

Towards better local regulation

August 2013

Introduction

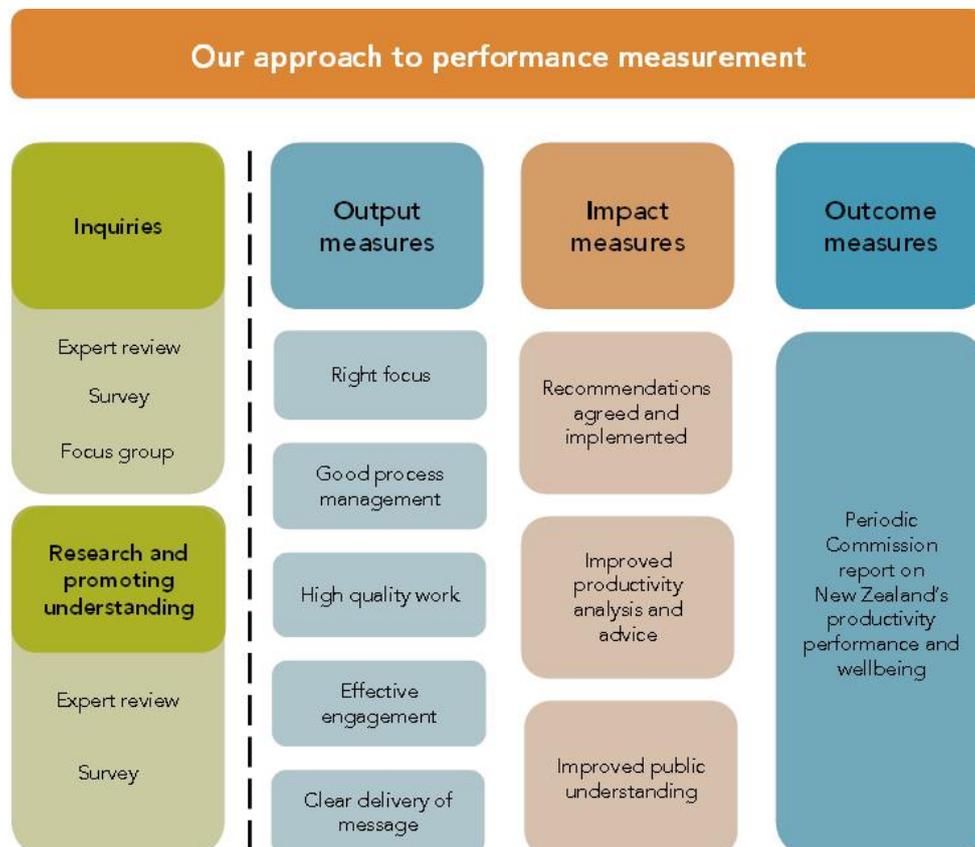
This document provides a summary of performance evaluation results from our recent inquiry into local government regulation. There are three parts to this document:

- Part 1: Performance evaluation results – local regulation inquiry;
- Part 2: General overview of the local regulation inquiry; and
- Part 3: How we make a difference – the wider context.

Our inquiry evaluation approach is summarised in the diagram below, with an overall aim to better understand how we are performing and to learn from results. Our inquiry performance evaluations inform how we run and undertaken future inquiries as well as our broader capability development work.

There are three facets to performance evaluation for each inquiry:

- Expert review;
- Survey of participants; and
- Independently-facilitated focus group.



Part 1: Performance evaluation results – local regulation inquiry

The performance evaluation results of our inquiry “Towards better local regulation” are summarised in the table below, comprising:

- **Expert review** – conducted by Phil Barry (of Taylor Duignan Barry);
- **Survey of participants** – all inquiry participants were asked to completed an online survey (via “Survey Monkey”). 47 responses were received from the total of 230 participants (20%); and
- **Independently-facilitated focus group** – facilitated by Nick Hill (of Martin Jenkins).

Full results of the independent expert review and the facilitated focus group are provided separately on the “[Our performance](#)” and inquiry pages of our website.

Inquiry impacts

Participant Survey		
Measure	Survey Metric	Result
The Commission’s recommendations are agreed and implemented	<ul style="list-style-type: none"> ▪ Recommendations agreed ▪ Recommendations implemented 	The Government has not yet responded to the inquiry findings
Improved productivity analysis and advice in New Zealand	Inquiry participants surveyed who agreed or strongly agreed that: <ul style="list-style-type: none"> ▪ The inquiry helped set or lift the standard in NZ for high-quality analysis and advice on productivity issues ▪ As a result of the inquiry, future work on the inquiry topic will be better focused and use resources more effectively 	67% 43%
Promotion of public understanding of productivity-related matters	Inquiry participants surveyed who considered that the inquiry had increased their understanding of the following at least a little: <ul style="list-style-type: none"> ▪ The inquiry increased their understanding of the inquiry topic ▪ The inquiry increased their understanding of the importance of productivity more generally 	88% 85%

Inquiry process and report

Measure	Participant Survey		Independent expert review	Focus group
	Survey Metric	Result		
Right focus				
Relevance and materiality of final inquiry reports	<p>Inquiry participants surveyed who agreed or strongly agreed that:</p> <ul style="list-style-type: none"> ▪ The Commission sourced all relevant research and information ▪ The Commission engaged with the right people ▪ The final report focused on the issues most significant to housing affordability ▪ The final report went into sufficient depth on the issues it covered 	<p>81%</p> <p>76%</p> <p>89%</p> <p>80%</p>	<p><i>"Given the terms of reference, the report addresses the key points that needed addressing in an unbiased manner. The Commission has asked and attempted to answer the right questions in a systematic way. A key focus of the report is on central government regulatory policies and regulatory design processes and how they are the underlying source of many of the problems in the local government sector.</i></p> <p><i>Additional insights could have been gained by considering more the limitations of conventional cost-benefit analysis in public policy design. The report could also have given more attention to the role of regulation by the common law and local government funding issues."</i></p>	<p><i>"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."</i></p>
Good process management				
All inquiry issues papers, draft reports and final reports are delivered to schedule	All external milestones communicated in the Commission's inquiry process plan are achieved	One month extension to the final reporting date approved	<p><i>"The Commission was genuinely engaged throughout the inquiry and the process was managed very well. The Commission made effective use of existing forums and networks (e.g., though LGNZ and SOLGM); used a range of techniques (e.g., webinars, a Colmar Brunton survey, reference groups and roundtables) to gather information; and made considerable efforts to reach out effectively to a wide range of stakeholders. The Commission's Issues paper was commended by one party for being a "genuine Issues Paper rather than one where (the author's) mind is already made up." The comments conveyed by some parties suggest that the Commission needs to ensure it continues to carefully guard its reputation as an independent body."</i></p>	<p><i>"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."</i></p>
Participant satisfaction with the inquiry process	Inquiry participants surveyed who agreed or strongly agreed that overall, they were satisfied with the Commission's inquiry process	89%		

Participant Survey				
Measure	Survey Metric		Result	
High-quality work				
Participant confidence in the Commission's inquiry findings and recommendations	Inquiry participants surveyed who considered the following aspects to be good or excellent quality:		<p><i>"The report is comprehensive, well researched and evidence-based and the conclusions and the recommendations reflect the analysis that has been undertaken. The inquiry is to be commended for its 'whole-of-system' approach. More attention could have been given to the wider economic costs of regulation as these are typically the major costs of regulation. Some high-level cross-country analysis may also have provided some interesting insights."</i></p>	
	<ul style="list-style-type: none"> ▪ The inquiry's analysis of information ▪ The findings and recommendations 	91%		
	Inquiry participants surveyed who agreed or strongly agreed that:	84%		
	<ul style="list-style-type: none"> ▪ The Commission's recommendations followed logically from the inquiry analysis and findings ▪ The Commission's recommendations struck the right balance between suggesting change and avoiding making change for change's sake 	91% 80%		
Effective engagement				
Participant perception of the quality of engagement by the Commission	Inquiry participants surveyed who agreed or strongly agreed that:		<p><i>"The Commission, by all accounts, did an outstanding job in engaging with stakeholders throughout the inquiry. The feedback I received was that the Commission not only met with a large number of people but was genuinely open-minded in its engagements, it listened and took on board the comments it received."</i></p>	
	<ul style="list-style-type: none"> ▪ There was ample opportunity to participate in the inquiry ▪ The Commission was approachable ▪ The Commission communicated its views clearly ▪ The Commission understood their views 	91% 83% 93% 74%		
	Engagement meetings held	Number of parties the Commission engaged with during the inquiry, as noted in the final report appendix		96
	Submissions received	Number of parties who made a submission during the inquiry, as noted in the final report appendix		113

Participant Survey			
Measure	Survey Metric		Result
Clear delivery of message			
Participant perception of the effectiveness of the Commission's presentation of inquiry findings and recommendations	Inquiry participants surveyed who agreed or strongly agreed that:		<p><i>"The Commission's inquiry addresses a difficult and complex issue and in light of this the report has been presented and communicated very well. The report is interesting and is as accessible as possible given the breadth of issues addressed and the depth of analysis required. The Commission effectively listed 29 recommendations in the report. While no doubt all the recommendations are important, there is a danger if too many recommendations are made that decision-makers have the option of selecting the recommendations to implement. It would be helpful to give the reader some sense of which recommendations are really important, where the recommendations are interrelated and where early gains can be made and thus act as a driver for further change."</i></p>
	<ul style="list-style-type: none"> The findings and recommendations were clear 	89%	
	<ul style="list-style-type: none"> The style of writing and language used in the report was clear 	96%	
	<ul style="list-style-type: none"> The summary material provided was useful 	91%	
Overall performance			
Independent expert evaluation of the overall performance of the inquiry	A report evaluating the overall performance of the inquiry from the final inquiry report (taking into account the focus of the report, process, analysis, engagement and delivery of message) with recommendations for future improvements	Report received – see independent expert's comment	<p><i>"Overall, the inquiry effectively engaged with a wide range of stakeholders to develop a comprehensive investigation into local government regulation. The findings and recommendations are balanced and flow logically and credibly from the analysis. The relationships and interfaces between local and central government were well addressed and the diverse range of regulatory powers of local government were considered. The inquiry seems to be very well regarded and to have enhanced the credibility of the Commission in the local government sector."</i></p>
Focus group evaluation of inquiry	Report from a focus group representative of inquiry participants, facilitated by an independent person with significant experience in inquiry-type work with feedback on the inquiry and recommendations for future improvements (taking into account the focus of the report, process, analysis, engagement and delivery of message)	Report received – see focus group evaluation	<p><i>An opportunity was missed to address the critical area of funding of regulation, while the recommendations could have been developed more fully."</i></p>
Participant evaluation of inquiry	Percentage of inquiry participants surveyed who rated the overall quality of the inquiry as good or excellent (taking into account the focus of the report, process, analysis, engagement and delivery of message)	74%	
	<p><i>Note: participants who rated the overall quality of the inquiry positively, as acceptable, good or excellent (a less demanding standard than the performance measure)</i></p>	96%	

Part 2: Overview of the local regulation inquiry

What the Government asked us to do

The inquiry was finalised in May 2013 and addressed opportunities to improve the regulatory performance of local government. The scope of the inquiry, as specified in the [Terms of Reference](#), included regulation-making processes, principles for the allocation of regulatory roles between central and local government, and better ways to assess regulatory performance.

How we went about it

We released an issues paper to tease out key issues for the inquiry. We then released a draft report for further consultation and engagement, before delivering our final report to Ministers. Our views were informed by an extensive engagement process, which included comprehensive surveys of the business community and councils, webinars, a formal public submission and consultation process (resulting in 113 submissions) and over 90 engagement meetings with government officials, businesses and councils.

Our full reports were supplemented with a range of other information to maximise public engagement, such as summarised 'cut-to-the-chase' versions of the reports, videos, online slide shows, social media updates and media releases.

What we found

The Commission identified many opportunities for improving regulatory performance and proposed an ambitious reform programme. Our recommendations were grouped into three key themes:

- **Setting the 'rules of the game'** – These recommendations focused on ensuring central and local government have a common understanding of each other's roles, duties and accountabilities. To promote this, we recommended the development of a central/local government protocol to govern the development of regulations affecting the local government sector. We also developed a framework to guide decisions about which regulatory functions are best undertaken by local or central government.
- **Strengthening institutions** – These recommendations focused on strengthening the institutions involved in the development, implementation and enforcement of local regulations. We suggested that new institutional arrangements may be required to help manage the interaction between central and local government and drive improvements in the regulatory system.
- **Regulatory work programme** – We proposed a work programme to help implement improvements to the regulatory system, including measures to strengthen performance reporting and ways to improve quality assurance processes within both central and local government.

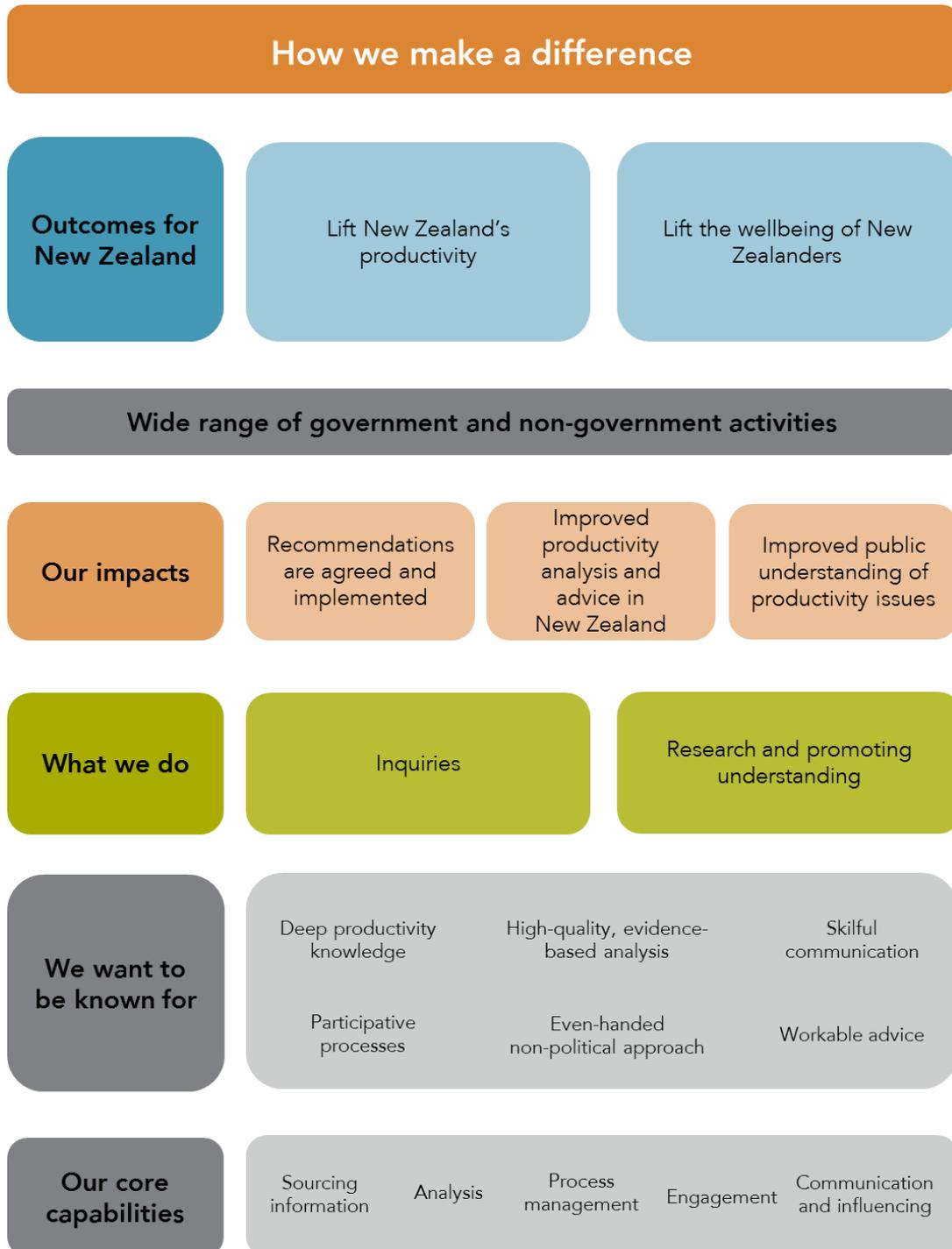
What the Government has done

As at August 2013, the Government is still considering the Commission's report and recommendations and a timeframe has not yet been set for their response. See our [inquiry page](#) for up-to-date information.

Part 3: How we make a difference – the wider context

This section provides a summary of how we make a difference as an organisation, giving you some wider context to the inquiry performance information above.

The Commission completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues. The diagram below summarises our “performance framework” and sets out how we seek to make a difference as an organisation.



How we report our evaluations

We summarise individual inquiry evaluations carried out each year in our Annual Report, including key “take-out” messages across inquiry evaluations and conducted from and publish full results from each facet of the evaluation (ie expert review, survey and focus group results) on our website.

From 2013/14, we will also produce an “outcomes report” at least every three years, providing assessment of our performance and the outcomes of the Commission’s work over the longer term, including across multiple inquiries.

About the New Zealand Productivity Commission

The Commission—an independent Crown Entity—completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues.

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