

102 WAYS TO SAVE MONEY IN LOCAL GOVERNMENT

New Zealand Taxpayers' Union

June 2018



FOREWORD: JO HOLMES

Every organisation has inefficiencies. Managers in the private sector that aren't constantly finding and correcting their inefficiencies are promptly moved on, lest organisational performance suffer.

In the case of local government, authorities too often look to ratepayers to plug financial holes through rates hikes, rather than addressing the underlying issues.

In Auckland Mayor Goff's rates increase of 6.2% (broke what was a cast iron election promise to limit rates increases to 2.5%). The Council had a \$42 million salary budget blowout, and there is no sign that Mr Goff will ever deliver on his pre-election promise to find 3-6% efficiency to 'do more with less'.

Rates are a crude method of taxation. They hit individuals on low incomes, pensioners, and those on fixed incomes the hardest. At the *Auckland Ratepayers' Alliance*, we advocate for *Reasonable Rates*, *Sensible Spending* - but too often politicians take the easy option and dig deeper into ratepayer's pockets.

The message of this report is clear - councils should cut wasteful spending and focus on providing core services, a change in culture which will result in significant savings

across the local government sector.

This report shouldn't be viewed as a checklist, whereby if an authority manages to tick all the boxes the job is done. Instead it should be seen as a challenge to provide value for money to ratepayers, continuously, through initiatives large and small.

The *Auckland Ratepayers' Alliance* advocates for a culture where saving money and prudent management of finances is not only the expectation, but parcel of the Council's day to day operations.

Cutting council spending and reducing the rates burden on households doesn't need to compromise outcomes. By managing ratepayer money more effectively authorities will be able to get more for every dollar.

Some of the initiatives included in this report run the risk of being dismissed as mere common sense. We don't mind a dose of common sense where it saves money at the town hall - exactly what ratepayers are calling for.

I encourage all elected officials to engage with the content of this report. You may not find your own \$400 hammer, but at the very least you will facilitate

a discussion on sensible spending and the efficient use of ratepayer money.



Jo Holmes

Spokesperson, Auckland Ratepayers' Alliance

FOREWORD: NEIL HOLDOM

It has always interested me that Government, be it local or central, struggles to match the efficiency of the better performers in the private sector. But the world is changing.

Kiwis are an adaptable people and councils are responding to increasing demands and scrutiny, identifying ways to learn from and mirror their private sector counterparts.

I support this *Taxpayers' Union* initiative to highlight opportunities for councils, large and small, to identify savings or efficiencies in their operations to minimise costs to ratepayers and deliver value. While I do not advocate some of the more radical ideas which the authors of this document have included, no doubt to grab a few headlines, I celebrate those who are committed to sharing ideas and encouraging open and honest debate.

The people of Taranaki enjoy a collective wealth that far surpasses that of many of their provincial peers. Smart decisions taken by previous generations have endowed our community with quality infrastructure and large perpetual trusts injecting millions into community initiatives each year and bolstering the standard of living for all our people.

But our society is changing.

We have an ageing population, many on fixed incomes and we are acutely aware that residential rate bills averaging around \$2100 per year, increasing at double the rate of inflation, place pressure on many of our households.

We deliver a lot for that - roads, footpaths, water, waste water treatment, stormwater, rubbish collections, playgrounds, parks, walkways, libraries, swimming pools, museums, art galleries, events, economic development and community funding but we must innovate and improve.

Councils of the future will need to be increasingly transparent and the gap in their relative performance against private sector equivalents, although hard to measure, will continue to close as communities demand increasing levels of service, reliability, resilience and efficiency.

Our job is to deliver value and be able to prove it, transparently, confidently, consistently. And to do that we need to share knowledge about smarter ways of doing business, to collaborate, to celebrate our successes but also be brave enough to publish details of our failings to help our peers avoid similar problems.

Working to support and grow our communities is an honour and a privilege. The duty of care we owe our people in discharging our obligations is to watch every cent. To be accountable and accessible and to listen to the thoughts and suggestions of those we serve. To show compassion and to be prepared to explain our thinking to even the most unreasonable or outlandish of critics.



Neil Holdom

Mayor, New Plymouth District Council

INTRODUCTION

New Zealand's 78 local councils collected over \$5 billion in rates revenue during the 2016/17 financial year, equating to roughly \$1,100 for every New Zealander.

Ratepayers need confidence that the thousands of dollars they pay on rates every year are being used effectively and efficiently by their council, that wasteful expenditure is minimised, and that each council's spending offers value for money.

It is imperative that councillors remember they are stewards of their ratepayers' money – every dollar that they spend was earned by a hard-working member of the public. The \$1,100 per person cost, taken by councils in the form of rates revenue, sees families go without. That money might have been spent on education, fixing a car, insulating a home, or put aside for a rainy day.

Reassuringly, some initiatives from within local government allude to a growing recognition of the need for accountability and transparency within the sector. Local Government New Zealand (LGNZ) – a lobby group for the local government sector – have recently launched their CouncilMARK programme, which reviews individual councils to encourage an improvement to

their governance, transparency, service delivery, asset management, and engagement with communities.

CouncilMARK “rewards councils who actively involved their communities in information decisions”, however, due to the voluntary nature of the programme, only 19 of 67 councils have chosen to participate to date.

Currently, local government debt is trending higher. In both the 2014 and 2017 iterations of *Ratepayers' Report* – local government league tables prepared by the *Taxpayers' Union* – it was revealed that for the majority of New Zealand's territorial authorities liabilities continue to increase on a per person basis. Increasing levels of debt will only lead to tough decisions in the future, especially in Auckland, where liabilities per residential ratepayer equal more than \$22,000. This figure is significantly higher than the national average, and well over double the average level of debt in comparable unitary authorities.

According to independent research commissioned by LGNZ, perceptions of local government are at an all-time low. The Government has made attempts to intercede from

time to time, albeit with varying degrees of success. In 2014 an amendment to the Local Government Act 2002 was passed, aiming to improve the delivery of public services by centring attention on councils operating more efficiently.

The Amendment encouraged all local authorities to review the cost-effectiveness of their services. The Government argued that the amendment would provide options for efficiency gains through council reorganisation and incentivising cooperation between authorities, on top of giving councils stronger tools to manage expenses.

Many of the problems experienced by New Zealand councils are not unique. In the United Kingdom, the Government has taken a proactive approach to ensure that best practice is shared, and that all councils provide value for money to ratepayers as part of their duty.

In December 2012, the UK Department of Communities and Local Government published a paper “50 Ways to Save: Examples of sensible savings in local government.” In the foreword to the report, the Secretary of State for Communities and Local Government, says, “There is

significant potential across both local and central government to save taxpayers' money. Councils should focus on cutting waste and making sensible savings to protect frontline services and keep council tax down."

The UK Government's approach is not only practical, but sensible. Unfortunately, we are yet to hear of similar efforts by the New Zealand Government to tackle the problems of inefficiency and wasteful spending in local government. Through highlighting instances where local councils are delivering efficient services to their constituents, we hope that this report facilitates a discussion on value for money.

Many of the suggestions in this report are build on those from our UK sister organisation, the *TaxPayers' Alliance* and its Research Note 132 "*201 Ways to Save Money in Local Government*".

Through sharing the stories of local authorities who have successfully managed to deliver efficient services, all local authorities will be better positioned to cut wasteful expenditure and pass these savings onto ratepayers.

At the *Taxpayers' Union*, our role of publicising wasteful spending and extravagance often leads to a critical assessment of local

and central government. The purpose of this report is to shed light on and praise cost-effective ventures in the public sector, in the hope that the best practice they represent becomes widely adopted.

Finally, we would like to thank all local authorities, and their information officers, officials and mayors who responded to our invitation to submit initiatives for this project.

**“Cutting waste
always pays”.**

102 WAYS TO SAVE MONEY IN LOCAL GOVERNMENT

01

Pay back council debt – what right do today's councils have to borrow against future generations?

Because its debt levels were unsustainable, Queenstown Lakes District Council under its previous Mayor doubled down on financial discipline and reassessed all major capital projects. Deferral, staging and innovative technology were all considerations, with a focus on avoiding rates volatility and reducing debt. Internal savings in excess of \$2 million from operational changes were achieved. It opted to apply 100% of the 2013/2014 \$2.86 million dividend from Queenstown Airport Corporation to repay debt.

The Council's intention to pay-off \$22 million of loans in eight (instead of the 15 years originally intended) saved Queenstown Lakes ratepayers \$5.5 million in interest costs.

Queenstown Lakes have taken debt seriously, but the Council's liabilities on a per ratepayer basis are just over half of Auckland City. Currently Auckland owes \$22,189 for every residential ratepayer – more than three times the average across New Zealand.

02

Mayors, councillors and chief executives should encourage council staff to suggest efficiencies. Offer a prize for the best suggestions. But also allow anonymous entries.



03

Stop providing free lunches and booze for councillors.

Hutt City Councillor Campbell Barry advocated against providing free lunches to Councillors in 2017, estimating that \$15-20,000 could be saved annually if Councillors were required to provide their own lunch.

While there is some value in providing light meals to ensure that meetings which run into the evenings remain productive, Councils must keep a close eye on how much they are spending on catering.

Cr Barry's motion ultimately failed, however Christchurch Mayor, Lianne Dalziel, abolished free lunches for councillors in 2013, a move which slashed the \$45,000 catering cost incurred in the 2012/13 financial year.

Ms Dalziel was reported at the time to have said that she wanted to keep councillors aware of the fact they are there to work for the ratepayers, not to be fed by them. She also said that if councillors wanted to have a drink after a busy day, they could do that - "but it's not going to be on the ratepayer". Hear, hear!



04

Don't fund or join Chambers of Commerce. Chambers of Commerce and other business groups are supposed to keep councillors and the council accountable – they are undermined by accepting funds from the council and are less accountable to their members and the community.

Mackenzie District Council (a small council) spent \$69,787.75 in affiliation with South Canterbury Chamber of Commerce in 2017. If that is representative of other councils, New Zealand ratepayers are forking out millions in subsidies for businesses to lobby them.

In Wellington, the local Chamber receive substantial funding from the City Council. It is often wheeled out by the Mayor and Council - usually to defend, rather than hold to account Councillors' decisions. Public funding of the Wellington Chamber has caused it to lose its objectivity and decrease the confidence the community has in its advocacy.



05

Publish all accounts payable transactions. Many states in the US allow residents to 'audit' and review expenditure online.

Following a series of freedom of information requests by the *Taxpayers' Union*, Wellington City Council publicly committed to proactively releasing sensitive expenditure information every six months. Our efforts had revealed that the Council spent almost \$100k on a banquet to entertain foreign VIPs.

06

Where appropriate use cattle and sheep to graze on council land rather than spending money on grass cutting.

Auckland Council run sheep and cattle on Cornwall Park in One Tree Hill. The animals are an attraction for children and families. Livestock could easily be used at other parks.



07

Remember that voluntary and community groups as well as private firms may offer a better means of providing a service than the council's own workforce, for instance in providing programs to at-risk youth.

Whanganui District Council co-manage many of their parks with community groups who also help on the ground with upkeep and working bees.

08

Conserve water and save on water costs by proactively detecting leaks in the water network.

Rotorua Lakes Council told us it has specially-trained crews who work at night when water demand is low, to measure and analyse the usage in a defined area of Rotorua's water network. If analysis indicates excessive flows, the area is split into sub-areas which are re-analysed, and the process repeated until leaks are found.

These leaks are then repaired as soon as possible, and the analysis process is repeated to confirm that all the major leaks have been detected and fixed, and that the night consumption has returned to acceptable levels.

Where excessive consumption is found to be on private properties, the owner is informed and the Council works with that person to ensure that any leaks are attended to.

Based on information from the first half of the 2014 financial year, the Council expect to reduce expenditure on energy and chemicals alone by \$70,000 per year as a result of the initiative. There are also significant reduced costs due to deferred capital upgrades which the initiative makes possible.

If this process were used throughout New Zealand, ratepayers could save \$4.8 million per year.

09

Require end of year reports from groups which councils fund. How have ratepayers benefited from what the group used the money for? Too much money is given to group by habit or because "they get money every year."

Scrap political advisors.

Political advisors don't work for ratepayers – they work for the mayor. If local politicians want political advice they should pay for it.

Wellington mayoral staff:

In Wellington the Mayor spent more than \$400,000 on advisors and support staff in 2017.

1. Chief Advisor
2. Communications and Mayoral Project Advisor
3. Correspondence & Social Media Coordinator
4. EA to the Deputy Mayor
5. Events & Projects Coordinator
6. Public Affairs Advisor
7. Senior EA to the Mayor

Auckland mayoral staff:

Auckland's Mayor takes it one step further – spending \$2.079m on staff employed by the Mayor's office over the same period, including two people employed to manage the Mayor's diary!

1. Chief of Staff
2. Communications Advisor
3. Communications Advisor (part-time contractor)
4. Correspondence Coordinator
5. Diary Administrator (x 2!)
6. Director of Communications and External Relations
7. Director of Finance and Policy
8. Executive Assistant to the Chief of Staff
9. Mayoral Office Administrator
10. Mayoral Office Advisor – Policy
11. Portfolio Manager – Environment and Community
12. Portfolio Manager – Housing

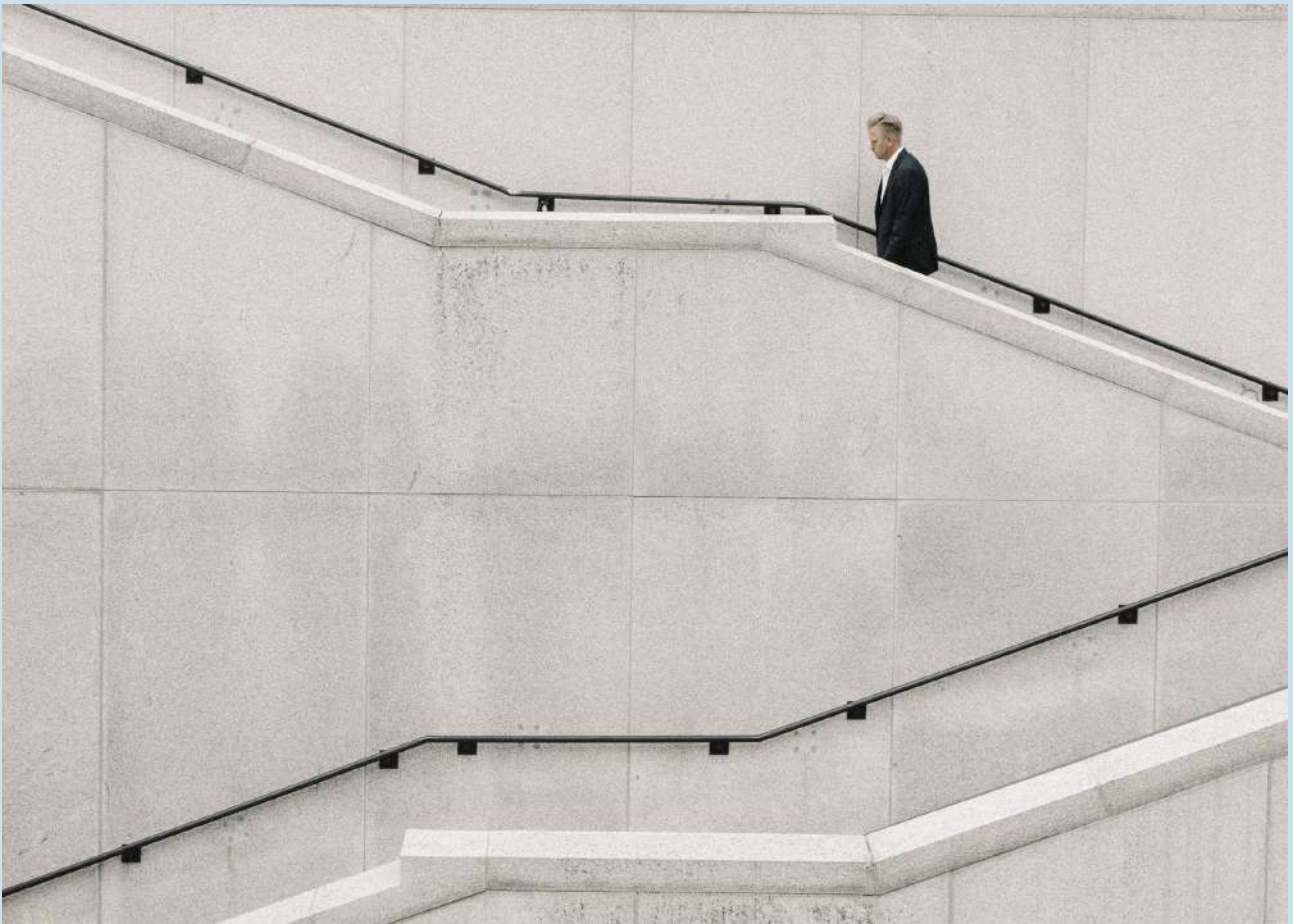
13. Portfolio Manager – Infrastructure
14. Principal Political Advisor
15. Senior Advisor – Finance
16. Senior Counsel – Legal and Policy

Christchurch mayoral staff:

In 2017, Christchurch's Mayor spent \$905,344 on salaries, wages, and vacancy cover for staff in the Mayor's office!

1. Chief of Staff
2. Principal Advisor (formerly Senior Advisor)
3. Senior Advisor (formerly Community Advisor)
4. Senior Advisor (formerly Media Advisor)
5. Graduate Advisor (formerly Information Coordinator)
6. Councillor Support Officer x 2
7. Executive Assistant to Mayor
8. Executive Assistant to Chief of Staff and Deputy Mayor
9. Visits & Ceremonial Coordinator





11

Abolish youth councils and standing consultative committees, which are more about photo opportunities and keeping people happy than useful public policy debate. Councils should be focused on allowing all members of society to participate in meaningful consultation processes as issues arise. Elected councillors are clearly not doing their job if they need to pay people to advise them on what sections of the community think. Youth councils are a nice idea but, in our experience, achieve little (if anything), and are used by local politicians as a Claytons solution to youth engagement.

12

Rather than spending ratepayers' money on youth councils, engage youth by holding school debating competitions at the town hall. These present children with a positive opportunity to mix with their peers from other public and private schools, while discussing issues that affect the youth of the day. Debating competitions cost very little compared to youth councils, with the schools often in a position to organise the events themselves.

13

Fund the voluntary sector through commissioning - something for something - rather than grants - something for nothing.

14

Do not have children's playgroups directly run by the council. Instead, better value for less money can be achieved through funding this much-needed resource via the voluntary sector, community groups and independent groups of parents or playgroups.

15

Cut red tape so you don't have to employ people to assist in navigating it!

We are amazed with the volume of initiatives to 'help investors and businesses navigate regulatory processes.'

For example, Auckland Council have a 'Client Support Manager' to provide advice in relation to regulatory requirements so that customers are fully informed and able to make the best financial decisions.

Instead of helping the chosen few, councils should focus on making regulation clear, simple and easier to understand.

16

Incentives for recycling. Recycling often costs councils less than having to build and manage landfills. Curbside charges should reflect this. Offer incentives, discounts or even competitions to better reflect the relative costs of different types of rubbish and to encourage recycling.

17

Public lavatories can represent poor value for money in terms of the cost of maintenance compared to how often they are used. Often the buildings can be valuable capital assets. A better arrangement may be to pay bars/cafes a small fee for agreeing to allow members of the public to use their loos free of charge. Alternatively, get the sports club or another user of the park or facility to manage the loos, they'll probably do a better job, and will be there when the facility is required.

18

Don't fund "sock puppets" and "fake charities." These are campaign groups that survive in large part on taxpayers' money, rather than donations. They often campaign for even more money to be spent on a pet project.

Auckland Council are particularly bad at this, with funding to groups like "Generation Zero" and left wing pay-for-play media group, "The Spinoff."

19

Get rid of professional sports subsidies disguised as 'economic development'. Hamilton City Council paid around \$40 million over the five years it hosted the V8 Supercar races – if residents are not willing to pay their own money to go it's not a reasonable use of ratepayers' money. If it's good for businesses then let businesses or the chambers of commerce pay, not the poor residents.

20

Don't implement the living wage. Councillors are custodians for ratepayers' money and should make sure it is spent frugally and achieve maximum efficiency. Increasing a poor pensioner's rates to pay someone else more than is needed does not reduce poverty!

21

Don't copy central government activities. Councils shouldn't give ratepayer money to things such as tertiary education or health services. Leave this to central government as its model is likely to be better.

For example, some councils give grants to health providers related to addiction services. Everyone knows smoking is bad and the government already funds providers to do the work. Often the money is used for political causes rather than front line services anyway.

22

Remember that the private sector can provide services more efficiently than the Council.

Councils aren't always the entity best equipped to provide a service. Services such as waste management are often provided in a more efficient, cost-effective manner by professionals who are experts in their field.

Councils should assess whether there is a need for them to provide the service in the first place, rather than perpetuating inefficient Council-run services.

23

Use "hot desking". Many councils have a high proportion of part time staff. Sharing desks allows the council to reduce its office space requirements.

24

Encourage mobile working – reduce the need for expensive office space.



25

Encourage hours that maximize efficiency. Auckland Council's Public Information Office allows staff to work hours that avoid peak commute times.

26

Cancel annual subscription to Local Government New Zealand. LGNZ is just a lobby group and transfers local ratepayer money to spin doctors in Wellington. Most mayors have a good relationship with their local MP – let them do the lobbying.

27

Cancel annual subscription to the New Zealand Society of Local Government Managers and stop paying for its lavish conferences.

This cost most councils tens of thousands. Given that council CEOs are already paid hundreds of thousands, if they want to join a union, let them pay!

28

Stop sending people off to conferences. One advantage of not being members of these bodies is that there won't be the same scope for sending staff off to their events at vast expense. In 2017 alone, Whangarei District Council spent over \$130,000 in affiliation with SOLGM!



29

Youth clubs and youth centres. These should not always be run by the council: they are typically pretty run down when they are. Some of the money saved by closing them could go into higher grants to charitable and community groups which run youth groups, or partnership arrangements with the private sector. Surely it is better to partially fund the local Scouts and Girl Guides to run activities than build a brand-new youth centre.



30

If a group of ratepayers want something, give them the opportunity to pay for it.

In February 2015, Waimate District Council entered into a Private Public Partnership (PPP) to build a new event centre for the District. After comprehensive discussion with the community, the event centre is now complete. Ratepayers saved \$2.2m as a result of community fundraising and the nature of the PPP, no doubt playing a part in the District's overwhelmingly positive response to the project.

The fundraising meant that the event centre did not have as significant an effect on rates, and allows ratepayers who want an event centre to pay for it, and those who don't, not to do so.



31

Review street lighting usage. Some councils have excessive street lighting. Aside from the cost, they cause light pollution and can contradict carbon footprint goals. Councillors should consult residents to see where the lighting is really needed or where it may be switched off 30 minutes or an hour earlier.

32

Use energy saving light bulbs, or smart lighting technologies.

South Waikato District Council is currently in the process of replacing their road lighting with efficient LED lighting, an undertaking that is projected to save ratepayers \$130,122 per year. Ben Smit, the Council's Deputy Chief Executive, told us, "Over and above the significant cost saving to our ratepayer for a far superior product across the district, we are also keen to realise the significant energy costs savings from LED lights from as early as next year. This reduction in power costs is ongoing for our community."

Wellington City Council, Tauranga City Council, Palmerston North City Council and Upper Hutt City Council have informed us that their town halls are undertaking similar initiatives.

33

Why stop at street lighting? Replace all lighting with durable LED bulbs.

Not only would significant cost reductions be realised, fluorescent lighting has often been attributed with eyestrain, headaches, and lethargy. LED lights last up to 2.5 times as long as fluorescent lights, providing a cost-effective, sensible alternative to traditional office lighting.

34

Have a smart asset management plan.

Hutt City Council use technology such as video cameras mounted on a movable robot to more accurately identify pipes and infrastructure that actually needs replacing. This allows longer use of assets and saves money on unnecessarily replacing assets when depreciation accounts call for it.



35

Save money on printing. Stop producing glossy brochures. The thicker the paper, the shinier the pages, the brighter the colours, the more residents think: “So this is what my rates go on.”

Hastings District Council is particularly bad at this. It spent more than \$65,000 of ratepayers money (not including design costs) on a glossy, custom die cut, 35 page booklet, asking five patsy questions on the Council's Long Term Plan. The Council even paid extra for vegetable-based, biodegradable inks - presumably the Council knew that the vast majority of households receiving the glossy book would throw it out anyway.

36

Stop funding engagement with special interest groups. Local bureaucrats are good at creating consultation groups for the purpose of demanding special ratepayer funding to promote a particular cause. For example, don't spend money on engagement with cyclists – spend it on improving cycle ways!

37

Turn down the temperature in the town hall and other council buildings. How low does the temperature get before the heaters come on?

38

Cut transaction costs by offering a discount to those who pay by direct debit. Cash handling and banking cheques is expensive – encourage the use of internet banking.

39

Send rate demands by email. This is often more convenient for the ratepayer and saves postage.

Nelson City Council told us they are getting their ratepayers to sign up for invoices via email rather than postage. Feedback to date has been positive.

40

Use cheaper surfacing for footpaths that are unlikely to be used much. Asphalt is expensive and is not always required. In many cases, chip seal will do. Councils should investigate chipping felled tree branches and shrubs for footpaths and mulch.

41

Take a tough line in dismissing staff for persistent absenteeism. Monitor those who particularly claim to be sick on Fridays and Mondays. Look at ways to improve the health of council staff. Flu jabs represent good value for money in reducing genuine sickness.

The *Taxpayers' Union* is currently comparing the number of sick days taken by public sector staff compared with the private sector. The results are not encouraging for taxpayers!

42

Keep a tight grip on spending by council-controlled organisations by having independent directors from the commercial sector. Too often public-sector employees that sit on boards don't have governance experience necessary to cut costs and drive efficiency. This is the case at Invercargill City Council, where Councillors are routinely appointed to the boards of council-controlled organisations, despite many other authorities moving away from this practice.

43

Are all the council-controlled organisations and subsidiaries really necessary?

Queenstown Lakes District Council disestablished its two council-controlled organizations in 2013, saving half a million dollars a year in board and executive salaries alone.

44

Assess whether the staff employed to collect fees cost more in salaries than the income they gather in. For instance, if you are employing three people to collect \$45,000 a year from cafes for having tables and chairs on the pavement, this is not good value for money.



45

Similarly, cease charging where the transactions costs are greater than the revenue. For example, charging schools to use parks for sports days. Towing cars away for mild parking offences can break even or run at a loss, despite the heavy fines charged.

46

Rationalise the number of council departments and managers.

In July 2014, Rotorua Lakes Council undertook a significant restructuring project. The Council reduced the number of core-services staff from 580 FTE to 514, a downsize saving ratepayers \$3.5 million annually.

47

Use double-sided printing – changing the default setting on photocopiers can save thousands of dollars on paper.

48

Set maximum word limits on the length of reports submitted by officers. Long reports that nobody reads are a waste of officer time and a means of avoiding accountability for spending.

49

Council staff should use plain language in their reports to councillors and consultation documents. Bureaucratic jargon and fancy graphics just make it harder to seek the information most users want.

50

Performance-related pay for departmental managers. If they come in under budget, they get a bonus. If they come in over budget, they get their pay docked.

51

Bite sized training. Instead of having external training, hold internal bite size training events for staff which are filmed and put on the internal internet site so that staff can view at any time.

52

Give all staff the option of performance-based pay.

This won't necessarily be unpopular. In the UK, to the surprise of many, 94% of council employees opted for performance related pay when all staff were offered the option at Buckinghamshire County Council. Even if it results in a higher remuneration bill, ratepayers are likely to benefit from a better performing council.

53

Review council-owned car parks with a view to selling them. In the meantime, charge for use of staff car parks

54

Cut down on how many flights officers and councillors take. Make more use of video conferencing for important meetings.

55

Don't change the Council's name or logo.

Mayors must remember that they are paid to serve ratepayers, not to craft legacies for themselves. Changing the Council's name or logo is not an example of sensible spending or fiscal prudence - it is a non-essential, expensive rebrand.

Hamilton City Council's Mayor recently proposed changing the Council's name before a petition of more than 1,500 signatures presented by the *Taxpayers' Union* urged the Mayor to drop the idea. These types of vanity projects can cost hundreds of thousands of dollars - ATEED spent \$500,000 on a new slogan, the Ministry of Children spent \$418,000 changing its name to the Ministry of Vulnerable Children - and provide minimal value to ratepayers.

56

Make consultations shorter and cheaper – and real. Don't use social media tools like Facebook to encourage populist responses and call it consultation. Instead focus at getting meaningful feedback and thoughtful submissions from those who are likely to be experts or have useful insights.

57

Provide council tenants with rewards for carrying out their own repairs.

58

Offer an interactive smartphone application or website which allows residents to access services. Allow residents to report issues such as a missed bin collection or a broken streetlight, without having to call the council. Using a website or app is likely to lower administration costs. It also may make sense to offer discounts for payments online.

Wellington City Council and Tauranga City Council offer an application called "FIXiT", which allows residents and visitors to report problems they see that need fixing in the two cities.

59

Encourage staff to buy and water their office pot plants on a voluntary basis rather than paying contractors to do it.

60

Reduce the number of councillors.



61

Don't print when you don't have to! Many organisations (including the Taxpayers' Union!) prefer digital files and emails rather than letters and printed reports. If people want something printed, let them cover the cost.

Nelson City Council reduced their printing costs by uploading property files to the cloud and sharing them with requesters. This costs a lot less than printing, copying, or burning to a CD.

62

Embrace digital systems.

Using digital systems to provide council services can often deliver quicker, easier, self-service options for communities. In March 2017 Tauranga City Council launched an online building consent system, AlphaOne. The system saves considerable time when compared to the traditional building consent processes, and almost overnight removed a large volume of incoming paper to the Council.

Tauranga City Council calculates that savings of \$249k per year are realised as a result of this initiative.



63

Don't just renew contracts. Re-tender. Make every manager who re-signs a contract justify to councillors why it hasn't been retendered.

We are amazed that this isn't standard process. In a letter to us the Mayor of the Waitaki District, Gary Kircher said:

"In 2011 [Waitaki District Council] re-tendered its district-wide road maintenance contract. As a result of the tender process, Council realized [sic] annual savings of \$367,000 which were reinvested in more work to improve the quality of our roading network."

Putting contracts out to tender should be standard practice when contracts come up for renewal. Seeking out the best deal isn't going above and beyond, it should be standard practice.

Waimate District Council recently tendered and publicly awarded a marketing contract, which they expect to result in 80% savings compared to similar activities.

64

Improve procurement standards, for example: adopt standards from central government, and stick to them.

Rotorua District Council told us that a new procurement policy adopted in 2010 included a centralized management of the procurement function. 97% of Council's \$128 million spent with suppliers and contractors was under contracts for which competitive tender processes or similar arrangements applied.

The Council has estimated that the initiative has resulted in a \$3.1 million saving over a 5 year period. If the same savings could be achieved across New Zealand, we could expect \$42 million in savings per year.



65

Share resources with neighbouring councils.

Northland Regional Council told us that The Northland Transportation Alliance (NTA), a collaborative alliance for transportation and roading services, enables Northland Councils and the New Zealand Transportation agency to coordinate work programmes, align contracting investment and introduce substantial efficiencies.

Over the next 10 years, Northland Regional Council forecast conservative savings as a result of the NTA of \$18 million, and an optimistic target of \$34 million.

Ashburton, Mackenzie, Timaru, and Waimate District Councils have, for the past three years, also had a similar memorandum of understanding in place.

66

Services can often be improved when neighbouring councils collaborate – instead of councils providing identical, small-scale services, councils should work with their neighbours to realise the efficiencies of increased scale and shared resources.

Horizons Regional Council told us that The Manawatu-Whanganui Local Authority Shared Services Ltd. has been set up between seven of the eight councils within the Manawatu-Wanganui region to facilitate cost savings and service improvements. Through one service which MWLASS facilitates, a combined repository housing council archives, these seven councils have managed to achieve combined annual savings of \$1.5 million.



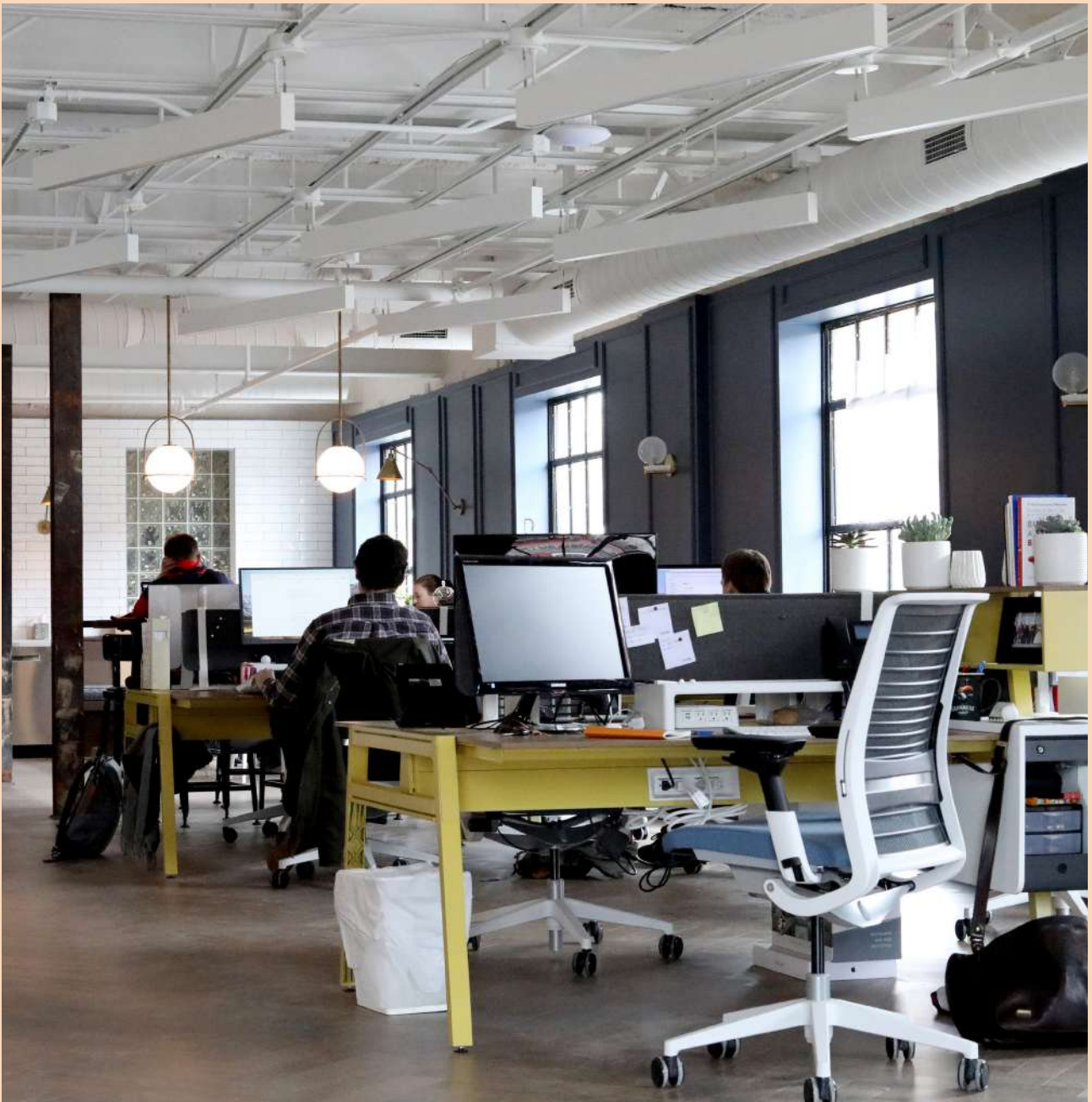
67

Share recruitment resources.

Waikato District Council told us that its participation in an HR Shared Recruitment service has reduced the cost of hiring. It costs them \$633 per person – which compares very favourably to the amounts charged by commercial recruiters (sometimes 6 months' salary).

68

Share office space – rent out under-utilised spaces.



69

Where the Government has negotiated a better deal for something a council uses, get the services under the Government's arrangement.

The New Plymouth District Council has saved \$10,000 per annum on fuel by joining the NZ Defence Force syndicated fuel contract.



70

Compare your charges to other Councils. Do your tariffs make sense to residents, are they reasonable, and are variations justified?

71

Mystery shopping. Make an arrangement with a neighbouring authority to mystery shop the other authority's services. This saves money compared to using external companies to carry out this service.

72

Regularly review Council provided services.

In 2012, Tasman DC reviewed the technical engineering management work that it sourced through a mix of in-house staff and external consultants, resulting in the Council opting to restructure and bring the services in-house.

From a financial perspective, the restructure has realised considerable cost savings over the past five years including a \$4.5 million reduction in consultancy fees in the first year of operation. While this saving was offset by increased staff costs (bringing resources in-house), there has been ongoing savings of approximately \$1.2 million each year.

73

Publish corporate credit card use online. Cut out wasteful and frivolous spending on cards and impose sanctions for those who abuse them.

74

Would it make sense for your council to merge the role of Chief Executive with another? For smaller councils, have cheaper people do admin tasks, currently done by underutilised CEOs.

75

Publish all spending by cost code (or general ledger). This will allow transparency on how much each section of the council is spending. Most spending is on salaries rather than procurement. Additionally, make spending transparency intelligible.



76

Neighbouring councils should agree to use the same general ledger cost codes. This makes it easy to compare costs and see whether a council is offering good value for money.

77

Proactively publish the information most frequently requested by members of the public under freedom of information laws.

78

Maximise transparency of council papers on the council website to reduce the cost of information requests. The more information that is available via “self-serving”, the less the administrative burden.



79

Publish the job titles of all members of staff. This doesn't need to include salary information, but it will give ratepayers and other staff members in the council a sense of the council's priorities and allow unnecessary jobs to be rooted out.

80

Cut the number of council vehicles.

New Plymouth District Council are saving an estimated \$324,000 per year by reducing their vehicle fleet by 6% thanks to implementing a GPS vehicle management system.



81

Print the annual report using plain language and without colourful pictures. No one moves to a city because the council has a pretty report with expensive photography.

82

Charge to hold events in parks – make sure the cost is enough to cover the clean up afterwards and grass care.

Hutt City Council did just this last year when hosting a circus at Avalon Park. Sustained wet weather meant the ground was left waterlogged, muddy, and noticeably worse for wear. Thankfully, the bond paid by the circus was more than enough to cover the damage, which could have been a considerable expense to ratepayers.

83

Sell private sector advertising on council notice boards and the council website.

84

Even more revenue can be obtained by allowing advertising billboards on council land adjoining busy roads, where this is appropriate.

85

Involve community groups and external funders in capital projects.

When Hutt City residents requested from the Council artificial turfs, in order to play sport closer to home, the \$2 million dollar project was achieved by attracting \$1.4 million of pokie trust funding and by selling a portion of surplus land that was not being utilized.

86

Sell off council-owned surplus land. Also sell council-owned farms, cafes, shops, golf courses, caravan sites, theme parks etc. Councils are for providing infrastructure and services that wouldn't otherwise be provided – not competing against other businesses.

New Plymouth District Mayor Neil Holdom proposes to convert half of a local golf course into a high end residential development, which he expects will generate \$40 million in revenue for the Council.



87

Town Halls and other municipal buildings often sit empty at weekends. Take a more aggressive and creative stance in seeking revenue from bookings. Consider using private agencies for this.

88

Also, too many councils build conference centres when their council chambers sit empty.

89

Seek a better deal from suppliers, even on the basics.

Waitaki District Council told us they saved \$230,00 by renegotiating electricity contracts with retailers. We estimate that if all Councils could negotiate such a saving across New Zealand, over \$15 million could be saved.

90

Sell surplus assets. This is a crucial means of reducing debt and thus the debt interest payments which are often a big component of what the council rates.

Hawke's Bay Regional Council is considering selling its stake in Napier Port. The port requires \$275m of investment to keep up with growing demand, a burden which does not need to be passed onto ratepayers.

By selling its stake in Napier Port, which represents 74% of its total investments, HBRC will reduce its reliance on a single investment - if a natural disaster affected the port it is likely that the rates burden in Hawke's Bay would increase dramatically to fund the repair bill.

91

Meet with utility providers regularly so that the costs of trenching can be shared. Councils can save money by matching scheduled infrastructure maintenance with work being done by the private sector.

Whanganui District Council have quarterly 'utility meetings' for this purpose.

92

Rent spaces for cafes in the corner of libraries where there is some space. This could produce revenue as well as attracting more library users.



93

Check the list of those outside bodies being given free or subsidised office space by the council. They could well be in buildings which could be sold.

94

Work on getting more with what staff a council already has before more are hired.

Whangarei District Council lead the way here. The Council employs one staff member for every 102 residential ratepayers – only one council nationwide employs fewer staff per residential ratepayer. At the same time Whangarei District Council has increased community satisfaction (up 67% on the previous year's score).

95

Any recruitment to new posts should be justified to and approved by the council.



96

Don't advertise for jobs in newspapers when you really do need to recruit - use your council website and cheaper online marketplaces instead.

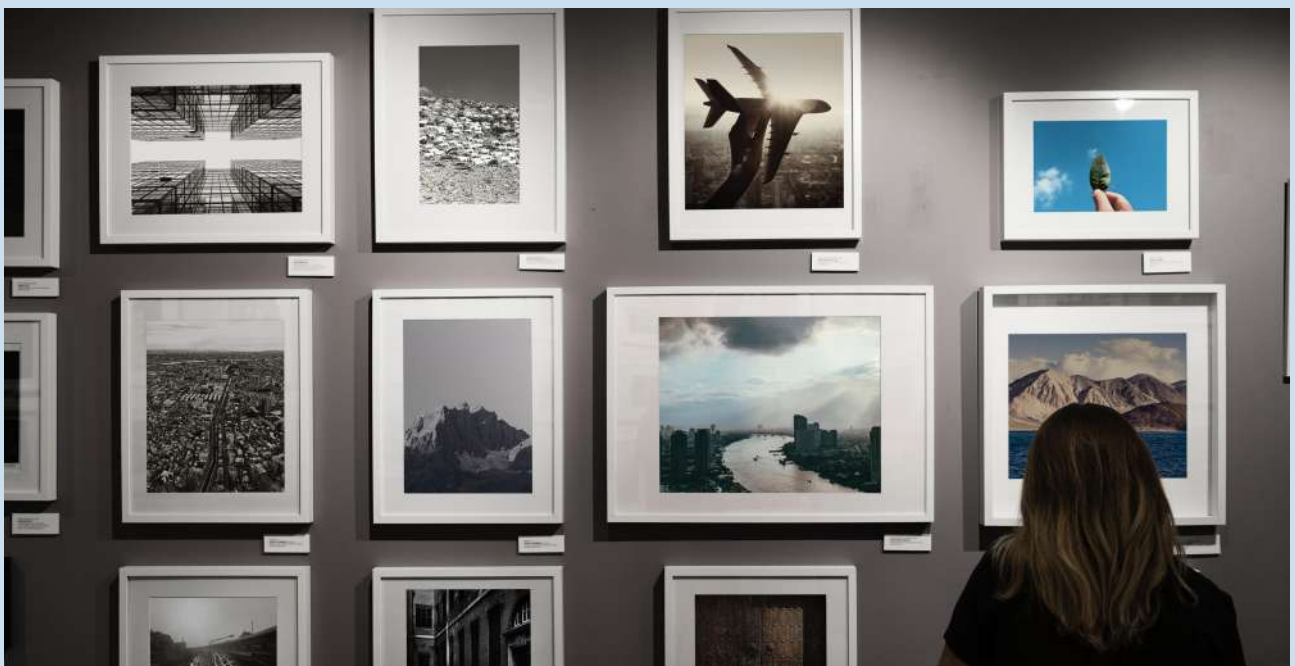
97

Where extra spending would secure a desirable objective consider whether the money could come from sponsorship rather than the council. For instance, new street trees could be funded by encouraging households to sponsor a new tree in their street, Christmas lights can be sponsored by local businesses.

98

Don't own and run museums or art centres. Allow trusts to take them over. They tend to do a better job, and this reduces council maintenance costs.

Rotorua Lakes Council is proposing to spend \$32m over the next 10 years repairing the Council-owned museum's long-term maintenance issues.



99

Get rid of arts subsidies. The art centres of the world did not come into fruition from government support.

100

Art leasing: often councils have valuable works of arts that aren't on display and cost money in storage and insurance. Sometimes selling them may not be appropriate, or even legally possible, if they have been given to the council. But revenue could be obtained from leasing the works of art.

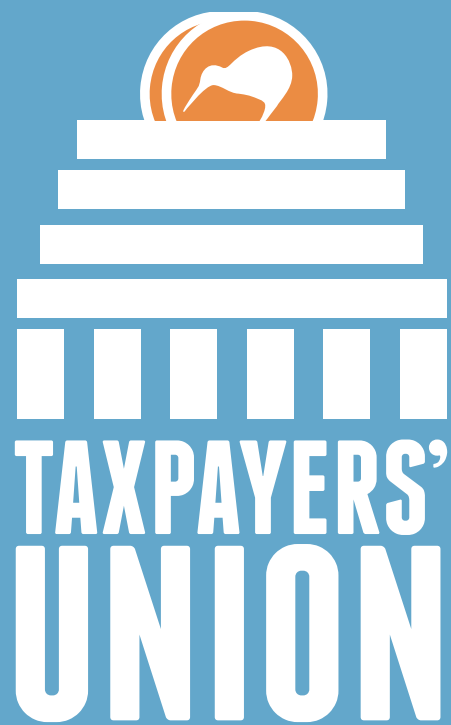
101

Generally, claims of “spend to save” or “investment” should be treated with scepticism. But within budgets there will sometimes be genuine possibilities. For example, providing more litterbins might be a more cost-effective way of reducing street litter than employing more road sweepers.

102

Don't be too proud to constantly check if other authorities are achieving lower costs or higher standards for a service and, if so, whether they are achieving this through greater efficiency. Councillors should require benchmarks before approving any charges.





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