



PSA Submission on the Local Government (Community Wellbeing) Bill

May 2018

PSA submission to the Governance and Administration Committee on the Local Government (Community Wellbeing) Amendment Bill

About the PSA

The New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi (the PSA) is the largest trade union in New Zealand with over 64,000 members. We are a democratic organisation representing members in the public service, the wider state sector (the district health boards, crown research institutes and other crown entities), state owned enterprises, local government, tertiary education institutions and non-governmental organisations working in the health, social services and community sectors.

The PSA is the principle local government trade union, representing 7,560 local government workers. We are one of the few organisations that has a solid overview of the local government sector, not only from the perspective of local government workers and union members, but also from a civil society perspective through our 64,000 members who work in other sectors and who are residents and ratepayers in every part of the country.

People join the PSA to negotiate their terms of employment collectively, to have a voice within their workplace and to have an independent public voice on the quality of public and community services and how they're delivered.

Comments and recommendations

General comment

1. The PSA welcomes the introduction of the Local Government (Community Wellbeing Amendment Bill (the bill). The bill restores many of the important principles of the 2002 Local Government Act in recognising the pivotal contribution local government can and does make to the wellbeing of communities and the environment.
2. The 2002 Act envisaged a central–local government partnership relationship. Changes to the Act since 2008 eroded this relationship and demonstrated a fundamental mistrust and misunderstanding by central government of the role and powers of local government.

3. If we accept that there is a wide sphere of government which encompasses central and local government, interacting and collaborating in the interests and well-being of communities, then both direction and definition from the new government are needed to achieve this. This bill is an important first step in achieving this new direction.
4. Over time we hope that this renewed recognition of the broad and important functions of local government will contribute to an improvement in the wellbeing of our communities and a growth in democratic participation at the local government level.

Reinstatement of the four well-beings

5. The PSA **supports** the various amendments to the Act that reintegrate into the role and purpose of local authorities that of “promoting the social, economic, environmental, and cultural well-being of their communities” (new section 3(d)).
6. We opposed the removal of the four well-beings from the Act in 2012 and argued that the, then new, purpose of the Act diminished “the role of local government and, combined with other provisions such as the fiscal responsibility requirements and the central government intervention powers, reduce[d] the scope of local government considerably”¹.
7. We argued that “the diminution of the role of local government and its elected members will be a significant loss to New Zealand’s proud history as a liberal democracy”. These fears were confirmed in a 2016 Simpson Grierson report for Local Government New Zealand which surmised that “changes to the LGA since 2010 have had the effect of limiting local democracy”².
8. The report found that the change to the purpose of the Act, along with its new focus on cost-effectiveness “hampers a local authority’s ability to balance competing interests and values (a central aspect of democratic representation) by casting debate in an economic cost-benefit light, limiting activity to options that are most “cost-effective” (p.5).
9. At the time of the 2012 reforms our members were “very concerned about a possible consequence of both the refocused purpose statement and the fiscal responsibility requirements – the disproportionate impact of any reduction of cultural, recreational and social services on low income members of the community” (PSA p.10).
10. These concerns have been validated in recent months by the refusal of some councils to pay employees and contractors the Living Wage due to the emphasis on *cost-effectiveness for households and businesses* in the current section 10(1)(b).

¹ PSA (2012), “Local Government Amendment Act 2002 Amendment Bill: Submission of the New Zealand Public Service Association Te Pukenga Here Tikanga Mahi to the Local Government and Environment Select Committee”, accessed 25 May 2018 from <https://www.psa.org.nz/assets/Campaigns/PSA+submission+on+LGA+Bill-july12.pdf>, p.8

² Simpson Grierson (2016) “The statutory framework of New Zealand's local government sector: is the key legislation working properly?” accessed 25 May 2018 at <http://www.lgnz.co.nz/assets/Uploads/Our-work/LGNZ-2016-Statutory-Framework-Of-NZs-Local-Government-Sector.pdf>, p.5

11. It's also possible that the scale of the current housing crisis in New Zealand would have been reduced had local authorities had a clear legislative requirement to maintain and increase social housing stock for the social and economic benefit of communities.
12. We **support** the removal of this section from the Act.
13. We **support** the repeal of section 11A (Core services to be considered in performing role) as this was an overly prescriptive and limiting measure.

Good employer obligations and responsible commissioning

14. As public entities, local government authorities should be exemplar employers, and provide leadership in the area of decent workplace relations. Local authorities will often be the largest employer in a community and have an obligation to model best practice in the treatment of their workers and their engagement with unions.
15. While section 39 (Governance Principles) of the Local Government Act requires local authorities to be good employers (s39(d)), this requirement should also be included in the section 14 Principles relating to local authorities. Section 14 outlines an extensive list of the principles that must apply to the enactment of local authority activities but is silent on employment. The requirement that local authorities “undertake any commercial transactions in accordance with sound business practices” (section 14(1)(f)) should be twinned with a requirement to be exemplar employers.
- 16.
17. We therefore **recommend** a further amendment to section 14 of the Act, that local authorities must act in accordance *“with the good faith obligations of the Employment Relations Act and provide employment leadership through high engagement relationships with unions”*.
18. This legislation process is also a good opportunity to embed responsible commissioning and procurement practices into local government. Experience in New Zealand and internationally has been that government procurement practices driven by cost-minimisation often lead to environmental degradation, the reduction of worker rights and conditions, and the reduction of services to the community.
19. Responsible contracting practices would ensure that workers’ pay and conditions are protected, as are environmental and community wellbeing. This approach is very consistent with the philosophy underpinning the four well-beings.
20. The PSA supports moving beyond classical contracting procurement models in favour of collaborative partnership-based approaches to commissioning and procurement. These approaches must involve local government, community organisations, workers and citizens as equal partners throughout the design, commissioning and procurement processes. We would like to see the introduction of mechanisms to ensure worker voice during contract tendering processes.

21. We **recommend** that the select committee amend the section 14 principles relating to local government to include a requirement that local authorities act according to the principles of responsible procurement. We are happy to work with the committee to draft an amendment along these lines.

Community engagement

22. While this bill is an important first step in strengthening the relationship between local authority activities and the needs of the people in their communities, much greater reform is needed to improve the health of our local democracies and citizen engagement in local government.

23. We have seen the draft submission of the Local Government Think Tank and agree with its recommendations that the bill be amended to require collaboration with the community in the development of community outcomes.

24. In addition to the recommendations put forward by the Local Government Think Tank we also **recommend** that the following is added to the list in clause 5(2) what defines good quality services, infrastructure and performance:

(d) are responsive to the needs and priorities of the local community.

Development contributions

25. We **support** the restoration of territorial authorities' power to collect development contributions.

For further information, please contact:

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