



## How does local government work?

All local councils in New Zealand make decisions about what needs to happen in their communities, and when. They also deliver day-to-day functions and services that help communities run smoothly.

Each council has elected councillors and a mayor (district and city councils) or a chair (regional councils). The mayor is elected by the local community, and, on some councils, is the only member of the council to represent the whole community. The chair of a regional council is elected by the other councillors. The mayor and the chair are the leaders of their council and are usually the public voice of the council.

Councillors act as community leaders and representatives, and are members of the council's governing body. Their roles include policy setting, regulatory and service delivery decisions and reviewing council performance. Elections are held in October every three years (2007, 2010, 2013 and so on).

Councils are managed by a chief executive, appointed by the council-elected members for a five-year term. Staff carry out the day-to-day work of a council under direction of the chief executive.

Councils can contract services to specialist companies, eg. rubbish disposal, and may form other companies to manage key aspects or infrastructure, on their behalf.

The Local Government Act 2002 gives councils considerable scope to meet their responsibilities in the way they consider best for their communities.

### However councils must:

- carry out their business in a clear, transparent and accountable way
- operate in an efficient and effective manner using sound business practices
- take a sustainable development approach
- consider community views and their range of interests
- provide opportunities for Māori to contribute to decision-making
- collaborate and cooperate with other local councils to achieve desired outcomes.

## How do councils decide what services to provide?

Your local council must uphold national laws, such as the Resource Management Act 1991.

Councils have to consult their local communities about their plans for the future and must prepare:

- a Long-Term Council Community Plan (LTCCP) that sets out priorities over the medium to longer term. These plans outline how the council will contribute to community well-being and coordinate activities. LTCCPs should span at least 10 years, and be produced every three years
- an annual plan with details of the budget and services for the coming year, in between LTCCPs
- an annual report that provides information about its work over the previous year, and explains financial and general performance
- a community outcomes report every three years on progress by both the council and

community towards achieving planned outcomes.

To make decisions, your council must research issues, seek views from you and other local residents, and consult on what is being planned.

They also have specific obligations under the Local Government Act 2002 to:

- identify and monitor progress towards community outcomes – things the community thinks are important for its well-being, such as ‘promoting a safe and healthy community’
- provide free membership to libraries (but may charge for borrowing)
- follow guidance on the sale and exchange of parks and reserves
- retain ownership of water services
- Following consultation and considering options the decisions are made at council meetings. *(See info sheet 05 for more information).*

## How are local councils funded?

Most council money comes from collecting property rates, fees and charges and making investments. Councils may also borrow money, particularly to fund large, long-term projects such as waste water treatment plants.

Local councils get about 12 per cent of their funds from central government, and together with other subsidies, this goes towards maintaining roads and delivering public transport.

### • Rates

Under the Local Government Rating Act 2002, councils have powers to collect rates from property owners to fund local services. Because rates are a levy, your local council must have transparent and accountable rating systems. There are several types of rates and these are itemised on your rates bill:

- > *General rates* – all ratepayers and land owners meet the costs of particular functions. The amount paid depends on the value of individual

properties and the particular formula the council applies.

Each council can decide if rates will be assessed on land value, capital value (land and improvements) or annual value (the greater of 80 per cent of the annual market rent or 5 per cent of capital value of the property).

- > *Targeted rates* – designed to fund a particular function or group of functions. In addition to land-related values, your local council can use factors such as floor space or number of water, sewer or stormwater connections to calculate the amount of targeted rates to be paid.
- > *Differential rates* – targeted and general rates can be set on a differential basis, where your council can take into account property value, location (eg. urban vs rural), area, use and activities allowed for under the Resource Management Act 1991.

- > *Water rates* – charges that your local council may apply for water consumption, where water is metered.
- > *Uniform annual charges* – are fixed charges that can be applied to every ratepayer, no matter the value of the property.

- **Income from investments and dividends**

Most councils try to manage rates increases by raising income in other ways such as; interest on investments, returns from properties the council owns, or through shareholding in council-controlled trading organisations. In 2006, all councils levied \$3 billion in rates.

- **User fees and charges**

Many councils require people to pay for services they use, such as resource consents, building permits, dog registration, community housing rentals, parking and entry charges to some recreational and cultural facilities.

- **Developer contributions**

New subdivisions or redevelopment of areas can impose significant costs on existing ratepayers,

particularly for water and waste services, and roading. Councils can require developers to make up-front contributions to help cover additional costs.

- **Government subsidies and grants**

Special government grants may be made for other infrastructure works such as water and wastewater upgrades. Councils also administer some community grant funding on behalf of government organisations such as Creative NZ.

- **Rates reductions and exemptions**

Ratepayers can sometimes apply to their council for a reduction of their rates or to postpone payment. Low-income homeowners may also seek help from the government-funded Rates Rebate Scheme. Visit [www.dia.govt.nz](http://www.dia.govt.nz) for information on how to apply.

Some organisations are exempt from paying general rates. These include government departments, schools, hospitals, churches and some charities. For more detail about rebates and exemptions, contact your local council.

## How many elected members do councils have?

The number of elected members varies from council to council, in 2005:

- Auckland City Council has 19 councillors plus the Mayor.
- Taranaki Regional Council has 10 councillors including the Chair.
- Hastings District Council has 15 councillors plus the Mayor.
- Dunedin City Council has 14 councillors plus the Mayor.
- The Waitomo, Wairoa and Mackenzie Districts have six councillors each, plus a Mayor.

## What are district plans?

District and city councils are required under the Resource Management Act 1991 to prepare a district plan containing rules about development and land use. Regional councils are required to prepare regional plans for air, water etc.



## More information:

See the other info sheets in this series.

Visit the following websites:

Local Councils:  
[www.localcouncils.govt.nz](http://www.localcouncils.govt.nz)

The Department of Internal Affairs:  
[www.dia.govt.nz](http://www.dia.govt.nz)

Government Online:  
[www.newzealand.govt.nz](http://www.newzealand.govt.nz)

Local Government New Zealand:  
[www.lgnz.co.nz](http://www.lgnz.co.nz)



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THE DEPARTMENT OF INTERNAL AFFAIRS

Te Tari Taiwhenua