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To: UHLB Members

From: J McLean

### Review of LGNZ Conference

The LGNZ Conference 2018 introduced a number of subjects which were topical and informative to delegates from all over NZ. The subjects were both relevant and timely with speakers from within NZ and from overseas. Main topics were:

- Tackling three waters infrastructure changes leading to regulation of water service providers.
- Harnessing localism and empowering communities.
- Climate change. The challenges and opportunities for adoption.
- Best practices, building excellence in locally delivered infrastructure and services.

The part of conference which I enjoyed most was the notion of "more localism". Never before until now have I seen LGNZ pushing localism, or returning decision making to local people without central control.

Localism brings power closer to ordinary people, partly by vesting more of it in local institutions that voters can really influence, but also by engaging citizens themselves more in everything from healthcare to house building. A call for decentralisation is a demand for a different way of doing Government. Government is well placed to administer national interests, defence, foreign affairs, health and education.

A localist future is one in which public policies and programmes are designed from the "bottom up", rather than "top down". Instead of a "one size fits all" approach, public policies and programmes should be designed to be sensitive to local needs and circumstances. This requires re-distributing roles and function between central and local Government. New Zealand is unusual for the large share of public expenditure spent by central Government in comparison to the small share spent by local Government. Economists refer to this as a high level of fiscal centralism – amongst the highest in the OECD.

While New Zealand Councils have a relatively high level of administrative and political decentralisation, the level of fiscal decentralisation is small. Fiscal decentralisation is calculated by working out the ratio of taxation controlled and allocated by local Government in comparison to that controlled and allocated by central Government. New Zealand is one of the most fiscally centralised countries in the developed world, see below:

Country	Central Government's share of public expenditure
New Zealand	88 percent
United Kingdom	72 percent
Republic of Ireland	72 percent
Iceland	55 percent
Greece	54 percent
United States	54 percent
Korea	41 percent
Denmark	31 percent
Finland	29 percent
Germany	19 percent
Switzerland	13 percent
<b>OECD average</b>	<b>46 percent</b>

Not only does our central Government dominate the allocation of public expenditure, that domination shows no sign of diminishing. Switzerland was an effective study which challenged traditional thinking.

  
J McLean