

Hon John Key

Prime Minister



27 July 2009

Speech

Speech to Local Government New Zealand

Thank you for inviting me to open your conference.

I'd like to start by acknowledging your President, Lawrence Yule.

My Ministers and I have a close working relationship with Local Government New Zealand that benefits both central and local government, and the people we serve.

That relationship operates on a number of levels.

From central government, we have two dedicated Ministers – Rodney Hide as Minister and John Carter as Associate – committed to actively working with local government to achieve good outcomes.

And our two tiers of government are closely linked through the Central Local Government Forum, the Mayor's Task Force for Jobs, and the many individual relationships you have with local MPs.

Thank you for your work and your dedication to your communities.

Central and local government both face difficult challenges.

On the one hand, we have the worst global recession since the 1930s.

On the other, we need to make the most of the opportunities we have as communities, as regions, and as a country.

Striking the right balance isn't easy.

And in an age when households are being more careful with their spending, taxpayers and ratepayers are demanding that we get that balance right.

Just as central government has to carefully prioritise what we spend – to provide better services to taxpayers – so local government needs to prioritise its spending to provide better services to ratepayers.

In May we announced our first Budget.

We had to juggle falling revenue and rising costs with the need to invest in public services while keeping debt under control.

And we had to make hard calls about how we will spend money in the years ahead.

You have recently completed your Long-Term Council Community Plans.

You've had to go through that same process and make the same hard decisions.

So we are confronting the same challenges – with more to come.

And there are many ways we need to work together to meet them.

Because both central and local government have important roles in helping to build strong and vibrant regions that can emerge from this recession as attractive places for people to live, work, and invest in.

With this in mind, I want to touch on four areas today:

- Improving Regulations
- Boosting Infrastructure
- Enhancing Governance
- Building the National Cycleway

One of the factors in the rising costs that councils face are the extra responsibilities you have been given.

Councils now have responsibilities as diverse as gambling, prostitution, and registering microchips in dogs.

The laws and regulations that have spawned these responsibilities have piled additional costs onto councils – and ratepayers.

And often these costs were not anticipated.

So we make no apologies for our regulatory reform agenda.

We are undertaking the biggest overhaul of the Resource Management Act since its introduction in 1991.

We want councils to have the ability to develop plans and to process consents in a more timely and efficient way.

The first phase of our RMA reform programme focused on streamlining and simplifying processes under the Act.

A second phase of reform is currently underway.

We value your input into that process.

We have begun amending the Building Act, to reduce the huge additional costs imposed on councils and the building industry.

And Rodney Hide, as Minister for Regulatory Reform, is hard at work identifying other

regulations which aren't needed or which can be improved.

In an annual Regulatory Reform Bill, there will be a regular opportunity to reduce red tape and make positive changes to regulations.

In his other role as Local Government Minister, Rodney is reviewing the Local Government Act to improve the transparency, accountability, and fiscal management of local government.

He is looking at a range of things from developing transparent fiscal strategies to simplifying long-term council community plans.

Rodney will be expanding on this later in the conference.

I know that some of you are a little concerned about this process.

So there are couple of points I want to make.

Firstly, from the discussions I have had with many of you, I think we can find a lot of common ground on these proposals, and we want to work with you to reach that.

Secondly, we want changes that will help you do your job better.

After hearing your views we will work through the recommendations in the review and consider each of them on their merits before deciding whether to take them forward.

We appreciate the challenges you face.

Both central and local government need to keep improving the services we provide to our constituents at a cost that is affordable.

I'd like to thank Local Government New Zealand for the constructive work you are putting into this review.

I am confident that with your help, we can make some real progress.

Infrastructure is another area where we can achieve a lot together.

Boosting infrastructure investment is a priority for the government.

We are investing \$7.5 billion over the next five years to build and upgrade schools, roads, housing, hospitals, and telecommunications.

Meanwhile, councils expect to spend somewhere around \$30 billion over the next decade, on roads, water services, and other assets.

By working together, we can maximise the return our communities get from these investments.

That's why we have established two bodies:

- A National Infrastructure Unit to co-ordinate the Government's infrastructure activities, and,
- An Infrastructure Advisory Board, made up of representatives with private

sector and local government experience, to provide independent advice on investment priorities.

We think there is scope for putting more commercial decision-making into the way that central and local government develops and runs our assets.

In some instances that may mean greater involvement of the private sector.

In others, it may mean making sure that the costs and benefits of one particular investment are weighed up against those of another.

With such large sums at stake that could lead to big gains for taxpayers and ratepayers.

So we are keen to include local government infrastructure projects in the national infrastructure plan.

This will help balance local, regional, and national needs.

And it will help provide more certainty around investment intentions and set clear directions for vital infrastructure investment.

We are also working to develop a common investment framework for infrastructure that spans central and local government and includes a range of financing tools.

One of these is a local body bond bank.

The Government knows that councils face a big spike in costs over the next decade in infrastructure investment.

And some of this will quite rightly be financed by debt.

We are working with Local Government New Zealand to investigate a bond bank to help councils finance that debt.

We have established a steering group and expect it to report shortly.

Our challenge is to emerge out of this recession with a better stock of infrastructure, with investment decisions better analysed and better regulated, and with commercial disciplines entrenched into decision-making.

I'm confident we can meet that challenge together.

Improving governance structures is another area where we can achieve a lot.

In some regions, poor governance structures are preventing communities and regional economies from reaching their potential.

Auckland is a glaring example.

The Royal Commission on Auckland Governance said that a unified Auckland with one council was the best way to tackle the region's problems – such as suffocating red tape, ballooning rates, transport bottlenecks, and lost opportunities.

That's why we have been driving changes to local government in Auckland.

A few days ago, a special select committee completed the first round of hearings on creating a single unitary authority for the Auckland region.

We're delighted with the number of people who have made submissions to the committee, coming on top of the 3,500 submissions to the Royal Commission.

It's clear there's now a strong consensus for a single unitary authority for Auckland with an enhanced ability to get things done.

And as we expected, there has been much discussion about how the second tier of the structure will look, what powers the local boards will have, and how councillors on the unitary authority are elected – either at large or through a ward-based system.

The select committee will report back shortly, and I expect we'll see a second tier with beefed-up powers that reflect the diverse communities they serve.

There may be opportunities for improving local government structures in other regions.

But that's not something I see the government leading at this point.

Changes to local government structures elsewhere must be driven from communities, by communities, for communities, with a genuine desire for change.

Where the Government can help, we will.

But as representatives of those communities, most of that responsibility lies with you.

I encourage you to work together with your communities to consider what changes, if any, may be appropriate.

The final area I want to talk about is the New Zealand Cycleway Project.

The cycleway has captured the imagination of people around the country.

We have been swamped with ideas, route maps, and detailed proposals.

I'd like to thank councils for the support you have shown for this idea, and the initiative you have taken to develop cycleway projects.

I'd also like to thank Kevin Hague from the Green Party who has been working with us on these plans.

Several councils have already committed to improving facilities for walking and cycling in Long Term Council Community Plans.

The Cycleway will tap into, and build on, your initiatives.

The overall vision for the Cycleway is to generate lasting economic, social, and environmental benefits for our communities through a network of world-class cycling experiences.

Initially, the Cycleway project will focus on developing a series of 'Great Rides' through some of our most beautiful scenery.

Over time, these Great Rides will create a high-quality national asset that will help attract higher-value tourists and complement our 100% Pure Brand.

The Government is putting \$50 million into the project over three years.

I expect this will generate further contributions from regional organisations, community groups, businesses, and individuals.

The cycleway project will create jobs.

Through design, construction, and project management.

And through new businesses along the routes and downstream economic activity.

I want to see construction begin on an initial set of routes this summer.

That means detailed investigation work needs to start now.

The Ministry of Tourism is working with councils, to gain a better understanding of the ideas you are developing and to identify where the Government can best work with you.

As part of this process, 21 Mayors and Chairpersons have formed three large regional clusters – in Northland, the Central and Eastern North Island, and the south of the South Island.

These regional clusters, and the Department of Conservation, have recommended several 'Quick Start' projects that could start this summer, but require further work before a final decision is made.

The Government has allocated \$9 million from the Cycleway Fund for projects that could be considered for a Quick Start.

This funding will assist with developing detailed technical evaluations and feasibility studies, and provide part-funding for those projects approved to start this summer.

Today, I am pleased to announce that seven projects have been identified for a possible 'Quick Start'.

These projects haven't been selected by the Government looking at a map and saying, "Go and build a cycleway there".

They have been selected by people who have got behind the idea and said: "We want to build a cycleway here".

They include sections of the following trails:

- Hokianga to Russell
- Hauraki Plains Trails
- Waikato River Trail
- Central North Island Rail Trail
- Mount Ruapehu to Wanganui.
- St James Trail
- Southland Around the Mountain Rail Trail

Each project is subject to detailed technical investigations and robust feasibility studies.

At this stage, it is difficult to quantify the number of jobs they will create.

But based on the experiences of the Waikato River Trails, I am advised that up to 40 people may be employed on each project.

That means that if all seven projects go ahead, around 280 people could be working on their construction.

Each project will also generate jobs through downstream economic benefits.

A recent survey of the Otago Central Rail Trail found that the total value of the Rail Trail to the regional economy was \$7.2 million a year, and it is responsible for 75 full-time equivalent jobs.

And a report on Britain's National Cycle Network estimates that cycleway projects can generate benefits of \$18 for every dollar invested.

The Quick-Start projects are only the first projects that will contribute to the New Zealand Cycleway.

There are many further proposals that are being worked on around the country.

These further projects will need to be focussed on meeting the demand for a "Great Ride".

And they will need to show how they will:

- Deliver economic benefits to the region
- Provide a world-class cycling experience
- Engage their community, and
- Maximise complementary benefits – such as health and recreation.

The Ministry of Tourism is defining a process to assist councils in your efforts, and to describe how further projects can get support from the New Zealand Cycleway Fund for feasibility study and development.

We will announce details about this in coming months.

In the meantime, I want to make two final points.

Firstly, we won't be able to satisfy every wish.

Preference will be given to the big opportunities that fit with the vision for the New Zealand Cycleway and bring the most benefits to our communities.

And secondly, the Government can provide leadership and some funding, but the rest is up to you.

The success of the Cycleway depends on how enthusiastically councils and communities grasp this opportunity.

Ladies and gentleman, the work you do with the Government is important for our

communities, our regions, and New Zealand.

There is a lot we are achieving together.

But there is more we can do.

The Government is working with you to reform regulations, get the best value out of infrastructure investment, improve governance in Auckland, and develop the New Zealand Cycleway.

To make the most of these opportunities, we need to keep working together, keep learning from each other, and keep improving what we do.

That's my priority.

I hope it's yours too.

Have a great conference.