

MANAGING ACROSS LEVELS OF GOVERNMENT

NEW ZEALAND

1. Institutions and authority**1.1 Structures**

This description of sub-national administration maintains the OECD distinction between local and regional governments and those parts of the central administration which have been deconcentrated. In the latter category is the sub-national administration of health and education which, in New Zealand, have a formal primary responsibility to a central government agency including financial and management accountability.

Description of levels

“Local government” in New Zealand is an inclusive term containing regional councils and district and city councils. The latter two are collectively termed “territorial authorities”. Although there are some minor exceptions, in general a group of territorial authorities is defined within the boundary of a regional council. In some cases a territorial authority may have the statutory functions of a regional council. These bodies are known as “unitary authorities”.

The number of bodies in each category is as follows:

- regional councils: 12
- territorial authorities: 74 (including 4 unitary authorities).

Since the unitary authorities are territorial authorities which have been made responsible for regional council functions, they are also included in the 74 territorial authorities. This means there is a total of 86 local authorities in New Zealand. Local communities may initiate action to form unitary authorities in their region so that number may increase or decrease. Local community action could also result in the constitution of new regions and districts, or their amalgamation. The resulting area and population distributions are as follows:

Table 1. Area and population of sub-national governments

Number	Regional Councils		Territorial Authorities ⁽¹⁾	
	area (km ²)	population	area (km ²)	population
	12		74	
Largest	42 200	1 002 700	31 000	327 800
Smallest	4 518	33 800	21.7	5 057 ⁽²⁾

1. Includes four Unitary Authorities.

2. Excluding Chatham Islands Territory with 756 inhabitants.

Source: New Zealand Official Yearbook, 1994.

Central government at sub-national levels

The changes within national and sub-national administration since 1984 have included changes in the ways that central government functions are administered at regional and local levels. Some government departments operate regional offices (e.g. Ministry for the Environment). Health and education are functions of central government in New Zealand.

Prior to 1993 there were 14 Area Health Boards. Since 1993 a sub-national structure of four Regional Health Authorities (RHAs) has operated with the responsibility for purchasing health and disability services from public and private health providers. The public hospital system now consists of 12 Crown Health Enterprises (CHEs) and funding allocated by the Ministry of Health. These public service providers contract with their respective RHAs to provide health care and disability services for specified geographical areas containing a 24-hour acute care hospital. CHEs can also tender for specialist services (e.g. heart transplant surgery) in other parts of the country. Private hospital and specialist medical areas (e.g. radiology) also compete for service contracts from RHAs. General medical practitioners and physicians also operate as part of this sub-national system.

In addition to the Crown Health Enterprises, there is provision for a local community to run its public hospital through a community trust. This option is usually taken up when a small local hospital is to be closed by the relevant CHE.

A programme of education reform was initiated under the 1984-90 Labour Government. This included changes at the sub-national level where the ten regional education boards were abolished and replaced by a system of local area Boards of Trustees for the management of all state primary and secondary schools. The Boards consist of elected representatives of parents, staff and students (secondary schools only). The Principal is also a member of the Board. Co-option is also possible to ensure gender balance and to reflect the ethnic and socio-economic character of the school population. Funding for each Board is provided through Vote: Education in the national Budget and distributed by the Ministry of Education.

National level institutions control the legality and efficiency of actions of the Boards of Trustees. Each Board establishes a Charter which is approved by the Minister of Education. This Charter is then monitored by the Education Review Office (ERO) as part of its function to prepare quality assurance reports, effectiveness review reports and evaluation reports on management systems, curricula

content, and delivery of education services. Boards of Trustees are subject as Crown entities to the Public Finance Act 1989.

Creation, elimination and restructuring

The 1989 amendments to the Local Government Act 1974 resulted in a reduction from 22 to 14 regions. In 13 of them regional councils were to be elected, while one (Gisborne) had a district council which was a unitary authority. Territorial authorities fell in number from 205 to 74. Special purpose or ad hoc authorities (e.g. drainage boards, harbour boards, rabbit boards etc.) whose members were often directly elected, had their numbers reduced from over 400 to just seven. Health and education authorities and electric power boards were also restructured in separate exercises.

The local government boundaries on which the present pattern is based occurred through a process led by the Local Government Commission. For regional councils, in addition to economic factors, a major consideration has been the underlying topographical structure of the region, with particular emphasis on river catchments. At the territorial authority level a range of demographic, social, cultural, administrative and efficiency criteria apply.

Since 1992 a change to the boundary of a particular local authority or a transfer of functions may be proposed and dealt with by one of the local authorities involved, without the involvement of the Local Government Commission, unless there is an appeal. There is no formal role provided for the Minister of Local Government in the process of developing the recommendation, although the 1974 Act does enable the Secretary for Local Government to make submissions on a proposal.

Proposals for new regions or districts are separately provided for in the Act. Groups of electors, a local authority affected or the Minister may initiate proposals -- which are assessed by the Local Government Commission against criteria set out in the Local Government Act. Proposals must gain approval from a poll of electors before they may be implemented. In any of these proposals electors may not include any reorganisation of functions unless they relate to boundary changes.

The imposition of the present boundaries of local government by the Commission in 1989 means that a number of communities have maintained campaigns to regain their own councils. One proposal is still in train.

Control bodies

Since local government is a creature of central government, with only the powers granted to it by statute, there are provisions to control the legality and/or efficiency of its actions. At the same time local authorities are elected bodies, with councillors accountable to their electors and with a need for appropriate monitoring internal to the local body itself. This latter requirement also enables the elected councillors to exercise control over the chief executive officer and his or her staff. The respective control provisions are summarised in Table 2.

Table 2. Control provision by level

Level of control	Agency	Function	Sanctions
Central Government	Audit Department	Financial and performance audit	Tagging audits
Council	Elected members	Decision-making	
Community	All residents, ratepayers and community bodies	Public consultation through the Annual Plan process; annual review through the requirement to prepare an Annual Report	Triennial elections or legal action.

Other review agencies include the Ombudsman, the Courts, the Parliamentary Commissioner for the Environment, the Planning Tribunal and Ministerial review.

1.2 Powers

Nature of sub-national institutions

Local government bodies are directly elected for three-year terms. Elections are conducted by postal vote using the First Past the Post method. Territorial authorities are headed by a mayor who is directly elected by the voters, whereas regional councils are headed by a chairperson who is elected by the councillors from among their number.

Type and degree of autonomy

The powers of local government and of a local authority to carry out works and engage in functions are provided in the Local Government Act and in other legislation where central government chooses to devolve responsibility. Local authorities do not have a power of general competence. The *ultra vires* doctrine is applicable. In the field of territorial planning and environmental management, for example, power is devolved through the Resource Management Act 1991 to regional councils and territorial authorities for sub-national level policy, development approvals, monitoring and enforcement. Specific aspects of public health are also devolved through the Health Act 1956 (Part II) to local authorities.

The right to tax property (real estate) is determined through the Rating Powers Act 1988. Under this Act a local authority can levy a charge on the legal owner of land holdings in order to raise revenue. This is the principal source of local revenue (see section 2.2). The levy may be applied differentially across properties, through a council exercising a discretion to determine the most appropriate spread of the rating burden through out the community, subject to only certain parameters.

There is also authority to borrow money for special purposes (Local Authority Loans Act 1956), subject to the principle that a council "... shall provide for its ordinary obligations and engagements in any year out of its revenue for that year...". Ministerial controls apply to long-term capital borrowing although there has been some general freeing-up of control over borrowing powers.

1.3 Responsibilities

Distribution of responsibilities

The responsibilities of local government and the sub-national administration of health and education are specified through the statutes governing those administrations, which are all creatures of statute. During the 1987-89 Local Government Reform process consideration was given to providing local authorities with the power of general competence, but this was not included in the amendments to the Local Government Act. Local government continues, therefore, to operate within a system where central government sets functional and operational limits, with councils constrained by these while responding to the expectations of their local communities.

In addition to the limits set by central government, local community attitudes to the appropriate responsibilities of their councils are important. The conventional New Zealand view is that councils collect rates (property taxes) in order to deliver a simple range of services: often referred to as rubbish, roads, and regulations. The last of these came about through the need for control over public nuisances, such as dogs, and local public health, buildings and town and country planning. The ability of councils to broaden their responsibilities to include social programmes such as housing and employment, and local economic development schemes, has been constrained by these traditional attitudes, although the legislation providing for such activities allows a considerable degree of discretion.

In the redistribution of functions which occurred through the 1988-89 reforms this traditional view of local government responsibilities was maintained. The responsibilities of ad hoc bodies (e.g. drainage boards and pest boards) were given to local government but other responsibilities such as education were not. Thus, when the policy decision was made to remove Education Boards and replace them with a community-based management body for each primary school, Boards of Trustees were introduced. The government sees the bulk funding of schools, including staff salaries, as an important part of its devolution of responsibilities to Boards of Trustees.

2. Management functions

2.1 Policy-making and co-ordination

Coherence, consultation and conflict resolution

The degree to which sub-national bodies can set the agenda depends on the willingness of central government to permit it. For example, in the area of road safety implementation, plans are developed at national, regional and local levels. The process followed includes procedures to ensure these plans are integrated. The same applies to civil defence responsibilities.

Consultation, collaboration, and liaison generally relies on ad hoc arrangements. The process depends on the approach adopted by central government departments. For example, the police have encouraged local authority liaison over crime prevention programmes. Other examples include the funding of co-ordinators for Safer Cities and Healthy Cities programmes within local councils.

Formal and informal mechanisms

With local government operating principally through statute, mechanisms for policy making vary across sectors. Increasingly local authorities are adopting strategic planning as a means of achieving

policy coherence and co-ordination. This has not been a statutory requirement, but is seen rather as a practical way to meet corporate planning requirements. However, recently enacted legislation [the Local Government Amendment Act (No.6) 1996] will require long term financial planning from July 1998. The other sub-national administrations for health and education are also following these processes.

For planning and resource management, for example, the Resource Management Act includes provisions which spell out its purpose and principles; local government performs its policy making and other functions under the Act subject to those provisions. This ensures a degree of central government influence on policy coherence which is augmented by a further provision for National Policy Statements. Regional councils and territorial authorities are required to amend their policy and regulatory documents to ensure they are consistent with the direction set by the national policy set out in such a Statement. (To date no such National Policy Statements have been promulgated, other than a New Zealand Coastal Policy Statement.) Similarly, territorial authorities are required to ensure that their policies and regulations are consistent with those of the appropriate regional council.

The Resource Management Act requires, among other things, that councils check that any policy and rule has a defined objective, is necessary to achieve the purpose of the Act, and is the best method or means to achieve its objective. The achievement of an objective through another Act or other means available to the council (e.g. public information, education, or the carrying out of a public work), creates an opportunity for seeking policy coherence and co-ordination.

Parliament also requires a separation within local government between regulatory and non-regulatory functions. This brings a need for additional procedures for co-ordination and monitoring. There is also a further separation of operations which compete directly with the private sector. For the latter, in the case of roading and passenger transport, councils are required to establish stand alone business units (SABUs) or local authority trading enterprises (LATEs) with council-appointed management boards. This central government requirement is enforced through restrictions on government funding to local authorities for functions and responsibilities which should be by way of a SABU or LATE. For example, government subsidies for public transport are only paid to local authorities where their transport operation is a separate company. It follows that subsidies are also paid on the same basis to private transport operators. Public transport policy and subsidy disbursement responsibilities rest with regional councils within an overall national strategic framework for land transport currently under development. Subsidies are paid to operators following a competitive tendering process administered by the Regional Councils.

Land transport is also an example where a hierarchy of programmes and plans provides the basis for co-ordination and central government funding. Through a process which builds on proposals developed from local level needs, national priorities and annual expenditure plans are constructed on the following hierarchy:

- National Land Transport Programme (Transit New Zealand Authority);
- Regional Land Transport Programmes (Regional Councils);
- District Land Transport Programmes (Territorial Authorities)

The district programme contains recommendations on local roading, construction and maintenance, state highways, research, and administration. Within each regional council, a Regional Land Transport Committee prepares the public transport component of the Regional Land Transport Programme and comments on the roading priorities in the District Land Transport Programmes which are provided to

the Transit New Zealand Authority. This central government authority submits the national programme to government for the funds, which are subsequently distributed back through the hierarchy. The Authority's operational body, Transit New Zealand, administers this system. It has no construction or direct programme implementation responsibilities, consistent with the separation of function principle being applied by central government to local authorities.

2.2 *Financial management*

Sources of revenue

Sources of revenue vary across the range of sub-national administrations. However, there is a common principle applying; since all administrations operate by central government fiat, the amount of revenue coming from central government, and any conditions attached to it, are determined through the annual national Budget. Information on financial needs is supplied to the government during the preparation of the Budget but the outcome is not negotiable. The bodies concerned are advised of the revenue decisions and then budget accordingly. For the sub-national administrations for health and education the principal revenue source is determined through the annual national budget.

For local government the allocation of revenue by central government is limited to direct programme grants (e.g. for land transport programmes), and payments in lieu of property taxation where land is owned by central government. For example, the national housing body (Housing New Zealand) makes payments to territorial authorities for its public housing properties. Total government grants, subsidies and levies amounted to NZ\$ 310.4 million, or 10 per cent total income for local authorities in 1994-95. There is a mixture of both tied and general grants where central government funding is concerned. In land transport, for instance, the funding is tied to the specifics established in the national and regional programmes.

Other sources of revenue for territorial local authorities are principally through property taxation, as well as special taxation (e.g. petroleum tax), fines, receipts from operations (service charges and fees) and rental income from properties. The petroleum tax produced revenue of NZ\$ 21 million in the 1991/92 year. A separate petroleum tax to fund passenger transport applies in certain regions.

Capital expenditure may be financed through borrowing. Long-term debt amounted to NZ\$ 1.7 billion (June 1993) with a further NZ\$ 0.5 billion as short term debt. The total debt for local authorities at that time was equivalent to NZ\$ 650 per head of population or 134 per cent of Annual Rates.

Regional councils obtain their revenue principally through property taxation. In most (but not all) regions, this is collected by the territorial authorities on behalf of the regional councils.

Table 3. Main revenue sources of local authorities (1994-95) ⁽¹⁾

(percentage)

Source	%
Rates	57
Sales and other income	19
Grants, subsidies and levies	10
Investment income	8
Fees and Fines	4
Petroleum Tax	1

1. Figures are rounded and do not add up to 100 per cent.

Source: Statistics New Zealand.

Balance between discretion and control

The management model being applied by central government generally has meant some changes in the balance between local autonomy, discretion, and direction, and control from the centre. As already noted, the principle of having centrally determined policies and programmes while enabling the sub-national administrations to then decide on the most efficient and effective means to achieve the prescribed outputs and outcomes, has resulted in more regional or local autonomy on day to day operations. For local government the change *vis-à-vis* central government is not as apparent since its locus of accountability has been primarily to the local community.

Responsibility for internal financial management is set out in the statutes. A process of developing corporate plans applies, with responsibility resting with the controlling "board". In the case of local government the elected councillors comprise the "board" while for the health sector this is the controlling body appointed by the Minister of Health. For education, the role is played by the Board of Trustees for each school.

The senior officer for each body functions as a Chief Executive Officer (CEO). While the ultimate responsibility for expenditure rests with each "board", the day to day authorisations are by the CEO. The CEO is accountable to the "board" for performance against stated policies, programmes and plans.

For local government the Local Government Act prescribes a process for preparing an annual statement of objectives and outcomes and their associated expenditures and receipts. This is presented in the form of an Annual Plan. The draft of the Annual Plan is subjected to a public consultation process. Auditing of performance against the Plan is also a public process with a statutory requirement under the Act for each council to prepare, at the end of each financial year, an Annual Report of actual achievements and expenditure compared with those in the Plan. The extent to which funding is tied to responsibilities varies across sectors.

Tools used to control spending and revenue-raising capacities within the sub-national administrations reflect those laid down for central government by the Public Finance Act 1989 and the Fiscal Responsibility Act 1994. The essence of the latter Act is:

- the specification of desirable financial criteria for government ;
- a requirement to nominate each year objectives for total spending, taxation and borrowing for a period of years;
- a requirement to account explicitly for deviations from these targets .

Currently this latter Act does not apply to local government. However, the Local Government Amendment Act (No. 6) 1996, which will come into force in July 1998 will reduce government's control over borrowing by local government and apply the principles of the Fiscal Responsibility Act 1994 to its financial management.

The Act introduces a set of principles aimed at ensuring the prudent handling of the funds and revenues of local authorities. It makes it mandatory for local authorities to adopt every three years a long term financial strategy. This covers a 10-year period, and includes consideration of:

- estimated expenses,
- means of funding them,
- estimated cash-flow projections,
- the creation and realisation of reserves, investments and assets,
- estimated changes in net worth, and estimated long-term borrowing requirements.

The Act also provides for procedures to deal with situations involving variations between long-term financial strategy and funding, investment, or borrowing management policies. Similar provisions are made for annual reporting to the public on financial matters. Additional weight is given to user-pays charging regimes by linking direct benefits to direct costs.

There are several elements of the financial management system already in place:

- statements of objectives and service performance in financial statements;
- accrual accounting as the basis of financial statements .

The annual budgeting system links the processes of strategic and corporate planning with budgetary implications of decisions. As noted above, for local government this annual process is a public one, and the financial statement requirements play a significant role in making local government accounts more transparent. There is no statutory rate capping to limit revenue from that source, but historically there has been significant public pressure against annual rate increases. The use of loan moneys and non-use of rate moneys to pay for specified items is also controlled.

Local government has been constrained in terms of increases in its indebtedness through ratepayers' polls and oversight by the Local Authority Loans Board. This body was abolished by the Local Government Amendment Act (No. 6) 1996.

2.3 *Performance management*

Performance standards at the local government level are specified as targets in Annual Plans, and are used as benchmarks for Annual Reports produced at the end of the financial year.

The city of Christchurch provides an example of the reform of local government in New Zealand and the significance of local initiatives. Organisationally, Christchurch City Council is divided into “business units”, whose functions vary depending on whether they are Enabling/Client Units, Service Providers or Support Services. These organisational units are largely independent and have all the financial, personnel and organisational control they need. “Provider Units” deal with buildings and equipment, vehicles, computer systems, etc. The notion behind this distinction is that the business units should be responsible only for their own performance and should be free to choose the best provider of services, whether this be an internal Provider Unit or the private sector. Christchurch has succeeded in ensuring that this new way of thinking has been accepted and implemented by all managerial staff. In three areas its performance has been particularly impressive: in co-operation between citizens, politicians and the administration in the planning and controlling cycle; in client orientation; and in motivating its employees to embrace the new philosophy and the idea of “total quality management” on the basis of customer satisfaction.

2.4 *Human resource management*

Statutory distinctions: As with financial management, the systems for the employment of central and local government staff are based on private sector models. This is in contrast to the situation prior to State sector reforms in 1986 when the Public Service was seen as having a liberal influence on private sector employment practices. For example, maternity leave and other Equal Employment Opportunity (EEO) provisions were introduced first into the Public Service. The Public Service reforms culminated in the State Sector Act 1988. They were also applied to local government in the Local Government Amendment Act 1989.

By 1991 the Employment Contracts Act had replaced the traditional award system under previous statutes. This removed the system of national awards established for industrial groups. It also removed any right under law to require a worker to be a member of a trade union as a condition of employment in that industry. The central role of a trade union to negotiate employment conditions was replaced by a provision for individual or collective bargaining where any person could represent the employee in negotiations. A trade union could still perform that representation role if invited to do so by the employee or group of employees.

As a consequence of these changes since 1989 employers in central and local government apply systems which are common to public and private sectors. They also apply private sector human resource management principles. For example, each organisation carries out reviews of positions within the organisation involving comparisons of job descriptions, and a search for comparability in work done and level of position, with commensurate pay levels. A points based approach is often used in these exercises. In short, there has been a greater attempt for rationality in the levels and task descriptions within the organisations and private sector equivalents.

There is a statutory responsibility for government bodies (national, regional and local) to be a “good employer”. For local government this is expressed in the Local Government Act. The principle of a “good employer” calls for “fair and proper treatment of employees in all respects of their employment”.

Expressly included is the need for an Equal Employment Opportunities (EEO) programme which is also prescribed in the Act. The same requirements apply to the health and education sectors (as Crown entities) through the State Sector Act, and are overseen by the State Services Commission.

Managerial autonomy: The principle that managers perform most effectively if made fully accountable for the efficient running of their organisations has been taken into local government human resource management. The Chief Executive Officer is appointed by the elected council and is the sole employer of all staff. The CEO assumes the accountability obligations for the performance of his or her staff. The Local Government Act prescribes the responsibilities of an executive officer, including being "...responsible to the local authority for employing, on behalf of the local authority within his or her area of responsibility, staff of the local authority and negotiating their terms of employment."

The real change made here was that the Chief Executive is accountable to the Council and all other staff are accountable to the Chief Executive. The elected members cannot circumvent the Chief Executive and become involved in day to day management. This means that decisions on the level of staffing are made by the CEO. The number of staff are determined by the CEO taking into account the resources required to implement the council's policy. CEO delegation is possible to Human Resources sections or line managers or Heads of Business Units/LATEs.

Table 4. General government and public sector employment (1989-94)

(filled jobs, February figures) ^{(1),(2)}

	1989	1990	1991	1992	1993	1994
General government ⁽³⁾:	238 700	242 600	248 200	236 500	241 800	244 700
Central government non-trading	215 700	214 500	219 000	212 800	218 800	221 200
Local government non-trading	23 000	28 100	29 200	23 700	23 000	23 400
Central government trading	81 100	61 800	40 800	37 600	28 700	22 300
Local government trading	18 900	14 800	14 500	17 200	15 600	14 400
TOTAL PUBLIC SECTOR ⁽³⁾	338 700	319 300	303 600	219 200	286 100	281 400

1. Includes the armed forces (civilian and military employment).

2. Includes only activity units with more than two full-time equivalent employees.

3. Figures may not add due to rounding.

Source: *Public Management Developments: Update 1995*, OECD, 1995.

2.5 *Regulatory management and reform*

The post 1984 context for government was based on the principle of reducing regulatory "interference"; that is, the concept of the minimal state which precludes excessive intervention in economic and social systems. This is illustrated within the Resource Management Act by the test on the need for regulation alongside other means or methods to achieve a policy. There are also provisions for the non-notification of resource consent applications; for regional and district plans to provide for

permitted activity categories; and minimum time lines for completing regulatory processes. One effect of these changes in regulatory management is to reduce the level of public intervention in the process.

3. Trends in redistributing authority across levels of government

3.1 *Evolving tendencies*

The Labour government (1984-90) introduced major public sector reform measures including ones that altered substantially the structure of local government through devolution and decentralisation. Local government reform was initiated after economic deregulation and the restructuring of the central government sector. These were a response to a deteriorating economic situation, a large public debt, and a fall in New Zealand's economic performance vis-à-vis its partners.

The election of a National Party Government in 1990 saw further changes introduced. In local government the powers of regional councils were focused on resource management and related functions, and regional council service delivery functions were dropped. The major service delivery activities of the Auckland Regional Council were handed over to a new body, the Auckland Regional Services Trust, which had a legal requirement to privatise many of them as soon as was prudently practicable. The Nelson-Marlborough Regional Council was abolished and its functions transferred to three existing territorial authorities which combined the functions of territorial authorities and regional councils.

Features of the Reforms

The essential features of the local government reforms were:

- A smaller number of large territorial local authorities were established through a process of major amalgamations.
- Community boards were set up within their boundaries to provide a vehicle for local expression and influence and to help overcome the remoteness of the larger units.
- Directly elected regional councils were established although their powers were reduced later in the reform process.
- Ad hoc or special purpose authorities were virtually abolished.
- Regulatory and service delivery functions were separated.
- Provision was made for local authority trading activities to be corporatised through Local Authority Trading Enterprises (LATEs). This was optional except where the efficiency of the national economy was affected: for airports, seaports, electricity and gas and public passenger transport, the establishment of arms-length companies was required.
- Contracting-out and privatisation were also encouraged.
- New approaches to accountability were introduced. Accrual accounting was made mandatory. Corporate planning processes based on objectives, annual plans involving public consultation, and annual reports to the public were made compulsory.
- Chief executives were appointed on contracts for up to five years. They, in turn, became the employer of all other staff.

- Local authorities were required to be good employers.

The comprehensive nature of the reforms reflected a strong belief in the desirability of the minimal state i.e. that its role in economic and social life should be marginal rather than central. At the same time personal freedom was advocated and free markets viewed, therefore, as the most efficient and effective mechanism for allocating social and economic resources.

3.2 *The current debate*

The public face of debate around the devolution or decentralisation of sub-national administration is rather veiled. The underlying features of the reform process have focused on fiscal discipline rather than on opening further windows of opportunity. Rather than providing access to further sources of revenue, central government has given priority to ensuring improved efficiency in the local government sector. This means that immediate moves to increase revenue sharing, for example, are unlikely. The reform process has built on traditional views of the nature and purpose of local government, i.e. a limited role for local government and a lack of trust in it.

A few communities are still disputing the amalgamation principle. They are not convinced that larger units of territorial authorities have brought the promised efficiencies. Part of their argument is the remoteness of councillors from communities; the contributing value of community boards has not answered this problem because of a perceived lack of effectiveness. Similarly, the specification of management as the responsibility of the CEO, not elected officers, has not reduced concerns about technocrats making decisions which should be made by locally elected representatives.

Related to this is the tension between the authority of councillors and the CEO over officer actions; the shift of power from elected councillors to the CEO and officers through the division of responsibilities. Councillors are restricted to policy areas, with implementation being assigned to officers who are not seen as being as politically accountable.

3.3 *Driving forces*

A mix of economic, political, and democratic factors have influenced the changes to sub-national administrations. There was an economic need for decentralisation and devolution, but the political and democratic influences which drove the reform process were ideologically and value determined.

A decade later the pace of change has slowed. Political interest in further reform or development has lessened as other issues have come to the fore. The move from a “first past the post” national electoral system, based on the Westminster model, to proportional representation in October 1996 is creating new checks and balances that broaden the base and modify some of the decision making processes. Parties with 5 per cent of the national list vote, or one electorate seat may now enter Parliament, thus reducing the dominance of the two traditional parties and direct Maori representation has been increased.