

Future for Local Government Review: Draft Panel Report - draft Council submission

Council briefing
21 February 2023

Background

- A critical review examining the systemic future viability and sustainability of local government
- Three waters and environmental management reforms are progressing at a faster pace and will change the face of local government
- This report looks beyond those changes – what is the future of local governance in Aotearoa New Zealand?
- Panel's draft report now out – our submission due 1 March 2023
- Feedback will inform a final report due June 2023

Focus area 1. Revitalising Citizen-led Democracy

- Current low public trust and participation in local governance
- Need citizen participation in local decision-making for councils to be trusted and reflect community diversity
- Suggests LGA review to include participatory and deliberative decision-making and stronger use of local tikanga in Council systems and practices
- Recommends a review of current electoral practice and legislation
- Generally support analysis and findings
- Participatory and deliberative decision-making is resource-intensive – needs investment
- No silver bullet – needs a multi-faceted approach to build trust and interest

Focus area 2. Tiriti-based partnership between Māori and Local Govt

- Local government-Māori relationships fall short of potential
- Legislative framework for Te Tiriti in local government is needed
- Need to involve Māori earlier in decision-making and create a partnership framework
- Notion of 'participatory parity' (not just about 'joint' decision making)
- Generally support direction
- Agree council investment is needed – along with government investment
- We have some good work in progress – need to embed in our BAU
- Across-council learning and investment needed

Focus area 3. Allocating roles and functions in a way that enhances wellbeing

- Councils sometimes struggle to deliver due to limited capacity, capability, financial pressures and conflicting responsibilities
- Need to recognise local government's existing role in wellbeing
- Not a binary decision re who does what – likely to be collaboration/ shared service provision
- Generally support analysis and findings
- Dilemma regarding reform sequencing – local government changes quickly and significantly with 3 waters and resource management reforms – new directions will take time to initiate

Focus area 4. Local Govt as champion and activator of wellbeing

- Move from transactional services - delivery of services and infrastructure - to transformation - multiple outcomes and holistic strategies to improve the wellbeing of communities
- Funding and resourcing needs to enable and encourage councils to take a system leadership role, and lead and facilitate activities to activate wellbeing
- Generally support analysis and findings
- Local government is already functioning in this space
- Going further will require increased collaborative approach/ partnership with central government, mana whenua and communities
- Could be resource intensive – needs significant investment

Focus area 5. Stronger relationship between CG & LG

- Lack of trust on both sides - reset of the relationship is required
- No recommendations have been provided in this section, only questions
 - What are the merits of different models for co-investment?
 - How to shape integrated planning, regional with local level priorities?
 - How to use participatory processes to take decisions
- Don't see appetite for central government change
- Challenging to reset in the context of the wider reforms and ambiguity over local government roles
- Report needs to more clearly call out central government

Focus area 6. Replenishing and building on representative democracy

- Local leadership needs more diverse voices
- Recommends:
 - Electoral Commission oversee local body elections
 - Local elections to have voting age at 16, 4 year term, STV
 - Retain Maori wards, consider options for Tiriti-based partnership
 - Professional development for all elected members
 - Executive integration across central and local government
- Potentially a bigger but focused role for the Electoral Commission
- Elected member support for 4 year term and lowering voting age but split on STV
- Council wants to see progress on online voting and teaching civics in schools
- General support for more support and upskilling of all in LG

Focus area 7. Equitable funding and finance

- Funding system is 'broken' and we have reached 'peak rates'
- Concern about growing community expectations and unfunded mandates from central government
- Central and local government need to agree a way to co-invest in public goods and outcomes
- Recommendations include:
 - Retain rating as principal funding mechanism but enable new mechanisms
 - Simplify and streamline long-term planning and rating processes
 - Central government funding with local decision on how spent
 - Regulatory impact statements to include impacts on local government
 - Central government to create a climate change intergenerational fund
 - Central government should pay rates and charges on all properties

Focus area 7. Equitable funding and finance

- Generally support analysis and findings
- Local government should be trusted to develop new funding mechanisms
- Revoke sections 8 and 9 of the LG Rating Act – councils to decide for themselves what land is non-rateable and part-rateable
- Need funding from central government to complement existing revenue
- Government should pay rates and all applicable charges

Focus area 8. System Design & Structure

- Councils face increasingly challenging and complex issues - system and structure need to be strengthened and future-proofed
- Panel proposes design principles to evaluate possible future structures
- Recommendations:
 - Explore and agree a new Tiriti-consistent structure and system design that gives effect to design principles
 - LG, supported by CG, identifies and implements opportunities for greater shared services collaboration
 - LG establishes a Digital Partnership to develop a digital transformation roadmap
- Generally support analysis and findings
- Dilemma regarding sequencing – new system design and structure needed before functions are decided
- Strong recommendation to have one preferred model – unitary authority model

Focus area 9. System stewardship & support

- Consider what is required at a system stewardship level to embed, drive and support changes proposed in the draft Report
- Actions to support greater system stewardship and better decision making are critical for complex, intergenerational decisions on climate change and adaptation
- Needs to be an oversight body to play a system stewardship role in a new local government system

There is currently no oversight body nor much visibility of joined-up oversight of the whole reform programme and its LG impact

Our draft submission – key points

1. We need an integrated model of government – not just local governance.
2. Wellbeing approach is already embedded at the heart of local government. Our contribution and potential needs to be better understood and acknowledged by central government.
3. Clarify local government role(s) in Te Tiriti partnership.
4. Need a complete re-think of council funding and financing. Councils must be entrusted with more enabling legislation regarding funding.
5. The review must settle on a single preferred local government structure. Our strong preference is for that to be a unitary council model.
6. A clear implementation plan is required with funding and appropriate structural proposals to empower local government.

Feedback on recommendations and questions

We have prepared feedback on recommendations and questions the Panel included in the draft Report.

- Responses are intended to provide the panel with useful information as it works towards refining its final Report.
- They are grouped under the sections of the Report and we have commented where appropriate.
- The responses cover a wide area of local government operation – we are keen to receive any thoughts elected members may have.

Next Steps

- Feedback to be received by OCE by 9:00am Friday 24 Feb
- Draft submission to Council for approval on 1 March
- **Note - final submission to go to the Panel 1 March**
- Panel consideration of submissions and ongoing stakeholder engagement
- Final Report presented to Minister of Local Government June 2023
- Currently unknown:
 - Process for action/ prioritisation
 - Government appetite for change – with election looming