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PATERNALISM OR PARTNERSHIP?

Central Government's Administrative Attitude to Local Government

Robert Sowman

NZPC October 1984
Paternalism or Partnership?
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to Local Government
By: Robert Snowman

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LOCAL GOVERNMENT REGIONS AND THEIR
PRINCIPAL CENTRES

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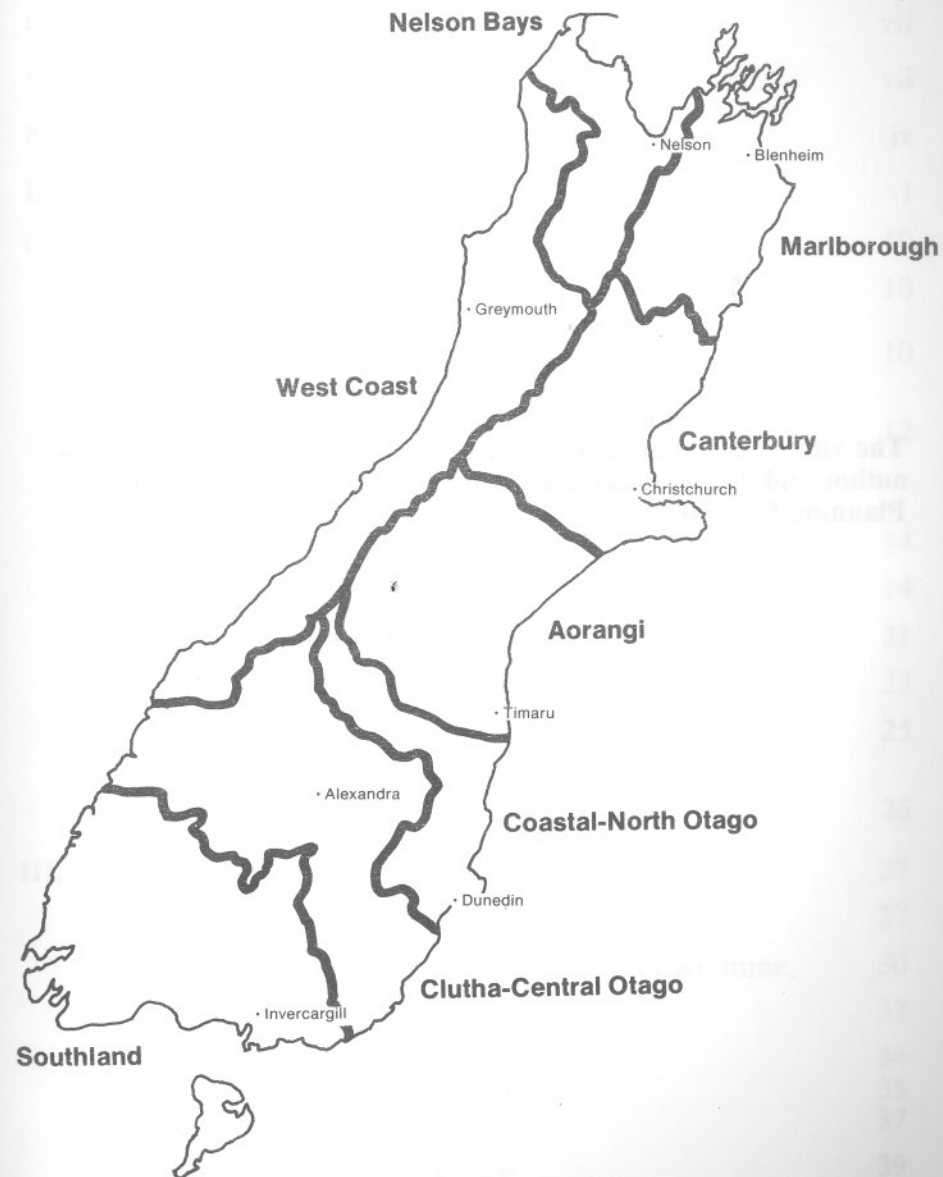
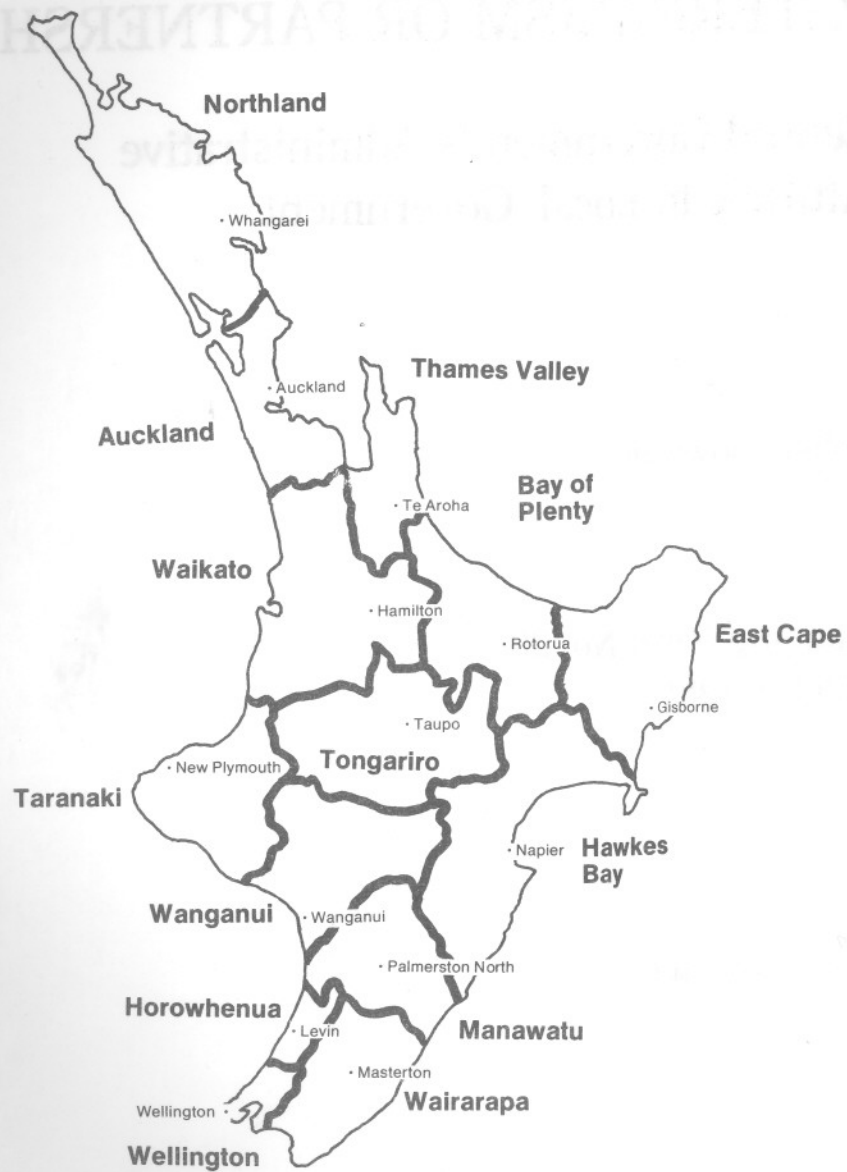
Robert Sowman

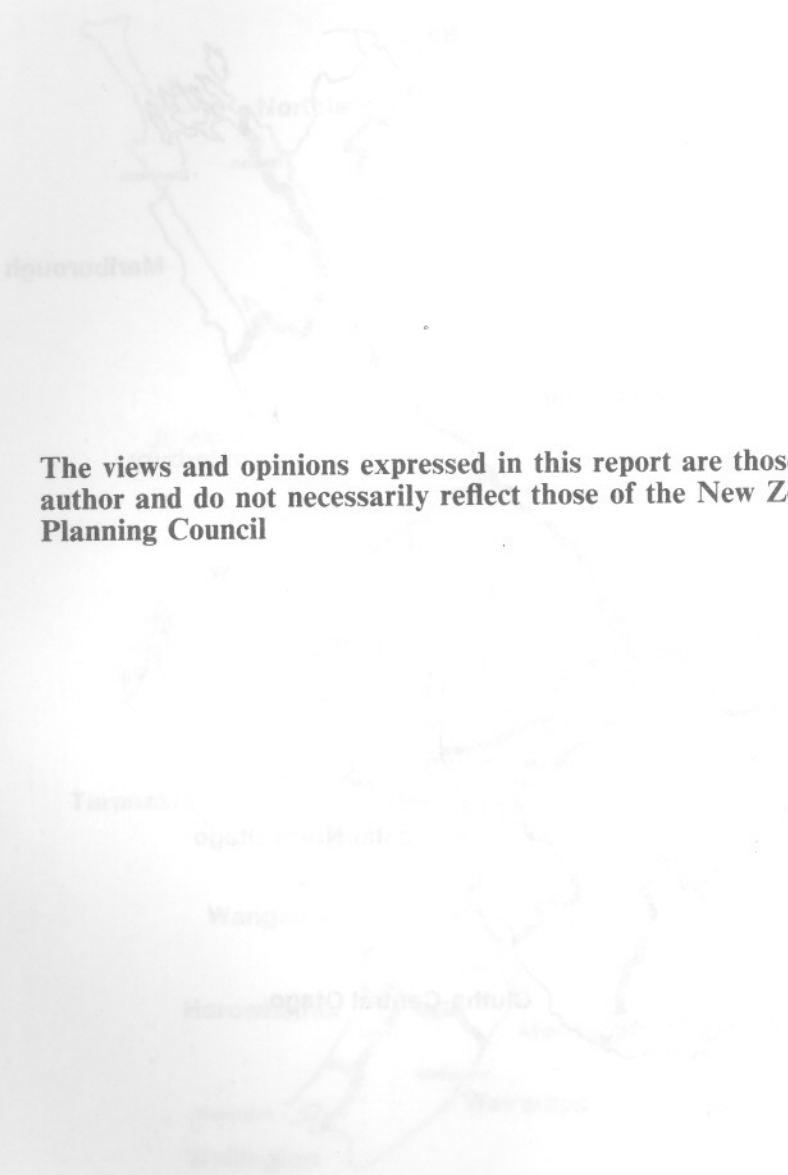
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LOCAL GOVERNMENT REGIONS AND THEIR PRINCIPAL CENTRES





The views and opinions expressed in this report are those of the author and do not necessarily reflect those of the New Zealand Planning Council

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FOREWORD

The study was initiated as part of the Planning Council's 1982/83 work programme as a result of a number of factors evident in the "public's" view of government, both at the central and local level.

- * There is a growing acceptance that the level of national resources that can be expended on the government sector is not only finite, but may already be too high.
- * Concomitant with this, there is a real concern about the numerical growth of the central bureaucracy, the "sinking lid" notwithstanding.
- * There appears to be duplication of effort between central and local government, and an unnecessary proliferation of special purpose bodies and guangos leading to blurred lines of action and responsibility.
- * Central government often does not appear consciously to take into account regional and local aspirations or needs when developing national policy.
- * While there is a philosophical desire to bring decision-making closer to the area most affected (devolution), there is also a feeling that local body politics is too often attended by lack of vision, small-mindedness and, in some cases, inadequate representation of constituencies.

In the past, the public's frustration arising from these factors has led to many reports, commissions and other recommendations to government. Yet the real changes to the system have not been made. That the existing structures are tolerated indicates either that there are beneficiaries from the present system who are well able to impede notions of change, or that the process of inertia is likely to carry the current structure for some time.

The Planning Council has previously addressed the issue of developing the machinery to allow greater involvement by those most affected in decision-making, most recently in *Planning and the Regions* and *Who Makes Social Policy?* It was felt the impact of decisions in this area on other sectors of New Zealand life was of major importance, and warranted a broader description of the situation as it is at present, along with an analysis of some of the

possible directions for change and the problems that most urgently need to be addressed.

The paper does not intend to argue the theoretical benefits or costs of either centralisation or decentralisation as models. Nor does it seek to enter the debate of public sector involvement versus market mechanisms. On these latter points it perhaps suffices to say that even around the Council table, different philosophical points of view were expressed. The paper could have adopted a theoretical examination of what decisions are most appropriately made or actions taken in the public sector, and at what level they should be taken; it could have developed an ideal local, regional and central framework within which these tasks are undertaken.

However, such an examination would have required resources well beyond those available. It is no easy matter to measure costs and evaluate performance in the public sector, nor to compare actual performance of an existing system with the likely performance of a reformed one. Moreover, given the inertia of the system in response to reform, designing an ideal structure seemed an unprofitable exercise. If this study stimulates the allocation of resources to a longer-term, in-depth examination of structures and performance that will be a welcome result.

Meanwhile the decision was made to describe instead the system in place and ask how can we make it work better through promoting the most efficient use of the resources in the public sector, at present characterised in the language of economics as 'dis-economies through mis-efficiency'. The paper does not pretend to be either definitive or comprehensive. It is a document which endeavours to:

- * Examine the formal links and inter-agency relationships with an emphasis on the central mechanism.
- * Examine the planning done within government which is carried out within or potentially has a regional framework.
- * Explore the financial relationships between central and regional government.
- * Identify the impediments, if any, to more integration and coordination of policy development between levels of government.
- * Suggest how the process could be improved and better integrated where necessary.

The Planning Council has chosen to publish this report as an authored discussion paper which, as such, reflects a personal view and not the collective opinion of the Council.

The Council is grateful to the State Services Commission for making Dr Patrick McCombs available for one working month during the preliminary stages, and to all others who have assisted in the compilation of this report.

A handwritten signature in black ink, appearing to read 'I.G. Douglas', written in a cursive style.

I.G. Douglas
Chairman

I. INTRODUCTION

In New Zealand central government provides many resources to local government and exercises over it varying degrees of direct and indirect control. The way in which matters concerning regions are decided — and the extent of inter-governmental dialogue before such decisions are made — is important, especially in these times of resource cutback, when major questions of resource allocation, equity, power and public responsibility take on an even greater significance.

Greater involvement by communities and their regions in making the political decisions which affect them is a notion which has aroused widespread interest and support in recent times. The Planning Council publication, *Planning and the Regions*, says:

“the move away from traditional forms of central intervention and control seems to be occurring within democratic government almost everywhere. This reflects recognition of the difficulties facing a central administration in dealing effectively with deep-seated issues in a period of rapid change, and of the desirability of devolution to involve more people who are close to the action in developing the plans which they must make work.

Both in the private sector management and in the exercise of public policy this has created a marked trend away from centralist control towards a measure of dispersal, either geographically or within hierarchies, so that power and responsibility are not solely concentrated at one point in the system.”¹

It is a stated policy of government that a regional input be sought at a sufficiently early stage when advice is given on a government policy which would affect a region. The view formed by the Audit Office in its special study of the costs and administrative operations of United Councils² is that a clear government policy of developing a regional dimension and regional influence on central government policies has been carried out in only a limited way by a number of departments.

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1. NZ Planning Council, *Planning and the Regions*, 1980
 2. *Special Studies and Investigations including the Costs and Administrative Operations of United Councils*, report of the Controller and Auditor-General B.1 (Pt.IV), 1982

An international observer would no doubt see New Zealand, with its population of just over 3.2 million people, as a country obsessed with government organisations and being governed. From the smallest of boards to Cabinet itself, there exists a vast range and scope for the politically or administratively minded New Zealander wishing to become involved in the various layers of public management. There are, for example

- 95 Members of Parliament
- 35 Government departments
- 20+ Independent statutory offices attached to departments
- 470 Statutory national boards and committees
- 19 Tribunals
- 12 Corporations
- 22 Regional or united councils
- 231 Territorial authorities (plus 135 community councils)
- 209 Special purpose authorities

Source: New Zealand Official Yearbook 1983 and Cabinet Office Statutory and Allied Organisations Register (See Appendix for a description of the present network of central and local organisations.)

These bodies need to communicate not only with their clients but also with other agencies and within their own organisations. The great majority have existed for many decades and the original divisions and structures are present to this day. The evolution of local government regions follows a series of changes in local government legislation, culminating in the Local Government Act of 1974 and its amendments.

Local government in New Zealand today consists of a structure of territorial local authorities — boroughs, counties, town districts, district councils and communities, a grouping of ad hoc, or special purpose authorities — harbour, pest destruction, electric power, catchment and numerous other specialist boards and a relatively recent structure of regional authorities — regional and united councils. These developments are part of an historical process which started with the abolition of the provinces in 1876 and which has involved the establishment of no fewer than five Local Government Commissions responsible for various degrees of reform and amalgamation of local government units.

The increasing complexity of government action has meant that virtually no field of activity is the exclusive responsibility of one department. For example, in the relatively specialised area of education, the Department of Education has the major rôle to play. Yet

in many cases the department cannot act alone to introduce new policies. It must consider the views of other departments, including the control agencies of government — Treasury, State Services Commission, Controller and Auditor-General and Ministry of Works and Development — along with those of a number of other statutory and consultative bodies set up to advise Ministers. Added to these are organisations with a specific rôle in the education system, such as the national organisations — Education Boards Association, Secondary Schools Board Association, Technical Institutes Association and the Association of Teachers' College Councils, and the teachers' organisations — Kindergarten Teachers' Association, New Zealand Educational Institute, Post Primary Teachers' Association, Association of Teachers in Technical Institutes and the New Zealand Teachers' College Association (see Figure 1).

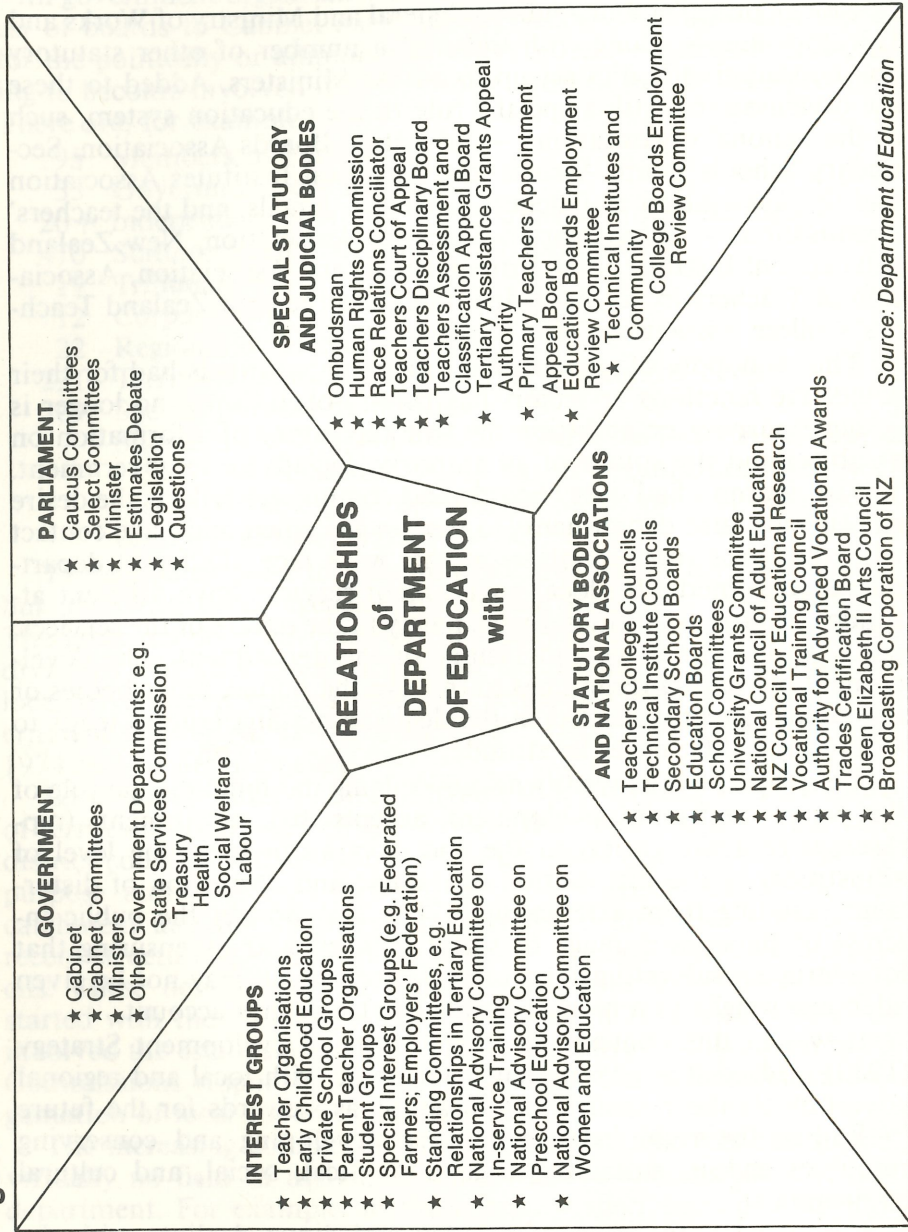
The monopoly of responsibility many departments had for their respective functions or sectors has been broken down; no longer is a single purpose organisation the sole repository of information on a subject and the source of all authority for advice to government. The utilisation of advisory boards and committees reflects the desire of Ministers and departments to remain informed and have contact with the 'grass roots' or those at the 'work face'. Different departments concerned with local government services have different attitudes to local authorities, owing partly to the nature of the services, partly to the character and history of the department. The development of varying techniques to involve the public, other bodies or the people directly affected in the decision-making process tends to reflect these differences in attitude.

This paper, whilst readily acknowledging the fundamental rôle of the private sector in development, accepts that governments (representative democracies) in the end always opt for some level of adjustment to the distribution of income and correction of distortions resulting from externalities. They also protect the public interest by pursuing a range of social policies, and by ensuring that long-term considerations and other factors which may not be given adequate weight in a market setting are taken into account.

It was in this context that the National Development Strategy (1983) pledged that government "will share with local and regional governments the responsibility of acting as stewards for the future in finding the right balance between developing and conserving resources and in sustaining a good physical, social, and cultural environment".

Compared with issues of the day and direct dealings with the

Figure 1



Source: Department of Education

private sector and other sections of the community, central government's contact with local government is less prominent. The functions carried out by the other levels of government tend to be seen by the central administration as routine, specified by statute, and therefore warranting less rigorous integration with other government policy initiatives or administrative procedures. The National Development Strategy expounds the need for "improving systems for the efficient management of government services and enterprises, to reviewing the possibility of transferring some activities now undertaken by the Government to non-Government agencies, and to evaluating whether the Government's objectives can be more efficiently and economically achieved". It goes on to state that "structural adjustment is not something that is required only from manufacturers. It must occur, for example, in transport, the production and distribution of energy, and the provision of local and central government services if the competitive efficiency of the economy generally is to be adequately improved."

The search for improved efficiency requires that government reviews public sector intervention critically to ensure that it is kept to the necessary minimum and that the methods of intervention used do not add another layer of unnecessary distortions to those they were designed to overcome.

The paper begins by examining how central government machinery is geared to interact with its local counterparts, with a discussion of the organisations, of structures, involved including some examination of their 'formal' and 'informal' attributes.

It accepts the normative model, the creation of a regional dimension which was implicit in many of the initiatives taken in the mid 70s and now reflected in legislation such as the Local Government Act and the Town and Country Planning Act. This regional dimension of united and regional councils offered a sufficiently extensive territory for significant resource use planning, a meeting point for local and central government and an opportunity of co-ordinating fundamental infrastructure. It also recognised that in every region there are matters of regional significance.

There exists a whole raft of functions and activities involving varying relationships between different levels and units of government. Certain functions lend themselves to central government dominance, for example fiscal and monetary policy or foreign affairs. For other activities, the optimal degree of involvement by central government, local and regional government, and the private sector are more frequently politically determined. The process of deline-

ating criteria to assess this optimum (including the ultimate trade-offs), is essentially a political process. Allocations of functional responsibility are complicated by the actions of each level of government having significant effects on others. Moreover, a considerable number of government functions are performed by more than one level.

Any set of criteria or guidelines developed to determine the appropriate agency for certain functions (an example is detailed in Table 1), is naturally influenced by the philosophical perspective adopted. In addition an assessment of such criteria assumes that it is easy to quantify such questions as:

- * What is the objective?
- * What is the cost and benefit of such involvement?
- * Is it more realistic (appropriate) to expect other non-government agencies to deal with it?

Table 1

CRITERIA FOR THE ALLOCATION OF RESPONSIBILITIES

Note: These criteria are expressed as general principles to permit maximum flexibility in their use as working guidelines.

General criteria

1. *National unity.* Those functions for which the nation needs to speak with one voice or to promote an identifiable national image should usually be the responsibility of the national government.
2. *Coordination.* The coordination of policy development should be the responsibility of the most suitable of the levels of government involved, while coordination of the administration should be the responsibility of the lowest feasible level of government.
3. *Overriding importance.* Functions which are closely interlinked or which are of overriding importance should be allocated first, usually to a central government, and those functions which are dependent on interlinked or overridingly important functions usually should be allocated to the same sphere of government.
4. *Multifunctionality.* Responsibilities should be assigned to multi-purpose authorities wherever coordination and choice among the responsibilities are of importance, unless they are outweighed by technical efficiency.

Criteria related to responsiveness

5. *Responsiveness*. Responsibilities should be allocated to that sphere of government whose area of jurisdiction corresponds with the area benefiting from the responsibility.
6. *Community*. Where it is desirable that responsibilities be met either in a manner that is responsive to local conditions or in a manner that contributes to the well-being of the community, then they should be provided by the government closest to that community.
7. *Accessibility*. Where it is desirable that the public should have ready access to a particular service, then the administration of that service should be the responsibility of the government closest to the public being served.

Criteria related to equity and equality

8. *Social justice*. Where equality of opportunity is important or where it is necessary to protect the interests of minorities, that responsibility is best monitored and even controlled by a central government.
9. *Redistribution*. The responsibility of policies intended to redistribute wealth nationally should rest with the national government, which should work towards a 'core' of income and wealth redistribution concurrently with scope for the State and local governments to initiate some variations around this 'core' having a redistributive effect at the State and local level.
10. *Equalisation*. The equalisation of units of government should be the responsibility of the level of government next higher than the level of units to be equalised.
11. *Uniformity*. If uniformity, nationally or state-wide, is required then the appropriate central government should have the main, if not total, control of that responsibility.
12. *Portability*. Where it is desirable that the rights and privileges conveyed by a responsibility should be portable throughout the nation (or State), then that responsibility should be controlled by the appropriate central government.

Criteria relating to efficiency

13. *Mobility*. Functions related to people or things or conditions which may be highly mobile are best handled by higher levels of government.
14. *Stabilisation*
 - (a) Control of policies and programmes which contribute to

the stabilisation of the national economy should be the function of the national government.

- (b) Subnational governments should not have power to pursue independently policies designed to stabilise regional economies.
- 15. *Internalisation*. Responsibility for a function should be allotted to the level of government capable of containing the costs and retaining the benefits of the responsibility within its own boundaries.
- 16. *Economies of scale*. Responsibilities should be allocated to the level of government able to provide the responsibility most economically.
- 17. *Regional unity*. Where for any reason it is desirable that the unity of a region be recognised, then that responsibility should be vested in an appropriate regional body.

Source: Balmer, C., Criteria for the Allocation of Responsibilities: An Interpretive Discussion in Towards Adaptive Federalism, Advisory Council for Intergovernmental Relations. Information Paper No. 9, Canberra, 1981

This paper, whilst supporting the desirability of this situation, recognises the inertia and vested interests that have frustrated major reform. The report accepts the validity and potential of the legislation, the structures in place and processes now operating, and looks at how they can be better realised. In other words, by examining the existing machinery and describing some of the approaches taken, it is hoped to highlight the need for a reassessment of government action in light of experience to date and to make some suggestion as to the possible better deployment of existing effort.

The report considers efficient and effective communication is essential if central and local government are to work together in the formulation and implementation of policy. The growing desire by government to be kept better informed, make the best use of resources and retain the semblance of corporate management, creates the need for sharing and cooperation among departments and advisory bodies, and between them and regional and local authorities. This has resulted in a complex communication network binding the levels of government.

Communication among different levels and units of government may occur in many different ways; among the most important are:

- (a) Voluntary cooperation between bodies of equal status, for example two government departments.

- (b) Hierarchical relations within one organisation, for example those between head and district offices.
- (c) Statutory relationships, providing, for example, ultimate control by one agency, or rights of objection, or requiring different interests to be represented on councils or boards.
- (d) Informal and ad hoc relations among individuals and groups.

The report investigates the current relationship between central and regional (or local) government, focusing particularly on the role of central government in the partnership. It considers in some detail the great variety and multiplicity of government units involved and their complex links. A separate chapter covers the question of finance, an essential and influential part of central government's dealings with the regions. This is followed by brief studies of the relationship in selected sectors, showing a number of different ways in which central government departments have involved local bodies and the public in decision-making and giving some indications of how government has attempted to adapt to a changing world.

The final chapter draws some general conclusions from the study and makes specific suggestions about ways in which the regions may be more actively involved in central government policies and decisions.

II. THE INSTITUTIONS

In a discussion of the relationships between central and local government and the channels of communication between them, it is appropriate to begin with Parliament, the legislative branch of government.

2.1 Parliament

Local government is a creation of parliamentary statute. In New Zealand it is Parliament alone which delegates powers, functions and responsibilities to local government, and Parliament that changes them. No local authority can raise funds by taxation or otherwise, unless given the power to do so by Act of Parliament. Even then, some of the powers allocated to local authorities remain subject to overriding powers vested in agencies of the central government by Parliament. These can vary from the auditing of accounts by the Audit Office to the imposing of standards by an authorised central agency, for example the Department of Health on public health matters.

Cabinet committees, Parliamentary select committees and caucus committees

Within the Parliamentary framework Cabinet uses standing and special committees of Ministers to reduce its burden of work and to enable proposals to be examined closely, with senior departmental officers frequently being present.

Cabinet committees do not follow a uniform pattern. Some meet regularly; others only when needed, which may be rarely. Some have delegated powers to make decisions on Cabinet's behalf; others review policy or make recommendations. A number are supported by officials' committees comprising permanent heads or their representatives.

1981 National Government Cabinet Committees

Civil Defence
Communications
Defence
Economic
Expenditure

1984 Labour Government Cabinet Committees

Policy
Social Equity
Development and Marketing
Transport, Communications and
State Enterprises

Nat Cabinet Committees

Family and Social Affairs
Honours
Legislation and Parliamentary
Questions
Science and Technology
State Services
Terrorism
Transport
Works

Lab Cabinet Committees

External Relations and Security
Management and State
Employment Industrial
Relations Sub-Committee
Legislation
Honours and appointments
Terrorism

The committees which had the greatest interaction with local and regional authorities in the 1981 National Government's term of office were the Cabinet Economic Committee which, among other things, considered regional planning schemes and regional policy issues submitted for approval by the Government; the Cabinet Committee on Expenditure which was responsible for the consideration of budget expenditure proposals; and the Cabinet Works Committee which considered proposals for major capital works such as hydro dams, transport links and accommodation for government departments and educational institutions. The Ad Hoc Committee on National Development was also prominent in interaction with local and regional agencies particularly on matters relating to regional development.

Although only recently announced, the 1984 Labour Government Cabinet Committees' terms of reference suggest that those which will have the greatest interaction with regional and local bodies will be the Cabinet Social Equity Committee dealing with policies on family and social affairs; the Cabinet Development and Marketing Committee, which among other things considers economic and regional development, and regional planning schemes; and possibly the Cabinet Transport, Communications and State Enterprises Committee.

Currently the circulation of papers placed before Cabinet is probably the most significant single instrument for communication and coordination among departments with common issues of concern. Those preparing Cabinet papers are required to consult with other departments with related responsibilities and to obtain reports from Treasury, Internal Affairs or the State Services Commission on any proposal with specific implications for expenditure, local authorities or the public service respectively. However, there does not appear to be a system within the Cabinet committee structure to evaluate

the effect of broad national policy on local government or specific regions, or for the departments involved to have evaluated these effects prior to submission of Cabinet papers.

Parliament has a number of select committees, each with Government and Opposition members, which consider legislation and petitions coming before Parliament.

Consistency and coordination are provided by these committees each of which deals with legislation of a particular type. For example, legislation concerning the powers and responsibility of local authorities, is referred to the Local Bills Committee. However, there is some legislation which affects the interests of local authorities (such as the pipelines provisions of the Petroleum Act) while being concerned primarily with activities which are the responsibility of other Parliamentary committees (in this case the Energy committee). The Parliamentary committees receive reports from the government departments concerned as well as submissions from local authorities, industry representatives and interested members of the public, and are therefore in a position to avoid conflict and coordinate policies in the legislation which comes before them.

While local authorities can make representations on any matter being considered by a select committee, such a range of issues is dealt with that it is difficult for any one authority to keep track of what is happening, let alone be represented on all those issues that could affect its region. There may be a need for united councils or organisations with more appropriate resources to undertake this function on behalf of individual authorities.

Political contacts between central and local government

Contact between politicians at central and local government levels occurs through associations, meetings, statutory procedures and, of course, informally.

The Territorial Government Consultative Group set up in 1975 is a step towards regular consultation and cooperation between central and local government at a formal political level. This group is made up of the chairmen, vice chairmen and secretaries of the two territorial associations (Municipal and Counties), the executive officer of the Joint Council for Local Authorities Services (as a non-voting member) and the Minister for Local Government. It should be noted the group represents territorial local government only. It does not include the special purpose authorities or, formally at least, the united or regional councils. The group provides for an interchange of views between politicians but possesses no statutory pow-

ers. The consultative group has been used increasingly by Government Ministers as a sounding board for various initiatives affecting territorial authorities before announcing them publicly. This occurred for example when the Minister of Energy met with the group before introducing petroleum rationing legislation and again when the Minister of Health announced changes to community noise prevention enforcement.

The ability of this group to provide a sounding board of this type is becoming ever more important. It provides a forum for consideration of issues from a national perspective rather than from the particular view of an individual territorial association. However, the central government representation on the group tends to focus attention on matters specifically concerned with local government, rather than on how broad national policies can affect, or be supported by, local government. There may well be a case for the addition of, say, the Prime Minister or the Ministers of National and Regional Development to the membership of the group to encourage this broader perspective.

The importance of the informal power of discussion cannot be over-emphasised.

Although there is no direct formal link between local councils and parliamentarians (apart from the Minister of Local Government and the Territorial Government Consultative Group), a number of factors encourage strong informal ties.

A large proportion of council or board members are themselves party members and come into more intensive and influential contact with parliamentarians than is perhaps apparent.

Potentially, there are many channels of influence — party conferences, contact with MPs, delegations, personal friendships, telephone calls to Ministers at home, representation on national bodies and even cocktail parties or other social occasions. But just how extensive political contacts are, and their importance for particular decisions is difficult to gauge. Are formal links (e.g. delegations) more numerous and important than informal links? To what extent and under what conditions can local politicians influence national politicians and effect changes in policy? What is the influence of variations in party composition at the local level upon the relationship between the two levels of government? How significant are party decisions at national level on policies for the local party? What links do individual local authorities and local authority associations have with MPs and Parliament, and how effective is this lobbying?

A former mayor of one of New Zealand's larger cities, recounting

his personal experiences with Parliamentarians and 'Wellington', highlighted the 'generation within a small fellowship' phenomenon. Because of his personal contact with the then Prime Minister, he saw a trip to Wellington as something to be tried when all other avenues had failed. His requests at this level, which he acknowledged were exercised sparingly, generally yielded positive results.

Local Members of Parliament are considered by many 'out in the regions' to be more closely aligned to the territorial authorities than to the regional and united councils, reflecting perhaps the sharing of similar electoral boundaries and the longer historical association between the two. In the Auckland situation, where the Auckland Regional Authority incorporated 25 MPs within its boundary prior to the 1984 General Election, few MPs, according to the authority's former chairman, had any real understanding of the ARA and its operation. Many regions make it a practice to have regular meetings with their MPs. Conversely, in at least one region, efforts by some MPs to become involved have been politely discouraged. As a forum for informal regional debate, however, the councils appear under-utilised by both MPs and local authorities, to the point where one or two MPs are being openly sceptical about 'their' council's worth.

2.2 The Executive Branch — Government Departments and Other Links between Central and Local Government

Interdepartmental Organisation

Beyond the political area, departmental responsibilities, claims and interests frequently overlap. This overlap is an inherent problem in a departmental system. There is a degree of inbuilt artificiality in departmental demarcations, no matter how the structure has evolved historically, and whatever the principles of organisation said to be embodied in the departmental system.

There will always be some overlap, confusion and conflict over who is responsible for what. There will thus always be a need for machinery to bring departments together to settle those questions.

One obvious source of overlap is the nature of policy problems themselves, since issues cannot always be neatly broken down into departmental segments. Functional departmental distinctions become increasingly irrelevant in the face of changing demands and priorities. As priorities change, additional overlaps emerge. It could be argued that a very real problem stems from the close association of ministerial with departmental performance. Pushing forward the interests of his or her department has been one of the prime ways

in which the reputation and career of a minister is built. Thus a system which positively encourages departmentalism has developed. This tends to work against the development of a corporate approach to policy-making.

Many forces are at play within the dynamics and complexity of government, including a high degree of survival instinct. Stability in policy and resource provision often seems more important than the effective coordination of policy management.

There is also a 'pecking order' among departments, based in the main on departmental resources like size and tradition, or formal sources of authority, as is the case with the control agencies, e.g. State Services Commission and The Treasury.

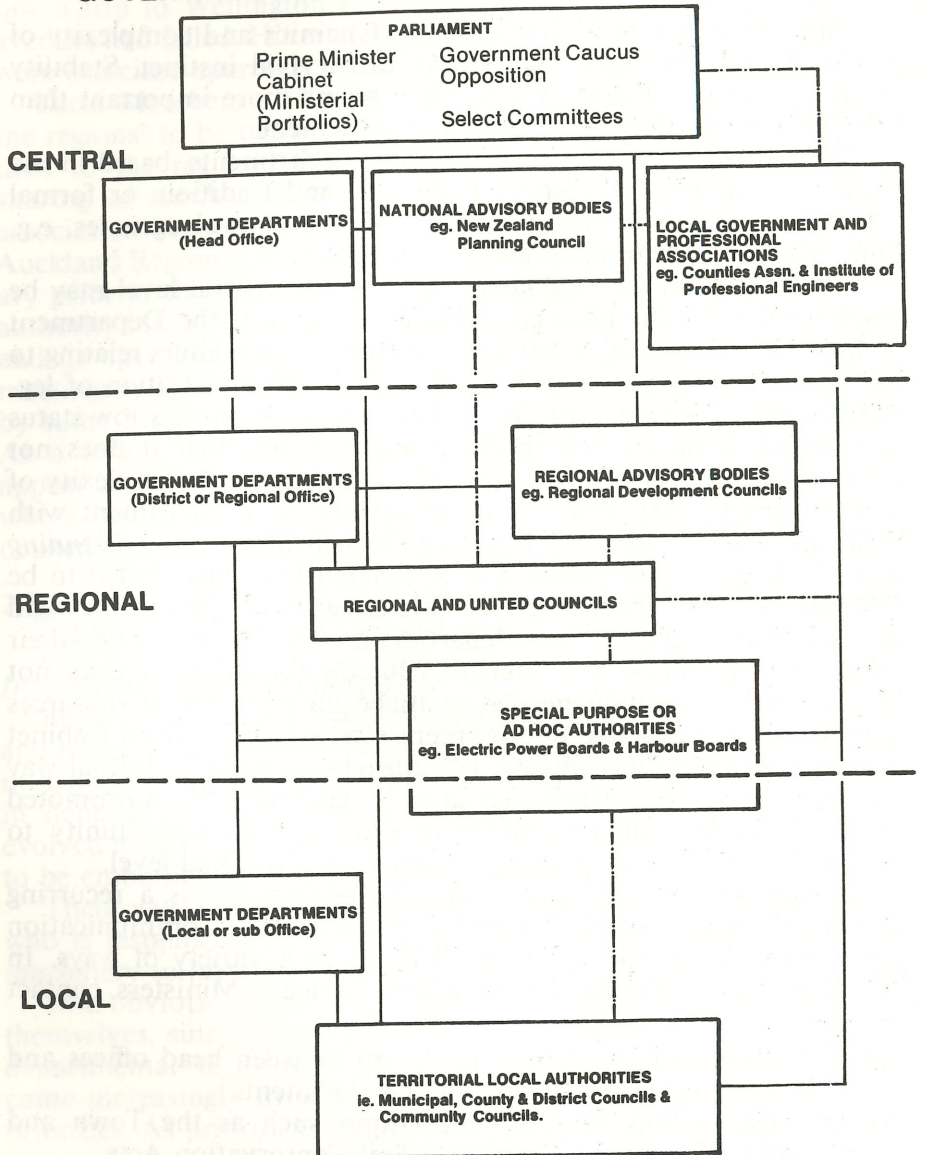
The 'champion' of local government at the central level may be considered to be the local government division of the Department of Internal Affairs, which advises government on matters relating to local government and is concerned with the administration of legislation affecting local authorities. However, the relatively low status of Internal Affairs in the 'pecking order' means that it does not necessarily have the ability within the dynamics and complexity of government to play this role as effectively as a department with more influence could. The Planning Council observed in *Planning and the Regions* that planning at a national level has tended to be fragmented. The report suggested this is partly because of the rigid demarcation of government departments. On the one hand, their single-purpose focus is a strength. But on the other, it does not produce the integration needed to make the best use of resources and to have an effective development strategy. Apart from Cabinet and various inter-departmental committees, there is no formal way to reconcile conflicts which may arise in national policies promoted by different departments. Similarly there is little opportunity to assess their social and economic impacts at a regional level.

Inadequacy of coordination among departments is a recurring criticism in many studies of government activities. Communication does nevertheless take place at all levels in a variety of ways. In addition to the coordination of top level advice to Ministers, contact occurs:

- (a) at professional and individual levels between head offices and between district offices of related departments
- (b) through various statutory procedures such as the Town and Country Planning or Water and Soil Conservation Acts
- (c) through the joint membership of statutory councils or advisory committees

Figure 2

GOVERNMENT LINKS – CENTRAL, REGIONAL, LOCAL



———— Direct (formal) links
 - - - - - Indirect (less formal) links

(d) through ad hoc planning exercises or working parties.

It is beyond the scope of this report to examine in detail the strengths and weaknesses of interdepartmental communication. A fuller study could identify areas where departments work closely in the development of policy and the delivery of their services, and others where the level of coordination is less than it should be. While the degree of cooperation would be influenced by personalities and 'boundary riding', it may then be possible to identify the characteristics or circumstances which enhance relationships between departments.

The changing nature of government activities has led to an increasing integration of the work of many departments, particularly those concerned with natural resources and land use. Interdepartmental study groups and joint steering committees have been established to deal with issues that transcend traditional departmental boundaries or involve agencies outside central government. While individually they may reflect 'successful' joint exercises and illustrate positive contributions to cooperation, these studies are initiated on an ad hoc basis rather than as the result of a systematised approach to the partnership of various levels of government. Examples of joint exercises are numerous and tend to group into two categories:

— *the development of national strategies*

- * Growth Opportunities in New Zealand (1980)
- * Growth in the Regions (1981)
- * Integrating Conservation and Development: A proposal for a New Zealand Conservation Strategy (1981)
- * Land use in New Zealand: A National Goal (1983)
- * National Development Strategy (1983)
- * Energy Plan (annual)

— *the investigation of specific development proposals*

- * King Country Land Use Study (1978)
- * Northland Regional Development Resources Survey (1978)
- * Locational Implications of Natural Gas Liquids Development
- * Central North Island Planning Study — CNIPS (1983)
- * Joint local body/Government liaison committee established to oversee the energy projects in the lower Waikato (on-going)
- * The deep water port and development options studies for the West Coast (on-going)

(Joint ventures are looked at further in Section IV.)

Commissioning or initiating a study is relatively easy. The difficulty arises in maintaining the momentum through into the implementation or policy change and readjustment phase. The danger of joint studies of a 'one off' nature at this point is the frustration of accountability and the blurring of true responsibility for the decisions taken. The potential narrow focus prescribed by a specific research brief can also result in wider implications being overlooked.

In any exercise where there is no financial or statutory commitment, much rests on the goodwill and willingness of agencies to cooperate. Perhaps the greatest opportunity formally to unite different units and levels of government comes in the form of the procedures set out in the Town and Country Planning Act 1977. Unfortunately the 'spirit' of communication and cooperation of the legislation is all too readily overshadowed by confrontation. Both district and regional planning schemes prepared under this Act by regional and local territorial authorities have the potential to play an important role in bringing government departments together and forcing the resolution of conflicts and the development of coordinated policies.

Just where the responsibility should lie for monitoring and reviewing departments' practices for carrying out their functions in the regions is unclear. The local government division of the Department of Internal Affairs has responsibility for administering legislation relating to regional and territorial local government. It services Local Government Commission schemes — the division's comment is required before any proposal affecting the responsibilities of local authorities is considered by Cabinet.³ The report on united councils prepared by the Controller and Auditor-General in 1982⁴ identified the division as having the prime responsibility for overseeing developments in regional administration. The department's relatively low status already referred to, could be seen as a symbol of the philosophical importance the administration attaches to this function. It may further reinforce the dominant role other departments assume in their specific areas of responsibility as they affect the regions, for example with the Ministry of Works and

3. "Coordination of activities of all departments affecting local government", Cabinet Office Minute 81(2) dated 26 January 1981 from the Secretary of Cabinet to all Ministers and all Heads of Department

4. Controller & Auditor-General, *op. cit.*

Development in central Government's relations with the united councils.⁵

Other departments naturally have involvement with local government. Those closely linked with special purpose authorities tend to be the departments vested with similar functional responsibilities such as the Department of Health and hospital boards. Specialist activities within the wider work of departments frequently involve contact with local government — for example, Justice with planning tribunals, Labour with public sector job creation, and the Housing Corporation with pensioner housing. With respect to finance and the need to secure approval from a statutory board, the Local Authorities Loans Board and its servicing section of Treasury play an important role. Similarly, the Audit Office in its role of 'watchdog' for the tax and rate payer on the expenditure of all public funds, has regular contact with local government.

However, as already mentioned, it is the town and country planning directorate of the Ministry of Works and Development which maintains the most active contact at a regional level with the regional and united councils and does the most to promote the coordination of government departments with respect to their involvement at a regional level. Under a decision of Cabinet the Ministry of Works and Development is responsible for coordinating the views and proposals of departments for incorporation in the district and regional planning scheme process. This enables each District Commissioner of Works to ensure communication among departments in order to coordinate future policies and activities as they affect each region and to act as the Crown's representative on the respective regional planning committees.

Specialist departments may be involved directly with the preparation of those sections of regional planning schemes which concern them. The Ministry of Works and Development can also bring departments together again at a later stage in this process by chairing a working party of the appropriate officials committee (the Officials Economic Committee under the National Government). The OEC in turn, on receipt of the working party report, advised Cabinet before such schemes were given ministerial approval. Although not yet common practice, the regional planning process has the potential to obtain statements of policy from departments and coordinate

5. The Town and Country Planning Act 1977 provides for "an officer of the Ministry of Works and Development to be appointed by the Minister to represent the Crown on the regional planning committee of each united and regional council".

them not only with those of other departments, but increasingly with the policies of local authorities. The development of policies on a regional basis should also encourage departments to give consideration to regional variations of their national policies.

Some local authorities have expressed the view that in the planning process they would like to be exposed to the conflicting opinions of departments, so that the merits of suggestions could be examined in public. Similarly, there is an argument put forward by several departments for dealing directly with local authorities to overcome misunderstandings and develop on-going relationships. Others argue, however, that it is important for the Crown to speak with one voice, particularly before the Planning Tribunal. While some people express unease that this coordination role is carried out by the Ministry of Works and Development, itself with a clear development mission, there appears to be no existing alternative planning structure, especially in view of the concentration of planning expertise in Works and Development both at a head office and district level.

While there seems to be general agreement that local government cooperation and coordination is desirable, central policies should take account of local needs and the fact that these needs should be serviced in the most effective and economic way possible. There is no one department responsible for coordinating the actions of government and the implications of those actions across the total spectrum of central government activities. Nor is there a formal central government procedure for departments to use to assess within a coherent framework the day-to-day administrative relationship between themselves and the regions. Equally, there is little formal assessment of how far departments as a whole are devolving their responsibilities to district offices or local authorities where appropriate.

There appear to be four ways in which central government might coordinate the overall relationship with local government. Firstly, there may well be general acceptance that the present system is satisfactory, in which case the status quo should prevail. Secondly, the role of an existing departmental structure such as that of the Commissioners of Works could be expanded to encompass a wider range of responsibilities so that the Commissioner would be more of a 'prefect' in the European sense.⁶ If this required a full-time

6. It is worth noting that in France executive power has been transferred from the prefect to an elected president of the general council (departmental assembly). The prefect, now known as a 'commissioner of the Republic' no longer exercises administrative pre-control.

commitment that would interfere with existing job specifications (i.e. it conflicts with time that needs to be allocated to traditional District Commissioners of Works' duties), then perhaps a new 'representative' could be established. Thirdly, departments could be specifically required to expand their regional coordination roles and responsibility would remain that of individual departments. Lastly, there may be scope for a new agency (with no prior commitment to a philosophical bias on the issue), to encourage, through a system of formalised procedures, a greater degree of across-the-board central/regional cooperation and coordination. Conversely, any combination of the four may prevail.

An alternative to the above is promoted by a school of thought that favours allowing market relations, rather than administrative relationships, to determine the necessary degree of compatibility between different economic entities.

Communication within departments

A government department — be it a ministry, department, commission, service or office — is usually divided into a hierarchy of secondary components:

1. divisions, directorates
2. branches
3. sections
4. sub-sections, groups, units

In order to identify a geographic separation, a term such as regional, district, local, or sub-office is used.

There is no standard pattern for the hierarchy or the establishment of departmental district offices. Those departments which deal directly with the public have more local offices than others — the Department of Labour has 23 district offices, each reporting to head office, and Social Welfare 34, with only those in the Auckland area reporting to a regional office. Several departments use a regional structure, each area headed by an officer of senior rank such as the twelve Commissioners of Crown Lands, seven Conservators of Forests, seven District Commissioners of Works or the three Regional Secretaries for Transport. These departments also have local or district offices, some dealing with only a limited range of the department's responsibilities. In some departments, divisions have different regional structures, as for example, the Ministry of Agriculture and Fisheries, where the dairy division operates on four regions and the advisory services division on eight.

How work is divided between head and district offices, and the involvement of district staff, varies not only between departments, but also internally between divisions of the same department. Some head office sections deal with ministerial inquiries and the drafting of new legislation or regulations without reference to district offices, which they view as being responsible for field operations only. In contrast, other sections routinely refer ministerial inquiries to district staff for the preparation of draft replies on matters affecting their region or special interest. Field staff invited to comment on draft regulations or legislation usually take a close interest since they will be expected to administer them later. While most departments regularly bring their field and district staff together for training courses to keep them up to date with policy or to share experiences, departments such as Customs and the fisheries division of MAF have established procedures to involve people outside head office in the formulation of policy and drawing up of budgets, work plans and objectives.

Over the past decade many departments have upgraded their regional and district offices so that a greater number of issues can be dealt with closer to the communities affected. Some departments have set up advisory committees to involve local interests in the development and delivery of their policies. Typical of these are the Regional Development Councils serviced by the Department of Trade and Industry, the Department of Education's sub-committees on the transition from school to working life, and the Department of Labour's District Employment and Training Advisory Committees. Each of these committees is intended to act as a major channel of communication between the departments and regional communities.

These bodies have been established for a variety of reasons — sometimes in acknowledgement of the inability of the traditional structures to achieve results, sometimes because departments find it difficult to maintain effective relationships with individual communities, and sometimes because some local authorities are not able to function as quickly or as efficiently as central government would like.

Other departments have fostered links with regional and local communities through partnerships with existing local bodies or the creation of a regional liaison type position within their district offices. Typical of these are the programmes for recreation and community development sponsored by the Department of Internal Affairs, and the appointment of tourism liaison officers in the

Tourist and Publicity Department. To date neither the State Services Commission nor central government as a whole, appear to have a policy which requires departments to standardise their administrative relationships with the regions, and which encourages individual departments to analyse how to devolve responsibilities to the local level, either through their district offices or even by passing specific tasks to regional and united councils or other local authorities.

Officials and their networks

Because of the practical nature of their interaction there is often a close relationship between staff in the Department of Internal Affairs, or the Ministry of Works and Development and territorial local authority staff. This same interaction is perhaps even stronger with the more specialist function boards who have closer affinity with their 'parent' departments such as a tussock board with the Ministry of Agriculture and Fisheries and electric supply authorities with the Ministry of Energy. As local authorities become more involved with community employment and broader matters, they are developing closer contacts with departments such as Social Welfare, Labour, Energy and Transport. While most of this interaction is related to specific activities, the wider groups are often brought together on committees like the district roads boards or district councils of social service.

Interrelations between institutions, particularly within the same levels of the public sector, are not surprising in a system which in New Zealand has been fairly close-knit at its top levels. The generation within this 'small fellowship' maintain a network of friendships and acquaintanceships that in many cases stretch back to early career, or even university, days.

Throughout there is a need for officials to maintain working relationships with one another. This problem is partly solved by acceptance of a common culture. Most seem to work on the assumption that they will all win a few and lose a few. They search for common ground and seek to avoid rancorous conflict, partly to maintain working relationships. Operating in this consensus fashion officials may not end up with the report they would have most liked. On the other hand they have not alienated themselves from the bureaucratic community and have done their best to prevent departmental interests being eroded too far.

There is some way to go before New Zealand sees (if ever) a combined career structure for central and local government employees (i.e. a proper public service in the full sense of the word),

or more realistically, true and effective portability rather than an amalgamated public service. At present the mobility between the two levels of government is limited. This is perhaps best illustrated by looking at recent transfers in superannuation schemes between the two. In the last four years these represent less than 1.0% of the combined public sector workforce and suggest (with some caution due to inadequate data comparison over time) a gradual switch from central/local to favour a local/central transfer of officers and decline in total numbers involved.

Table 2

TRANSFERS BETWEEN LEVELS OF GOVERNMENT BY SUPERANNUATION CONTRIBUTORS

	Government Superannuation Fund to Local Authorities Standard Superannuation Scheme	Local Authorities Standard Superannuation Scheme to Government Superannuation Fund	Total Transfers
1980	222	117	339
1981	184	124	308
1982	129	175	304
1983	<u>83</u>	<u>142</u>	<u>225</u>
	<u>618</u>	<u>558</u>	<u>1,176</u>

Source: Superannuation Division, The Treasury

Several factors militate against such mobility. The first is that the local body career structure is much less formal than that of central government. The right to hire and fire, for example, is the responsibility of the local elected members, and there is no standardisation of required qualifications for particular tasks, professional appointments procedures, or the wide advertising of vacant positions. In the case of some local authorities this can lead to procedures which would not normally be tolerated in the central government system.

Secondly, there is not an established practice which recognises full portability of conditions and equal opportunities of the different functional units of government from which individuals may apply. Within central government, however, the acceptance of such portability is well established and positively reinforced in career promotion terms.

Nonetheless the interchange of officers, secondments or staff mobility in general, both within the same level, and ideally between the various levels of government offers many valuable rewards to the individuals and agencies concerned. At a personal level it enhances work experience and creates a better sense of job flexibility and adaptability. The level of understanding and awareness increases with the sharing of experiences and insights into how other agencies operate. This often helps break down suspicion and rewards the receiving agency with fresh approaches and ideas. Career administrators trained in various related fields bring a wider variety of experience and broader vision to senior positions. Similarly by helping to lessen the status conflicts associated with central and local government and central and district office at a departmental level, greater integration would not only make more effective use of resources, but improve promotion opportunities in a wider range of career paths.

Informal networks can assist the workings of the formal system provided narrow 'old boy networks' do not block its proper functioning. Expanding informal networks between central and local public service structures could therefore further assist communication.

Associations and professions

Associations and professions provide another opportunity for contact. Most types of local authorities meet nationally through associations such as the counties, municipal, catchment boards, electric supply authorities, or harbour boards associations. The majority hold annual conferences where members and officers, and often representatives from government departments, meet to share experiences and discuss changes in their responsibilities. The associations play an important role in assisting the Government to consult with the local bodies when changes are proposed.

No association of regional and united councils has yet been formed although the municipal and counties associations are to some extent able to speak for them and have themselves debated the possibility of forming one association for all territorial local governments. Meanwhile, as discussed at the outset of the paper, it is somewhat difficult for the Government to consult with regional authorities, for example to obtain their views on the possibility of devolving Crown responsibilities which may be inappropriate to pass to local authorities.

Further important links among local authorities are provided

through associations and societies which bring together those holding similar positions — town clerks, chief engineers or finance officers; and through professional associations such as the Institution of Engineers, the Planning Institute or the Society of Accountants. Each of these provides opportunities for local authority officers to learn what others are doing and to develop coordinated views, especially towards legislative or funding changes proposed by the Government. They are also important in building occupational networks among officers who frequently consult in the course of preparing advice for their respective organisations.

The growth of professionalism in public and private sector organisations introduces a bridging element into government and business relations. Professions are characterised by their greater internal coherence as occupational communities. Where members of a profession are working in both the public and private sector, the profession can come to serve as an additional channel for influence to flow from one sector to another. As an 'interest group' they are also identifiable with many of the pressures and proposals that tend to arise within government and its associated circles of 'bureaucracy'. The development of a 'public interest' ethic and a strong collegiate relationship — *esprit de corps* (resting on interagency mobility, lifetime career, unique recruitment style, and lengthy induction period), forms a closely integrated occupational community for many professions.

Other interagency communication and coordination

Regional and district planning schemes provide formal ways in which local authorities may comment on each other's policies and proposals. While there is a general reluctance for bodies to interfere in the responsibilities of their neighbours, planning applications or environmental impact reports allow them to do so without appearing presumptuous. Perhaps more often than not conflicts between policies or proposals lodged as objections to statutory planning schemes, are resolved through discussion and agreement between the local authorities or government departments. In this way the formal and binding procedures help develop the informal relationships existing between agencies. While Crown activities are not bound by district planning schemes to the degree specified in regional planning legislation, departments which take local planning seriously and seek to have their policies reflected in the schemes usually find that the effort involved pays dividends through better relationships with the local authorities.

III. THE RESOURCES

3.1 Introduction

The operation and standing of institutions and networks discussed in the previous section depend substantially on the financial resources available to them. An examination of the relationship between units and levels of government would therefore be incomplete without an understanding of the level and distribution of resources. Central to this understanding is the question of who gets what and who controls access to it. Resources spent in the regions comprise general government expenditure, rates and user charges generated by local authorities, loans from a central control agency or loans raised by the local authority from market sources, and grants and subsidies made available to local authorities.

Undoubtedly by far the largest resource allocation on a regional basis is that resulting from direct government expenditure. Detailed each year by the Budget it is difficult to assess the total impact on a geographical basis. Two major parts of the Budget which have an obvious impact in this context are the works programme and roading expenditure, which for 1983 totalled \$1,090.1 million, and the Consolidated Account, which incorporates salaries and departmental programmes. It similarly affects regions through district office allocations, although the extent is difficult to determine.

With respect to financial resources channelled through or generated by local government, it is important to appreciate that "local bodies have no inherent right to impose taxation; revenue can be raised only with the consent of Parliament, which specifies and restricts sources to tap".⁷

The largest sources of revenue to a local authority are rates and user charges for services provided. Where programmes are financed entirely from such revenue (e.g. from rates), then local authorities are able to decide what to provide, when, and in what quantity, with the ratepayer acting as the final arbiter. Where it is necessary to supplement this with other sources of revenue (e.g. loan moneys for capital works) a local authority's freedom is seriously curtailed, enabling central government to avoid, theoretically at least, duplication of capital resources on a national basis.

7. Bush, G., *Local Government and Politics in New Zealand*, George Allen & Unwin, 1980

Local authorities in general cannot borrow except as permitted by the provisions of the Local Authorities Loans Act 1956. Under this Act all loan proposals, except those in regard to money borrowed in anticipation of revenue, require the sanction of the Local Authorities Loans Board. Furthermore, the borrowing activities of certain types of local authority are subject to special provisions. Under the Hospitals Act 1957 a hospital board must first obtain the approval of the Minister of Health before exercising its power to borrow; the sanction of the Local Authorities Loans Board is no longer required. Harbour boards derive their authority to borrow for harbour works from special empowering legislation and similar authority is given for the capital works of certain other local authorities.

Loan sanction control, originally conceived as a safeguard against impropriety, easily becomes a means of controlling total capital investment and its distribution between areas of expenditure. The Local Authorities Loans Board, while empowered to have regard to the interests of the national economy when making its decisions, exercised these powers of loan sanction briefly during 1978/79 when liquidity was tight and approval was given for essential works only.

Such control and influence, even if exerted rarely, are reminders of the dominant subordinate character of the relationship between central and local governments. This is further reinforced by the legislative powers available to central government to intervene if a local body defaults or wantonly neglects its duties. Section 721 of the Local Government Act 1974, for example, provides for the appointment of a person (commissioner) to exercise the powers and functions of a local authority. It came close to occurring under the equivalent section of the Counties Act 1956 with respect to Hokianga County Council. A commissioner for the Northland Harbour Board was appointed under special legislation in 1973. Similarly Section 94 of the Local Authorities Loans Act 1956 provides for the appointment of a receiver where a local authority fails to repay its creditor, as was the case with the Thames Borough Council in 1932. It should be noted these examples are used to illustrate the legislative powers in question and do not reflect on present administration.

Because the Government through Parliament must be accountable to the electorate at large for the amount of taxes it raises, it cannot provide local authorities with a significant share of their income, whether in the form of assigned revenue or grants, without sooner or later taking responsibility for its expenditure. In an unpublished paper prepared for the Planning Council on alternative

approaches to grants-in-aid and their impact on local autonomy and accountability, Claudia Scott makes the observation that "if grants from central government have conditions attached to them and comprise a large part of the revenues of local government, then local autonomy can be threatened. However, since local governments are not directly accountable to the electors for expenditures financed by grants-in-aid, it is common for central government to monitor such expenditures. In so doing it substitutes accountability to central government for accountability to electors."

Because of the way that different types of grants influence expenditure levels and priorities, it is common to find conflict between central and local government in the types of grants they favour. Scott believes general grants result in more local autonomy for local authorities than do selective ones, but selective grants are preferred by central government as they allow a change in local expenditure to be achieved at a lower cost. Similarly, local decision-making is influenced by central government more cheaply by grants subject to set conditions than general grants. The very heavy commitment to incentive subsidies indicates in Scott's view the unwillingness of government to give financial assistance to local authorities in ways that do not influence their expenditure priorities. The preference for 'conditional' grants seems to be based on the premise that they make local government more accountable for moneys received.

Michael Wearne notes that "local authority finance received considerable attention during the 1970s. The Local Authority Finance Committee reported in 1973 on the financial structure of local government. In 1975 an interdepartmental committee was established to investigate the feasibility of instituting a scheme to coordinate and approve all government financial assistance to local authorities through the Local Authorities Loans Board, so that the available finance would be directed to areas and functions with the greatest need. The Local Authority Finance Committee then reported in 1977; partly on the 1975 interdepartmental committee's recommendations but also on two other matters. One was the consequence of adopting a 'grants in aid' system to local government. The other was the possibility of instituting a regionally-based approach to collect local government revenue. In the main, these recommendations were not implemented."⁸

Wearne went on to observe, "The proposals to coordinate the

8. Wearne, M., *Regional Planning and Budgeting*, NZPC Staff Paper No. 1, 1982

works programmes of local authorities and establish priorities between them were not implemented, although central government continued to receive local authority capital works programmes. A recommendation that a special assistance fund for local authorities be established was, however, given effect. Although the fund is small, it is noteworthy because it represents a move by central government towards giving greater consideration to relative need in distributing grants to local authorities. Traditionally central government had been seen to encourage expenditure on particular services, and generally to oppose the introduction of a system of fiscal assistance based on total needs."

Unless local authorities' increased powers of local decision are matched by a greater control over their sources of revenue, or central government assistance moves towards grants in aid, the combination of financial and political forces will continue to favour more, not less, central control.

3.2 Government Expenditure and Work Programme

The most distinctive and all-pervading element of planning and resource allocation is the annual budget cycle where departmental expenditure and priorities are determined in relation to the Government's resources and objectives. It is a relatively closed exercise, dependent on technically based evaluative mechanisms rather than on ones which encourage feedback through public debate and discussions about policies. Michael Wearne notes, "With the budget cycle totally controlled by the central government, the degree to which each department's annual expenditure proposals reflect perceived needs around the country must depend as much on the way it seeks opinions from the regions through its own field officers, as on the way it contributes in turn to the region's planning."⁹

Brian Elwood, financial spokesman for the Municipal Association, believes there is a need to formalise pre-budget discussions between central and local government. This would "signal a major breakthrough in public sector budgeting, and incorporate broad policy objectives in a financial sense for the central and local aspects of public sector expenditure."¹⁰

As part of the budget cycle all central government departments

9. Wearne, op.cit.

10. *NZ Local Government*, September 1983

prepare three-year forward estimates of expenditure on a constant policy basis. They must also review their five-year forward estimates of expenditure on building, construction and land purchase. These five-year works programmes are collected by the Ministry of Works and Development which attempts to code the information on the basis of the territorial boundaries of regional and united councils, so that ideally it can be aggregated into any planning region. As not all departments use the same regional information base, this is not always possible.

Capital works programmes prepared by local authorities are also collected by the Ministry of Works and Development. Commonly referred to as 'wish lists' they tend to indicate more the levels of expenditure local authorities would like to undertake than reflect actual expenditure. The accuracy of this information is further impaired by the fact that not all local authorities submit their 'lists'.

Nevertheless potentially there is the capacity to analyse the impact of work programmes at a disaggregated regional level. Because the review of government expenditure tends to concentrate on the functional activities of departments and does not give specific consideration to government's financial involvement on a regional basis, it is difficult to assess its distributional impact throughout the country, or to use it as a valuable aid to integral planning and development in the regions.

The closest this has come to being officially recognised was with the formation of the Auckland Public Expenditure Committee (APEX) in 1979 when moves were made to coordinate capital expenditure programmes at a regional level. Conceived in a period when demands for capital expenditure were excessive, APEX was "proposed as a response to the need for a forum for the exchange of information on capital expenditure proposals and to act as a focal point for the expression of regional needs to all levels of government ..."¹¹ The forum which is responsible for reviewing the capital works programmes of the member organisations is made up of representatives of central and local agencies in the Auckland region. To date no attempt has been made to structure major expenditure in the region in accordance with preferred regional priorities in a social and economic sense.

On the wider front government expenditure on a regional basis remains relatively unquantifiable. The absence of standard admin-

11. Auckland Public Expenditure Committee Annual Report 1980, Chairman's Report, printed by the Ministry of Works and Development

istrative boundaries is perhaps the more readily soluble problem. Of greater conceptual difficulty is the accounting system used by central government. This operates on the basis of responsibility centres rather than where money is spent, or where money spent has its economic impact — for example, money spent by the electricity division of the Ministry of Energy on the Huntly Power Project. Expenditure on the project over nine months up to 31 December 1983 totalled \$13,300,000 (covering materials and design work but not salaries at the site). Although charged to the responsibility centre within which Huntly is located, the money was in fact spent in a range of places and not necessarily to the betterment of those particular areas (e.g. when used by local importers to pay for items purchased elsewhere). The \$13,300,000 was allocated as follows:

Wellington	\$6,844,000
Waikato	\$1,263,000
Auckland	\$440,000
Canterbury	\$9,000
Outside NZ	\$4,742,000

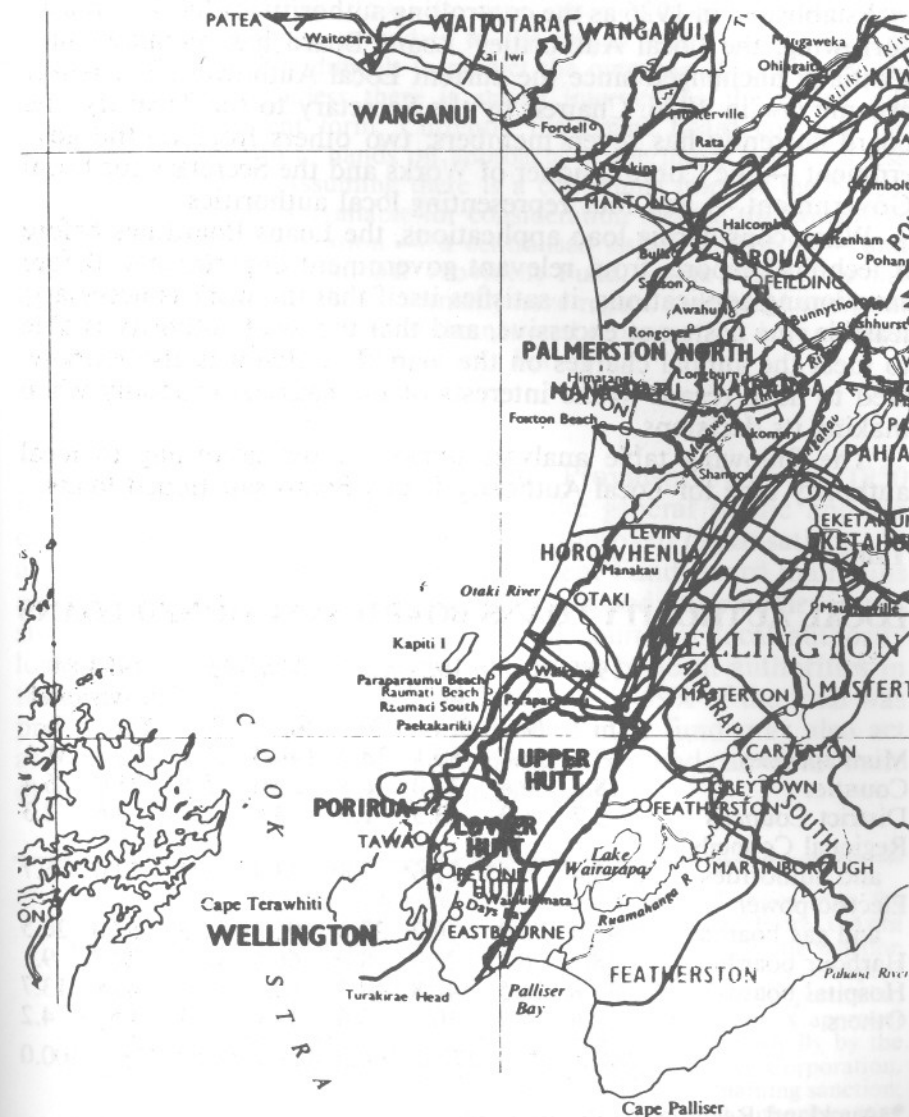
The regional effects of government expenditure are therefore very complex and difficult to unravel. Indeed some consider that the costs involved in developing and collecting regional data of this sort exceed the benefits gained. However, even in the absence of a composite picture, it is evident, as Claudia Scott concluded in *Regional Development Objectives and Policies: An Appraisal*, that “a large number of government policies have important regional impacts and implications not only in the areas of regional development, regional planning and regional and local government, but in policy areas such as transport and energy. In terms of expenditure and associated economic and social impacts, these policies swamp the effects of what are labelled ‘regional development policies’.”¹²

3.3 Loan and Subsidy Agencies

A more readily quantifiable source of revenue is that administered through central agencies expressly set up to safeguard allocating procedures.

12. Scott, C., *Regional Development Objectives and Policies: An Appraisal*, New Zealand Planning Council, 1980

Figure 3
THE ‘SPAGHETTI’ MAP



An exercise undertaken by the Local Government Commission clearly reveals a wide range in the regional and district boundaries adopted for a variety of purposes. A composite presentation of government and local authority boundaries, as defined in a commission publication *Regions and Districts of New Zealand*, September 1973, captures the absurdity of the situation in what is aptly referred to as the ‘spaghetti map’. For the most part these boundaries remain to this day.

Local Authorities Loans Board

Established in 1926 as the controlling authority for local authority borrowing, the Local Authorities' Loans Board has remained substantially unchanged since the current Local Authorities Loans Act became law in 1956. Chaired by the Secretary to the Treasury, the board currently has seven members: two others from central government — the Commissioner of Works and the Secretary for Local Government — and four representing local authorities.

When considering loan applications, the Loans Board has before it technical reports from relevant government departments. Before sanctioning applications, it satisfies itself that the work is necessary, feasible, the costs not excessive, and that the local authority is able to meet the annual charges on the loan. The Board is also empowered to have regard to the interests of the national economy when making its decisions.

The following table analyses finance raised according to local authority type for Local Authority Loans Board sanctioned loans.

Table 3

LOCAL AUTHORITY LOANS BOARD SANCTIONED LOANS

	1980-81		1981-82		1982-83		1983-84	
	\$m	%	\$m	%	\$m	%	Provisional \$m	%
Municipalities	89.4	31.8	80.1	28.9	140.4	31.1	102.2	31.1
Counties	18.6	6.6	23.0	8.3	25.0	5.5	21.0	6.4
District Councils	3.7	1.3	3.5	1.3	4.6	1.0	7.6	2.3
Regional Councils and authorities	18.4*	6.6*	21.6*	7.8*	33.4	7.4	22.0	6.7
Electric power and gas boards	47.6	16.9	76.2	27.4	100.4	22.3	87.0	26.5
Harbour boards	18.1	6.4	22.3	8.0	66.5	14.7	29.7	9.1
Hospital boards	71.8	25.5	40.8	14.7	67.0	14.9	44.9	13.7
Others	13.6	4.9	10.1	3.6	14.0	3.1	13.7	4.2
	<u>281.2</u>	<u>100.0</u>	<u>277.6</u>	<u>100.0</u>	<u>451.3</u>	<u>100.0</u>	<u>328.1</u>	<u>100.0</u>

* Auckland Regional Authority only

Source: Department of Statistics from report of the Local Authorities Loans Board, 31 March 1983 updated

With the sanction of the Loans Board the proposal becomes, by inference, a safe investment for the lender who is able to forego further screening

and vetting procedures. The Board in effect acts as a constraining or governing device by requiring local authority applications to satisfy various prerequisites and conditions. Of the applications received by the Board in the last five years, less than 15% were either deferred or declined. A review by the local authority user bodies to the Loans Board is currently in progress. Although it is difficult to predict the outcome of such a review, it would seem that unless there is strong intervention the Board will continue in its present form. Currently the Loans Board counters the philosophy implicit in a 'hands off approach' or the move towards a less regulated economy.¹³ Assuming there is a continuing role for the Board, however, other options available for consideration include the possibility of its becoming a corporation — a centralised issuing authority — and combining it with the National Provident Fund. In its future role the Board, or its equivalent, should formally have regard to regional and local interests as well as the interests of the national economy if it is to operate as a regulatory device on local authority borrowing.¹⁴

National Provident Fund

Under the authority of the National Provident Fund Act 1950 the fund provides superannuation for the general public and for employees of local authorities and other approved organisations. As an ancillary function the National Provident Fund Board maintains an investment pool in which local authorities and other bodies invest surplus funds. This pool is an important source of local authority loan finance — of the \$451.3 million raised by local authorities in the year ending March 1983, \$264.9 million or 59% of the total was provided by the National Provident Fund. The fund may also act as a sinking or depreciation fund commissioner, and can underwrite or sub-underwrite local authority loan issues.

13. Some moves have been made recently to exempt local authorities from the sanctioning procedure of the Local Authorities Loans Board. From 1 April 1983 certain classes of local authorities no longer need to obtain the sanction of the Board before raising loan moneys, and all local authorities are exempted from this requirement in respect of certain classes of loans. In particular, Hospital Board loans do not now require Board sanction, nor is approval required for renewal or redemption loans or for loans funded wholly by the Housing Corporation of NZ or the Rural Banking and Finance Corporation. All local authorities may raise loans up to \$50,000 without obtaining sanction; as well, regional councils, united councils and larger territorial authorities may raise loans up to \$100,000 without sanction. Similarly the requirement for preliminary advertising prior to seeking Board sanction was abolished with effect from 1 May 1984, thus simplifying loan raising procedures to some extent.

14. See also Wearne, op.cit.

The National Provident Fund Board with the Minister of Finance as statutory chairman, currently has seven members — the Secretary to the Treasury (who acts as chairman in the Minister's absence), the Director-General of Health, the Valuer-General, the superintendent of the fund, and three other members appointed by the Governor-General. Although the NPF Board has no statutory connection with the Local Authorities Loans Board, the two achieve a fair degree of coordination and interaction through sharing a common chairman and 'parent' department.

Local authorities obtain loan money from a variety of different sources, as shown in Table 4. Building societies, life insurance companies and superannuation funds are forced by government finance regulations to hold a certain proportion of their assets in public sector securities which may include local body stock. Over the years this requirement has tended to be filled by underwriting loan issues which in turn enables an authority to be sure the loan will be filled. Table 4 shows the major groups contributing to local authority loans.

The National Provident Fund has traditionally been the lender of last resort for local authorities but in recent years (since the growth in the fund after 1975) it has become the dominant member in this sector of the loan market. This reliance on the 'captive investors' is made more pronounced by the somewhat cumbersome manner in which local authorities can raise money and the fact that the rate is set and infrequently adjusted. For example the control on interest rates for local authority securities imposed during 1983/84 meant the yield of security to investors was not as attractive as those "offered by central government or the private sector, both of whom have been instrumental in the accelerating of the trend toward increasingly sophisticated and innovative debt raising practices in the financial marketplace".¹⁵ Welch argues that "at the very least ... local authorities must be allowed to pay a rate of interest which is appropriately related to the government stock rate for a similar term". This in fact occurred in August 1984 when the new Labour Government announced new interest rates for local authorities. As long as the government stock rate remains as it is, then the new 16% would appear an appropriate rate structure.

15. Welch, M., Local Authorities Loan Market, *The Dominion*, 29 September 1983

Table 4

SOURCES OF MONEY RAISED

	<i>Amounts raised to 31 March</i>							
	1980-81		1981-82		1982-83		1983-84 Provisional	
	\$(m)	%	\$(m)	%	\$(m)	%	\$(m)	%
Housing Corporation	15.9	5.7	13.8	5.0	22.4	5.0	16.7	5.0
Local authority funds	11.1	4.0	14.9	5.4	20.7	4.6	10.2	3.1
National Provident Fund	84.5	30.1	186.3	67.1	200.6	44.4	96.2	29.3
National Provident Fund — raised overseas	29.9*	10.6			64.3#	14.2	50.6	15.4
Insurance companies and other financial institutions	85.5	30.4	37.2	13.4	107.4	23.8	103.1	31.4
Other companies	28.7	10.2	6.9	2.5	19.0	4.2	32.0	9.6
Private investors	16.6	5.9	9.8	3.5	7.1	1.6	3.5	1.1
Other sources	9.0	3.2	8.7	3.1	9.8	2.2	15.8	4.8
	<u>\$281.2</u>		<u>\$277.6</u>		<u>\$451.3</u>		<u>\$328.1</u>	

* Raised for hydro-electric development and container port development
Raised for hydro-electric development

Source: Department of Statistics and National Provident Fund (some differences with National Provident Fund figures due to differing bases of assembly) from Report of the Local Authorities Loans Board, March 1983, updated.

National Roads Board

The main statutes covering roads administration in New Zealand are the Public Works Act 1928, the Local Government Act 1974 and the National Roads Act 1953. The National Roads Board which came into being in 1954 as a result of the passing of the National Roads Act, is charged with responsibility for providing an adequate roading system to meet the country's needs.

The National Roads Board, chaired by the Minister of Works and Development, has nine members representing the private motorists, commercial vehicle owners, Municipal and Counties Associations and the Ministries of Works and Development and Transport.

For purposes of roading administration, New Zealand is divided into 21 roads districts and funds are allocated by the NRB to each district "as fairly and equitably as possible having regard to particular needs". Each of these road districts has a District Roads Council which makes recommendations concerning relative priorities to the NRB. The DRCs receive requests for roading assistance from local authorities whose rating revenue plus the funds available, at the time determine the rate of subsidy. This can vary between the minimum rate of subsidy of 43% to the upper limit of 75%. A special rate is available for construction (new work).

A National Roads Fund whose revenue is derived mainly from motor taxation with an annual contribution from the Government provides for expenditure on state highways and the subsidising of roading programmes to local authorities.

The net expenditure of the NRB for the period 1980-1984 can be summarised as follows:

Table 5

NATIONAL ROADS BOARD NET EXPENDITURE

	1980-81		1981-82		1982-83		1983-84 Provisional	
	\$m	%	\$m	%	\$m	%	\$m	%
State Highway Maintenance*	68.1	32.6	81.3	32.9	95.9	35.1	108.2	32.5
State Highway Construction*	40.5	19.4	45.4	18.3	43.9	16.1	51.6	15.5
Payments to Local Authorities	83.4	39.9	99.1	40.0	109.7	40.2	144.9	43.5
Other expenditure (including administration)	16.9	8.1	21.7	8.8	23.4	8.6	28.1	8.4
	<u>208.9</u>		<u>247.5</u>		<u>272.9</u>		<u>332.8</u>	

* includes motorways

Source: Report of the National Roads Board, 31 March 1983, updated

Payments of subsidies and additional financial assistance (grants) to local authorities (\$109,715,321 for 1982/83) represent an important source of revenue for territorial local authorities, especially county councils where roading is a major functional responsibility. Roading questions have great significance to people in rural areas perhaps reflecting the prominence of the NRB and DRC in these communities.

The influence of the Ministry of Works and Development on the Roads Board is evident in its membership and method of operation. Along with the Minister as chairman, two representatives from the Ministry are on the board itself and the 21 DRCs are chaired by the District Commissioners of Works. Because the board employs no staff as such, the Ministry carries out the administrative and engineering services required which are then charged as a percentage of the board's gross expenditure.

The NRB has long been a convenient way for central government to keep out of the contentious allocating procedures of who gets what roading assistance where. Although not immune to politically motivated decisions in the past, the NRB discharges its duties in accordance with technical advice. With an improved system of cost benefit analysis and accounting it is more readily able to identify those areas offering the highest rate of return while retaining a sense of regional balance.

In determining the NRB's budget each year the Government has increasingly had to 'top up' the money derived from user charges. This could have the potential to increase the susceptibility of the board to central government direction, and raises the question of whether alternative means of funding may need to be considered, e.g. more realistic user charges, allocated to the National Roads Board Fund, allowance made for the board to raise loans for certain activity, or the total contribution funded from general tax revenue through the Consolidated Account.

3.4 Other Sources of Assistance

Financial assistance available to local authorities comes packaged in a range of programmes with the great majority being basically incentive by nature. The Local Authority Finance Committee established to examine local government finance reported in 1973 that "powers and responsibilities, without money, are illusory".¹⁶ Many represent what Bush has described as Government's "steadfast refusal either to share its revenue or to afford access to new, significant, independent sources of revenue".¹⁷ Financial pressures therefore seem to have been critical in pushing central government into a prominent role as the financier of local body activities.

16. Report of the Local Authority Finance Committee, *Local Authority Finance in New Zealand*, Wellington, 1973

17. Bush, op.cit.

A full description of the forms of financial assistance available to local authorities (grants, subsidies and loans) is published in booklet form by the Department of Internal Affairs. The following table details the amounts funded for the year ending 31 March 1983 by the programmes defined in that booklet.

Table 6

FINANCIAL ASSISTANCE EXPENDED TO LOCAL AUTHORITIES

1982-83 for those programmes detailed in *Financial Assistance Available to Local Authorities*, Department of Internal Affairs, 1983.

	Expended 1982-1983 \$(000)
CIVIL DEFENCE	
— Subsidies to local authorities	418
COMMUNITY, SOCIAL, CULTURAL AND RECREATIONAL FACILITIES	
— Department of Internal Affairs	
— Local Recreation & Community Development Scheme	3,172
* — Community Facilities at schools scheme	n.a.
* — Cultural Facilities Scheme	n.a.
* — Art Galleries — Museums Scheme	n.a.
— Local Authority Community Recreation Adviser Scheme	95
— Detached Youth Worker Funding Scheme	—
— Youth Initiatives Fund (new)	—
* — Local Authorities Community Facilities Fund	n.a.
(* Lottery Board not Public Account money)	
ELECTRICITY	
— Rural Electrical Distribution	1,226
— Local Authority Hydro Schemes	199
EMPLOYMENT: PUBLIC SECTOR JOB CREATION PROGRAMMES	
— Labour Department Transfer to local authorities for above	83,868

EMPLOYMENT: TRAINING PROGRAMMES ** —

EMPLOYMENT: ASSISTANCE FOR DISABLED JOBSEEKERS ** —

(This is regarded as a Social Welfare Benefit)

FORESTRY

— Forestry encouragement establishment loans 1,408

HISTORIC PLACES

12

HOUSING

— Loans for	
Pensioner rental flats	3,430
Pensioner purchase	1,000
Housing and surgery for doctors	90
Community housing in NIAs (L.A. Rentals)	6,750
Property purchase	630
Purchase and rehabilitation	280
Land development	250
Rural housing	9,790
— Grants for	
Community and Housing Improvement Programme (CHIP)	1,550
Pensioner Rental Flats	3,553

LOCAL AUTHORITIES SPECIAL ASSISTANCE FUND

— Miscellaneous 204

NOXIOUS PESTS AND PLANTS

(Ministry of Agriculture and Fisheries)

— Noxious Pests (agricultural pests control)	6,537
— Noxious Plants (noxious weeds eradication)	2,593

ROADING

(Ministry of Works and Development)

— Development Roading	6,393
— National Roads Board Assistance	126,980

TRAINING OF PERSONNEL

— Training of Health Inspectors	36
— Training of Traffic Officers (courses, conferences and training)	979

URBAN PUBLIC PASSENGER TRANSPORT			
(Ministry of Transport)			
— Urban Passenger Grants — general)		
— Assistance in Urban Transport areas)	subsidy	10,551
— Assistance outside Urban Transport Areas)		
— Urban bus replacement programme — capital transfer)		4,778
WAR GRAVES MAINTENANCE GRANTS			
(Department of Internal Affairs)			
44			
WASTES RECYCLING			
(Resource Conservation — Department of Trade and Industry)			
29			
WATER AND SOIL CONSERVATION			
(Ministry of Works and Development)			
— Rural Water Supply Schemes			—
— Irrigation			3,662
— Catchment Works			30,813
— Miscellaneous (Development of Natural Resources)			199
WATER SUPPLIES AND SEWAGE DISPOSAL			
(Department of Health)			
— Water Supply)		
— Trunk Sewers, Sewage Treatment and Disposal)		
— Initial Sewerage Reticulation)		22,414
— Fluoridation)		
			<u>\$333,933</u>

(** These programmes are not confined to local authorities. Statistics Department have no individual figures or alternatively regarded them as a Social Welfare Benefit.)

Sources:

- (i) *Estimates of the Expenditure of the Government of New Zealand for the year ending 31 March 1984* and Departmental 'Notes to Estimates' as collected by the Department of Statistics
- (ii) Housing Corporation of New Zealand
- (iii) New Zealand Historic Places Trust
- (iv) New Zealand Forest Service

A number of these programmes are funded from a particular department (e.g. vote Department of Labour for the Public Sector Job Creation Programmes), a special purpose central agency (e.g. National Roads Board for development roading) or via the General Purposes Distribution Committee of the New Zealand Lottery Board (e.g. community, social, cultural and recreation facilities). Each requires the approval of a Minister, or the delegated approval of a committee or a senior official.

3.5 Development Levies

A significant source of revenue recently legislated to local government is that generated through development levies in areas where large capital intensive developments of over \$100,000 in value are occurring. Under the Local Government Amendment Act of 1981 a 0.5% levy on the first \$50 million (capital value of a development) is payable to the territorial local authority in whose territory the development is to occur, as a 'reserves contribution'. However, where a development project exceeds \$50 million in value, that part in excess of \$50 million is allocated to the regional or united council and may be used for a variety of purposes.

Payment of development levies is by the developer or development consortium to (in the case of projects exceeding \$50 million) a specially constituted ad hoc committee of the united council known as the Development Levy Committee. At the present time there are five projects that qualify — 3 in Taranaki, 1 in Northland, and 1 in the Auckland region. Only in the Northland case has an amount been agreed to and payment made in advance of completion of the project. Here the Development Levy Committee received \$5 million. The fact that applications for use of this money from within Northland exceeded \$17 million, meant that an exercise had to be initiated by the region to identify recipients of the levy. This was an important priority exercise as there was no precedent, or interpretation of what the levy could be spent on.

The Crown, while not liable under this Act to comply with such levy requirements, does in fact make similar provision by way of other forms of government contribution. For example, the 'half percent' clause that appears in several pieces of legislation such as the Coal Mines Amendment Act 1983. Here, where the literal interpretation of the guidelines suggest provision is made for public amenities only, the practice has been to spend them on a wider variety of facilities. Assistance is also routinely provided for other

project related-services and survey costs imposed on local and regional communities by Crown works. The Crown's performance to date suggests that while not formally bound to provide compensation to the degree covered by the development levy, sources of money and assistance made available, match, if not exceed, the development levy contribution for major projects. Indeed the development levy legislation was enacted to ensure that private sector developers were required to perform in this respect as well as the Crown. By the sheer size of the compensation involved development levies represent an important resource for those regions concerned and are unfettered by central controls.

IV. CASE STUDIES IN SELECTED SECTORS

The arrangements made to involve local authorities and the public in the development of policies and in the performance of activities vary greatly among government departments. The network of departmental district offices remains in many instances as it was laid out several decades ago and the relationship between departments and special purpose local authorities often has historical roots pre-dating the development of efficient communication and easy travel. Considerable efforts have been made to involve regional communities in many of the new activities introduced during the last decade or in those traditional sectors where administrative arrangements have been reviewed. The ways in which this has been done have varied. It should then be possible to learn from those which have been most successful and to apply the findings when ways of facilitating regional involvement in public administration are being sought in the future.

The following examples illustrate the arrangements which exist or are proposed in a variety of functional sectors.

4.1 Urban Transport

The essential partnership of central and local government in the operation of urban passenger transport was recognised by a Committee of Inquiry established in 1968. This committee concluded that town planning, road planning and public transport should eventually be integrated within regional organisations. In the absence of suitable regional bodies able to form the partnership with central government, a national Urban Public Passenger Council was established to carry out some of the committee's recommendations. It was only with the formation of regional government as a result of the Local Government Act 1974 (and its 1978 and 1979 amendments) and the Town and Country Planning Act 1977, that significant progress was made. In 1977 a White Paper was published outlining the Government's proposals for legislation which would establish urban transport councils in the major centres. These centres would be responsible for the planning and coordination of transportation within their regions.

The White Paper was followed by a discussion document which was circulated to local authorities and other parties for comment. Over 50 bodies made submissions, and discussions were held in the

main centres between the Ministry of Transport and local authorities. Following these consultations the Urban Transport Bill was introduced to Parliament and considered by the Local Bills Select Committee which received further submissions from local authorities and the transport sector.

The Urban Transport Act 1980 provides a framework for the devolution of decision-making to regional governments, which must coordinate transport planning to achieve regional objectives. Each united council appointed as an urban transport authority (including the Auckland Regional Authority and the Wellington Regional Council) is required to form a special purpose urban transport committee which operates as a committee of the parent body.¹⁸ The Act provides that the members of the united council would be joined on their transport committee by representatives of the National Urban Transport Council, National Roads Board, the Railways Corporation and bus operators.

The primary objective of urban transport planning is to help achieve regional aims. Accordingly the planning provisions of the Urban Transport Act 1980 build on and extend the provisions of the Town and Country Planning Act 1977. The responsibilities for regional planning and for the planning and development of urban transport have been combined in the united councils or regional councils, ensuring that land use planning and transport planning are properly coordinated. The procedures followed for the preparation of regional transport plans provide for the participation of, and coordination with, other local bodies and people involved in the sector. At the national level the Urban Transport Council is composed of representatives of the regional transport authorities, transport operators, trade unions, the municipal and counties associations, and government departments involved with transport. The council coordinates government's involvement in, and assistance to, urban transport and supports the regional transport authorities in their activities. It provides a means of coordinating the financial arrangements of the National Roads Board, the Railways Corporation and other public passenger transport operators, and is a forum which can be used to resolve problems which may arise between government agencies or within the regions.

Arguments relating to the ratio of subsidies aside, the systems

18. This has occurred only in four metropolitan regions: Auckland, Wellington, Canterbury and Coastal North Otago (Dunedin)

established under the Urban Transport Act provide the advantages of specialist committees at the national and regional levels while avoiding the creation of new authorities by grafting them on to a ministry and the regional bodies. In this way the needs of the sector are met in the most economical way while the newly-created channels for communication between central and local government are fostered and strengthened. By using united councils as the basis of its administration, the Urban Transport Act ensures that the policies evolved for the transport sector are compatible with, and strengthen, many other decisions and policies made in the regions or by the Government.

4.2 Health

Locally elected hospital boards have long been responsible for the provision of hospital services, while the Health Department and territorial local authorities, and more lately the Accident Compensation Corporation, have been responsible for the promotion of public health and measures to prevent illness. In addition to these public organisations, many health services are provided by the private, commercial and voluntary sectors.

The need for coordination amongst these groups, especially to achieve a better balance between expensive hospital services and preventive activities, was recognised in a government White Paper published in 1974. The White Paper's proposals for a major reorganisation of health service administration were rejected after the change of government in 1975. In its place, a series of consultative committees was established to explore other prospects for reorganisation or coordination. A discussion document drawing on the findings of these committees was published by the Health Department in 1982.¹⁹

The report states that at present the complexity and fragmentation of the health system leads to a lack of coordination, overlaps, unmet needs, and difficulty in making sensitive priority decisions at a local level. To meet these problems the department proposes the transformation of hospital boards into area health boards which would take over many of the local functions of the Health Department. It is intended that although some board members would be appointed by the Government, the majority would be elected locally.

19. Department of Health, *Health Service Reorganisation: A Discussion Document*, 1982

The basis of the proposal is to provide a machinery for improving coordination of health services, with an emphasis on decentralisation. The functions of each area health board would include ascertaining the health needs within its region, cooperating with voluntary organisations, the private sector and other public authorities to meet those needs, deciding the best use of the resources available to health services in the region, and collecting health statistics for the region. Little change to the present pattern of health administration is proposed, including the role played by territorial local authorities in the promotion of public health. However many of the functions of the district offices of the Department of Health would be transferred to the new area health boards.

The reorganisation proposal would retain and strengthen the established system for health administration based on a central government department and special purpose regional bodies linked to other local authorities only through the enforcement of building bylaws and other public health measures carried out by territorial local authority staff. The opportunities for consolidation and coordination provided by the changes to regional government in recent years appear not to have been fully explored in the preparation of the health proposals. It is intended that single purpose, regionally elected bodies will continue to be responsible for health planning and administration but, unlike the regional transport councils, will not be attached to regional and united councils. Although decisions about the deployment of health resources throughout a region must be related to urban development and other land use and social service decisions, little attention has been paid to the way in which regional planning, the process perhaps best equipped to achieve such integration, could contribute to health service planning.

In the health area, as in most others, there is a choice between vesting the main responsibility for planning in a single purpose body and charging it with coordinating as far as possible with other sectors, or giving the responsibility for overall planning to a more broadly based authority so that the specialist agency would be responsible for carrying out its functions within broader guidelines.

4.3 Regional Development

The Government's regional development programmes are aimed at promoting development and employment (originally in those regions experiencing below average growth) largely through support offered for investigating or establishing new industries. Regional develop-

ment councils were established in 11 priority regions in the early seventies, the members being drawn largely from the local business community and appointed by the Minister of Regional Development. Each regional development council is serviced by an executive officer provided by the Department of Trade and Industry.

The responsibilities of the regional development councils in the 11 priority areas were to advise central government on developments in their region, to work with individual companies able to offer employment opportunities, and to identify those features and resources of the region with potential for development. Regional planning, which has become established since the introduction of regional development programmes, also has a role in identifying opportunities for development and promoting economic activity in the region, and assisting the resolution of conflicts over resource allocation which would otherwise delay decision-making.

As with other aspects of planning and administration there is a choice between making regional development the responsibility of a specialist organisation which may have difficulty in coordinating with other bodies, or giving the responsibility to a general purpose body which may lack the specific expertise or motivation. Ideally it should be possible to combine these approaches so as to capitalise on strengths and minimise weaknesses.

A comprehensive review of the arrangements and programmes announced by the Minister of Regional Development in 1982 provided an opportunity to consider the various ways in which the Government's policies could be carried out and coordinated with other departmental or local initiatives. The Minister subsequently indicated that the number of regional development councils would be increased to approximate those of united councils; that a number similar to that of the existing priority areas would have that status and therefore be eligible for incentives over and above the administrative assistance provided to all regional development councils. In addition a reciprocal arrangement would be made whereby each would be able to have a representative attend the other council's regional development and regional planning committees.

4.4 District Employment and Training Advisory Committees

In 1982 the Department of Labour announced the proposed establishment of 19 District Employment and Training Advisory Committees (DETAC) based on its own departmental administrative districts. DETAC replace the department's original district employ-

ment advisory committees. These new committees have members drawn from employers, unions, education authorities, local authorities and the Department of Labour. Between three and five additional people will be appointed to reflect the particular circumstances of each area. The intention of DETAC is to advise the Government on matters affecting the labour market, employment and training; to identify and promote the development of employment and training opportunities; to communicate the Government's labour market policies to the local community; and "to act as the focal point for community concerns and representations on labour market issues in general". It is proposed additional staff will be recruited specifically to support the committees in their work.

Nevertheless the formation of the committees has been generally welcomed by the united councils which have been asked to nominate a local authority representative. The fact that the areas covered by the committees are based on the labour districts of the department however, and not those of local government regions, tends to reinforce the central government side of the partnership at the expense of the regional community. It also highlights the focus of the committees which tend towards advising the Minister in Wellington rather than grappling with the issues in a way that reflects a region's capability.

Regional development councils, district employment and training advisory committees, and regional and united councils appear to have much in common. Each has a primary concern for the promotion of development and employment. Each endeavours to express the region's views and influence the Government's policies towards the region, as do territorial local authorities and other groups such as Chambers of Commerce and Federated Farmers.

4.5 Water and Soil Management

The early need for flood protection and land drainage was met in 1941 by the establishment of locally elected catchment boards and drainage boards wherever needed. The boards were provided with statutory powers and, because of the national importance of land improvement, subsidies were provided from the central government for much of their work. The provision of grants and loans and technical and research services continue to be the basis of the relationship between the catchment boards and the parent ministry, Works and Development. The ministry through its water and soil division, services the National Water and Soil Conservation Au-

thority which brings together at a central level representatives of the catchment boards and local authorities, Manufacturers' Federation, Federated Farmers, the Land Drainage and River Boards, and wildlife, scenic and recreation and fresh water fishing interests. Coordination between government departments and local authorities is continued on each local catchment board where departmental officers from Ministry of Works and Development, Lands and Survey, Agriculture and Fisheries and the Forest Service have full voting rights alongside locally elected members.

The growing importance of pollution control, together with the need to manage the allocation of water for industrial or agricultural uses on a regional basis within a national framework, was recognised in the Water and Soil Conservation Act 1967. The Act gave these responsibilities to the existing catchment boards and allowed them to bring their expertise and knowledge of the rivers in their region to bear on conflicting demands for water resources. The scope of these additional responsibilities, which covered wildlife, recreation, cultural values and aesthetics, in addition to irrigation and pollution control, was very much wider than the knowledge of the boards' traditional staff or the interests of their members. However, with appropriate support from the Ministry of Works and Development and their councils, the boards have been reasonably able to meet the new responsibilities.

The catchment boards have a responsibility to facilitate the development of farmland through drainage and flood protection, to promote measures to reduce pollution or erosion, and to resolve conflicting demands for the water resources under their control. In carrying out these responsibilities the boards interact with other organisations with more narrow objectives, such as acclimatisation societies and the Wildlife Service, which promote the interests of aquatic life and wetlands.

The protection of wetlands provides an example of the way in which different agencies can work with the help of several statutes to manage the environment. The bodies most concerned for the protection of wetlands, including the Wildlife Service, the Nature Conservation Council and the Commission for the Environment, have no executive authority to authorise drainage or to require preservation. While in some cases the development of wetlands for farming would require authorisation from the catchment board, it is much more important that an overall regional strategy be developed, rather than proposals be considered singly. The Wildlife Service has been working with catchment boards, the Forest Service,

Lands and Survey and the Marginal Lands Settlement Board to encourage the adoption of conservation policies for the land under their control. They have also helped several county councils set out policies which balance the competing desires for draining or reclaiming wetlands in their district schemes prepared under the Town and Country Planning Act. These schemes, which are open to objection by the land owner or catchment board, allow the policies of several departments and local authorities with an interest in the subject to be coordinated through a legal process.

The Ministry of Works and Development has proposed the introduction of a further planning procedure into the water and soil legislation in order to allow catchment boards to set out for public comment the way in which they would manage the allocation of the resources under their control. The proposed regional water and soil management plans would provide a further element in the extensive network of interaction between water and soil management and the responsibilities of land owners, local authorities and government departments, ranging from the Forest Service, Lands, and Agriculture to Energy, Trade and Industry, Fisheries, the Commission for the Environment and the Wildlife Service. This procedure, intended to improve the management of resources through the development of policies able to provide a lead in achieving objectives of development or conservation, would be provided through existing bodies in each region.

While the catchment boards and the legislation under which they operate are specialist in purpose, they interact strongly with local authorities and government departments. This occurs through the membership of boards and councils and references in their legislation, especially to the Town and Country Planning Act and to the responsibilities of local authorities. The cross membership of catchment boards and regional planning committees (and in Auckland and Wellington the coincidence of regional planning and regional water board responsibilities) link water and soil management to land use and regional planning in a way which serves to strengthen each of them.

4.6 Education

Although not commonly grouped in the category of local government, education boards nevertheless represent another example of central-local relations with democratically elected members and representatives appointed to school committees and boards respectively.

With the abolition of the provinces in 1876 the Provincial Councils together with their education boards went out of existence. The education boards as they are known today were established by the Education Act 1877.

Over the years repeated attempts have been made to abolish the boards or to alter substantially their structure. The function of education boards has remained however. It is reflected in the amendments to the Act in power today. The control and management of state primary schools is the responsibility of the ten education boards. Although secondary schools are controlled in the main by their own boards of governors, a small number of secondary school areas and secondary schools are controlled by education boards (see Table 7). However in some metropolitan areas, groups of secondary schools have been linked together for administrative purposes, but each school retains its own board of governors.

Table 7

SCHOOLS CONTROLLED BY EDUCATION BOARDS

Education Boards	State Primary	State Secondary	
	Schools — 1982*	Schools	Area Schools
Auckland	496	1	8
Hamilton	416	2	5
Taranaki	115	2	1
Wanganui	150	1	—
Hawke's Bay	198	2	2
Wellington	271	3	—
Nelson	61	1	5
Canterbury	328	1	6
Otago	169	2	6
Southland	124	5	1
	<u>2,328</u>	<u>20</u>	<u>34</u>

* includes state primary (including special) intermediate district high and area schools

Source: Report of the Department of Education for year ended 31 March 1983.

Membership of education boards is determined in part by the number of schools under the board's control. All boards are divided

into wards, each being represented by an elected delegate from the school committee members in that ward. Teachers have one representative on the board. The Act also allows for membership from integrated schools in the board's district.

The Education Act 1964 also requires a school committee to be elected by householders for each school district. Subject to the general supervision and control of the boards, school committees are responsible for the management of the school.

Funds are provided through the Department of Education to boards in accordance with the provisions of the Education Boards Grants Regulations 1965 and these funds are distributed by the board to school committees. Known as the School Committee General Expenses Grant, it must be spent in accordance with set regulations. Funds raised locally may be spent at the discretion of the committee.

Acting as a political buffer between parents, schools and the central administration, the boards provide a local means of administering funds under fixed rules. Education boards disburse the grants received from the Department of Education for the maintenance of schools and building of new schools and for equipment and teaching materials. As the local administering body, the board performs one of the most significant functions in the appointment and payment of teachers. This and the fact that it represents the 'landlords' of the schools in its area provides the board with local administrative discretion, albeit limited. Contact with other agencies outside the 'education circle' is limited to specific issue involvement and more often than not is made through the Department of Education. Education essentially remains centrally financed and policy directed, with little devolution of financial responsibility to controlling authorities.

The 1983 Annual Report of the Controller and Auditor-General highlights the concern expressed by the Audit Office over a number of years. "The regulations provide limited discretion to boards in the use of grant funds. In the main, the calculation, payment and utilisation of grants is on the basis of strict segregation of purpose ... The compartmentalised thinking engendered in boards by this method creates a disincentive to progressive, innovative financial management."²⁰ Despite the fact that the boards are 'local', concerns

20. *The Report of the Controller and Auditor-General for the Year ended 31 March 1983*, Government Printer, B.1 (Pt.III)

are frequently expressed at community level that they are over-bureaucratic, and that there is a lack of flexible, progressive and innovative management in staffing and administrative matters, as well as financial, issues.

4.7 Tu Tangata

The establishment of the Office of the Protector of Aborigines in 1840 witnessed the origins of the Department of Maori Affairs. Known as the Native Affairs Department between 1869 and 1947, it was associated with departments such as Defence, Justice and Island Territories for administrative purposes until 1974.

The work and aims of the department today are set out in the Maori Affairs Act 1953 and its subsequent amendments and essentially represent the promotion of the social, cultural and economic well-being of the Maori people.

In keeping with other government departments, Maori Affairs reflected a typical pyramid organisational structure common to bureaucracies wherein an imposed or paternal stance is evident. With a department involving ten major districts and 23 sub-districts, the policy and decision-making powers were focused at head office where, according to a previous permanent head, "the notion of having a government department to service public needs appeared to have become a secondary factor in Maori Affairs, and caused it to become more concerned with retaining its own 'in house stance'."²¹ Since the late 1970s Maori Affairs has been making particular efforts to encourage a better partnership with the Maori community (its client group) in order that together they can bring greater strengths to bear on common goals, and to allow the Maori people to participate and make decisions in matters previously left solely to the department. "Central to this shift was the acceptance by government of a new ideology for departmental operations called *tu tangata* — to recognise the stance of the people. *Tu tangata* emphasises the need for the community to lead and be seen to be leading rather than the department itself. It also recognises the under-utilised resources within a community which can be better harnessed through a greater coordinated effort with the department."²² With *tu tangata* in place, a new type of community administration called *kokiri* was

21. Puketapu, K., *Reform from Within*, Department of Maori Affairs, 1982

22. Puketapu, op.cit.

designed to enable more departmental decision-making to be transferred to the community. In administrative terms, *kokiri* essentially means 'to advance on all fronts'. It has resulted in the department shifting away from its previous 'in office' character to a position within the Maori community itself. This in turn appears to have triggered an upsurge of active participation by Maori people in matters that have always concerned them but which were too often left to be actioned within government offices.

From a departmental point of view this has required staff, from the most senior levels down, to move regularly into the Maori community. "The *kokiri* process has also meant an effective reduction in the management chain which has led to faster communication between ourselves within the organisation, and with our client community. My own managers have also gained a better knowledge of the needs and the forces at work within the community. The public forum of openness and frankness has also helped to clear away mistrust, gossip and a great deal of negative thinking ... It has given my managers a better perception of how to develop action programmes knowing that the community will stand behind them. More importantly, the managers are developing programmes that the community can comprehend and operate."²³

The shift in mode of operation by the department represents a significant move in the devolution of its responsibilities. It means that staff of the department are exposed to greater community contact and responsibilities which demand special skills and knowledge of the structures, dynamics and relationships within the community. In its favour is the growing self-determination that has been evolving in Maori society but success will depend on how well the department and other agencies are able to harness this determination and sustain it by continued support, with action as well as concern.

4.8 Joint Planning Ventures

Although national policies must provide centralised confidence and direction, they must also admit a high level of decentralised analysis in order to account for local needs, constraints, values and opportunities. To this end the concept of regional planning (provided for by the Town & Country Planning Act 1977), provides an established link between national development objectives and local needs.

23. Puketapu, op.cit.

Through the regional planning process public and private sector agencies can discuss, formulate and reach agreement on development strategies for each region.

For example there are an increasing number of projects, both at the planning stage and under construction, which will have a major impact on whole regions and groups of regions. While Taranaki and the Waikato are the present focus of attention, many other regions will be associated with planning for major industrial development over the next decade. These include projects associated with forest processing in Northland, Central North Island, Nelson and Southland, metal mining in the Coromandel, coal mining in Waikato and King Country, lignite mining and conversion to transport fuels in Otago and Southland. Underlining these is the continued growth in scale of agricultural processing and distribution facilities, fishing, tourism and hydro-electric developments.

Government departments, chiefly those under the umbrella of the 1981 National Government national development portfolio, worked closely with several regions to undertake joint studies of development issues and opportunities.

As a sponsor of, and participant in, a number of studies focusing on development implications at a regional level, central government demonstrated, among other things, a willingness to look to the regions for assistance and input into national planning decisions, and a recognition that regional, and inter-regional, consultation and cooperation on a continual basis is both feasible and practical.

The regions themselves have engaged central government in dialogue over specific issues. The West Coast offers an example where central government has been called on to consult regularly with the region on a wide range of development issues. The United Council, on behalf of the regional community, has recognised the need for the region to have the ability to

- (a) influence government proposals in the region
- (b) reconcile government action with regional needs
- (c) promote proposals to solve regional problems which necessarily require private sector as well as public sector involvement.

As a consequence the united council now finds itself carrying the regional flag on issues such as port development, railways services, health services and facilities, forestry policy, and mining, in addition to its statutory civil defence and regional planning functions.

The 'successful' united councils have tended to develop their initiatives from matters which are clearly of regional significance and interest. "The extent to which regional identities ('successes')

have been developed has been dependent on the united council's willingness to publicise its activities and the extent to which its view have been accepted by both central government and the rest of the region".²⁴

Each of these different arrangements illustrated by the discussion of the loan and subsidy agencies, and the case studies of selected sectors, has evolved to satisfy particular requirements. They reflect a shortfall in the departmental structure, a need to secure some form of detachment from the traditional administration or to strike a middle ground in attempts to involve and coordinate different sectors of the community. The extent of real regional input or responsibility varies considerably. Each improves the administering department's own ability to deal with other levels of government and the community, yet they are rarely interrelated or allow effective coordination of policy or communication on issues which cross these departmental responsibility areas.

Agencies such as the Local Authorities Loans Board and the National Provident Fund constitute a centralised administrative procedure which acts as a constraining or governing device. A further allocative arrangement is seen in the structure of the National Roads Board. This is an example of central determination of how much can be afforded nationally (via the Budget process and the NRB) with an additional dimension of a process of assessing 'fair share' to regions, or districts (through the NRB and the District Roads Councils) and assessing expenditure priorities within districts (DRCs).

A variation on the determination of specialised operations occurs where a national agency is linked by a locally elected sub-set of implementing agencies. The example here is the National Water and Soil Conservation Authority and the catchment boards with respect to water and soil management. This arrangement is also found with other special purpose authorities such as education boards and hospital (area health) boards, which tend to link directly with their respective 'parent' departments.

The importance of community contact is acknowledged in the endeavours of the Department of Maori Affairs to reorientate its method of operation. Although not involving local government per se, the department strives to have its senior officers spend time in the 'field', to tap into existing resources within the community and permit greater input from it.

24. Controller and Auditor-General, op.cit.

The introduction of legislation in the mid-70s saw the setting in place of a structure with the potential to provide 'neutral' ground, a forum for debating conflicting issues, identifying regional priorities and promoting integrated development across departmental or administrative boundaries. This structure or process was regional planning and regional and united councils the machinery set up to administer it. Whilst it may be true that the machinery suffered through political compromise, the intent and potential were there.

Of those arrangements introduced or reviewed since then, only the procedures for urban transport have utilised the regional planning/united council concept. The proposed area health boards encourage consultation but offer no direct link. Regional development councils offer reciprocal membership arrangements with regional planning committees and district employment and training advisory committees propose to include local authorities as members. All perpetuate the problems of compartmentalisation, uniformity and the coordination of effort inherent in such arrangements, and thus fall short of promoting the most efficient and effective use of resources in the public sector.

A less structured, less formal approach, which recognises the limitations and high administrative costs imposed by pre-occupation with theoretical or statutory processes, may well be a better way of achieving integrated development. It is also clear that exercises of a joint nature involving common interests and agreement on direction, clearly exhibit more commitment and coordination than is evident in some of the more functional prescribed processes.

Some major conflicts of principle remain unresolved. For example those concerning the relative rights, responsibilities and powers of central government, regional and local authorities, commercial interests and the individual. These are political issues in the widest sense and are perhaps the greatest challenge facing elected members of respective levels of government.

There is obviously need for changes in attitudes, mechanism and procedures if planning and development (both social and economic) are to be better integrated and if central/local links are to be made more effective.

V. CONCLUSION

Government at all levels must improve its efficiency and effectiveness. The key issues on which government must act in the 1980s and 1990s no longer necessarily fit neatly in the administrative boxes which have evolved historically.

With the growth and diversification of the functions of government in New Zealand, and the acknowledged interdependence of all aspects of our society, there is a need for improved consultation and communication between the national, departmental, local and regional units and levels of government. This is in addition to the need for them to consult with those affected by their actions, and for communication within organisations themselves.

Consultation and communication serve many purposes, including:

- gaining information about needs
- assisting in the development of the best policies
- coordinating policies among organisations to avoid wastage and duplication
- informing people and organisations of policies
- gaining an understanding and acceptance of policies

The successful communication of policies in a way which informs and influences other people is essential. Without it any policy is meaningless. If the policy concerns the internal handling of applications, it must be conveyed to the staff performing the function. If it is one advocating a point of view to others with powers of decision and approval, it can be effected only by communication.

This report does not set out to prove a case for the transfer of resources, decision-making or responsibilities from some units of government to others. Rather, it draws attention to the need for partnership and coordination among units of government — government departments, local authorities of all types, and especially the departments and local authorities on an intergovernmental basis.

Whether or not the responsibilities of organisations overlap, the implications of their actions frequently affect the concerns of other bodies. Without adequate coordination these ripple effects can result in unforeseen work and wasteful duplication of skills and other limited resources.

Government departments and the Government itself need to review the methods traditionally employed for policy coordination in, and with, the regions, and to acknowledge the basic principle

that local authorities are associated with central government in the administration of the country. In other words, local authorities are but another arm of government and cooperation must be encouraged in order to strengthen coordination of action and efficiency in the use of public resources.

1. Greater attention should be given to coordination and communication among government departments in their dealings with the regions. The changes in the role played by government departments, and the pressures for greater public participation and stronger partnerships with the local authorities have led to a variety of responses. While the different responses may be regarded as a suitable case of 'horses for courses', consideration should be given to reviewing the effectiveness of the different arrangements and the desirability of linking, or at least learning from, different approaches. The use of a variety of methods for getting regional input into government decision-making, with sectors promoting their own special purpose regional networks, misses the opportunity to build strong regional units which can act as a focal point to articulate and coordinate local and community aspirations. The strengthening of regional authorities able to promote their own area's identity would lead to government departments having a greater awareness of regional dimensions (for example, by the preparation of expenditure plans on a regional basis or the publication of objectives for their regional operations), and increased coordination amongst Ministers with regional responsibilities.
2. Government administration should be brought as close as possible to the people it serves, and whenever practicable, decisions made in the regions where the problems arise, by people known in those areas. Apart from improving efficiency and relations with the public, greater decentralisation and delegation would have other practical advantages. It would, for example, improve staff morale and increase career opportunities outside Wellington. A departmental policy such as that operating in the Department of Maori Affairs, which stresses the need for senior officers to spend time away from head office and to meet sections of the community affected by their policies may be difficult for all departments to implement. Nevertheless it acknowledges the benefits of acquiring a greater awareness and understanding of issues from different perspectives, along with a better perception

in developing policy and programmes the community can both comprehend and operate.

3. The Government should adopt a more positive attitude to the use of regional and united councils and the concepts inherent in their establishment.

There is the potential paradox that a set of specialist agencies, each one set up individually to make rapid decisions and 'cut red tape' within its own sphere, may collectively achieve the opposite result where the bailiwicks overlap or their functions affect each other's interests.

The proliferation of such agencies, while perhaps overcoming the allegation of the negative and regulatory nature of territorial local government, does so by virtue of short-term expediency without coming to terms with the wider problem. A multi-purpose and multi-disciplinary organisational structure covering a reasonable geographic area can use specialised resources over a wider range of activities and so gain economies of scale; in addition coordination among various activities is, or should be, less of a problem than coordination among several independent bodies.

The establishment of several bodies to perform the same or similar functions is not only wasteful of the cost and effort involved, but (and possibly of greater concern in the long run) fails to use the opportunity to consolidate and develop the capacities of bodies already offering that potential. One way in which the objectives sought by the Government could be achieved, and at the same time the position of regional and united councils strengthened, would be for the specialist regionally based committees appointed by Ministers to be attached in some way to the united councils. This would enable them to report directly to the Minister and not as a sub-committee of the united council, on matters of specialist concern, while putting the advice in the context of other regional issues. This suggestion that united councils be used to service ministerial committees contrasts with their use for specialist purposes, such as urban transport authorities, and that of the Auckland and Wellington regional authorities as regional water boards. In these cases the united councils have been granted powers within their regions under specific purpose legislation.

The use of regional and united councils as bases for the government advisory committees could be further facilitated

through the provision of servicing staff funded by grants from departments. While these officers would be somewhat isolated from the day-to-day work of their department, their close association with regional planning and other staff of the united council whose work relates directly to their own, should surely more than compensate.

Wherever possible, options for using the regional structure as a means of devolving the process of government further from the centre should be thoroughly explored. This would be assisted greatly by the development of a coherent policy on regionalism with a recognised framework within which agencies can coordinate action.

4. *Planning and the Regions* envisaged improvements in the existing links between central and local government. One was "by either broadening the role of district commissioners of works or appointing a 'prefect' to provide for better coordination of central government activities in the region ...". In this context attention should be given to the 1983 internal review of the role of district commissioners as the Crown's representative undertaken by the Ministry of Works and Development.

It could be considered more timely to reconstitute the existing divisions within the various departments which deal with local government issues, into an integrated technical group outside any one existing department. (Again *Planning and the Regions* promoted a similar concept with the suggestion of a core, or planning advisory group.) Such a departmental grouping, or secretariat, would form the point of contact with local government, would not be tainted by 'pushing a particular barrow', but would act as a clearing house and reference point on inter-governmental matters. The role of this secretariat would not be to develop policy as such, but to ensure that a regional dimension is considered in the formulation and implementation of that policy.

Such a structure is DATAR (Delegation a l'Amenagement du Territoire) in France. DATAR is a key instrument in the Mitterrand government's attempt to restructure the very centralised, top-down attitudes of French administration. The delegation is responsible for liaison between central government and the regions. Its role is to prepare and negotiate common ground between the state and regions, and to assess the impact of strategic planning policy on the regions.

5. Commitment to a policy of regionalism of necessity raises the question of regional financing and financial control. For example, any transfer of power or functions to a lower level of government must logically be accompanied by transfer of the corresponding services or finance. To satisfy itself that appropriations have been properly used central government should consider the establishment of a single control/funding agency to service all local government expenditure matters. Based on the concept inherent in the National Roads Board it would provide a central determination of how much can be afforded nationally (e.g. National Roads Board), and what the general policy for distribution should be with appropriate links into the budget, departmental expenditure, etc., with sub-national (e.g. District Roads Councils) securing 'regional bids'. These sub-national units would aid the coordination of expenditure at a regional level and would receive finance or incentives to be used or distributed by way of untied grants. Realistically these sub-national units would be similar to regional and united councils, but with added membership from other public sector agencies — for example the Auckland Public Expenditure Committee (APEX).
6. The development of a regional (or sub-national) dimension to the Government's expenditure and works programme would go some way to meeting the need for coordination between the overall assessment of issues affecting a given geographical area and action on a more sectional or functional basis by central government departments. It must not, after all, be impossible to achieve overall national goals for a particular service in a way which is also sensitive to the differing needs of different areas. Such an approach requires more than the application of uniform policies but it should clearly result in a better use of resources from every point of view.
7. Further endorsement of the State Services Commission policy regarding the rationalisation of departmental administrative boundaries is important. Every opportunity should be taken for departmental district boundaries to share some commonality not only with those of regional and united councils, but also with other departments. This process cannot be expected to be anything more than an evolving one and cannot be rigidly imposed in all circumstances. There are sometimes good reasons for different administrative boundaries, but in many cases the

existing multitude of boundaries reflects only historical or narrow sectoral concerns and have no present justification. There should nevertheless be pressure for those departments concerned to comply, unless the logic and costs of the exercise strongly suggests otherwise.

8. The Joint Council for Local Authorities Services' endeavours to introduce an integrated career service for all local authorities should be encouraged, and if necessary followed up by persuasive action. Until this occurs, limited opportunities will exist for realising the benefits of a more competitive and integrated public service.
9. Closer and more productive links should be developed between constituent MPs and regional and united councils. This could be enhanced by the appointment of Members of Parliament to the councils in ex officio capacity, similar to the practice adopted for membership of Regional Development Councils (e.g. Mr Derek Angus MP appointed in 1983 to the Southland Regional Development Council). The development of closer affiliation, particularly in the metropolitan areas, may also be assisted through closer alignment of electoral boundaries of the local MP and regional representative.
10. A revamped Parliamentary Local Bills Committee with a change in name to Local and Regional Government Committee would strengthen credibility and political sincerity in treating local government issues.

Acknowledging that central government can no longer implement policy effectively unless it involves people more in the process that leads to policy decisions, a better link is needed between national priorities and local needs.

This report does not aim to evaluate the effectiveness or efficiency of local government. That the great number and variety of New Zealand local authorities has long been a sign of their weakness rather than their strength is, however, considered a significant factor when redressing the balance between central and local government. Similarly the image of a regulatory, negative and parochial local administration is mentioned only as a possible factor in the argument for setting up alternative structures to perform set functions.

Some of the more readily apparent changes to local government

which could be explored are therefore suggested to support findings made elsewhere in the report rather than promoted as a set of suggestions in themselves. These include the need for:

- the establishment of a joint local government political federation or council at the national level to share regular dialogue with the Government and Parliamentarians (i.e. an expansion of the Territorial Government Consultative Group concept to reflect wider local government representation)
- the rationalisation of local government units, absorbing the functions and operations of the less cost effective bodies into existing structures such as District Councils (e.g. by amalgamating small boroughs with their hinterland counties), and the united councils (e.g. broadening their statutory base beyond that of regional planning and civil defence to include special purpose functions etc), or even shedding certain functions to the private sector
- the transformation of united councils into more meaningful regional units to reflect properly autonomous bodies, independently financed with their own administrative and technical staff and elected representatives
- these regional units to reflect a wider community group than the current image of united councils as appendages to territorial authorities if they are to have the potential to absorb other functions, such as those performed by special purpose authorities
- the role of these reconstituted regional units to become the recognised forum for links between central government and the regional/local communities, to be utilised in the administering of national expenditure and programmes on a sub-national basis.

After a decade of change in both local and central government marked by the creation of united and regional councils, and a great increase in the level of consultation and public participation in decision-making, there is a need to review and consolidate the changes made.

In calling for a new administrative-political environment and the need for a systematised, collegial approach to the problems and issues which now transcend existing structures of operation, it is important that central government creates the necessary climate and is seen to be committed to the idea. This requires from central government

- (a) a statement of intent
- (b) a symbolic act

In respect to a statement of intent, the Government would preferably publicly endorse

- a move away from central intervention and control in favour of devolution of power and responsibility, and recognition of the role of other levels of government in
 - (i) decision-making
 - (ii) policy development
 - (iii) implementation
- the support and involvement in an intermediary group of regional units with a political commitment to accommodate and promote these units.

As a symbolic act government could quell the uncertainty over greater involvement of local government by examining its own methods of operation including a review of the various methods adopted to involve local and regional communities in policy formulation and decision-making in order to identify the most effective and those which contribute most to the development of decentralised government. The findings of such an investigation should be used to develop policies to encourage departments to make better use of their district office staff through a review of district boundaries, staff movements and their involvement in policy development, and to utilise existing local and regional bodies wherever appropriate instead of creating additional special purpose committees, councils or authorities.

Consideration should also be given to the need for a more effective central clearing house and coordinating arm of central government to coordinate those actions impacting on local government. In order to complement the above, a more critical evaluation of the restructuring and efficiency needs of local government should be carried out and acted upon.

The findings of this report reinforce many of the recommendations made in the past by others. The fact that many of these same issues are still being debated is not of itself a bad thing. What is becoming significant, however, is the credibility of intent.

APPENDIX

I NETWORK OF PRESENT CENTRAL GOVERNMENT ORGANISATIONS

- (a) There are 35 government departments employing approximately 85,200 people and ranging in staff size from 23 to 11,120. Many are established by statute, which confers certain general functions; others (Justice, Internal Affairs, Crown Law, Commission for the Environment, Government Printing Office, Prime Minister's Department) are not. Statutory functions and powers are often vested in the Governor-General, the Minister, or occasionally the permanent head, rather than in the department itself, but departmental activities enable the performance of such functions and the exercise of such powers. Departments are also required to administer Acts, or to perform functions under Acts administered by other departments. Most departmental operations are funded by annual appropriation from the Consolidated Fund, though there are statutory funds and accounts for specific activities (e.g. the revolving fund for Maori land development, the Government Printer, Lands and Survey land development and State Services Commission computer services).
- (b) There are over 650 non-departmental government organisations. They can be categorised according to their functions and the nature of their relationship to government in terms of method of financing (e.g. grants, subsidies, payment of fees and allowances), line of responsibility (including reporting), mode of appointment, and provision of servicing.
- (i) There are over 20 independent statutory offices — some are attached to departments and are dependent on the parent department for funds and servicing, e.g. the Commission of Patents, the Electoral Office, the Civil Aviation Division. Several are not attached to a department, e.g. lottery organisers, totalisator inspectors. Their functions fall into one or several of the following categories: recording information, control of standards, investigation, arbitration and conciliation, administration.
- (ii) There are approximately 470 statutory and over 150 non-statutory boards and committees. This category includes bodies such as the Defence Council, Maori Land Board, and the National Roads Board, and 19 Tribunals (called that by name).

- (iii) Corporations (not included in (ii) above) total at least 12 in number, e.g. Tourist Hotel Corporation of New Zealand, Air New Zealand, New Zealand Railways Corporation, Development Finance Corporation, New Zealand Shipping Corporation.
- (iv) Other state services (wider than the government departments per se) include the Post Office, armed forces, uniformed Police, education and hospital service.

II NETWORK OF PRESENT LOCAL AUTHORITY ORGANISATIONS

- (a) There are 462 local authorities (regional, territorial and special purpose²⁵) employing approximately 40,600 staff.²⁶ The present system of local government has evolved since the abolition of the provinces in 1876. The Local Government Act 1974 (which introduced the regional/united council concept) contains all the provisions relating to the constitution of regional and territorial authorities. The special purpose (ad hoc) authorities derive their powers from the Act under which they were constituted. A local authority has no legislative powers beyond the authority to make bylaws within limits defined in its constituting Act, but it can promote legislation on matters which affect the government of the area under its jurisdiction and which it is not already empowered to deal with. If the subject is transient and not contentious and is approved by government, it is usually dealt with by the inclusion of an appropriate section in the annual Local Legislation Act passed by Parliament for this purpose. If, on the other hand, the local authority seeks powers of a permanent or major nature, additional to those conferred on it by general Acts, it must submit to Parliament a special Local Bill.
- (b) There are 253 regional and territorial authorities (plus 135 community councils not commonly recognised as local authorities as such) which are made up of county, borough (including city), town and district councils along with the 22 regional and united councils.
- (c) There are 209 special purpose authorities (excluding those territorial authorities performing special purpose authority functions) plus 21 district road councils of the National Roads Board. These special purpose authorities range in number from pest destruction boards (60), electric power boards (38), and hospital boards (29), to one-off examples such as a local railways board, wallaby board and crematorium board. Special purpose authorities differ from territorial authorities in that each is charged with only one major function. Sometimes, as is the case with a number of pest destruction boards and hydatids control authorities, territorial authorities themselves are also constituted as, and perform the functions of, special purpose authorities.

25. Excludes the 10 Education Boards

26. Excludes Hospital Board employees

(d) Local authority revenue from rates (including water rates) represented 21% of Local Authority receipts for 1981-82. Those receiving over 33% of their revenue by this means included the territorial authorities, urban transport, urban and land drainage, and river districts, and pest destruction boards. A large proportion of the receipts, of urban based local authorities in particular, result from the sales of commodities, services, licences etc. (53% of total 1981/82 receipts). This includes such things as the sale of electric power and gas, port charges and other fees. For trading authorities such as electric power and gas, harbour and crematorium boards, water supply and hydatid districts and licensing trusts, this represented over 80% of their total receipts. Levies and grants are another important element in local authority revenue and as a percentage of total receipts, represented 9% from central government and 2% from other local authorities in 1981/82. This amounted to 50% or more of receipts in the case of authorities such as united councils, catchment boards, museum authorities, nassella tussock and pest destruction districts and over 25% for a number of others. (Source: Department of Statistics, Local Authority Statistics, 1981-82)

III TABLE A

LOCAL AUTHORITY REPRESENTATION ON STATUTORY AND ALLIED ORGANISATIONS*

Identified in the Register of those organisations to which a local authority nomination or appointment is permissible.**

MINISTERIAL	COMMITTEE, BOARD OR COUNCIL
Agriculture	Agricultural Pest Destruction Council, North Canterbury Nassella Tussock Board, Marlborough Nassella Tussock Board, National Hydatids Council, NZ Milk Board, Noxious Plants Council
Education	Central Advisory Committee on Education, Christchurch Teachers' College Council, Council of Massey University, Council of University of Otago, Council of Victoria University of Wellington, Council of University of Waikato, Dunedin Teachers' College Council, Education Authorities Employment Grading Committee, Education Authority Appeal Authority, Hamilton Teachers' College Council, Integration Standing Committee, National Advisory Committee on Maori Education, Palmerston North Teachers' College Council, Wellington Teachers' College Council
Energy	Electric Linemen Training Committee, Electrical Registration Board, Electrical Wiring Regulations Committee, Rural Electrical Reticulation Council
Fisheries	Marine Reserve — Poor Knights Islands, Marine Reserve — Cape Rodney-Okakiri Point
Forests	Coromandel, Hanmer, Kaimau-Mamaku, Lake Sumner, Mount Richmond, North-West Nelson, Pirongia, Pureora, Ruahine and Tararua State Forest Park Advisory Committees; Waipoua Forest Sanctuary Advisory Committee

Health

Advisory Board on Health Services Computing, Advisory Committee on Health Services Executive Manpower Task Board Funding, Advisory Committee on Medical Manpower, Ambulance Transport Advisory Board (+ Regional Committees), Central Standing Committee on Health Centres (+ District Practice Advisory Groups), Children's Health Camps Board, Civil Defence Medical Planning Committee, Clean Air Council, Committee on Drainage and Sanitary Plumbing, Engineers' Salaries Grading Committee, Hospital Service Committee, Hospital Advisory Council, Laboratory Officers' Salaries Grading Committee, Medical Officers' Salaries Grading Committee, National Advisory Committee on Cancer Treatment Services, National Nursing Manpower Planning Committee, Non-Treatment Services Staff Grading Advisory Committee, Nursing Education Review and Advisory Committee, Plumbers, Gas Fitters and Drainlayers Board, Radiographers' Salaries Grading Committee, Review Committee, Secretarial and Clerical Officers' Salaries Grading Committee, Senior Medical Officers' Overseas Study Grants Selection Committee, Treatment and Diagnostic Staff Grading Advisory Committee

Internal Affairs

National Art Gallery, Museum and War Memorial Board of Trustees, University of Hawke's Bay Trust

Justice

Planning Tribunal Nos 1-4 Division

Labour

Construction Act Advisory Committee, District Employment and Training Advisory Committees

Lands

Bay of Islands Maritime and Historic Park Board, Hauraki Gulf Maritime Park Board, Marlborough Sounds Maritime Park Board, New Zealand Walkways Commission, Queen Elizabeth the Second National Trust

Local Government

Joint Council for Local Authorities Services, Local Government Commission

Postmaster General

Radio Interference Advisory Committee

Regional Development

Regional Development Councils

Science and

Carter Observatory Board, Research Institute of Textile Services

Technology

Social Work Training Council

Social Welfare

Hospital Service Committee

State Services

New Zealand Maori Arts and Crafts Institute

Tourism

Trade and Industry

Standards Association of New Zealand, Standards Council

Transport

Urban Transport Council

Works and

Auckland Harbour Bridge Authority, National Roads Board, National Water and

Development

Soil Conservation Authority

* *The Cabinet Office* notes that its register is not a definitive list.

** It should be noted that excluded on this basis but with known local authority representation are organisations such as the Local Authorities Loans Board, the Northland and Wellington Health Services Advisory Committees, and the New Zealand Ports Authority.

Source: Cabinet Office, Register of Statutory and Allied Organisations, 21 December 1983

IV. TABLE B

NATIONAL-LEVEL LOCAL GOVERNMENT ORGANISATIONS

(or national bodies with interest in local government)

1. TERRITORIAL GOVERNMENT
Counties Association
Municipal Association
Territorial Local Government Council
2. SPECIAL PURPOSE GOVERNMENT
Catchment Authorities Association
Harbours Association
Hospital Boards Association
Electrical Supply Authorities Association
Land Drainage & River Boards Association
Licensing Trusts Association
North Island Pest Destruction Boards Association
South Island Pest Destruction Boards Association
3. GOVERNMENT: FUNCTIONAL
NZ Organisation of Airport Authorities
Local Authorities Abattoir Association
Electric Power Boards of New Zealand
Territorial Energy Authorities Association
Traffic Institute
4. OFFICERS: TERRITORIAL
Institute of County Clerks
Institute of County Engineers
Institute of Town Clerks & Municipal Treasurers
5. OFFICERS: AD HOC & FUNCTIONAL
Association of Swimming Pool Managers
NZ Catchment Authorities Executive Officers Staff Assn
Electrical Supply Authority Engineers Institute
Harbour Boards Executive Officers Association
Hospital Engineers Association
Hospital Officers Association
Institute of Building Inspectors
Institute of Health Administrators
Institute of NZ Health Inspectors
Institute of Hydatids Control Officers

- Institute of Noxious Plants Officers
Institute of Parks & Recreation Administration
Institute of NZ Plumbing & Drainage Inspectors
Institute of Sewage Works Managers
Power Boards Association
6. OVERLAPPING: GOVERNMENT
Agricultural Pest Destruction Council
Art Galleries & Museums Association
Camp & Cabin Association
Clean Air Society
Social Advisory Council
Gas Association
Gas Institute
Litter Control Council
National Association of Citizens Advice Bureaux
National Hydatids Council
Pest Control Association
7. OVERLAPPING: OFFICERS
NZ Society of Accountants
Chartered Institute of Secretaries and Administrators
Community Public Relations Officers Section
Institute of Architects
Institute of Engineers
Institute of Management
Institute of Professional Engineers
NZ Institute of Public Administration
Institute of Surveyors
Institute of Valuers
Library Association
NZ Planning Institute
8. MISCELLANEOUS
Counties Cooperative Insurance Company
Institute of Local Authority Management
Joint Council for Local Authorities Services
Local Government Training Board
Municipalities Cooperative Insurance Company
South Island Local Bodies Association

Source: Bush, G. *Local Government and Politics in New Zealand*, George Allen & Unwin, 1980, updated from the *New Zealand Local Government Yearbook*, 1983

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