



What's the fuss about local government?

Presented by: Hilary Bryan

There's a lot happening in the sector. Today, we'll focus on four key things:

1. **Who cares – how involved are people in their local councils?**
2. **Water reform – why was the original plan changed?**
3. **RMA reform – what are the main implications?**
4. **Will local government be radically reformed?(And a word about finances.)**

Who cares – how involved are people in their local councils?

Let's start with voting turnout in the 2022 elections:

- Metro councils: **40.82%**
- Provincial councils: **44.01%**
- Rural councils: **49.31%**

The final overall voter turnout was 40.44% – slightly down from 42.2% in 2019.

But the variation is huge. The highest voter turnout was in Kaikoura – 62.02% and the lowest was Hamilton City Council – 29.4%.

The highest voter turnout in recent years was in 1989 when councils were re-organised – 56%.

The present figures aren't high, but councils tend to resort to exhortation and civic duty as reasons to vote. It's not that appealing. And our system that includes a significant number of independent candidates often fails to draw out issues that might interest voters.

Smaller number of services provided by councils than elsewhere in the world

One key thing to bear in mind is the smaller scope of responsibilities provided by NZ local government compared with other countries. Out of 16 selected OECD countries, we're 15th in terms of what we spend on local government. This reflects the services our councils provide. Education, health and social services are mainstays of local government in other countries.

This contributes in some way to how voters see the importance of local government. And postal voting is a major problem.

So maybe this turnout isn't that bad after all.

Consultation doesn't get that many people fired up, or does it?

Auckland Council received 41,146 pieces of consultation feedback on its Annual Plan this year. Why? Because it was controversial and meaty. By contrast, Wellington City Council received 351 submissions. This is a major issue; a lot of feedback comes from the rich and retired.

Water reform – let's make progress

Former Local Government Minister, Nanaia Mahuta's original proposal was for four water entities to take over water supply – stormwater, drinking water and wastewater. But the government lost the narrative and now Local Government Minister, Kieran McAnulty, is proposing 10 entities to be set up from 2025/26, rather than the original date of 2024.

All will have professional boards. Sitting behind them will be regional representative groups made up of council representatives and mana whenua. These groups will oversee their boards' strategic direction and monitor their performance.

Behind these regional representative groups will sit regional groups of local people.

Let's get on with it. We need to invest between \$120 – \$185 billion in water infrastructure over the next 30 years. Our system is creaking and 67 councils can't fit it.

But what will a new government on the right do?



RMA reforms will create 15 regions

The RMA is being replaced by three new pieces of legislation. According to the people I speak to, they say it won't make planning and environmental management more straightforward. But it will create 15 planning regions. Again, this makes sense.

These 15 Regional Planning Committees will be made up of representatives from local government, mana whenua and central government. And common "off-the-shelf" standards will govern housing and infrastructure development.

The trend here is clear: regionalisation for planning and water. This move reflects reality: our economies operate regionally, not at a community level.

Will local government be radically reformed?

Former Local Government Minister, Nanaia Mahuta, set up a panel to review local government overall. It reported in June 2023. Its recommendations are broken down to five separate themes.

Embedding local government's purpose and wellbeing focus

- Entrench the purpose of local government, as set out in the Local Government Act 2002, to embed intergenerational wellbeing and local democracy at the heart of local government.
- Introduce statutory provisions to reinforce and give effect to the purpose of local government in the Local Government Act 2002, by:
 - » councils setting wellbeing goals and priorities each term, in conjunction with community and hapū/iwi and Māori
 - » central and local government committing to align wellbeing priorities and agree place-based investment plans.

Comment

Ok, but will entrenching anything make it happen on the ground?

Growing authentic Te Tiriti-based partnerships

- Introduce new provisions in the Local Government Act 2002 that explicitly recognise local government as a partner to Te Tiriti o Waitangi and te ao Māori values to strengthen authentic relationships in the local exercise of kāwanatanga and rangatiratanga.
- Introduce a statutory requirement for councils to develop partnership frameworks with hapū/iwi and Māori to give effect to new Te Tiriti provisions in the Local Government Act 2002 that create new governance arrangements and complement existing ones.
- Central government leads a comprehensive review of requirements for engaging with Māori across legislation that impacts local government, considering opportunities to streamline or align those requirements.
- Amend the Local Government Act 2002 to require councils (elected members and chief executives) to prioritise and invest in developing and strengthening their capability and capacity in the areas of Te Tiriti o Waitangi, te ao Māori values, mātauranga Māori, tikanga, and the whakapapa of local government in order to make local government a better Te Tiriti partner.

Comment

Go for it. Local government is moving in this direction. This is another good shove. 35 councils now have Māori wards and many have well-established partnerships with mana whenua.

Environment Canterbury (ECAN) has two Ngāi Tahu reps on the Council with full decision-making rights after recent law change.



System renewal

- Initiate a reorganisation of local government to strengthen, support, and resource councils to plan for and respond to increasing challenges and opportunities, and to set local government up for a more complex future.
- Establish a dedicated Crown department to facilitate a more effective working relationship between local and central government that focuses on:
 - » a relational-based operating model to align priorities, roles, and funding
 - » brokering place-based approaches and agreements to address complex challenges and opportunities
 - » research, development, and innovation capability that equips local government to maximise intergenerational wellbeing for its communities.
- Establish a new local government stewardship institution to strengthen the health and fitness of the system. This entity should:
 - » provide care for and oversight of the local government system, including the health of local democracy and local government's future-fit capability and capacity
 - » foster common purpose and relationships
 - » support and enable the health of the Māori-local government relationship
 - » incorporate the current roles and responsibilities of the Local Government Commission.

Comment

There isn't any evidence that councils will amalgamate themselves. The evidence from Northland, Hawke's Bay, Wellington, the Wairarapa and Nelson/Tasman is quite the opposite. None of these amalgamations have gone ahead.

Greater regionalisation is needed. But the only way it'll happen is if central government legislates for it. And that will upset people, so governments aren't keen to make themselves unpopular, particularly with people who actually vote.

Do we need two additional central government bodies to manage local government relations? Frankly, no.

Strengthening local democracy and leadership

- Local government and councils develop and invest in democratic innovations, including participatory and deliberative democracy processes.
- Enhance local democracy in order to increase access and representation by:
 - » providing for a four-year local electoral term
 - » adopting ranked voting (also known as single transferable vote or STV) as nationwide method for local elections
 - » lowering the threshold for the establishment of Māori wards
 - » enabling Te Tiriti-based appointments to councils
 - » lowering the voting age for local elections to 16.
- Local and central government coinvest to build adaptive leadership capability focusing on:
 - » leading change and system renewal
 - » valuing civic leadership and public service
 - » partnership and collaboration
 - » innovation and experimentation.



Comment

Go for it. My concern is we seem to shy away from controversy and opposition. The review report, and many voices around local government, seem to favour reaching consensus. There is a role for opposition. And there are genuine tensions between competing interests and ideologies. Can we really take the politics out of local politics?

Watch the Wellington City Council's Citizen's Assembly that's being set up to feed into the 2024 – 34 Long term plan.

Increasing funding

- In order to prioritise and deliver on wellbeing, central government makes a greater investment in local government through:
 - » an annual transfer of revenue equivalent to GST charged on rates
 - » significant funding to support local priorities, place-based agreements, and devolution of roles.
- Central government pays rates on Crown property.
- Central government develops an intergenerational fund for climate change, with the application of the fund requiring appropriate regional and local decision-making.
- Cabinet is required to consider the funding impact on local government of proposed policy decisions.
- Central government commits funding to support and enable the future transition by:
 - » resourcing a transition unit to support the change and system renewal of local government
 - » supplementing local government capacity funding to enable hapū/iwi and Māori to partner with councils
 - » supporting councils to: build Te Tiriti and te ao Māori capability and grow mana whenua relationships; lift their immediate capacity and capability to innovatively deliver wellbeing priorities for their communities; trial and grow participatory and deliberative democracy practices.

Comment

OK, but this all assumes central government has a never-ending source of money. And if central government is to fund local government more, then there needs to be proper accountability for any spending.

What this proposal doesn't address is inequity created by business rates paid to some councils with significant businesses within their boundaries that pay them. Other councils don't benefit from this and have to rely more on domestic ratepayers. Wellington region is a case in point.

Amalgamation and regional government would help address this.

This report will sit on the Minister's desk until after the election and then I predict whoever gets in will file it as – *Interesting but a bit pie in the sky.*

A final word about finance

Governments frequently set up groups to review rates. And they go nowhere. The last review by the Productivity Commission in 2020 said the ways councils are funded wasn't fundamentally broken. Radical reform wasn't needed and rates should stay.

Yes, there are funding pressures spread very unevenly. For example, smaller and rural councils with a low rating base can't raise that much in rates and can't borrow massive amounts. The Productivity Commission favoured targeted funding from government to help with funding pressures resulting from such things as climate change and growth.

The June 2023 local government review group disagreed. They favoured a non-targeted annual transfer of money from central to local government. (The review group also favoured a specific amount for Te Tiriti partnerships.)

I can't see any government handing over annual amounts to councils and letting them decide priorities. Targeted funding is the more likely option. We've seen this with Infrastructure investment for housing and post-COVID funding.

Where to from here?

We won't **fix** local government. It's complex and there aren't any easy answers. Water reforms, if they go ahead, will take away a key service. Water and planning will be regionally-based in the future.

To match these moves, let's start by recognising the regional nature of economies and amalgamating councils. Then let's encourage meaningful Te Tiriti-based partnerships. Let's try more innovative ways to encourage community involvement. Lastly, let's get central and local government working closer together and targeted funding going local government's way. This takes political will and greater collaboration.

Watch this space: there's a rocky road ahead.



Thanks for coming!

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