



# **Productivity Commission Inquiry: Towards Better Local Regulation**

8 July 2013

**Focus Group Evaluation**

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## Preface

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# Contents

<b>Introduction</b>	<b>1</b>
<b>Right Focus</b>	<b>2</b>
<b>High Quality Work</b>	<b>3</b>
<b>Good Process Management</b>	<b>5</b>
<b>Effective Engagement</b>	<b>6</b>
<b>Clear Delivery of Message</b>	<b>7</b>
<b>Overall Performance</b>	<b>8</b>
<b>List of participants</b>	<b>9</b>

## Introduction

This report sets out feedback received on the Towards Better Local Regulation Inquiry undertaken by the New Zealand Productivity Commission during a focus group held in Wellington on 2 July 2013.

The objective of the focus group was to provide feedback on the Inquiry, with reference to the following key dimensions of the New Zealand Productivity Commission's performance:

- The **focus** of the Inquiry's report (significance of the issues covered, whether they were covered in sufficient depth, the relevance of information sourced and people engaged with)
- The **quality** of the analysis of information and the quality of findings and recommendations
- Satisfaction with the **process management** for the Inquiry
- The quality and effectiveness of the Commission's **engagement** in completing the Inquiry
- The effectiveness of **delivering the messages**, as evidenced in the Inquiry's reports and supporting material (summary reports and "cut-to-the-chase" summaries).

The focus group consisted of a small group of representative Inquiry participants, selected by the Commission. A full list of participants is attached at the back of this document.

### *Introductory Comment*

The focus group participants wish to congratulate the Productivity Commission on the quality of their inquiry "Towards Better Local Regulation".

General comments from focus group participants included:

"I was initially cynical about the Inquiry but was pleasantly surprised by the result"

"Very impressed overall"

"Much better than the Housing Inquiry"

## Right Focus

Focus group participants considered that the Inquiry was properly focussed overall, particularly in seeking to explain the respective roles of central government and local government in the system of local regulation. The Inquiry has played an important role in “filling in the gaps of knowledge”, and it will help to inform better future discussions on local regulation.

However, participants did consider it a weakness in the Final Report that the Inquiry did not address the fiscal impact of regulation and the funding implications. It is difficult to decide how to improve local regulation without also considering and addressing fiscal and funding impacts. As a result the Inquiry did not deal well with the problem of regulation designed and promulgated centrally with implementation costs borne locally. One participant described the issue as “the elephant in the room”.

Participants were also concerned that the Inquiry could have dealt with the Resource Management Act (RMA) better. This is a complex and contentious area, and the Inquiry appeared to come to this legislation late in its process and therefore did not do the issues justice in the time remaining. It was suggested the RMA possibly justified an Inquiry in its own right.

Notwithstanding these two issues of scope, participants acknowledged that studies such as this one on local regulation do have to balance a focus on high level problem definition with coming up with detailed recommendations in specific areas.

## High Quality Work

Having commented that the Commission initially lacked institutional knowledge, and had entered the Inquiry with “common Wellington myths and perceptions” about local regulation, participants were very impressed with the open-minded manner in which the Commission then approached the task, gathered information and formed their views based on what they had discovered.

Put another way, it was suggested that the Commission “started on the journey” with the assumption that local government was “broken” and discovered that many of the problems lie with the regulatory system and with central government’s significant role. The Commission was able to work through its initial perceptions professionally to a view based on reason and evidence.

The consensus amongst the Focus Group was that the Commission “got the analysis right” and they were pleased with the findings in the sense that “finally an authoritative body had articulated the issues and challenges with local regulation correctly”.

Indeed, the description of the local government regulatory system in the Final Report is viewed as particularly valuable. It is likely to be drawn on repeatedly in the future and will help inform and improve the quality of advocacy.

However, the Focus Group was less complimentary about the recommendations. There was a general feeling of “so what” and “where to from here”? It was suggested, the recommendations were not specific enough. This may have reflected the fact the Commission had insufficient time to research and test more direct recommendations. An example cited was the Commission’s tendency to rely on the already over-worked Treasury’s Regulatory Impact Assessment function to monitor regulation.

Instead, it was suggested that more time could have been spent considering how the Inquiry findings on local regulation might be carried forward through the Government’s current machinery of government reforms.

Participants also considered that the decision of the Commission to drop the chapter in the Draft Report on “The Funding of Regulation” weakened the Final Report.

The fact that the Commission’s findings were considered to be very good, yet the recommendations were considered to be weaker, led to a discussion on the role of the Commission, the context of the Inquiry and the challenge of framing advice to the Government that it is capable of acting on. Some participants speculated that the Commission judged the Inquiry findings and analysis strong enough to support a range of actions over time that would be more impactful than recommending specific short term actions that a Government could ignore.

Finally, a number of participants commented that the Inquiry did not seem to acknowledge the gritty reality and impact of decision-making in the community. The frictions and dynamics in local government politics provide an important gloss on the more abstracted decision-making models and assumptions about behaviour.

## Good Process Management

Participants considered the process management itself to be very good. The consultation documents (Issues Paper, Draft Report, Final Report), the quality of the consultation, the use of a Reference Group, working to the timetable and ongoing communication were all considered to be sound and professionally delivered.

Furthermore, it was pointed out that the Inquiry is not just about the Final Report. The process itself is important and the Commission did a good job on this.

However, participants did identify that a lack of local government institutional knowledge amongst the project team meant that it took the Commission a while to dispel a number of myths and to fully understand key issues. This in turn created pressure later in the process.

Examples cited by participants of the Commission's apparent slowness to grasp a full understanding included:

- The "power of general competence" (power to rate/charge under specific legislation controlled by central government)
- The impact of central government on local government ("30 pieces of legislation administered by 30 ministries")
- Environmental standard for air quality (historical explanation for the arrangement and not evidence for the particular problem asserted by the Commission).

Misunderstandings such as these and others, participants suggested, meant the Commission proceeded for too long with important misapprehensions about the causes of the problems, and was left with limited time, for example, to undertake analysis of the RMA and to develop more directed, specific recommendations.

A better approach, it was suggested, might have been to involve the Reference Group earlier at the stage of developing the Issues Paper. The perception was that the Issues Paper was written before talking to anyone.



## Effective Engagement

Participants all considered the level and quality of engagement was outstanding.

It was evident that Commissioners and staff were interested and open to different views, which made the effort of preparing advice and input to the Inquiry worthwhile for participants.

## Clear Delivery of Message

The Focus Group considered the Final Report to be a good document. It contains valuable, detailed analysis and data, is logically structured and attractively presented.

The use of the abbreviated versions is valuable, given not everyone has the time to read through the full report.

One participant commented that they had not been aware the Final Report had been released at the time. It was suggested there may be some value in looking at the approach to release publicity and notifying people who had taken part formally in the Inquiry of the release.

Participants were aware that the Inquiry and the involvement of the Commission finishes at the point the Final Report is published.

# Overall Performance

## ***Right Focus***

The Inquiry was properly focussed overall, particularly in seeking to explain the respective roles of central government and local government in the system of local regulation. However, the Inquiry did not address the critical area of the funding of regulation, and was light on issues arising from the Resource Management Act.

## ***High Quality Work***

The analysis was very good. Findings based on reason and evidence, and an accurate analysis of the problems surrounding local regulation.

Recommendations were less compelling. More time might have allowed the Commission to frame more profound recommendations.

## ***Good Process Management***

Good. Allowed Commissioners to develop a sound understanding of the local regulation system and to develop findings based on the evidence. Greater use of people with institutional knowledge early could have saved time and effort.

## ***Effective Engagement***

Very high quality. Open-minded approach of Commissioners was acknowledged and highly valued. They were observed to be willing and able to receive feedback and advice. The consultation was effective and worthwhile.

## ***Clear Delivery of Message***

The Final Report is a good document. It contains valuable, detailed analysis and data, is logically structured and attractively presented.

## ***Overall Performance***

The Inquiry has produced a valuable insight into the system of local regulation, while the process of investigating the issues arising with local regulation and engaging with stakeholders was valuable in and of itself.

An opportunity was missed to address the critical area of funding of regulation, while the recommendations could have been developed more fully.

## List of participants

### Focus Group

Peter Winder	McGredy Winder & Co
Philippa Fourie	Fonterra
Nick Clark	Federated Farmers
Paddy Clifford	Palmerston North City Council
John Forbes	Opotiki Council
Kate McNaught	Local Government New Zealand
Kevin Guerin	Ministry for the Environment

### Moderation

Nick Hill	MartinJenkins
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