chin	Mayor Dunedin City Council
Sir Barry Curtis	Mayor Manukau City Council
John Brockies	North Shore City Council
Bob Harvey	Mayor Waitakere City Council
Colin Holmes	Mayor Whakatane District Council
Sir Gordon Mason OBE	Life Member
Gary McPhee	Mayor Carterton District Council
Harry O'Rourke	Waitakere City Council
Bob Parker	Banks Peninsula District Council
Don Riesterer	Life Member
Glenn Snelgrove	Western Bay of Plenty District Council
Heather Tanquay	Mayor Palmerston North City Council
Charles TeKawhi	Councillor Rotorua District Council
Sue Wells	Christchurch City Council
Harry Wilson	Environment Waikato
Kevin Winters	Mayor Rotorua District Council

Moved Dianne Hale (North Shore City) and seconded by Lawrence Yule (Hastings District)

That the apologies be received.

CARRIED

3. DEBATING AND VOTING PROCEDURES

The Chief Executive read the debating and voting procedures as per the Business Papers.

There were three proxy votes received from Hawkes Bay Regional Council, Napier City Council and Stratford District Council.

4. VICE PRESIDENT ELECTION

The President invited Dianne Hale and Kerry Prendergast to speak to the meeting and asked that all members complete the voting paper by marking the form as directed.

Following the vote count the President declared Kerry Prendergast the new Vice President of *Local Government New Zealand*. The President thanked Dianne Hale for the contest and welcomed Kerry to the team.

Moved by the President and seconded by Dale Williams (Otorohanga District):

That the voting papers be destroyed.

CARRIED

5. PROCEEDINGS

(i) 2004 Annual General Meeting

Moved by Phillipa Barriball (Thames Coromandel District) and seconded by Peter Harris (Waikato District):

That the 2004 Annual General Meeting proceedings be received.

CARRIED

(ii) 2005 Special General Meeting

Moved by Michael McEvedy (Selwyn District) and seconded by Kerry Prendergast (Wellington City):

That the 2005 Special General Meeting proceedings be received.

CARRIED

6. ANNUAL REPORT

Moved by the President and seconded by Lawrence Yule (Hastings District):

That the report, as presented by the President be received.

CARRIED

The period under review included the 2004 triennial local government elections, which saw some major changes. 31 new mayors and nine new regional chairs were elected across the country. As a result of the elections our National Council also saw major changes, with seven out of fourteen members replaced.

We have maintained our well-structured consultations with our membership, both through the zone meetings and an increased number of sector meetings, to develop and channel the

priorities and requests of our members to National Council, and then on to Government and its bureaucracy.

We have spent a considerable amount of time during the past year examining local government funding issues, with work centred on the joint officials' funding project. During this time Local Government New Zealand has commissioned a range of research into funding issues and held workshops to identify funding pressures within councils.

Our dialogue with Government departments also continues to expand given the recent high levels of legislative changes and amendments and our tasks in developing and consulting on a representative sector response that addresses our members' concerns and protects their interests.

The President acknowledged the hard work and long hours of the Local Government New Zealand staff, the sage advice of the National Council and the ongoing support of mayors, chairs, councillors and the staff of member councils.

7. FINANCIAL STATEMENTS 2003/2004

Moved by Frana Cardno (Southland District) and seconded by John Forbes (Opotiki District):

That the Financial Statements for the year ended 31 March 2005 be received and adopted.

CARRIED

8. REMITS

(i) 2004 Remit: Report on Outcomes

The Chief Executive noted the report outlining the action that had been undertaken on the remits passed at the 2004 AGM and invited questions from the floor.

Moved by Mary Bourke (South Taranaki District) and seconded by Patrick Smith (Chatham Islands):

That the report be received.

CARRIED

(ii) 2005 Remits for Consideration

Remit 1 Traffic Enforcement Powers

Moved by Penny Hulse (Waitakere City) and seconded by George Wood (North Shore City):

“That Local Government New Zealand support and advocate to Government for the transfer from the New Zealand Police to those local authorities that wish to do so, or make available in addition to the Police powers, all traffic enforcement functions for the area within their jurisdiction and that associated revenues be applied to local traffic safety programmes including, but not limited to, the following:

- Providing programmes to avoid, remedy and mitigate the adverse effects on society due to the infringement of traffic regulations
- Providing the ability to establish a local traffic enforcement activity, including appropriate resources
- Providing the ability to enforce traffic and speeding offences

- Enabling the operation of speed cameras and radar
- Enabling the operation of red light cameras.

Penny Hulse (Waitakere City) noted that Waitakere City had raised this issue previously and wanted to be clear that Waitakere City do not want to set up an alternate police or traffic force but wished to open the discussion to consider a change in legislation. "In short, we want our police to be given the opportunity to get on and do the real work. Councils are already responsible for stationary vehicle offences and in North Shore we now have council staff looking after bus lane enforcement, on a fine recovery basis. People have concerns about councils taking on these powers without funding but we ask that the opportunity to look at how this could work especially for councils under extreme stress".

Councillor Hulse proposed an amendment to the motion which would allow councils the choice to be involved:

"That Local Government New Zealand support and advocate to Government for the transfer from the New Zealand Police to those local authorities that wish to do so, or make available in addition to the Police powers, **certain** traffic enforcement functions for the area within their jurisdiction and that associated revenues be applied to local traffic safety programmes including, but not limited to, the following:

- Providing programmes to avoid, remedy and mitigate the adverse effects on society due to the infringement of traffic regulations
- Providing the ability to establish a local traffic enforcement activity, including appropriate resources
- Providing the ability to enforce traffic and speeding offences
- Enabling the operation of speed cameras and radar
- Enabling the operation of red light cameras.

George Wood (North Shore City) supported the remit and asked that all delegates support the remit as there are many regions that could benefit. North Shore feels this matter is of major significance to the Auckland region. North Shore gained power to enforce moving offence violations in a bus lane two years ago and that has had a major impact on traffic flow. North Shore received special dispensation from the Minister of Finance to keep the funds from these fines which proved the programme to be fiscally neutral to council.

The President put the motion.

LOST

Remit 2 Infrastructure Funding

Moved by David Ogden (Hutt City) and seconded by Jenny Brash (Porirua City):

That the AGM agrees that:

- (i) The shortfall in essential infrastructure funding is one of the most serious issues faced by local government at present;
- (ii) All revenue from petroleum tax should be applied to transport funding after a phase-in period of less than five years;
- (iii) To reflect the national importance of effective infrastructure the Government should make an annual budgetary provision towards the funding of essential infrastructure needs, particularly in the water, wastewater and storm water areas; and
- (iv) Further ongoing discussions are held with government to resolve the financing of the local government infrastructure gap.

David Ogden (Hutt City) particularly emphasised the diversion of petrol tax money into the consolidated fund without justification. He said that it is now time to remedy this anomaly. There has been a serious and endemic under-funding of land transport in the Wellington region over the last 20 years. Even with extra funding announced by the Government, there is still under-funding of transport issues in the region. There is also much evidence that infrastructure needs are not being addressed by local authorities. This remit is not a complete answer but a firm message to the government and one that needs to be corrected in the coming months rather than years.

Jenny Brash (Porirua City) seconded the motion and believes there has never been a better time to give a strong message to central government. This remit covers not only transport, but other essential infrastructure needs and compliments and gives strength to the work that is being done by the Local Government New Zealand Working Party.

Kerry Prendergast (Wellington City) agreed with item (i) of the remit but had serious concerns with item (ii). "We need to understand the risks involved and one risk is very much that the government has been attempting to make the case for some time that motorists do not pay the full costs associated with their road use, taking into account such things as health and environmental costs". The proposal to dedicate all fuel excise to transport funding could open the way for a counter argument that not only should all current fuel excise be retained to pay for transport related effects, but that there should be additional taxes levied to recover the alleged shortfall. That is a big risk for communities.

In respect to item (iii) and (iv) there is a need to better define the role of central and local government and community infrastructure. I believe this has effectively been done and recognised through the Local Government Funding Project; that Local Government New Zealand has been working hard on behalf of all local authorities. And I believe this is the appropriate avenue for developing potential solutions in this area. I support item (i) but do not support item (ii), (iii) and (iv).

The President advised that each item would be voted on separately.

- (i) The shortfall in essential infrastructure funding is one of the most serious issues faced by local government at present;

CARRIED

- (ii) All revenue from petroleum tax should be applied to transport funding after a phase in period of less than five years;

LOST

- (iii) To reflect the national importance of effective infrastructure the Government should make an annual budgetary provision towards the funding of essential infrastructure needs, particularly in the water, wastewater and storm water areas; and

CARRIED

- (iv) Further ongoing discussions are held with government to resolve the financing of the local government infrastructure gap.

CARRIED

Remit 3 Shop Trading Hours - Easter Sunday

Moved by Peter Guerin (Rotorua District) and seconded by Stuart Crosby (Tauranga City):

That *Local Government New Zealand* in partnership with Rotorua District Council (RDC) lead a national campaign to gain an amendment to the Shop Trading Hours Act Repeal Act 1990, that will allow Territorial Local Authorities (TLAs) in consultation with their communities

throughout New Zealand to make a decision as to whether Easter Sunday trading should be allowed in the region.

Peter Guerin (Rotorua District) noted that the remit refers to Easter Sunday only and not Easter Friday or Monday. The current arrangements are not acceptable and there are inconsistencies across many regions and cities. Retailers must make a business decision to open on Easter Sunday based on their ability to pay the fine. "Legal compliance should not be about how big your cheque book is. We believe that New Zealand society has changed to the point where a single solution for all communities is not possible. There needs to be a local solution, made at a local level". This remit is simply proposing that the decision as to whether there should be Easter Sunday trading or not, be determined by the respective communities, and not by central government. Local government is far better placed to make this decision, and the Local Government Act 2002 has all the necessary tools to facilitate the discussion within the community and to make a decision.

Frana Cardno spoke against the remit as worded; it should be the individual business owners making this decision.

Moved by Frana Cardno (Southland District) and seconded by Mary Bourke (South Taranaki District) that:

That *Local Government New Zealand* in partnership with Rotorua District Council (RDC) lead a national campaign to gain an amendment to the Shop Trading Hours Act Repeal Act 1990, that will allow **business owners** in consultation with their communities throughout New Zealand to make a decision as to whether Easter Sunday trading should be allowed in the region.

Phillipa Barriball (Thames Coromandel District) agreed that shop owners should make the decision as they make the decision on normal trading days. Businesses should have the opportunity to open without fear of a fine. "You only need to look at the information circulated by the Ministry of Tourism to see that tourism is a vital part of this country, and certainly in a small district like Thames/Coromandel, it's an essential part of our economy".

Wayne Guppy (Upper Hutt City) could not support this proposal as worded, but could support it if we looked at amending the Shop Trading Hours Repeal Act totally. "All we're doing is dabbling again, selecting one day, when, in fact, we should be looking at allowing retailers, if they want to, to operate 24 hours a day, 365 days of the year, and let these people decide".

Mary Bourke (South Taranaki District) asked who would be responsible for policing the communities who decide not to open.

Peter Guerin (Rotorua District) clarified that Rotorua envisaged the decision to trade on Easter Sunday would be made by the local community through the special consulting procedure, but the existing enforcement provisions would continue under the status quo, which is the responsibility of the Department of Labour.

Michael Higgins (Tasman District) opposed the amendment. The amendment, if carried will really make it obligatory for most business to trade on Easter Sunday, because once your competitor trades you have to trade.

Peter Tennent (New Plymouth District) supported the amendment. Effectively we're giving every business in New Zealand the right to make a moral or a business decision whether they want to open. I would hope, in the not too distant future, we would give our businesses throughout the country the right to make their own decisions.

Lawrence Yule (Hastings District) spoke against the amendment and clarified that territorial local authorities would be replaced by individual businesses in the amendment which meant the decision would be made through consultation with business and communities which he did not think was possible.

Jenny Brash (Porirua City) agreed with Mayor Yule and opposed the amendment. "We cannot expect businesses to consult with communities".

The President put the amended motion.

LOST

Peter Guerin (Rotorua District) reminded delegates that the remit is about Easter Sunday only. This legislation is adversely affecting the wellbeing of our collective communities. One size doesn't fit all, and it's not about local authorities making this decision, it's about communities. "The local authorities were facilitating the process through the robust Local Government Act provisions .

The President put the original motion.

CARRIED

Remit 4 LTCCP Audit Requirements

Moved by Leah McBey (Dunedin City) and seconded by Jenny Brash (Porirua City):

That the AGM agrees that Section 94, (the requirement for an LTCCP to contain a report from the local authority's auditor) and related sections of the LGA 2002, be repealed.

Leah McBey (Dunedin City) thanked the South Island for agreeing for this remit to go forward to the AGM, stating that local government is quietly starting to suffocate under an avalanche of compliance. The requirement in the Local Government Act for an audit of the draft LTCCP and the LTCCP actually brings audit requirements over the 10-year life of the LTCCP to no fewer than 13 audits, at an absolute minimum. "We have to ask ourselves, what value is the ratepayer receiving from 13 audits of the LTCCP? Local government is very quietly being seduced into a compliance mentality which makes us more subservient to Parliament and its requirements than we are to our ratepayers".

Neil Boniface (Invercargill City) supported the remit. An audit of process is not going to help the ratepayers one iota other than add to the cost on their rate bill. It was an audit of process, not an audit of the outcomes.

Garry Moore (Christchurch City) spoke against the remit considering that an audit adds value to the internal audit process and local government need to look at this as a value-add. The audit of LTCCPs provides both management and governance with the assurance that the processes used are correct. This is an audit of the power of general competence, making sure that it is being complied consistently throughout New Zealand. "I believe if we pass this remit, taking an ad hoc approach to this, it makes us look unprofessional. We should work with Audit New Zealand to make this legislation work. When we've had a couple of LTCCPs then it is time for us to look to see whether this audit is necessary. That's the time to consider this remit. Passing this remit now will be premature and could possibly invite the Government to be even more prescriptive as they oversee our performance as a sector".

David Walter (Taranaki Regional) spoke for the remit but was not totally confident that it could be repealed. "The situation in terms of accountability, planning, and ticking boxes has got to the stage that we need to put a line in the sand. It is a subjective, internal audit which really

is meaningless and by voting for this, at least we've said we've had enough of flagellating ourselves with consultation, accountability and so on".

Juno Hayes (Clutha District) spoke for the motion. The self-audit that councils are required to do is going to become a benchmark in 2007. "Very few councils will be able to comply with the self-audit itself, so Local Government is putting a noose around its own neck if we follow down this line. It will diminish our value because it's going to cost us an arm and a leg".

Kerry Prendergast (Wellington City) supported the objective of the audit and the presumption that an independent audit and the audit process generally can improve public accountability and public confidence. "Although there are currently inconsistencies in the application of public good policy arguments, particularly when we're required to go through this process and central government, school boards of trustees, district health boards are not". The reality is the requirements for community consultation in the annual audit of local authorities' financial statements contained in the new Local Government Act already provide a basis for a level of public accountability and public confidence. However the scope of the audit as contained in Section 94 and the matters that the auditor has to express an opinion on, are broad and generic and have caused an increase in the audit cost for all local authorities in New Zealand. But there is a huge risk and the briefing notes that go with this remit are not robust enough and do not give sufficient analysis to support a change in the current legislation. More work needs to be completed to put something in place that can work.

Moved by Kerry Prendergast (Wellington City) and seconded Garry Moore (Christchurch City):

'That the AGM supports a review of the current audit requirements to assess whether there are more appropriate and cost effective ways to achieve the same public policy outcomes which are public accountability and public confidence.'

Paul Matheson (Nelson City) supported the amendment noting that the amendment clarified the issue which has become quite annoying to all of the sector. "It was described originally as a 'rip-off' and we are extremely unhappy about funding the audits. I would have supported the original remit but I believe the amendment put up by Wellington City is far better".

John Clayton (West Coast Regional) spoke against the amendment noting that the amendment has no more value than the current expectations.

John Frew (Southland District) spoke for the amendment. Local government is a \$4.5 billion business and how can we justify repealing an audit when we have no history regarding whether it would really add value or not. Let's give it twelve months and then reassess.

Mark Farnsworth (Northland Regional) spoke against the amendment noting that it's about time that the sector said no. It is a subjective matter that adds little value to councils.

The President then put the amended motion:

CARRIED

Remit 5 Funding Assistance Rate (FAR) Review

Moved by David Tennent (Central Hawkes Bay District) and seconded by Juno Hayes (Clutha District):

That Local Government New Zealand strongly implores the Ministry of Transport to immediately review and change the Funding Assistance Rate (FAR) for local road funding as the present FAR policy places unfair rating burdens on councils with small rating bases and large roading networks.

David Tennent (Central Hawkes Bay District) noted that road funding problems are not unique to the Hawkes Bay District. "We are not proposing to get an extra slice of the funding cake at the expense of others. We want to give the government a strong message that it needs to fund road maintenance and capital properly". The present FAR funding formula is flawed and, fails to address many of the issues faced by councils and therefore should be reviewed. There has been a subtle change to the remit so that the remit does not set rural or provincial areas aside from the bigger metropolitan areas, but still takes into account the circumstances that small rural councils face. Some local authorities, especially rural, are facing difficulty in raising the local share to match additional crown contribution.

Juno Hayes (Clutha District) firmly supported the remit as Clutha District falls into the category of small local authorities who spend in the high 50% of their total income on roading. The amount per rate payer in rural areas is far higher than that of Metro councils and rural councils assist with congestion funding. Infrastructure is important across the country.

Peter Winder (Auckland Regional) spoke against the motion and wished to put forward an amendment to the motion changing the wording from "local roading funding" to "land transport funding". Auckland Region have exactly the same issues, in terms of the nature of financial assistance rates, that small local authorities face in supporting roads. Therefore it is really important that this remit deals with financial assistance rates in their totality across land transport funding, not just for roads.

Moved by Peter Winder (Auckland Regional) and seconded by Ian Buchanan (Wellington Regional):

That *Local Government New Zealand* strongly implores the Ministry of Transport to immediately review and change the Funding Assistance Rate (FAR) for **land transport funding** as the present FAR policy places unfair rating burdens on councils with small rating bases and large roading networks.

John O'Neill (Mackenzie District) spoke against the amendment and noted that Auckland roading problems have been addressed but rural roading problems have not. "There is a lack of roads across the country. We're not against the Auckland issues being addressed but rural road funding is a separate emphasis and we want that addressed. New Zealand has a large investment in roading and New Zealanders are actually losing their investment".

John Forbes (Opotiki District) spoke for the amendment and felt that the amendment would still assist the remit. We have a situation where something like 7% of the country's population are carrying in excess of 50% of the nation's roading network, and that's a tough ask on rural New Zealand. The amendment will still enable us to carry forward and have a review with government.

John Hurley (Tasman District) spoke against the amendment. Whilst there is some sympathy for the Auckland Region, it is a totally separate decision for another day. The key issue is the financial assistance rates for roading; "let us not be diverted from that at this point".

Mark Ammon (Waitomo District) spoke against the motion. Whilst the issues of public transport in cities are important the amendment diverts from the point of the remit. Roading contract prices are increasing and Waitomo contemplate a 10% rate increase next year for roading, simply due to increased contract prices. The districts roads often form through links which are of benefit to the whole of New Zealand, not just the local district, and it's a small district, small ratepayer-base and a very expensive roading budget which struggles to meet the commitment needed for roading.

Peter Winder (Auckland Regional) highlighted that the problem for the Auckland region passenger transport was not infrastructure and therefore it is exactly the same as the difficulty that councils face with road maintenance. When it comes to a review of financial assistance rates, it's a zero sum gain. There will be winners and losers, and therefore it is really important that the sector we stand together and ask for a review of the whole system comprehensively, rather than focus on one part. "And I would echo the President's words earlier - we need to be careful what we ask for, because we might get it, and we need to think very carefully about the consequences of asking for a review of financial assistance rates solely with respect to roads".

The President put amendment:

CARRIED

9. NOTICE TO CHANGE THE RULES OF LOCAL GOVERNMENT NEW ZEALAND

Moved by George Wood (North Shore City) and seconded by Kerry Prendergast (Wellington City):

That the following sentence be added to Rule F15:

"For the avoidance of doubt, a term under this Rule does not include a period of office held by a President by virtue of an appointment in accordance with Rules F27 to F32."

CARRIED

10. REPORTS FROM ZONES AND SECTORS

Moved by Garry Moore (Christchurch City) and seconded by Michael McEvedy (Selwyn District):

That the Reports from Zones and Sector Groups be received.

CARRIED

The President asked all delegates to encourage their councillors to attend Zone and Sector meetings throughout the year as it helps them to better understand the detailed issues we face.

11. OBITUARIES

The following obituaries were received during the year or were recorded by members during the AGM:

Fred Anderson	Manukau City Council
Robert (Bob) Banks	Wellington City Council
Jack Blenkhorn	Horowhenua District Council
Jack Brand	Ashburton District Council
Darcy Crone	New Plymouth District Council
John (Jack) De Burgh Galwey	Mackenzie District Council
Hon Jonathon Elworthy	Otago Regional Council
John French	Clutha District Council
W.S. (Bill) Hall	Bank Peninsula District Council
Peter Hansen	Wellington City Council
Warren Hardwicke	Selwyn District Council
Sir John Kennedy - Good	Lower Hutt CC
Jeff Law	Horowhenua District Council
Jack Evan O'Leary	Wellington City Council

Reuben Riki
 John Scanlan
 Ian Shaw
 Bruce William Smallbone
 Eileen Stevens
 Lady Patricia Thorp
 Ruth Jasmine Underhill
 Alan Wood

Manukau City Council
 Otago Regional Council/Clutha District Council
 Auckland City Council
 Ashburton District Council
 Western BOP District Council
 Auckland City Council
 Porirua City Council
 Auckland City Council

12. OTHER BUSINESS

The President advised that the next Annual General Meeting would be held in Wellington on Wednesday 19 July 2006.

There have been a number of retirements or pending retirements this year and although we may not note all retirements at this time we have been advised of one in particular. Colin Dale of Manukau City is retiring after 50 years, both here and in the United Kingdom and we acknowledge his tremendous service to local government. There are a number of others that we know of, Colin Whitlock (Wanganui District) and Brian Taylor (Auckland City) and we also thank them for their contribution.

The President declared the meeting closed at 10:50am.

Signed:

 President, Basil Morrison

Dated:
