

Committee: Strategy & Policy Committee

Date: 07 July 2015

Report Name: Local Government New Zealand AGM 2015 - Remits (Late Report)

Author: Richard Briggs

Status	<i>Open</i>
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1. Background

2. The Annual General Meeting for Local Government New Zealand is to take place on 19 July 2015 at Rotorua. Council's delegate to the AGM is Her Worship the Mayor Hardaker
3. Amongst other items the member authorities at the AGM have been asked to consider a number of matters ('remits') submitted from zones, sector groups or member authorities. If supported at the AGM, remits will be actioned by LGNZ. The LGNZ Remit Policy can be found [here](#). The remits for the 2015 AGM ('**2015 Remits**') are detailed in Attachment 1 of this report.
4. The 2015 Remits were included in the AGM papers received by the Chief Executive on Monday 6 July 2015. The Strategy and Policy Committee meeting on 7 July 2015 is the only Council committee meeting prior to the AGM. Members of the Strategy and Policy Committee are being asked to give direction to Council's delegate on the 2015 Remits.

5. Recommendation

That:

- a) the Report be received; and
- b) Council provide direction to its delegate in relation to each of the 2015 Remits, as set out in Attachment 1 of this Report.

6. Attachments

7. Attachment 1 - LGNZ AGM 2015 Remits

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Remits

There were four remits approved by the remit screening committee to be forwarded to the AGM for consideration:

1. Smoke free outdoor hospitality areas
2. Plastic shopping bag levies
3. Water and Wastewater subsidy scheme
4. Rates on Crown land

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Remit one: Smoke free outdoor hospitality areas

Remit: That LGNZ requests that the government develops and implements legislation to prohibit smoking outside cafes, restaurants and bars

Proposed by: Palmerston North City Council

Supported by: Manawatu District
Auckland Council
Horowhenua District

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Background Information

ISSUE

Councils are being pressured by their communities to ban smoking in outdoor hospitality areas, but only central government can prohibit smoking in specific locations and apply appropriate penalties.

Background

New Zealand became one of the first countries in the world to legislate smokefree indoor office environments in the Smoke-free Environments Act 1990. An amendment to the Act in 2003 introduced smokefree legislation that affected all licensed premises (bars, restaurants, cafes, sports clubs, casinos), other workplaces (offices, factories, warehouses, work canteen, 'smoko' rooms), and, the buildings and grounds of schools and early childhood centres. Complaints can be addressed to a Smokefree Enforcement Officer who can issue infringement notices where an offence has been committed.

The SHORE & Whariki Research Centre (2014) Review of Tobacco Control Services recommended expanding Smokefree environments and providing strong messaging will encourage cessation and prevent uptake. Such population interventions have been shown to affect priority groups. The Maori Select Committee (2010) also recommended to the government that it investigate extending the Smoke-free Environments Act to legislate against smoking in certain areas, such as specific public places.

Councils across New Zealand are coming under public pressure to ban smoking from public areas in general, and from outdoor hospitality areas in particular through submissions on the issue. However, any local bylaw that prohibited smoking in public places would lack the power to enforce the bylaw appropriately. Councils do not have effective enforcement mechanisms to prevent smoking in outdoor public areas, such as the power to issue infringement notices and fines. People can smoke on the streets. Local measures are being used by councils to discourage smoking, such as Smokefree policies, signage, preventing smoking at council-owned venues and public education.

The Health Promotion Agency highlights that second-hand smoke is the leading environmental cause of death in this country. There is no safe level of exposure to second-hand smoke and those who are exposed may suffer from many of the same diseases as

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regular smokers, such as coronary heart disease, lung cancer, acute stroke, eye and nasal irritation and nasal sinus cancer.

Being within metres of smoking on the street is associated with higher air pollution levels than being adjacent to busy road traffic. (Patel V, Thomson G, Wilson N. Study of air pollution on Lower Hutt city streets: Smoking associated with worse air quality than road traffic. University of Otago, Wellington, December 2011). Patrons and staff of outdoor hospitality areas are placed at higher risk of harm than pedestrians.

The government's Smokefree 2025 goal is assisted by restricting the areas where smoking is visible, particularly to children. Smokefree outdoor hospitality areas are likely to help denormalise smoking, and help smokers who have recently quit or who are trying to quit. They may also reduce nuisance impacts on non-smokers, littering, and fire risk. They will make the environment safer for patrons and staff.

Conclusion

The extension of statutory Smoke-free environments to outdoor hospitality areas is a necessary next step towards the aspiration of a Smokefree 2025. This is a national issue that affects all public hospitality places in New Zealand that can be addressed by central government, as is consistent with previous Smokefree legislation.

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Remit two: Plastic shopping bag levy

Remit:	That LGNZ ask the government impose a compulsory levy on plastic shopping bags at point of sale.
Proposed by:	Palmerston North City Council
Supported by:	Dunedin City Council Auckland Council Horizons Regional Council Taupo District Council Napier City Council South Wairarapa District council

Background

Issue

1. Discarded plastic polythene carryout shopping bags are a major cause of litter and environmental pollution. They consume finite resources in their manufacture, including oil and natural gas which contributes to climate change. Even when disposed of, plastic bags last for indefinite periods in landfill sites which can have a further negative environmental impact. Plastic bags pollute our streams, rivers and oceans. They can cause injury and harm, particularly to avian and marine wildlife. Humans ingest contaminated fish and mammals, but as the impact is universal it is hard to determine the human health consequences.
2. The fundamental problem is the use of plastic bags with no responsible means of disposal. Councils attempting to resolve this can lead to responsibility being ascribed to local authorities for a problem created by manufacturers, retailers and consumers which is not readily capable of a local solution.
3. Costs to Council from plastic bags include collection of plastic bag litter, blockage of stormwater drainage, contamination of the recyclable waste stream, and, disposal.

Rationale

Palmerston North City

1. Pre-2010 the City Council did not accept single use plastics bags for recycling. Recyclables collected from the kerbside recycling collection service were placed out for collection in single use supermarket bags. However, these bags were not recycled and they were disposed to landfill.

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2. Post July 2010, when wheelie bins and glass crates were introduced, the Council expanded the range of plastics accepted in the kerbside collection service. This included single-use supermarket bags which were recycled until February 2012, after which all plastic bags were disposed to landfill. Council continued to accept single-use plastic bags in the recycling stream in the hope of finding a viable market which did not eventuate. So in 2014 the Council ceased accepting plastic bags in the recycling stream.
3. Between the 2010 and 2014 the perception of a 'plastic bag' that could be placed in the recycling bin grew to include mixed materials. Plastic bags collected were often mixed material, multi-coloured, non-recyclable and contaminated with other waste. This caused problems at the Materials Recovery Facility, including:
 - Downtime (jamming of equipment)
 - Site litter issues (lightweight nature of plastic bags)
 - Under-recovered recyclables (recyclables tied-up inside plastic bags)
 - Increased waste (non-recyclable plastics)

New Zealand

4. Recycling of plastic bags can be problematic with limited outlets and uses in New Zealand. The costs of the recovery of bags is high compared to the market price when other variables are taken into account, such as mixed material plastic bags, coloured bags, contamination and sorting/processing issues. Approximately 180,000 plastic shopping bags are required to make up one tonne of saleable product.
5. Plastic bags have a lower market price than other plastic commodities. Polythene plastic bags (HDPE and LDPE) may be sold at around \$ 50 per tonne. By contrast, December 2014 tender prices for plastics were:

• Mixed Plastic	\$195 per tonne
• Coloured 2's	\$290 per tonne
• Clear PET	\$520 per tonne
• Clear Milk Bottles	\$750 per tonne
6. A bylaw cannot be used to make a local 'ban' on single-plastic bags because would not meet the test of Section 155 of the Local Government Act 2002 which requires the local authority to assess if a bylaw is the most appropriate way of addressing the perceived problem. That is because the negative environmental consequences of plastic bags applies to all territorial authorities in New Zealand. Therefore, it is a national problem best resolved by central government legislation. In addition, a bylaw may not be enforceable in practice. Auckland Council, for example, explored and rejected a bylaw approach in 2015.

Voluntary reduction schemes have not proven to be effective over time. For example, in Collingwood, Golden Bay a voluntary approach produced results for a few years until the support of local retailers gradually waned.

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International

7. Shipping our plastic waste overseas at low cost is not socially or environmentally responsible and can contribute to worsening pollution of the oceans.
8. Overseas a levy is becoming more common and has been generally successful in reducing usage. Some places have prohibited plastic carryout bags and other jurisdictions are in the process of legislating. For example:
 - In Denmark, the use of 750 million plastic bags per year in 1993 reduced to 300 million in 1995 after a levy was introduced by the government.
 - In San Francisco, a voluntary approach started in 2005, but results were short-lived. So in 2007, a prohibition of plastic carryout bags at supermarkets was imposed. This prohibition was then extended to all retail outlets in 2012. A state-wide bill was subsequently introduced in California to come into effect 1 July 2015 so that retail outlets cannot distribute or sell a single-use carryout bag at the point of sale.
 - In China, when retail stores were notified to charge consumers for plastic bags, consumption reduced by half according to a 2010 study of Beijing and Guiyang.
 - In Taiwan, a prohibition on plastic bags was in place for three years before that was lifted in 2006. This is an isolated case of a prohibition being reversed.
 - In Bangladesh, polythene plastic bags were prohibited in 2002 as studies showed that they had played a causal role in flood damage by blocking stormwater drainage systems.
 - In Rwanda, non-biodegradable polythene shopping bags were prohibited in 2008.
9. In Ireland, a 15 Euro cent levy was imposed in 2002. This was led by a Cabinet Minister and resulted in a 94% reduction in use and a notable reduction in litter. Efficient collection of the levy was achieved via sales Value Added Tax (the equivalent of GST). Cost savings were made by retailers. The levy revenue was ring-fenced into an Environment Fund. In 2007, the levy was increased to 22 Euro cents as use had started to increase again and this proved to be effective. Similar approaches have been enacted in Wales, Scotland and Northern Ireland. Government research looking at introducing a compulsory levy in England suggests that the Irish approach has been widely popular. The Irish approach is the exemplar for the national levy proposed in this report.
10. A proposed remit for consideration at the Local Government New Zealand Annual General Meeting:
 - a) requires support of *at least* five Councils;
 - b) has to be received by Friday 22 May at the latest.

Conclusion

Overseas experience shows that a significant reduction in plastic bag waste can be achieved through a government levy which could be linked to sales taxation.

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Remit three: Water and Wastewater Subsidies

- Remit:**
1. That LGNZ urgently engages with government to have the water and wastewater subsidy schemes re-introduced; and
 2. That LGNZ proposes that the funding available be \$20 million per annum for water supply schemes and \$20 million per annum for wastewater schemes.

Proposed by: Far North District Council

Supported by: Zone 1 and 2 combined sector meeting, Auckland, 8th May 2015

Background:

The Nature of the Issue:

Having a safe and healthy environment is considered a basic human right. The provision of potable water and appropriate disposal of wastewater has a significant influence in creating this healthy environment, and is considered one of the fundamentals of community wellbeing in New Zealand.

The accumulative effects of reliance on privately owned water tanks and individual effluent disposal systems, increases health and environmental risks to communities. Generally low decile communities are unable to fund the installation of basic community infrastructure for the provision of potable water and/or wastewater treatment leading to a decrease in the health of those communities.

Local Government Involvement

The Local Government Act requires Councils to have particular regard to core services including network infrastructure. As local government already has a close involvement with these communities and already delivers core infrastructure, local government is an appropriate conduit for improving the health of all communities through the provision of core infrastructure.

Many small communities find the costs associated with the installation of potable water schemes or wastewater schemes to be unaffordable. Some councils have eased the costs by spreading the costs over other communities, but many of the smaller councils do not have the larger population bases to spread these costs over.

With many of the already reticulated small communities, increasing compliance requirements relating to both quality and resource consents, is forcing the need for additional capital expenditure, resulting in increased financial burden on those communities. The NPSFM has also increased standards with respect to water quality across a catchment.

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Previous Subsidy Schemes:

Government assistance towards the provision of water supplies and wastewater schemes is not new. There have been a number of subsidy schemes provided by the government to assist with the installation of potable water and sanitary services. A wastewater scheme ran from 1969 to 1990, and again from 2003 to 2013. A water supply subsidy scheme ran from 2005 to 2015. Without this previous assistance from Government, many of the now reticulated smaller communities would not have either wastewater schemes or potable water supplies.

Alignment with Government Strategies

Continuation of the subsidies for water and waste-water schemes aligns with existing government policy:

1. Provision of infrastructure. Infrastructure development is one of the key strategies of the Business Growth Agenda. Whilst the infrastructure component of that agenda is predominantly focused on transport and telecommunications infrastructure, water and waste-water are key infrastructure for rural and provincial communities. These communities form the back-bone of the rural sector which generates the majority of the country's exports.
2. Water and waste-water systems are crucial enablers of public health and a sustainable environment. Provision of reticulated potable water systems is a key means of being able to meet the drinking water standards set by government and which provide minimum quality levels for water fit for human consumption. The subsidy has allowed for schemes to be built to allow these standards to be met. Waste-water treatment and disposal systems are essential to ensure that effluent discharges to land and water are managed and controlled within acceptable standards to maintain the quality of natural waterways.
3. Improving water quality through the NPS for Freshwater Management and future amendments.

Promotion of regions

Government has recently recommitted to the development of the regions as opposed to the previous focus on Auckland and Christchurch. Continuation of the subsidy to help rural and provincial communities achieve reticulated water and sewerage schemes would be a positive action government could take to demonstrate this commitment.

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Improvements to the subsidy schemes

Based on the learning of the previous schemes, there is an opportunity to improve on how the subsidy is delivered. This may include a greater involvement by local government in the delivery and future management of the schemes. Local Government New Zealand is the appropriate organisation to work with the Government on ensuring and subsidy scheme provides best value to councils and reaches the appropriate communities.

Summary

It is proposed that Local Government New Zealand engages with Central Government with the objective to have funding re-introduced to assist with the provision of both potable water and appropriate wastewater treatment. The funding sought is minor in relation to the health, environmental and economic benefits that the schemes provide to smaller communities.

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Remit four: Rates on Crown land

Remit: That LGNZ investigate the possibility, practicality and principle of territorial authorities charging rates against Crown owned properties

Proposed by: Wanganui District Council

Supported by: Zone 3

Background:

Nature of the issue

Under the Local Government Rating Act 2002 (The Act) central government organisations owning Crown land (Crown owned properties), such as Schools, Prisons, the Conservation Estate and Health Boards do not pay the same level of rates that other properties pay.

The act restricts the rates payable by Crown owned properties (COP), to a small selection of Council services such as Wastewater, Water and Waste collection (services only). There is no payment for all other Council services such as Storm water, Roading, Libraries, Museums, and Democracy etc.

Crown owned properties, their staff and customers benefit from these Council provided services. Other ratepayers thus bear the COP out of not sharing in reasonable Local Authority costs. Other ratepayers are compelled to subsidise COP by legislation.

Central Government is responsible for the level of Schools, Hospitals and Conservation Land within a Local authority area while Local Government has no decision making power over this but is still expected to provide an open ended subsidy for all COP.

Fundamentally any decision to offer subsidies on Local Authority rates should be made Local communities. In Section 10 of the Act "The purpose of the Local government is to enable democratic local decision making and action by, and on behalf of communities".

Background to its being raised

Local Authorities are continuing an efficiency drive to provide services in a manner that is cost effective for households and businesses. Traditional funding mechanisms of rates, development contributions and debt are being restricted by the community's willingness to pay and changes to Central Government Legislation.

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Councils Reviewing their Revenue and Financing Policies on who should pay for their services can't rationalise why there is a COP out for most local authority rates. We understand that the exemption was introduced in 1867 and Hansard was silent on the rationale.

- Shand enquiry S 109 "Overall the rationale for these rating exemptions are unclear"
- Shand enquiry 2007 estimated that all non-rateable land exemptions in the Local Government Act are 4 % of the national rates take.

New or confirming existing policy

This remit is looking to change central government existing policy via changes to the Local Government Rating Act 2002.

How the issue relates to objectives in the current Work Programme

It relates to policy priority number 3 "Developing a long term strategy and Policy on the appropriate funding model for local government" in LGNZ three year business plan. This is a small part of the work that the Funding review working Party is considering.

What work or action on the issue has been done on it, and the outcome?

This issue has been raised as part of the Local Government Funding review. The Local Government Act has been reviewed on average every 7 years the latest review being the Local Government Rates Inquiry 2007 (Shand Report)

Outcome of any prior discussion at Zone three or a Sector meeting

Remit fully supported by Zone three

Suggested course of action envisaged

Remit from the Local Government conference requesting Central Government re consider the exemptions to the Local Government Act.

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3. Costs to Council from plastic bags include collection of plastic bag litter, blockage of stormwater drainage, contamination of the recyclable waste stream, and, disposal.

Rationale

Palmerston North City

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2. Post July 2010, when wheelie bins and glass crates were introduced, the Council expanded the range of plastics accepted in the kerbside collection service. This included single-use supermarket bags which were recycled until February 2012, after which all plastic bags were disposed to landfill. Council continued to accept single-use plastic bags in the recycling stream in the hope of finding a viable market which did not eventuate. So in 2014 the Council ceased accepting plastic bags in the recycling stream.
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10. A proposed remit for consideration at the Local Government New Zealand Annual General Meeting:
 - a) requires support of *at least* five Councils;
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Conclusion

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Remit three: Water and Wastewater Subsidies

- Remit:**
1. That LGNZ urgently engages with government to have the water and wastewater subsidy schemes re-introduced; and
 2. That LGNZ proposes that the funding available be \$20 million per annum for water supply schemes and \$20 million per annum for wastewater schemes.

Proposed by: Far North District Council

Supported by: Zone 1 and 2 combined sector meeting, Auckland, 8th May 2015

Background:

The Nature of the Issue:

Having a safe and healthy environment is considered a basic human right. The provision of potable water and appropriate disposal of wastewater has a significant influence in creating this healthy environment, and is considered one of the fundamentals of community wellbeing in New Zealand.

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Local Government Involvement

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With many of the already reticulated small communities, increasing compliance requirements relating to both quality and resource consents, is forcing the need for additional capital expenditure, resulting in increased financial burden on those communities. The NPSFM has also increased standards with respect to water quality across a catchment.

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Previous Subsidy Schemes:

Government assistance towards the provision of water supplies and wastewater schemes is not new. There have been a number of subsidy schemes provided by the government to assist with the installation of potable water and sanitary services. A wastewater scheme ran from 1969 to 1990, and again from 2003 to 2013. A water supply subsidy scheme ran from 2005 to 2015. Without this previous assistance from Government, many of the now reticulated smaller communities would not have either wastewater schemes or potable water supplies.

Alignment with Government Strategies

Continuation of the subsidies for water and waste-water schemes aligns with existing government policy:

1. Provision of infrastructure. Infrastructure development is one of the key strategies of the Business Growth Agenda. Whilst the infrastructure component of that agenda is predominantly focused on transport and telecommunications infrastructure, water and waste-water are key infrastructure for rural and provincial communities. These communities form the back-bone of the rural sector which generates the majority of the country's exports.
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3. Improving water quality through the NPS for Freshwater Management and future amendments.

Promotion of regions

Government has recently recommitted to the development of the regions as opposed to the previous focus on Auckland and Christchurch. Continuation of the subsidy to help rural and provincial communities achieve reticulated water and sewerage schemes would be a positive action government could take to demonstrate this commitment.

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Improvements to the subsidy schemes

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Summary

It is proposed that Local Government New Zealand engages with Central Government with the objective to have funding re-introduced to assist with the provision of both potable water and appropriate wastewater treatment. The funding sought is minor in relation to the health, environmental and economic benefits that the schemes provide to smaller communities.

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Remit four: Rates on Crown land

Remit: That LGNZ investigate the possibility, practicality and principle of territorial authorities charging rates against Crown owned properties

Proposed by: Wanganui District Council

Supported by: Zone 3

Background:

Nature of the issue

Under the Local Government Rating Act 2002 (The Act) central government organisations owning Crown land (Crown owned properties), such as Schools, Prisons, the Conservation Estate and Health Boards do not pay the same level of rates that other properties pay.

The act restricts the rates payable by Crown owned properties (COP), to a small selection of Council services such as Wastewater, Water and Waste collection (services only). There is no payment for all other Council services such as Storm water, Roading, Libraries, Museums, and Democracy etc.

Crown owned properties, their staff and customers benefit from these Council provided services. Other ratepayers thus bear the COP out of not sharing in reasonable Local Authority costs. Other ratepayers are compelled to subsidise COP by legislation.

Central Government is responsible for the level of Schools, Hospitals and Conservation Land within a Local authority area while Local Government has no decision making power over this but is still expected to provide an open ended subsidy for all COP.

Fundamentally any decision to offer subsidies on Local Authority rates should be made Local communities. In Section 10 of the Act "The purpose of the Local government is to enable democratic local decision making and action by, and on behalf of communities".

Background to its being raised

Local Authorities are continuing an efficiency drive to provide services in a manner that is cost effective for households and businesses. Traditional funding mechanisms of rates, development contributions and debt are being restricted by the community's willingness to pay and changes to Central Government Legislation.

We are. LGNZ.

Councils Reviewing their Revenue and Financing Policies on who should pay for their services can't rationalise why there is a COP out for most local authority rates. We understand that the exemption was introduced in 1867 and Hansard was silent on the rationale.

- Shand enquiry S 109 "Overall the rationale for these rating exemptions are unclear"
- Shand enquiry 2007 estimated that all non-rateable land exemptions in the Local Government Act are 4 % of the national rates take.

New or confirming existing policy

This remit is looking to change central government existing policy via changes to the Local Government Rating Act 2002.

How the issue relates to objectives in the current Work Programme

It relates to policy priority number 3 "Developing a long term strategy and Policy on the appropriate funding model for local government" in LGNZ three year business plan. This is a small part of the work that the Funding review working Party is considering.

What work or action on the issue has been done on it, and the outcome?

This issue has been raised as part of the Local Government Funding review. The Local Government Act has been reviewed on average every 7 years the latest review being the Local Government Rates Inquiry 2007 (Shand Report)

Outcome of any prior discussion at Zone three or a Sector meeting

Remit fully supported by Zone three

Suggested course of action envisaged

Remit from the Local Government conference requesting Central Government re consider the exemptions to the Local Government Act.