

Supporting Local Government Structural Reform

Principles and Processes

Phase 1 – Development of Structural Reform Study Proposals

The Office of Local Government (OLG) will work with councils to scope, develop, and refine detailed proposals for structural reform (amalgamation) studies.

In the first instance councils will need to articulate the structural reform options they are entertaining via any reform study (e.g. possible different combinations of councils, potential alternative future council boundaries, if shared services models/ options are also being considered etc).

OLG will then work with councils to design a robust methodology for assessing structural reform options, including how they will deliver benefits for councils and their communities under the following criteria:

- Strategic and Technical Capability
- Financial Capacity and Sustainability
- Service Efficiency, Effectiveness, and Equity
- Good Governance and Community Representation

OLG will also assist councils to identify and scope the necessary technical analysis, community engagement, and other support to undertake a structural reform study. Once the detailed specification for a proposed structural reform study is settled and agreed, OLG will work with councils to finalise their consolidated structural reform study proposals for consideration by the Government.

In addition to relevant technical aspects (process, timing, methodology) it is expected proposals should:

- Demonstrate the extent of any community interest, support and/or early consultation with the community in relation to the proposed structural reform study;
- Indicate the level of the financial and in-kind support councils are willing to contribute to the study;
- Demonstrate the extent of any clear, in-principle commitment from all participating councils to proceed with implementing reform where amalgamation studies indicate clear net benefits against the reform criteria; and
- Outline how councils will manage and coordinate community engagement and consultation in relation to proposed reform and articulate how this will be undertaken. While this may include community votes or elector polls, these will not be mandated by the Government as a condition of support for reform.

Following receipt of the final proposals, the Government will review all proposals and determine the level of funding and other support it will make available for the commissioning of the reform studies. (N.B. – criteria used to inform Government decision-making at this point will be developed and provided to councils early in phase 1).

Phase 2 – Commission and Deliver Reform Studies

The Government will fund supported structural reform studies via grant deed or similar arrangements with participating councils.

Funding agreements will establish relevant governance, reporting, accountability, and acquittal requirements. Broader support requirements (e.g. through OLG or otherwise) will be considered at this time.

Under these arrangements councils will be responsible for the overall management and delivery of the studies in accordance with the terms of the funding agreements, including the oversight of consultants, technical experts etc. OLG will provide high level guidance and support as and where required.

Final studies will be provided to the Minister and made publicly available.



Phase 3 – Local Government Board Review

A Local Government Board will be established to review completed structural reform studies and make formal recommendations to the Minister. While remaining adaptable to the unique needs of each proposal, the role of and process for the Board would be as targeted and streamlined as possible, noting that the Act prescribes certain minimum council and community consultation requirements that would need to be satisfied.

Board membership and terms of reference will have a strong technical focus, and will review the studies to test and assess their findings with respect to;

- Financial, economic, social, and strategic benefits and costs for the relevant councils and their communities;
- Impacts on levels of council accountability, community representation, service delivery and operational performance; and
- Implementation and transition arrangements, including timing, governance, and funding for any options where the Board recommends change.

The final model and terms of reference will be finalised once there is further clarity on the number and scope of structural reform studies the Government will support.

The Board will submit a final report to the Minister making recommendations on any preferred amalgamation model identified in the report(s) (including any transitional arrangements and support).

The Minister may then – under relevant provisions of the Local Government Act - make recommendations to the Governor for the drawing up of orders giving effect to any new structural arrangements (e.g. boundary changes, allocation of assets and liabilities etc). Parliamentary approval will not be required for amalgamations to proceed.

The Government would make decisions at this point as to the nature and quantum of support it would provide to support the council's and community's transition to the new structure (including potential one-off transition costs).

Formal implementation of structural reform can then commence.

