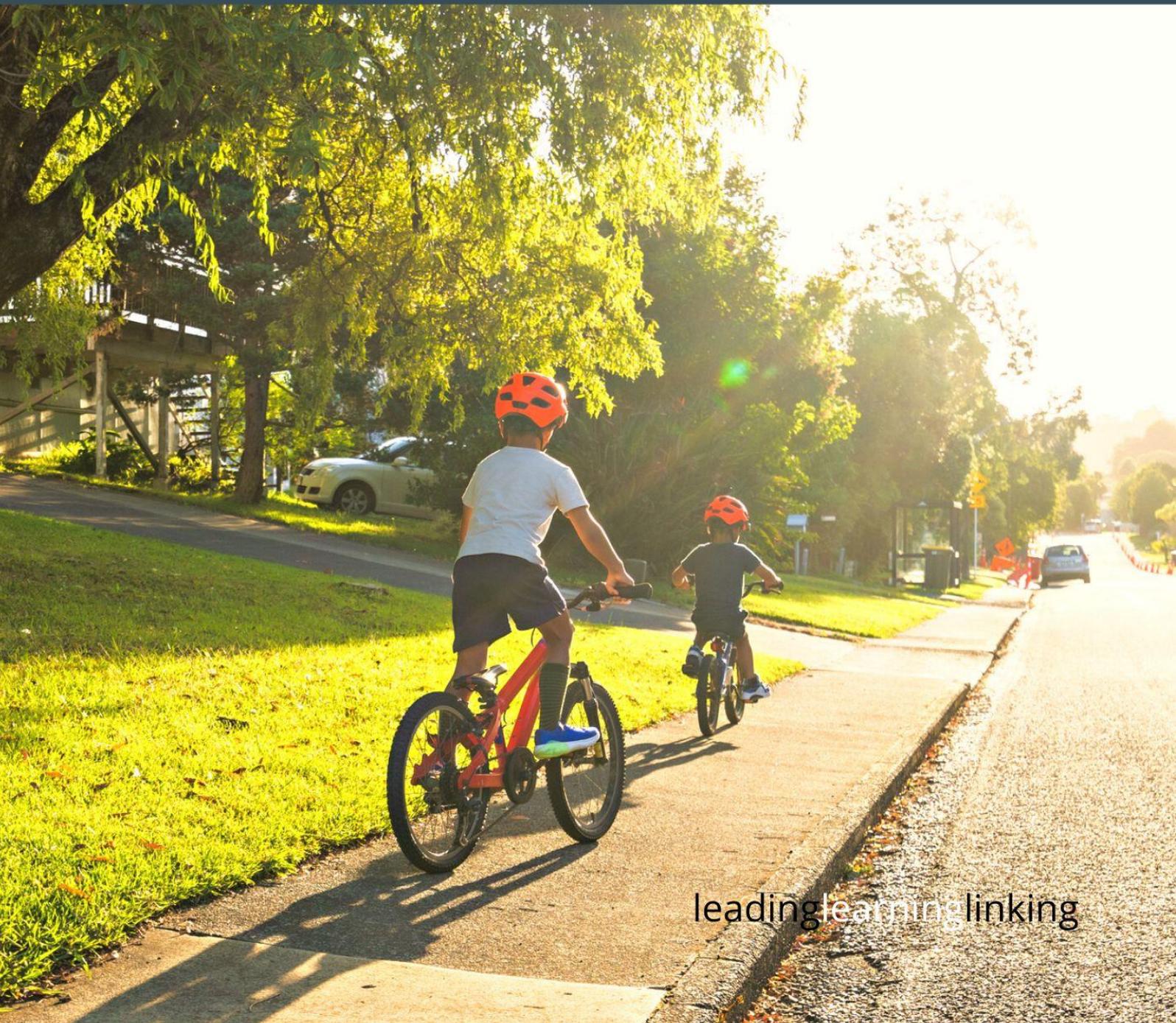


People thriving in place

The Taituarā response to 'He mata whāriki, he matawhānui' – the Future for Local Government Draft Report published October 2022

March 2023



Introduction

Taituarā

Taituarā — Local Government Professionals Aotearoa is the national membership organisation for local government professionals. Our purpose is to promote and support professional management in local government – the people that make visions come alive. Our focus is providing professional leadership, promoting innovation and excellence in management practice, and developing local government capability to enhance delivery to our local communities.

Our vision: People thriving in place

It is hard to reimagine the future of local governance and local government in the face of today's challenges and barriers; but this is precisely why we must do it!

"Ora - people thriving in place - is mission critical for both central and local government, because everyone doing well matters."

Sanchia Jacobs, Taituarā President October 2022

At no time has the inequity in the system for wellbeing been more apparent. The challenges of the future are already here. So are the green shoots of the new system. Aotearoa New Zealand is at fork in the road. One way enables the future whānau and communities want; the other further fractures an already broken system for intergenerational wellbeing.

It is time a shared north star – the wellbeing of communities and whānau at place – and an agreed plan to get there. The whole system must support the transformation, share power, and unleash the potential of communities, local government and Māori. Just because the future is complex and uncertain does not mean it needs to be complicated.

We must use our current crisis to be better, together, forever. It is what the communities of Aotearoa New Zealand urgently need and deserve.

Ko te pae tawhiti, whāia kia tata,

Ko te pae tata, whakamaua kia tina.

Seek to bring distant horizons closer,

Sustain and maintain those that have arrived.

Executive summary

Taituarā — Local Government Professionals Aotearoa is a strong supporter of the Future for Local Government Review. We appreciate the Review Panel's work and significant effort to engage widely and manaaki all participants in trying times. We recognise the Review Panel produced 'He mata whāriki, he matawhānui' (the Draft Report) reflecting what it had heard and the questions it had in September 2022. The answers to those questions go to the heart of the system change local government and communities need.

Our response therefore focuses on those answers, supported by an analysis of where we have come from, what resonates now; and what more needs to be done. with specific input from our technical experts on elections and democracy and our February 2023 hui.

Thank you for listening

The Draft Report's content appears to describe much of what we asked for in our 2022 [Vision](#). A platform for transformative change is emerging, so much so local leaders – the pioneers – want to get on with it now – developing their locally led wellbeing plans and putting them into action with those best able to deliver.

They know local government already plays a critical role in the building of strong, healthy, and prosperous communities. It is already a champion, networker, activator, and enabler of community wellbeing. It is a place-maker, anchor institution and system convenor. It is also a lot more. It delivers services on behalf of the government and plugs gaps in the system. It does what it can to get whānau and communities what they need based upon what they say they value. Local government is there enabling communities in every crisis.

The Review Panel's examples of what is working well already are only a small snapshot of all the great work that local government is doing. It would be wrong to misconstrue those examples as being exceptions to the rule. They are not. They are what great local government leaders and staff do every day, despite the broken system.

Making it work is a dedicated local government workforce that is part of its community. They are led by chief executives who are driven by the spirit of community service and their dedication to their kaitiaki role. Professional servant leadership is a privilege, and it is not easy. Particularly in a system where centralising reform is fracturing integrated roles, functions, and accountability. There are well known capacity and capability gaps, crisis after crisis must be managed, and costs keep rising. No one likes being set up to fail.

Many of the recommendations the Review Panel has provided are changes local government has repeatedly asked for. While they would be good to have now, they are fixes for our old, broken, unsteady system. Local government is being dismantled on an ad hoc basis driven by central government silos before the Future for Local Government and local governance has been designed. That local government can continue to do as well as it has done previously over the next two years cannot be assumed.

We must focus on the urgent critical system changes

These include:

- a clear and coherent vision for local government and its role in the governance of Aotearoa New Zealand
- a consistent national strategic direction for wellbeing with common goals, a clear framework, and a common platform for action
- legislation that is enabling and contains only the minimum that is required
- better organised roles and functions across the system (including that of central government and regional councils that have been largely overlooked)
- fixing the broken funding and financing system
- structural change – across the system and the structures. It must reduce the number of 'councils', so the capability and capacity within the system can be better used to improve community wellbeing.

But the number of councils, their governance, and structure is a secondary issue to the innovation and agility we need right now. The key to future success (and potential failure) will be the strength of the central and local government relationship and the capability of all. Commitments from both central and local government to work differently, collaboratively, and in the same direction, guided by principles that define 'tika' behaviours are required.

A compelling case for change is needed

For transformation to happen the Review Panel must be bold and articulate a coherent vision and framework for the whole system and everyone's place in it. We need a solid platform and clear plan for how we get there. We urge the Review Panel to demonstrate the integrated package that can be easily explained and not cherry picked.

The Review Panel should emphasise what central and local government must do now (as if we already were one cohesive system) to support and incentivise transition to our final destination – but it cannot pull its punches.

Our provocation to the Review Panel – ensure the case for change is so compelling and the pathway forward is so clear that the members of the system commit to the transformation journey now and champion the change, even if it is hard. Providing default model structure(s) and functions might be 'the' super nudge.

There must be an outcome. Something must come next. It is time for the hard decisions to be made. Reform must start this year. 2024 or 2025 will be too late. Taituarā and the pioneers are ready.

Kua tawhiti kē tō haerenga mai, kia kore e haere tonu.

He nui rawa o mahi, kia kore e mahi tonu.

You have come too far, not to go further.

You have done too much, not to do more.

Our key recommendations to the Review Panel

Like the Review Panel's Draft report, our key recommendations cannot be cherry picked. They all need to occur. But before we do there is a big question to ask:

Does central government value local government?

Reform must start this year. We need central government to be committed.

1. An integrated framework that links – national priorities to local place planning – in legislation.

- National direction and wellbeing outcomes clearly spelt out in legislation.
- Community Wellbeing Plans and Place-based plans are the platform for action.
- Governance, functions, actions, accountabilities and funding flow from them.
- The partnership and 'place leadership' role for councils needs is 'hardwired', enduring and based on common values - ao Māori values.
- Enduring mechanisms across horizontal and vertical levels of governance and the workforce – not loose understandings.

2. The new framework and all 'local government' legislation is based on common principles, is enabling, consistent and contains only the minimum that is required.

- We need a common language for equity, wellbeing and Te Tiriti.

3. Take an all-of government approach to public sector funding and financing

- Adopt a revenue-sharing model - automatic share of national taxation
- Provide a mechanism for devolution deals.
- While we wait, Government implements the recommendations from the last Productivity Commission inquiry.

4. Give effect to the principles of Te Tiriti o Waitangi and have a relationship that enables local government to partner with Māori

It is the right thing to do. Having a relationship will also create understanding, a shared sense of purpose and enable a partnership. The power, responsibility and accountability for wellbeing will be shared.

5. Structure and boundaries are artificial constructs – one size won't fit all

- Community Wellbeing Plan (or alternative) and the core funding and deals it enables can be tailored.
- Soft boundaries between who does what, capable of fitting the local context.

- Options for structural change should reflect the 'communities they serve - rohe, catchments, labour markets, population, geographic, rating base, socio-economic conditions and levels of deprivation.

6. Stewardship of the system needs to be transformed, capability must be raised

- Central and local government have reciprocal responsibilities, duties and accountabilities to achieve wellbeing for all.
- A learning and self-improving system is critical – peer challenge with peer support.
- Proportionate, open and transparent reporting focuses on what actually matters.
- People make the system work. We need committed capable leaders.
- There is a place for a capability hub or hubs (Appendix 2).

7. Outline a clear transition pathway that incentivises the pioneers to act now on their enhanced wellbeing role.

- Community Wellbeing Plan – with local place-based plans – could be the catalyst
- The process for developing the plan would start the healing of our history.
- A participative design process for the future system.
- There is a Royal Commission (or other independent) entity as a backstop to sort out finer details.

Whatever the process – we must make progress that leads to change, including structural change for local government. We must start this year. 2024 is too late.

While structural change is hard from a managerial perspective, it is necessary. We are at a fork in the road. The status quo is unsustainable. It is time to take action.

Partnership for wellbeing – empowered communities and local government

Chapters 1, 4, 5 and 6 of the Review Panel's Draft Report with links to others.

Overview

The issues of the 21st century require a joining up of thinking and action between central and local government. We cannot have any more silos – we need a 3D jigsaw. Central and local government are, or at least should be, partners in promoting the wellbeing of Aotearoa New Zealand and its diverse communities.

In the face of long-standing issues and the current large-scale reforms that are affecting councils and wellbeing outcomes, it does not feel like much of a relationship – let alone a partnership. Trust is low. The opposite of trust is not mistrust but alienation. We cannot afford as a nation to see the results of any more of this. But there is a pathway forward. Few see the status quo as sustainable or even possible and local government leaders – the pioneers – are up for change. They cannot wait.

It is time for an integrated model of government and governance for Aotearoa New Zealand.

Where we came from

Working with our members and the wider sector Taituarā developed its [vision](#)¹ for the future for local government and local governance – People Thriving in Place.

The vision is grounded in equity, wellbeing, and place and councils are the glue between local governance and central government in the community. A role that goes beyond the traditional view of local government as a deliverer of 'core' services and is more reflective of what we see every day in communities.

In developing our vision, principles and proposals, we considered:

- the scale of the wellbeing issues and the drivers of inequity in Aotearoa New Zealand
- the critical transitions and key shifts that need to be made
- the Government's ambitious programme of cross-portfolio reforms and the degree of intersection and interdependence between central and local government
- what is working now
- the history of Aotearoa New Zealand, Te Tiriti, and the history of local government
- overseas examples

¹ and [supporting submission](#).

- central government’s own work. This included recent work to achieve a unified public service and the ‘new’ relational approach for commissioning services – locally led, regionally enabled and centrally supported.

Our approach to local government reform is built on an expectation -

Because everyone doing well matters – Councils of the future will function within a system of local decision making and accountability that:

Principle 1	Is inclusive, values diversity, strengthens social cohesion, and unleashes the inherent power and strength of communities
Principle 2	Enables place-based decision making and action
Principle 3	Gives effect to the principles of Te Tiriti o Waitangi and partners with Māori
Principle 4	Is innovative, self-improving, and adaptive, building and sustaining trust and confidence in government
Principle 5	Through collaborative leadership, ensures central and local government MUST <ol style="list-style-type: none"> think and act as one system to deliver improved community wellbeing. have funding approaches that: <ul style="list-style-type: none"> • support fair allocation and equitable distribution of resources across the system • enable decision-makers to make the best use of limited resources.

The interconnections between our principles and the key elements of the future system clearly indicate the need to focus on the whole system.

When we looked at the current system, we saw so many opportunities for improvement. We see them in the Draft Report.

We envisaged transformational change. We outlined the necessary transition actions. Local government needs an enabling framework, legislation based on principles, sufficient resources, and the trust required to just get on with it. This required behaviour change, innovation, agility and increased capability.

We foresaw changes in the number of ‘councils’², but this was not a bad thing. Councils had more resource to focus on their partnership with local communities to enhance intergenerational wellbeing at place.

As active partners, councils and Māori would empower and encourage wide community participation, identify community aspirations, opportunities, and challenges and make decisions. That partnership would be reflected in a shared place-based conversation between local government, central government, Māori, and other agencies supporting community wellbeing. That conversation would be based on intergenerational community planning and would have an action focus.

The output of that process – the Community Wellbeing Plan – is a platform for integrated intergenerational planning and investment for wellbeing. A tool for Councils, Māori, central government, and other agencies supporting community wellbeing to develop and formally

² We said fewer units of administration.

agree the long-term goals and short to medium term plans, actions and investment needed to achieve local aspirations. It could reset all relationships. Please see Appendix 1.

What needs to happen?

We see the future we envisaged in the Draft Report. Our position has not changed. If anything, we are more convinced than ever that our thinking was right, as we experience yet another crisis in the wake of the January 2023 North Island floods and Cyclone Gabrielle and community wellbeing is adversely affected.

Government - both local and central - is at a fork in the road

Successive governments have had enormous difficulty in achieving fundamental wellbeing determinants through national delivery programmes (e.g., health, education, employment, housing, infrastructure). Progress on tackling disadvantage has been slow.³ The regions with the highest levels of persistent disadvantage - Northland, Gisborne and Manukau⁴ - are the same communities that are affected crisis after crisis. Despite the investments being made.

Yet where community voice and place-making services and activities are coordinated and delivered locally with or through councils (within a clear national direction and mandate) great things have happened. The Panel cites examples, there are many more.

Why is local government successful? No level of government is better placed to understand the needs of communities. Local government is embedded in its communities. It is on the ground. Strong relationships within the community enable it to get things done. There is a deep connection with what is done by local government currently, and the strength, social cohesion, and resilience of communities at place. The potential needs to be unleashed.

Unclear strategic and policy direction for local government

System change is needed. The sector is struggling to see itself as part of a joined-up system for wellbeing and their day job is hard enough already.

The system for wellbeing is on a path to less not more integration (e.g., in health, education, housing, social justice, infrastructure, economic development, and the environment). The prevailing mood music has been for highly centralised structures. A one-size fits all approach. Te Pūkenga and Te Whatu Ora Health New Zealand come to mind. Bespoke solutions, such as in Auckland, are not immune.

These reforms are being pursued in central government silos, with local government and Māori having to straddle the boundaries and make the connections. Despite the amount of change, there has been no action undertaken by central government to determine the cumulative impacts of change or to sequence the reform process.

³ [Fair Chance for All Interim Report \(productivity.govt.nz\)](https://www.productivity.govt.nz/fair-chance-for-all-interim-report)

⁴ P.25 [Fair Chance for All Interim Report \(productivity.govt.nz\)](https://www.productivity.govt.nz/fair-chance-for-all-interim-report)

Partnership and trust – ‘resetting’ the relationship

Trust between local and central government was low at the start of the review process. For many of our members it feels lower now. When we were out on the road in February (2023) we heard growing concern that the review will not deliver the urgent reform communities and local government need.

Integration must occur across all aspects of the system for wellbeing – from purpose to stewardship and across all participants and political institutions. Everyone must work together to do their bit and play to their strengths. But creating this joined up approach and seeing it as a probable future is currently hard to do.

Does the critical partner see the value in local government and is it prepared to change?

There is a growing culture of misinformation, sensationalist media reporting and clickbait. The value of local government and democratic accountability is undermined explicitly or implicitly by central government (for example through the current reform processes, party-politics, and Cabinet secrecy). The value is also undermined by examples of council poor performance.

Central government clearly prefers to work with less units of local government – this is consequence of the way it is organised. It also creates tensions between regional councils and district and city councils, tensions that need not exist.

In the face of the usual issues, another national emergency, and the large-scale reforms that are affecting councils, the central-local government relationship does not feel like much of a partnership. The imbalance of power is undermining trust and local government is more alienated from central government, just at the time we need to be closer together.

This feeling of alienation has been exacerbated a little by the Draft Report’s recommendations, which appear to focus on changing only local government and making tweaks to current legislation; modifications that are part of a solution to today’s problems and have been requested many times; and signal only incremental change. Let’s deal with this last point first.

Tinkering with the legislation is not enough

No one wants to be set up to fail, and tinkering with the legislation will be insufficient to achieve the sector’s lofty ambitions and goals. It needs transformational change and an overhaul of the legislative framework for local government.

The Review Panel needs to clearly identify what we are letting go of as well as what we are keeping. Given the future we envisage, we think that all legislation that affects local government and community wellbeing, should be reviewed for consistency. It does not need to be the same, but it should enable a consistent, collaborative approach. For example, any proposed future mechanisms for participation and engagement need to put people and

communities first. They need to be connected to but not driven by the current reform processes already underway (Three Waters, Resource Management).

The same can be said for mechanisms to give effect to Te Tiriti and a genuine partnership with Māori. To achieve a 'unified' workforce, reciprocal responsibilities and duties should be evident in the obligations of the central government workforce too. This goes to the heart of a better relationship.

The legislative review should start with the suite of legislation, including regulations, that are closely associated with current local government functions, including the new water and resource management legislation, and interrelated central government functions for wellbeing, such as the Public Sector Act, the Public Finance Act, Pae Ora (Healthy Futures) Act.

The conditions for success and the barriers are well known

There needs to be a shared vision, common goals, clear frameworks and direction, flexible systems and legislation, appropriate resourcing, leadership, culture, capacity, capability, and so on to have a successful partnership.

There must be a willingness to share and transfer power and resources on a long-term basis within a solid framework (and legislation) designed for outcomes and good relationships.

Te ao Māori values (Kotahitanga, Whanaungatanga, Manaakitanga, and Tiakitanga), tikanga, and mātauranga Māori are essential components of all relationships, including the partnership local and central government need. They need to be at the heart of the future system of local governance and wellbeing, as well as the allocation of allocation of roles and functions.

We support the Review Panel's three principles

Building on our advice to you that the future system and legislation should be principles based, we re-looked at different criteria that could be used to underpin the system, make allocations, and fund it. Different principles and criteria reflect different underlying assumptions about public management systems and how they should operate.⁵

We used the following tenets:

- The first, and most important function of local government is to be the champion and convenor of local collective place-making and decision-making.
- Councils must be able to activate their partnership with Māori and perform the functions that support that partnership.
- Equity of outcomes runs through all we do.

⁵ 'Our' current ones perpetuate and amplify power imbalances, discrimination, and the ongoing impact of colonisation, and bake in short-termism and status quo bias. Please see [Fair Chance for All Interim Report \(productivity.govt.nz\)](#).

We therefore fully support the three high-level principles you propose:

- Start local – subsidiarity to the level that makes sense.
- Recognise the ability of local government to influence outcomes – partner for them.
- Ao Māori values underpin decision-making (these values align and translate across cultures and underpin successful relationships).

Allocating roles and functions

Our February 2023 hui did a simple exercise using the principles proposed for role allocation. Robust testing will be required but they worked well taking a blue skies approach and not being constrained to the structural examples given. The important thing to note was that the initial allocation could be changed depending on local needs, strengths and what made sense.

When we use the term 'regional', we are not assuming the size and scale of current council boundaries and central government regions. What is an appropriate 'regional' scale for wellbeing conversations, policy development and implementation may be different to the 'regional' scale for delivering regulatory services on behalf of government.

For example, having a sub-regional relationship with central government is likely to deliver better outcomes (for example housing in the Wairarapa or Central Hawkes Bay) than at the current regional council boundary. This would necessitate central government being able to engage at multiple scales too.

Many functions performed by central government, such as aspects of community development and libraries that sit within the Department of Internal Affairs, could be more local and there was an appetite for certain liabilities to return to the Crown (contaminated land and joint and several liability for building defects).

There are also several navigator roles across the system for wellbeing that could be looked at – in councils, social services, education, community, transitional housing, employment, etc. These should join up at place. Ultimately the system for wellbeing should not be so hard to navigate.

Allocating roles and delivering (coordinating) activities or services at a local government 'regional', catchment, or sub-regional level often made sense so long as the connection to local remained.

Civil Defence Emergency Management (CDEM) illustrates the point. It is a geographic (spatial) activity that invariably transcends local council boundaries. This partly why the Wairarapa councils (Masterton, Carterton, and South Wairarapa Districts), and Ōtorohanga, Waitomo and Waipā District Councils combine for the purposes of CDEM planning, preparedness, and response. Economies of scale in these cases also bring capacity, capability, and efficiency benefits.

Our previous submission to the [building consent review](#) noted a variety of ways co-ordination and capacity could be improved within the building system, while keeping the local connection. Combined Building Consent Authorities are theoretically possible today, if central government is prepared to accept them (For example, through a council-controlled organisations).

'Regional' and sub-regional arrangements for water, roads, recreation services, etc. - often using the strengths of government agencies and businesses (e.g. alliance contracts for outcomes) also worked. There were some limitations where councils retained control of the budgets - reflecting the current funding and financing system, and where neighbourly relations were not good. But where trust was high, functions could be shared or transferred.

Many shared service arrangements fulfilled sub-regional and regional needs. For example, those used for information, evidence and data for wellbeing, back-office functions, science and research.

Structure change

The principles looked good.

When our hui examined the proposed models, unitary structures looked the most straightforward. But when examining the functions, it became clear that complex systems cannot be controlled or perfectly designed. The form of local government can evolve, and the money can flow to where it needs to be if the legislation is flexible enough.

Any change in the number of local authorities, and the way they are configured, and who does what function should flow from a discussion that starts from the governance at place and how governments, local and central, and the community can work better together to achieve wellbeing.

There will be no magic number of local authorities or governance configuration. A minimum population size will be unhelpful. It is too blunt.

Prescribed models (which we have now – with the exception of Auckland Council - have remained largely unchanged for 30 years) are not a step towards a flexible, agile future.

Local context matters. The boundaries of wellbeing and local governance system are of course 'fuzzy'. Structural change options and the boundaries of 'councils' whether they be territorial authorities, combined councils and / or regional statutory entities should reflect the communities they serve and consider rohe, catchments, labour markets, population, geographic, rating base, socio-economic conditions and levels of deprivation.

It is, however, likely there will be far fewer and therefore bigger units of 'local government' based on the principles the Panel outlines. This will make the most of capability within the system. At the same time, it will be critical to ensure the perspectives at the sub-local level are not lost, and that the community has confidence its views will reach and influence decision-makers. It is also important that the institutional unit of a council is not too big that it cannot be nimble and agile (if that is what we are expecting of it).

While we would like to know more about the new (statutory) structure in the collective / interdependent model that enables 'deals', and where it fits within the system – e.g. is it the new regional level of government - in principle it sounds like exactly what we have asked for.

We see the potential for bespoke arrangements and decision making at very different scales dependent on the issues to be addressed.

A mature central - local relationship should celebrate that there is room for more than one 'model' for structures and the assignment of functions across the country. Difference and diversity that give rise to effective outcomes should be welcomed and not dismissed out of hand.

It is obviously easier for central government to deal with less units of local government. But the current arrangements have pitched regional councils against city and district councils and neighbour against neighbour – largely due to the funding arrangements that are currently in place.

We noted that Auckland had a Minister, and until recently every other region shared the same Minister. While Auckland is very important, other regions are too. Just as we were wondering if there should be a Minister for every 'region' the devastating effects of Cyclone Gabrielle saw Ministers appointed to place, a specific Cabinet Committee, and a new Taskforce set up. Is this the model for the future?

Can we radically transform the landscape so central government instead configures itself to meet the needs of communities at place?

We have seen the potential that Regional Public Service Commissioners and urban regional growth and economic development partnerships⁶ can bring to 'regionalised' conversations. But the potential is lost if central government tries to control the relationship, the configuration of the arrangements, and the priorities for implementation top down.

These roles need to be enablers, empowered decision makers, within a system that respects local government's convening, anchor institution and systems networking roles, and ability to ensure community needs and aspirations are heard and understood. They should not duplicate what is already working and the people in the roles as leads need to be resourced to do this well.

In the future unnecessary duplication and complexity (e.g. the situation for Taupō under the Resource Management reforms, multiple regional fora convened around central government silos and regional council boundaries) should be avoided.

⁶ Urban Growth Partnerships and Kānoa - Regional Economic Development & Investment Unit

Community wellbeing and place-based plans lie at the heart of a strengths based partnership

The Community Wellbeing Plan concept creates the opportunity to energise the sector and turn around the conversation – from one that is deficit focused to one based on strength. We have developed the concept a bit further.

We are even more certain that it could be accompanied by a spatial representation (a place plan) of the needs and aspirations of the community relevant (to its geography) much like many community plans, local development frameworks, master plans, and regional spatial strategies do today (both here and abroad). We are specifically thinking about the Scottish planning and local government / wellbeing arrangements and think they could be very suitable and we have proposed this as part of our submission to the Environment Committee on the Bills.

We could extend this even further to 'every whānau within every community' would have the opportunity, motivation, and incentive to develop their own plan based on their own needs. A joined-up public service would wrap around and enable whānau and community to enable them to do this.

A wellbeing process and plan conceived like this could meet the needs of all the current review and reform processes – health locality planning, community voice in 'regionalised' spatial planning, social services commissioning, water reform – and would enable decision makers to understand what whānau and communities need and aspire to locally at place.

The Community Wellbeing Plan (with local place-based plans) would be a critical building block for a true partnership, power sharing, coordinated planning and co-investment, and participatory democracy, in action.

It would, if done well, have the benefit of strengthening whānau and community resilience and cohesion. It's not a bad way to educate people about civic society too!

This could be our transition pathway

Local government is ready to set the direction for change. Councils are realigning their 'businesses' now. Our pioneering members can, and are willing, to embrace today's messy, squishy boundaries and uncertainty, and trial a new way of working if it leads to better outcomes for communities, Māori, and the environment in the future - allowing for the Community Wellbeing Plan (or alternative) and the core funding and deals it enables to be the right size for the communities it and councils serve.

The pioneers are ready. Is central government? The system is spending a lot and not making the progress communities need. In the context of the more than \$10 billion to needed to recover from recent weather events, what is the opportunity cost of not ensuring that when the next event happens, communities and their partners are better prepared?

We need to stop crisis led 'pivoting' and be prepared to do whatever it takes every day.

Experimenting with new approaches – will mean greater risk. Enabling people to live the lives they value, is worth it.

We think the Community Wellbeing Plan and Place-Based plans are ‘the’ priority and will be the system catalyst. It will move the relationship forward to one of partnership between the levels of government and governance in Aotearoa New Zealand with Māori. A relationship more like the Māori concept of tuakana – teina⁷.

Potential opportunities / constraints or criteria for choosing who to trial the new way with:

- Central government willingness to partner
- Funding for the participative process
- Councils that will be / could be unsustainable in the near future - jeopardising community wellbeing at place
- Equity – vulnerable communities (noting recent events)
- Iwi / hapū capacity and where they are on the revitalisation journey – addressed in the Tiriti section.

Current capability and capacity should not be a constraint as building capability is part of the process and capacity must be bolstered by the ‘deal’ and the grant, as well as access to people with specific skills such as change management and social sciences (e.g. human learning systems).

Recommendations

Government to clarify that it sees the value in local government this year (2023)

1. Community wellbeing and local place-based plans are ‘the’ priority, unleash the pioneers
2. Legislation that articulates a clear strategic direction, national outcomes, and indicators across all wellbeing domains is articulated in legislation (this would ensure national strategic direction can transcend changes in local and central government while being sufficiently flexible for the future)
3. The ability to agree outcomes, priorities, indicators, and financing ‘regionally’ (assuming that the definition of ‘regionally’ is contextually driven and our recommendations for sustainable funding and financing occur alongside any ‘deal’)
4. Delivery of the priorities is a function of the local operating context – allocated to / or commissioned from those best placed to take action
5. Mandatory consideration of the Community Wellbeing Plan (and local wellbeing / place-based plans) by all levels of government and in all aspects of governance, including service design

⁷ which values reciprocal learning relationships

Building an equitable, sustainable funding and financing system

Review Panel Draft Report - Chapters 6 (co-investment) and 8

Overview

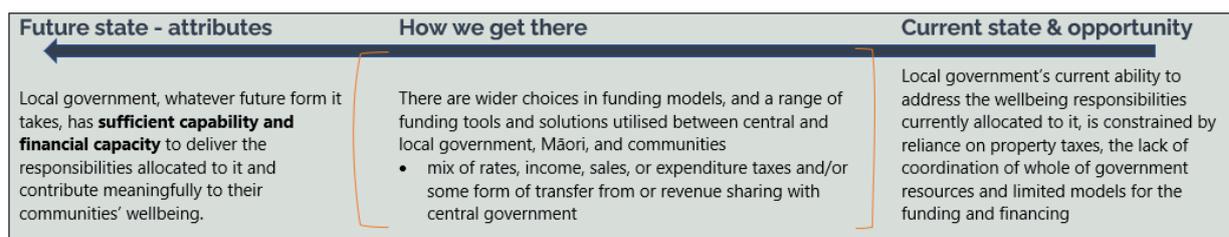
For councils of the future to have a range of planning approaches and funding tools and solutions that suit their (and their communities) needs and place, there needs to be fair and equitable revenue sharing, a mechanism to enable co-investment to achieve outcomes, and an end to unfunded mandates, and the outsourcing of risk to local government.

Where we came from

In June 2022, Taituarā confirmed its fifth system principle and articulated the funding approach we wanted to see:

For Principle 5: Through collaborative leadership, central and local government **MUST (b)** have funding approaches that:

- support fair allocation and equitable distribution of resources across the system
- enable decision-makers to make the best use of limited resources



For people to thrive in place, they must be able access opportunities to improve their individual and collective wellbeing and respond to their needs. Councils of the future therefore require a range of planning approaches and funding tools and solutions that suit their and their communities' needs and place.

We envisaged a shift in central government revenue allocation and distribution that was aligned to the service function and make up.⁸ We promoted the fair allocation and equitable distribution of resources across the system to enable decision-makers to make the best use of limited resources. We advocated for co-investment for wellbeing and the expansion of funding sources for local government to include a mix of income, sales, or expenditure taxes and/or some form of transfer from or revenue sharing with central government.

Funding infrastructure fairly

Critically, we emphasised the need to adequately and sustainably fund infrastructure in partnership with central government, infrastructure providers, developers, and other partners and we called for a stop to the contestable funding lolly scramble that has dominated in the past. We were clear that it was time for large-scale or general economic factors, such as

⁸ The administrative areas are based on one or more of the following local elements: population, geographic, rating base, socio-economic level or level of deprivation.

interest rates and national productivity to reflect the contribution of both central and local government to the economy and community wellbeing and for revenue systems to reflect this.

Part of our solution was the Community Wellbeing Plan that led to agreed funding partnerships and central government funding and co-investment in local services and wellbeing initiatives. We also reflected on the passing of unfunded mandates from central to local government and advocated for this to stop.

The Review Panel has identified the issues well and the proposed funding tools that are consistent with the Productivity Commission's recommendations. But if anything, since the Review Panel's Draft Report and another national emergency, we have become more certain about what needs to change at the system level.

What needs to happen?

In short, an all-of-government approach to addressing public sector funding and financing must be taken. The best solutions for disaster recovery and the long-term wellbeing of communities are likely to be politically unpalatable across all levels of the system (higher tax rates for those that can afford to pay, levies etc).

We think it must examine all options:

- co-investment for wellbeing (over the long term)
- transfers from the centre (a central government block grant / national fiscal equalisation scheme)
- negotiated (devolution) deals
- climate change adaptation funding
- fostering capability across the public sector
- fostering capacity and capability for Māori
- payment for delegated functions and
- the additional funding and financing tools at the local level that local government and its peak bodies (Taituarā and LGNZ) have continually asked for.

We tested the proposed funding principles at our February 2023 hui and they appeared broadly acceptable. However, they need to be rigorously analysed considered in the round, with the allocation of functions, and consideration needs to be given to whether the Community Wellbeing Plan is the correct platform.

Local rating gives flexibility, and no inquiry has managed to find a clearer, demonstrably better source for funding local government activity when augmented by targeted tools. Local government's key ask is that the rating, fee setting, developer, and financial contributions processes must be simplified and augmented with targeted tools.

We note there are others (such as iwi, hapū, Māori, private sector, philanthropic sector, voluntary organisations etc) that can and do contribute to community wellbeing and who are also capable of meeting community priorities.

Central government needs to work with local government (and their partners) to quantify the size of the investment that is needed for intergenerational wellbeing at place and how the public sector funding and financing system needs to change to deliver its share of it.

Rather than continue to aim for low net debt / GDP limits and consider potential austerity measures that will cut budgets that affect wellbeing, we recommend that central government considers (and the Review Panel recommends) leveraging their balance sheet to share power, revenue, and funding with those that will make things happen on the ground for wellbeing, including local government.

There should be sufficient resourcing and funding capacity nationally for everyone in Aotearoa New Zealand to have a high standard of wellbeing – we just need to change the current (central and local) government funding arrangements and structure to achieve it. They are a barrier to lifting and sustaining a higher level of individual and community wellbeing.

Funding infrastructure is problematic

Cyclones aside, with such a high reliance on rates, during a period of higher general costs pressures (such as now), the level of rates increases that are needed just to maintain the status quo in local government service delivery are ranging between 10 per cent and 20 per cent. This is unaffordable for communities and is widely criticised, including by central government. Ironically, the pressure to keep rates low is the very issue that has led to the chronic underfunding of and underinvestment in infrastructure and services, and this works against every effort to improve community wellbeing.

Renewal and replacement of infrastructure (as well as the investment in much needed growth infrastructure and place making) has moved even further beyond the means of many councils (in terms of affordability and delivery). The lack of technical and contracting resources to get jobs done, will be significantly exacerbated by Cyclone Gabrielle (and may constrain capital works programmes in parts of Aotearoa New Zealand that are not directly affected by the cyclone).

Today more than ever, large necessary capital programmes have inherent risks of cost escalations, which are difficult to mitigate and mean projects are being deferred or de-scoped. Emergency events prior to Cyclone Gabrielle had already outstripped 'normal' resources and where there is co-funding (such as in roading) the size of the pot was already dwindling.

The use of Crown Infrastructure Funding and 'Better Off' Funding illustrates the acute need for a more sustainable funding system and many councils still remain trapped in a cycle of competitive funding bids or other co-funding lotteries to deliver what they know their communities need, with little to no chance of success. All these facets have slightly different sets of solutions (workforce planning and skills, better pipelines of projects, more money for

infrastructure projects creating a demand / pull effect on contract prices etc). Taken together, the size of the challenge is too great.

Size matters but even then

What can a council like Auckland (a unitary council, with its size of population and scale) do under the current system if the forecasted cost increase in the current capital works programme (i.e. without adding anything new in) is \$267 million (for the remainder of their current Long Term Plan)? What can any council do with so few options to manage rising costs and generate more revenue?

Since the beginning of this Review local government has been forced to consider even more acutely:

- cutting services or projects
- delaying projects
- taking on more debt
- increasing revenue through the limited tools they have (rates, fees, and charges – and chasing government assistance).

Currently some councils are choosing to breach their debt targets⁹, which isn't a problem; but many are up against their debt ceilings, which is a huge problem. Some are debt funding operational expenditure costs and deferring the achievement of balanced budgets in projected timeframes.¹⁰ But they know taking on unplanned debt now affects credit ratings and the cost of borrowing into the future thus compounding already known issues. Asset sales are being contemplated.¹¹ It is not their fault. It is the public financing system's fault.

All councils are making difficult choices about what they must fund and what service level they will fund it to. Not much is immune. But we note that projects and programmes that have secure co-funding with capable partners such as central government and iwi, hapū, and Māori organisations are proceeding or more likely to proceed. Moral commitments are not enough.

'Choosing' not to budget for or reduce investment in:

- reactive maintenance or emergency work;
- compliance and enforcement; and/or
- place making;

⁹ The debt level a council intends to be lower than. A potential early warning sign of things to come.

¹⁰ Councils generally borrow for capital investment. Because the law requires that they balance their budgets, a council that borrows to pay for general operations is likely to be asked to justify its decision during the audit of its annual report.

¹¹ The way assets (and investments) such as ports, airports, power companies etc have 'come' to councils and is being used to support activities is part of the inequitable funding system.

- blue/green spaces or climate resilience and environmental enhancement and restoration;
- partnerships and relationships;
- learning; recreation; and art and culture;
- people and their capability building (and assuming staff vacancies and not recruiting to roles) etc.

to focus on the basics and to keep rates low may be seen by many as prudent today – because local communities cannot afford what it really costs if it comes from rates, fees, and charges. But these are not sustainable long-term solutions.

These 'solutions' do not:

- support community wellbeing
- enable navigation of the critical transitions we face
- support the aspirational goals of central and local government, let alone communities'
- support the Taituarā vision of 'people thriving in place'.

They are costly decisions to reverse later.

Today, councils are faced with a Clayton's choice that is all about striking the right balance for current conditions and not an optimal balance for wellbeing including the wellbeing of future generations. Everyone doing well matters – mauri ora – but local government and central government simply cannot achieve this objective equitably (even with the support of others) under the current financing and funding system.

Together we made it work during COVID-19, but it was hard and local government is still feeling the effects on its balance sheet. The holes have become bigger. The pressure has become greater.

Rates rise will be 'final nail in coffin'



EMILY IRELAND
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The hard word has been put on Masterton District Council [MDC] to keep this year's rates rise in the single digits.

Masterton Ratepayers and Residents Association president Lyn Riley spoke to elected members at last week's council meeting, telling them the community "cannot afford a double-digit increase in rates".

"Frankly, most of the community simply cannot

afford an increase full stop."

The council has not yet released its rates rise estimate for the 2023-24 year.

Riley said the association viewed rates increases as the council's "top priority now".

"We have just been through a covid pandemic and are now in an inflation pandemic," she said.

"Cost pressures are facing the whole community, and we are heading into a recession.

"The foodbanks are busier than they have been in years and we have a fragile economy where house prices are falling, and interest rates are rising.

"Mortgage payments are increasing faster than rents.

"High prices mean every household is feeling the

financial pressure, and people will be looking to our leaders for answers.

"You are our community leaders, and we are asking that you lead by example when it comes to rate increase affordability."

Riley asked that MDC focus on core business – "which we suggest to you is essential infrastructure: water, roads, footpaths, street lighting, parks, and reserves".

"Everyone is having to endure belt-tightening and we believe the council should too.

"Otherwise, rates increases will be the final nail in the coffin for many of us."

Riley said the association is compiling a list of examples of the council's wasteful spending

"that we will save for another day" and offered up suggestions on savings.

"Staff numbers doubled during the last triennium," she noted.

"Are you prepared to stop employing or reduce staff numbers?"

"This should not be a race to spend money on silverware to eat our bread and butter when fingers will do."

She also asked that the council put its climate change action plan on the back burner, rid itself of social housing responsibilities, and put a hold on CBD upgrades and the civic facility project.

– NZLDR

• *Public Interest Journalism funded through NZ On Air*

[Wairarapa Times Age article 20/02/22](#)

We will make it work to recover from Cyclone Gabrielle. But, making it work should not be crisis led. Central government and local government need to do better together.

In the face of the recent national emergency, we note that significant financial contributions are currently being made by iwi to their whānau and the communities affected by Cyclone Gabrielle. We see the Mayoral Relief Funds, the adoption of communities and community fundraising and assistance from volunteer groups. But the resilience and sustainability of whānau, communities, and local government and the depth of their pockets cannot be taken for granted. We know that population groups experiencing persistent disadvantage tend to be clustered by location.¹²

These are the same communities that have been affected by the cyclone, as have other communities that share similar characteristics. These whānau and communities are always negatively affected by the current system of governance and funding. We hear the statements about building back better, resilience, and managed retreat. It is time to do it.

Blended borders, flexibility and trust

Now is the time for central and local government to have blended system borders, co-investment, vertical and horizontal transfers between each other and with partners. Everyone needs to have significant flexibility over timing and funding for delivery with bureaucratic barriers removed. The need has never been greater.

Open books and potentially shared balance sheets might be part of a long-term solution and healthy relationships and contracts for service might be governed by the simple contractual term – we will pay [X] to achieve the wellbeing outcomes communities need. We just need to get on the journey towards this urgently.

¹² P.25 [Fair Chance for All Interim Report \(productivity.govt.nz\)](#)

We encourage the Review Panel to recommend some clear priorities for change across the whole of the public finance system, and in the interim, we urge that central government just gets on with delivering the revenue and cost sharing recommendations of past funding reviews. The findings of these are still relevant today.

We agree unfunded mandates should stop – transferring risk should too

The increasing number of unfunded mandates from central government places additional, ongoing, unnecessary, and improper affordability pressures on councils and local communities. In many cases these unfunded mandates are weighted toward administrative matters and unnecessary bureaucracy, and carry unwarranted litigation risk that delivers little by way of benefits to communities (e.g. prescriptive elements of the Long Term Plan and rate setting process, the setting of development contributions and financial contributions, and the proposed Regional Committee and Secretariat structures under the National and Built Environment Bill and Spatial Planning Bill).

In other cases, local government (and its ratepayers) are being held responsible for the 'mistakes' or omissions of others. For example, the new requirements in the National and Built Environment Bill around contaminated land and the continuation of joint and several liability for building defects.

While councils can arguably insure themselves against some of these things, the costs of insurance are rising for this (and for insuring council's own assets) and there is a growing level of risk. This gets built into council budgets (even if they choose to self-insure) and these costs will rise post Cyclone Gabrielle, exacerbating the current challenge.

The level of risk and liability passed on to councils also stifles innovation (for example, in the approval of innovative building materials and methodologies), which is another thing that central government, developers, and customers criticise local government for. In effect the Government has and continues to outsource its risk to local government due to the policy and regulatory choices it makes. Often, this is accompanied by significant, inadequately costed implementation costs for government policy and regulation.

A genuine partnership would enable joint development of a RIS

While we think the Review Panel is right to point out that these unfunded mandates should stop and that central government should provide funding to reflect the national public-good benefits that accrue from those regulations, the recommendation that Regulatory Impact Assessments should be better Recommendation 21, does not go far enough.

If there was a genuine partnership between central and local government, regulatory impact assessments and policy advice would be co-developed with local government and there would be no transfer of responsibility, accountability, or risk and liability without commensurate funding and fit-for-purpose funding tools.

Yes, to an intergenerational climate fund

We support the Review Panel's recommendation that "central government develops an intergenerational fund for climate change...".

Climate change is a key area where central and local government must align their efforts. Funding allocations for adaptation planning and implementation are not commensurate to the scale of change required and costs need to be allocated in an equitable way that reduces the socio-economic divide.

Yes, to central government paying rates

We continue to support the position, and the Review Panel's recommendation, that central government agencies pay local government rates and charges on all properties. The rating exemptions are outdated. They stem from the Royal Prerogative that the Crown does not pay tax; a prerogative that has been gone for 30 years. Applying the exemption to schools, hospitals, defence facilities etc. helps central government keep its costs down while passing the costs to ratepayers. The classic example of the difficulty is where local authorities with large Department of Conservation estates have a large proportion of their total land that is exempt, leaving a smaller rating base and placing a greater burden on those that must pay rates. Often these communities are the least able to pay for the national benefit and the visitor pressures on infrastructure and services.

What is missing?

One area not picked up is allowing council tenants access to income-related rental subsidies.

It is not clear from the Draft Report, why this is, particularly in a review that is all about achieving wellbeing outcomes. If affordable housing is an issue that all partners should prioritise (and we know it is), then it is manifestly unjust to penalise the end user.

There needs to be targeted tools to alleviate particular areas of funding pressure where it is not equitable or allocatively efficient for community as a whole to pay (e.g. allocatively efficient about the use of resources). Local government recognises that it must demonstrate accountability for the use of those funds and seek community buy-in before they are levied. The visitor levy for Rakiura Stewart Island is one example where this is working well.

Recommendations

1. Take an all-of-government approach to funding, including public sector funding and financing.
 - Identify clear priorities for change
 - Short term - deliver the revenue and cost sharing recommendations of past funding reviews
2. Money within the system must be flexible over function and timing of expenditure.
 - A longer-term co-investment - central government funding model is required - complemented by a longer central government planning model.
 - We ask for minimum 10-year commitments - preferably 30-year ones - for large infrastructure projects

3. Central government expands its regulatory impact statements assessment to include the impacts on local government – and request that these are co-developed so we can ensure they are accurate
4. Unfunded mandates and risk transfers must end.
5. Central government agencies should pay local government rates and charges on government properties
6. Include targeted tools to alleviate particular areas of funding pressure and ensure council tenants have access to income-related rental subsidies.

In requesting the above, Taituarā acknowledges that local government must pay its share. To do this local government wishes to keep the ability to rate, and wants to be able to do so in a simpler way. The same can be said for the setting of fees and charges, and development and financial contributions.

We also note that 10-year cycles are likely to be unpalatable but the type of challenges we are talking about are not easily or quickly solved.

A Tiriti-based partnership between Māori and local government

Overview

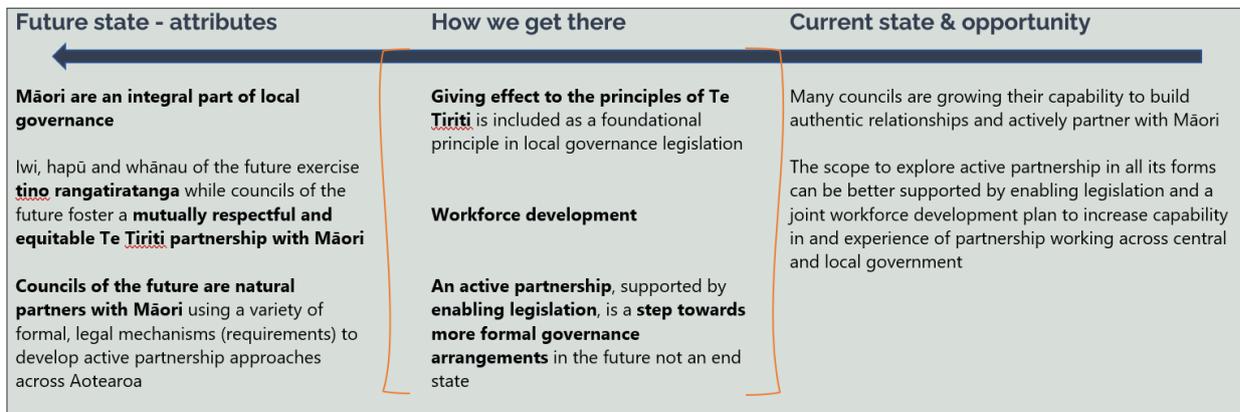
Taituarā is very supportive of the general approach the Panel has taken – because it is the right thing to do. New legislation should clearly articulate the place of local government in relation to the Te Tiriti – and the expected behaviours and mental models it should use.

We are concerned that given the raft of reviews and reforms going on, with much of the detail left up to “guidance”, there is the potential for mis-alignment between the legislation that councils operate under. There is also the potential for it to misalign with older Acts and the legislation the public service is operating under. If we are to act as one system, then we recommend that all of the legislation that affects local government, wellbeing and place is looked at to ensure it is complementary and clear. Duties on chief executives must be enabled by the council and the wider system.

Where we came from

Two of the principles that underpin our [vision](#) for the future of local government go directly to the relationship between local government and Māori.

Principle 3 “Gives effect to the principles of Te Tiriti o Waitangi and partners with Māori”



and Principle 4 “include local tikanga in their day-to-day operations, evolving governance approaches to recognise hui customs and practices of diverse community groups”.

The discussions that brought us to this place were rich and created a shared understanding. With foundational principles in legislation, we saw the opportunity for local government to ‘enable tinō rangatiratanga’ with the expression of tinō rangatiratanga, tikanga, and mātauranga Māori determined locally. The discussion highlighted the benefits of bringing te ao Māori values and perspectives to local governance and local government for all communities.

We heard from our members that the review was an “opportunity to really reset the system – complete flip and start with te ao Māori taxonomy and units of identity as an organising principle”.

What needs to happen?

Our principles clearly align with what the Review Panel’s recommendations that relate to authentic partnerships with hapū, iwi, Māori, and the need to give effect to the principles of Te Tiriti o Waitangi in local government and governance.

We therefore support Recommendations 3, 4, 5, 6¹³, 7, 8, 9, 10, 11 but we will need help, which we outline below. In giving out support we acknowledge that:

- What should happen locally should be determined locally respecting the mana that is held at the local level.
- Taituarā cannot speak for all local government employees or local government; neither can or should we attempt to speak for Māori. We only wish to amplify what we have heard.
- We see opportunity in using an inclusive co-design process to start local and national conversations about the new system, including the legislative framework for wellbeing, Tiriti-related provisions, relationships, partnership, participation, civics, wellbeing plans and place-based plans. A national conversation should also start.

Te ao Māori values should underpin all relationships

Kotahitanga, whanaungatanga, manaakitanga, and tiakitanga – and tikanga, align and translate across cultures. They underpin all genuine relationships and can become the springboard for partnership and collaborative approaches that are mutually beneficial and promote community wellbeing. We would like them to be the values that underpin the central – local government relationship too.

We welcome the clarification and look forward to co-designing the future

The Review Panel has clarified the position of Te Tiriti. Removing any ambiguity that the decisions and actions of local government are somehow divorced from Te Tiriti relationship.

A new legislative framework with clear principles will be enabling. It should provide a clear direction setting out what is expected – the outcomes and behaviours and not be prescriptive. The package the Review Panel proposes, suggests to us that it should be co-designed and potentially co-led.

This would support the strong alignment between the Māori worldview and the work of local government and local governance for wellbeing. It would enable a relationship.

Developing the legislative framework for Tiriti-related provisions

¹³ that “central government leads an inclusive process to develop a new legislative framework for Tiriti-related provisions in the Local Government Act ...”

The legislative framework for local governance and local government is wider than the Local Government Act. To drive genuine partnership and explicitly recognise te ao Māori values, a wider review is needed. One that brings all of the Review Panel's recommendations for legislative change (such as Recommendations 2¹⁴ 3¹⁵, 7, 8, 9 in this chapter etc.) together with the assortment of ideas on stewardship and accountability that are contained elsewhere and looks across all legislation concerning local government as well as the wider public service legislation¹⁶ that impacts on local governance and service delivery at place.

As we have said earlier, we are concerned that given the raft of reviews and reforms going on, with much of the detail left up to 'guidance', there is the potential for misalignment between the legislation that councils operate under. There is also the potential for it to misalign with older Acts (last time we mentioned the Reserves Act) and the legislation via which the public service operates. If we are to act as one system, then we recommend that all of the legislation is looked at to ensure it is complementary and clear.

A wide review would promote a common language and understanding of the responsibilities and accountabilities of local and central government. It would support a joined-up system for local governance and wellbeing at place.

An inclusive review could be co-led. We could start off as we mean to go forward – having a relationship based on co-designing a process and a future led by Māori and local government together, enabled by central government – if Māori desire it.

If a wide-ranging review cannot be done, a review of legislation pertaining to local government's obligations under Te Tiriti o Waitangi by 2025¹⁷ should be. Much of the legislation is old and we are amid major reforms and reviews of other legislation that impact directly on local government and its role in implementing Te Tiriti.

We want to avoid any unnecessary complexity, ambiguity or misunderstanding across the legislation, particularly when it is put into practice. Again, local government and Māori could potentially lead this (supported by central government). No matter who leads, the recommendations would need to be implemented. We ask the Review Panel to consider how this will occur.

Partnership frameworks are part of the solution

In supporting partnership frameworks, we note that:

- having an active partnership is probably more important than legislating for it

¹⁴ all legislative provisions relating to engagement, consultation, and decision-making should provide a comprehensive, meaningful, and flexible platform for participation and engagement

¹⁵ comprehensive review of requirements for engaging with Māori across local government related legislation

¹⁶ Noting that the Terms of Reference for the Review Panel also refer to "Consideration of the future for local government will provide an opportunity for central government to consider how to strengthen the Māori-Crown relationship and actively embody the Treaty partnership."

¹⁷ Draft of the LGNZ submission

- a partnership framework could include the all of Tiriti-based arrangements a council might have – rather complementing it – to provide a complete view of the totality of Tiriti-based arrangements
- a national framework might be useful; one that could be adapted locally.

Despite uncertainty about partnerships in local governance and what honouring Te Tiriti might mean, the seeds of a different future have already been sown and are all around us. The Review Panel has identified some examples and there are many more – such as the Mana Whakahono partnership agreement between Taupō District Council and Ngāti Tūrangitukua, to the agreements that saw the return of 172 hectares of land on Matakana Island, commonly known as Panepane Pūrākau, in the Western Bay of Plenty.

The outcomes and outputs from existing frameworks, agreements, and memorandums of understanding also are wide-ranging – from whānau-centric hubs created in collaboration with mana whenua, to the gifting of engagement frameworks and support for capability and capacity building programmes, and everything in between.

Those already on the journey desire to do more. Those who have not yet begun or have just started, can take a lot from the experiences and learning of others – no harm has come from having good relationships and partnerships.

The pathway usually has had bumps along the way, but if everyone is committed to the outcome and the relationship that underpins it, the bumps can be traversed and the load of achieving wellbeing can be shared. We agree that good leadership is key.

Capability and capacity constraints shouldn't stop us moving forward

Capability and capacity are constraints for both councils and iwi, hapū, and Māori. And this varies across the country, influenced by the operating and authorising environments in which councils, the local government workforce, and Māori operate. For example, 'the settlement landscape' is a key operating environment for mana whenua – with differences existing between pre- and post-settlement environments.

The current demand for iwi, hapū, and Māori participation and engagement in central government reform and review processes, as well as the usual activity of councils, and the frequent civil defence and emergency management challenges that are affecting whānau, and communities, is unprecedented. We also note that is occurring at the same time central and local government have been looking to up their own capability and capacity and involve and employ Māori in their own organisations and structures. Funding for iwi/hapū/Māori will be a critical enabler of capability and capacity to engage and participate in decision making.

The general level of knowledge and understanding of the history of Aotearoa New Zealand both as a nation and locally as well as variability in leadership capability are also constraints. It will take a long time to get everyone in local government to the level of capability needed. Despite the challenges, we think there is a lot that local government can do¹⁸, and specifically we think there is a lot more that Taituarā can do to improve capability.

¹⁸ to tidy up its kāwanatanga house

Central government has made progress since the establishment of Te Arawhiti and the support it offers to central government agencies and their people (including for the development of Whāinga Amorangi). We have also seen great examples that exist within local government too.¹⁹

We see the potential for Taituarā to support the sector to develop a capability framework for local government leadership. This could emphasise the important job of ensuring the culture of councils is one that supports the goal of Tiriti-based partnership and a modern democracy. A framework like this could enable localised capability plans to support the desired change in capability and capacity within a council, including individual aspirations, actions, and a way of measuring progress. Such a framework would not override the excellent initiatives happening already (such as those in Auckland (Ngā Kete Akoranga), Bay of Plenty, Wellington etc).

While we are focusing on system changes and not models, we note that the support of Te Arawhiti (or a similar body) would create an aligned system and enable coordinated organisational and workforce development plans to be shared across local and central government.

Funding capability building will be ongoing

We support the Review Panel's recommendation that central government provides a transitional fund to build both Māori and council capability. Transitional funding is unlikely to be enough to support ongoing needs, particularly if the funding system for local government does not change. The Crown must make available transformational funding and local government and central government will need to work together to ensure Māori capacity is enabled.²⁰

Statutory duties for chief executives won't be needed in the future but we welcome them today

In considering whether chief executives should have a duty to "develop and maintain the capacity and capability of council staff to grow understanding and knowledge of Te Tiriti, the whakapapa of local government, and te ao Māori values" we wondered at first why this duty would be necessary. Chief executives and councils of the future will see developing and maintaining the capacity and capability of local government employees and other decision makers to:

- engage with Māori and to understand Māori perspectives
- recognise the aims, aspirations and employment requirements of Māori, and the need for greater involvement of Māori in local government (and community/public service)

¹⁹ We have also seen plans and frameworks that have been developed in partnership with mana whenua and Māori organisations for their local context. We know of the gifting of an engagement framework to a council by mana whenua, that was accepted by council gratefully. We would not be surprised if there were more examples like this.

²⁰ Local government will need to pay an equitable share.

- support partnership and collaborative approaches with Māori that are mutually beneficial
- understand and be able to apply Te Tiriti to day-to-day activities
- understand te ao Māori concepts, knowledge, values and perspectives
- understand and speak te reo Māori
- understand and observe tikanga Māori

as natural and critical to the future success of delivering Māori outcomes and community wellbeing. They will know the history of local government at place.

Some already think this is natural and already part of their role. But we know local government as a whole is not at that future state yet, and that there is a need for all councils (and Taituarā) to hold the mirror up to themselves regularly, establish where they are at, and exercise individual and collective responsibility for growing local government capability and capacity across these critical success factors.

Taituarā therefore supports a statutory responsibility for local government chief executives that mirrors that of central government chief executives and Public Service Leaders²¹ responsibilities. We are one system. Building organisational capability is key.²²

Committed leadership, and capability throughout the system and its institutions (at all levels of decision making) will be necessary to support local government chief executives to carry out their duties well.

Accountability and the use specialist expertise

Building capability and a solid relationship should avoid alleged breaches of this duty ever escalating. But if it did there may be room to consider having the specialist knowledge and experience of Te Arawhiti available to help navigate the situation. As above, we would like the support of Te Arawhiti (or a similar body) to create an aligned system.

We do not think the Local Government Commission is an appropriate body to provide guidance.²³ The Capability Hub concept (or LGNZ Centre of Excellence concept) could perform this role in the future. Taituarā and LGNZ could and should be supporting this type of work today.

In the future system councils are ultimately accountable to their communities. Specific accountabilities will also come from the agreements and partnership arrangements that are in place.

²¹ section 14 of the Public Services Act – to support the Crown in its relationships with Māori under Te Tiriti o Waitangi/the Treaty of Waitangi, have responsibility for developing and maintaining the capability of the public service to engage with Māori and to understand Māori perspectives, and operate employment policies that meet certain requirements.

²² There should be alignment with other duties to build organisational capacity.

²³ We expressed similar reservations about it having a role in appointment processes for Resource Management Reform.

Please see the stewardship section of this submission for a fuller explanation of our position on the Commission, the Capability Hub and the role of Taituarā and LGNZ.

Recommendations

1. The inclusive process to develop a new legislative framework for Tiriti-related provisions ~~in the~~ **for a new** Local Government Act should be co-designed
 - *Māori and local government could do this together. A Pōwhiri Framework for engagement might be appropriate.*
2. ALL legislation affecting local government responsibilities and wider public service obligations under Te Tiriti o Waitangi that impact on local governance and at place should be reviewed – and quickly.
 - *This would ensure there is a common, clear Te Tiriti framework, language and understanding across central and local government (and within the wider community), particularly if local government is delivering a service on behalf of central government.*
3. Taituarā (in partnership with the sector) leads the development of coordinated local government organisational and workforce development plans and a leadership capability framework.
 - *The framework and plans mirror the public service ones to create a unified system.*
 - *This process is supported by a body such as Te Arawhiti with Crown funding.*
4. Any duty on councils and specifically on chief executives to raise capability should mirror that of a central government leader and council chief executives should be supported to fulfil it.
5. Councils are accountable to their communities for meeting their responsibilities to build capability and engagement practice.
6. A national and local conversation about Te Tiriti and the history of Aotearoa New Zealand commences. It should be participative, inclusive, well-resourced, and acknowledge the past (starting with the pain / maemae); so we can heal our chequered history and move forward. Community wellbeing could be addressed through this lens.
7. Te ao Māori values should underpin the central government – local government relationship too.

We comment on Recommendation 20 (providing for a Tiriti-based partnership at the council table) later alongside the question the Review Panel poses.

Stewardship and Capability

Chapters 7 and 10 of the Review Panel's Draft Report.

Stewardship Overview

We support a nationally coordinated stewardship function. The effects of an uncoordinated stewardship function are acutely felt right now.

Where we are now

The sector is completely swamped by the raft of reviews and reforms that are going on, the crisis response and recovery, as well as councils' usual day-to-day operations. Multiple demands are being made – often with very short timeframes for reply. No one in central government has a good overview or knows the total impact on councils, and there is not a clear strategic direction or coordinated plan.

What needs to change?

Collective, coordinated and collaborative

Systems leadership is most effective as a collective endeavour. But there should be people playing different, coordinated roles within it. In addition, a lot of the regulatory changes that have been asked for over multiple years to streamline or improve the efficiency of the system (many of which are peppered throughout the Draft Report) have not been implemented; amendments to improve the range of bylaw enforcement tools are a case in point. Having 'one' department responsible for local government with its range of other functions, has not served local government as well as it could have, despite the good intentions of all involved. The same can be said of the Local Government Commission and the discharge of its functions within the current system. We also didn't think it was the right entity to take on enhanced functions under Resource Management Reform.

A true partnership between central and local government would provide an agreed basis on which to assess the performance of each partner in its respective roles, matched with a willingness to hold each other to account. Each would need to be committed to raising their own capability to partner (see the following section on capability).

We support joint (central and local government) accountability for wellbeing and independent oversight of the system.

Where there are shared models for investment - with some money coming from rates - there are other stewardship (including governance) and accountability arrangements that will need to be considered e.g. 'deals', Waka Kotahi, build back better arrangements. We see the Community Wellbeing Plan and Place-based plans as critical building blocks for future accountability.

Accountability arrangements would be relational. They would promote learning and improvement. They would not be about blame and would include feedback from the communities being served. An open book, outcomes-focused approach, with flexible funding over longer time horizons should be available.

Ultimately the critical role of local government in communities (and the relationship between central and local government) must be moved into a more central location in the public sector, with roles that focus more on unifying central government's policy direction for local government and the communities central and local government serve.

In the long term we see a role for an overarching stand-alone agency with responsibility for supporting the central - local government relationship. Options such as a stand-alone Ministry of Central and Local Government relations, a Department of Communities or an office within (or alongside) the Department of Prime Minister and Cabinet could be considered. Whatever form the agency takes, it must have the status, span of control, influence, and resourcing to support such a role akin to the Treasury, the Public Service Commission, and Te Puni Kōkiri.

A Commissioner

We agree that the Well-being of Future Generations (Wales) Act 2015 (the Act) and the role of the Future Generations Commissioner for Wales offer insights into potential system accountability and integration, as well as continuous improvement, and the importance of processes, people, culture, and leadership. We have looked at other models too.

If the Panel recommends an independent arm's length Commission, to reset the system sufficiently we would not assume that the Local Government Commission should morph into the body with this independent oversight role. We are not convinced it needs an enhanced role in representation reviews, nor that it would have a role in a mature system. Current institutions, including Taituarā, must be prepared to consider a future without them in it, and the Review Panel should design the future we need.

Audit

It is assumed that there is an 'audit role' in the system. The Office of the Auditor-General needs to remain independent, and this may also infringe upon their role in not commenting on policy but that it is focused on the things that matter (outcomes, risk, financial assurance) and not the colour of graphs and charts, and design elements of consultation documents etc. Red tape costs communities. So, this is as much about the design of policy and legislation as it is about the accountability part they play.

Their recently commissioned report Māori [perspectives on public accountability](#) have implications for how they carry out their role, implications that might also benefit local government.

Ultimate accountability

Ultimately councils will be accountable to their communities when they are acting on their behalf.

Capability Overview

Capability and capacity are key

We need a healthy learning system and the infrastructure for collaboration and learning – co-funded by central government.

A self-improving system is a critical principle in our future system for local decision making and accountability. For its part, local government understands that confidence and trust are enablers of the system shifts we are looking for from the review. The sector recognises it needs to demonstrate consistently high performance in a transparent manner.

We see continuous improvement and capability raising as part of the deal.

Where we are now

The Review Panel is aware of our work championing good practice, developing the sector workforce²⁴ – including the next generation of leadership, as well as providing technical advice on legislation and regulatory change. Much of this is showcased through our annual leading practice events and other training for managers and staff.

Workforce capability – growing future leaders and specialists

Our leadership development focuses on

- Emerging Leaders Programme
- Management Challenge
- Collaborative Leadership for the Future
- Accelerated Leaders Programme
- Executive Leaders Programme
- Chief Executives' Forum

Our leadership offering is therefore already well connected to the 'Leadership Success Profile' operating in the Public Service, and we are actively growing local government talent and the pipeline for future chief executives, specifically developed for the sector, but based on a common public service framework.

What needs to change?

We see real merit in blending the best of central government's and local government's leadership learning for a better system of service to communities and the governance and decision making of Aotearoa New Zealand.

We are already building off the 2021 Service IQ report on Local Government Sector Skills (and other recent reports and surveys – including the Review Panel's report) to develop our

²⁴ We rarely get involved in providing professional development for elected members.

workforce strategy for the future – addressing known gaps (regulatory, planning); pipelines into local government roles; skills and competencies; career development; relational, partnering, innovation, participatory democracy, and co-design; culture; and diversity in the workforce.

We also see merit in not only sharing what we are doing with central government, but enabling the public service to join our programmes or utilise the bits that are relevant to them – from local government 101 to being part of our Taituarā Committees and Reference Groups (formally or informally). We want our respective workforces to be the best they can be and draw on the knowledge and strengths each have to create a learning system.

We see a ‘peer challenge’ as a key self-improvement tool and are especially attracted to what we see in the [Local Government Association Peer Challenge offering](#).

As noted in the Te Tiriti section of this submission, Taituarā would like to work with Te Arawhiti to support local government to raise its own capability and capacity to work in partnership with Māori. There are many other opportunities for a joined-up approach, such as open government and access to official information; wellbeing, health and safety; diversity and accessibility.

The chief executive and the local government workforce

High performing local government chief executives are critical to the delivery of quality outcomes for communities. They are kaitiaki for their organisations – preparing them for the future and committed to serving their communities. They support the council to develop its vision and then translate it into action. They understand the value and focus on building capability and creating the space and culture for people to shine. They focus on the public interest, putting this ahead of their own personal interest, giving free and frank advice, building strong systems and relationships, and breaking down barriers to success. They tell compelling stories that inspire others to action and create circles of safety while engaging hearts and minds. They act on their highest values, paint vivid pictures of a better tomorrow, and demonstrate confidence when they are uncertain. They act.

So, what gets in the way?

The responsibilities of a local authority chief executive have become increasingly complex and even more wide-ranging. Currently chief executives are realigning their organisations to prepare for an uncertain local government future, one that some of their councils do not accept.

Professional servant leadership is a privilege, but as a council’s sole employee, it is not always easy. Particularly in a system where centralising reform is fracturing currently integrated roles and functions and accountability and creating duplication. There are well-known capacity and capability gaps (some exacerbated by the Government’s reform programmes, including the employment of reasonably large numbers of council staff), and crisis after crisis must be managed even as costs keep rising. New responsibilities arrive regularly, and priorities keep changing. Relationships, power, accountability and consequences are out of balance.

Restrictive legislation and requirements such as those surrounding the LTP, co-investment, and consultation do not enhanced the situation.

Taituarā fundamentally supports fostering a good working relationship between the elected governance and the professional staff in local government, including the position of the chief executive as the employer of all staff. Having one team aligned to achieve a common purpose is essential.

Positive working relationships between the elected members and the chief executive – based on mutual trust – are critical to the proper functioning of a local authority.

This can be difficult where there is increased factionalism within councils and can result in perceptions of the chief executive as being biased and ‘taking sides’. There are also examples of poor management of chief executive recruitment and the management of their performance.

Choosing the chief executive is one of the most important decisions that a council must make. Their role as the council’s primary advisor, senior manager, and employer of staff is critical to ensuring that the business of the local authority is conducted lawfully, effectively, and efficiently, and goals are attained.

The statutory requirement to advertise the chief executive position no less frequently than five-yearly can influence the behaviour of a council and its incumbent chief executive and create uncertainty for staff. It also generates significant costs.

There is not a central source of advice and guidance (which the Public Services Commission provides in the central government sector) on the recruitment and performance review processes and other aspects of the employment relationship. While there are other parties that can play this role, such as Taituarā or LGNZ, access to the Public Services Commission would be beneficial and support the functioning of a unified public service.

The Review Panel has recognised these issues.

What can Taituarā do to help?

In our vision and submission to the Review Panel we outlined what we could do to assist, in partnership with central government and LGNZ.

The unique value proposition of Taituarā

Taituarā is an incorporated society of almost 1000 members drawn from local government chief executives, senior managers, and council staff with significant policy or operational responsibilities. We are an apolitical organisation. Our contribution lies in our wealth of knowledge of the local government sector and of the technical, practical, and managerial implications of legislation.

Taituarā will continue to invest in capability-building in the local government sector. People are at the heart of making the reforms, and the outcomes they seek, happen. Taituarā (alongside LGNZ) is a natural partner and bridging agent, providing support for both sectors as they work towards an integrated public service that is self-improving and thinks and acts as one. In the future central government could partner with and invest in Taituarā to:

- leverage Taituarā’s unique value to enable communities to shape their future and create energy and enthusiasm for change especially when the journey gets difficult
- support, enable and promote integrated reforms, with appropriate sequencing for success
- bring together professional local government leaders, and participate in a Combined Reform Office / oversight body to ensure the reform outcomes are achieved
- increase capability across the public service and orientate towards the future as part of a joined-up system for wellbeing, for example through:
 - i. joint workforce development to ensure we have the right people with the right skills in sufficient numbers for the future
 - ii. co-design of policy and legislation.

As we developed our thinking on raising individual and organisational capability across the public service several needs and opportunities collided:

- “A public service workforce that has the skills and desire to work collaboratively, facilitate increased community participation in decision-making, and actively partner with Māori are key to the success of any future local government reform”
- Further investigations into the Māori-local Government relationship. The possibility for a (common) capability framework potentially using the Te Arawhiti model for individuals and organisations across the local and central government workforce
- The work of our Democracy and Governance Committee and the Elections Reference Group on participatory democracy and better representative democracy
- The establishment of our Community Wellbeing Committee
- Further development of our equity tool
- The potential of ‘Regional hubs’ to enhance capability
- The need for Taituarā to walk the journey of transformative change too.

A Capability Hub is a natural extension of what we do now

We are exploring new opportunities to enhance the sector’s capability, including our ability to transform into, or support the development of, a Capability Improvement Hub for the sector (Appendix 2).

We have shared our initial thoughts with LGNZ. What we proposed was a hub (of some sort) that could focus on enhancing local government (and central government) capability for implementation of the future system. They too were thinking of something similar. A think tank or Centre of Excellence.

We preferred the term ‘capability improvement hub’ (accepting that it sounds worse) over the term ‘centre of excellence’ because it does not imply the expertise is concentrated in one place. The focus is on continuous (self-) improvement and we see ourselves as having an important role in supporting and enabling this work.

Recommendations

1. We support a nationally coordinated stewardship function that facilitates joint oversight of and reporting on the central-local government relationship and the achievement of agreed wellbeing outcomes.
2. Any Ministry or department ‘responsible’ for local government and its relationship with central government should sit in a central location in the public sector with the status, span of control, influence, and resourcing to support such a role akin to the Treasury, the Public Service Commission and Te Puni Kōkiri.

3. The role of audit needs to be reviewed to reflect the change envisaged and the focus on outcomes.
4. Local government chief executive employment provisions should reflect those of other public sector chief executives.
5. Principles for the council – chief executive relationship should be based on the same principles and te ao Māori values that sit at the heart of the system.
6. Capability and capacity are key – we need a healthy learning system and the infrastructure for collaboration and learning – co-funded by central government.
 - Taituarā is doing a lot of capability building work now; we wish to enhance our offering to assist councils to transition to the future. Our Capability Hub(s) concept facilitates this.
7. Local and central government develop a shared executive professional development and secondment programme to achieve greater integration across the two sectors.
8. Legislation provides for an advisory group to identify and resolve issues common to the central and local government workforces.

Representative democracy

Chapter 7 of the Review Panel's Draft Report.

Overview

We want to see a system of democracy that is inclusive, values diversity, strengthens social cohesion, and unleashes the inherent power and strength of communities.

As a managerial organisation we do not have a specific position on governance matters, such as Tiriti and capability-based appointments, the voting age, or which electoral system should be used and the length of its term.

However, we do have a lot of experience and expertise supporting governance and operating the current system. The Local Electoral Act 2001 (LEA) was a product of the last substantive (and integrated) review of local government law. The case for the review was led by the local government sector²⁵ with members of our Electoral Working Party 'holding the pen'.

Where we have come from

Does voter turnout matter?

There is much debate around whether turnout is an effective measure of the health of a system of democracy. On its own, voter turnout is unlikely to be a particularly strong indicator of engagement in local decision-making. A resident or ratepayer who is engaged in civic society does more than merely vote once every three years. If they feel that they are included and heard on the issues that matter to them, they can influence decisions that affect their own wellbeing. When decisions are transparently made and the reasons for them are clearly explained, then they are more likely to be satisfied with their representatives (and may not vote). If they are not satisfied, they are very likely to vote, if they have the capability to do so.

As such, voting and voter turnout cannot be an end in itself, and must be seen as part of an integrated package of representative and participative democracy and the exercise of self-determination / rangatiratanga.

What needs to change?

Given the expertise within our Electoral Reference Group we asked them for specific advice on election and representation matters over the summer, which we cover below. This should be considered alongside our and LGNZ's recent submissions to the [Justice Committee "Inquiry into the 2022 Local Elections"](#).

Removing barriers to voting

The current system is not fundamentally broken. Increasing voting and voter turnout is however hampered by unnecessary barriers, including legislative ones.

²⁵ July 2000 SOLGM/LGNZ publication *A New Legislative Framework for Local Government Elections*

The many inquiries into voter turnout have identified 'simple' changes that have not been implemented (even when they have been agreed to by the Government).

Some legislative problems with the LEA could be fixed now ahead of the 2025 elections and would make sense with more people potentially displaced / isolated from their communities by crisis and emergencies:

- There are ongoing and well-known issues with the postal voting system.
- Small to moderate scale amendments to the Local Electoral Act would ease some of the pressure on the postal system and overcome some of the practical difficulties various groups face. These include options such as allowing electronic transmission of nomination papers and allowing overseas voters to transmit votes to a secure server (as is the case with Parliamentary elections).
- A trial of advance voting (which has been accepted by Government).
- Access to the supplementary and unpublished rolls.
- Other matters such as the ability of electoral officers and sworn staff to be on the unpublished roll.

The Elections Reference Group would be happy to assist the Review Panel if it requires more information.

The Review Panel should recommend that Government implements "the simple electoral changes" as soon as possible to enable people who are no longer in their usual place of residence to remain enfranchised and able to vote.

STV or not to be?

This was the preferred voting method of our reference group based on their collective experience, and it accords with the research we submitted to you in 2022. However, it is not supported by all councils. When the voting options are assessed, they must be assessed in tandem with how the voting process can be simplified and education about the voting method.

Lowering the voting age to 16

The basis for selecting 18 as the voting age is based more on custom and practice than on any evidence-based rationale. It is not for Taituarā to recommend a particular age as this is a political decision, but we note the arguments traditionally advanced against lowering the voting age do not withstand informed scrutiny and that we have heard through our engagement with members (particularly as part of reimagining the future of local governance) that they support lowering it.

If Parliament extends the electoral franchise to younger voters for local elections in advance of (or instead of) Parliamentary elections, there will however be complications.

If the voting age is lowered:

- differing voting ages would necessitate two electoral rolls – one with 16/17-year-olds added and one prepared with these voters excluded – this could create voter confusion – necessitating increased voter education
- higher administration / costs to keep the Electoral Roll up to date
- it may trigger a higher number of special votes and late enrolments
- the investment in civics education becomes even more critical.

Four-year term

In addition to the reasons the Review Panel gives for extending the four-year term, the Electoral Reference Group advises that:

- a larger interval between elections will reduce election-related costs
- it will be important to consider the central government electoral cycle and the implications of alignment / misalignment between the terms
 - if they remain on different terms then approximately once every decade they will occur in the same year (creating a peak of activity in that year)
 - the potential for confusion (including for potential candidates, voters, and the general public).

An enhanced Electoral Commission

We support some or all local electoral functions being centralised.

The importance of democracy and voting should not be treated as a once every three-year (or four-year) event. Better collaboration between central and local government is desirable.

A centralised agency could:

- better research, develop, and implement new voting methods
- have a greater level of internal capacity to undertake the many and varied tasks that come with a new voting method e.g. developing any technology, advising on the regulatory framework that accompanies the method, developing and administering public education
- commission national level education and promotional campaigns for local elections
- integrate the learning from both central and local election processes as part of a self-improving system.

There would be a number of technical issues that would need to be worked through. For example, the status of current contractors, local contacts and support, common standards, signage, equity, transparency and efficiency in what and how costs are recovered from local government, capability and capacity (on a more or less continuous basis) regional/local infrastructure, and the relationship with the rating information database etc.

A centralised process would need to recognise differences at the local level, particularly demographics and community characteristics, and provide room for local promotion and branding that meet local needs. A review may find that some specific (administrative) functions should stay with councils.

The Review Panel should recommend that central and local government jointly develop proposals for centralised delivery of some or all of local electoral functions.

Online voting

You will get calls for online voting as part of your consultation. Taituarā supports an online voting option in principle, subject to sufficient public confidence in the security and accuracy of the system. In itself, online voting is a tool for making the act of voting more convenient for those that have decided to cast a vote. It is not a substitute for engaging with the public and promoting the value of voting. Serious consideration of online voting (or any other method) needs to be considered alongside centralised delivery of local elections and funding (noting that local government will need to pay its share).

Elected member remuneration

A review of the criteria for setting elected member remuneration²⁶ aligns with our overall position on the future system.

Representation arrangements reflect all interests and communities

Representation reviews

Taituarā (and the Taituarā Elections Reference Group) are aware of existing issues and that some (usually) smaller councils struggle with this exercise. However, the answer to the question “whether the Local Government Commission should lead or play a more active role” is dependent on what the eventual structural and stewardship options are, the progress that is made on enabling better collaboration between central and local government, and arrangements for capability raising.

For example, the relationship between local government and Statistics New Zealand could be improved to a degree such that gaining their support for representation reviews is no longer a barrier and guidance on ‘fairness’ could address the issue of how to fairly incorporate a Māori ward into a representation structure (if legal barriers are no longer an impediment). There may be a role for the Local Government Commission (or another entity) as an appellate body in the stewardship space.

Ultimately the process needs to reflect local communities and their context, so it should be led locally and enabled by the system, including the legislative framework, drawing on the strengths of the actors in it.

Māori wards

²⁶ to recognise the increasing complexity of the role and enable a more diverse range of people to consider standing for election

Taituarā continues to support the availability of the Māori ward option as a transition tool. A Māori ward or constituency is one of many ways to ensure Māori perspectives are incorporated into the decision-making process.

In the current system it is the only mechanism that guarantees Māori representation on the body that makes the final decisions (for example committees of council cannot adopt a Long-Term Plan or District Plan). But this is not the future we envisage, nor is it truly our current state. 'District Plans' will be obsolete following the proposed resource management reforms and the future Local Government Act will look nothing like the one we have today.

The use of a Māori ward is a matter for local choice based on an informed consideration of the needs and preferences of the community, especially iwi and hapū. The key issue for Taituarā is that the option is available (as part of the toolkit for ensuring that Māori are an integral part of local governance and a Te Tiriti based partnership) and barriers to using or keeping it are removed.

In this vein, we also encourage the consideration of further options that could provide pathways to stronger Te Tiriti based partnerships in local governance. From a technical perspective, it would be useful for the Review Panel to articulate

We agree with the Review Panel's view that local government (as part of a wider review of electoral and local government legislation):

- investigation of changes to the Māori electoral roll to make it easier for eligible voters to exercise different preferences for the Māori and general electoral rolls. The current electoral system limits voters to choose between Māori and general electoral rolls. Being on the Māori role limits the capacity to vote to allocated Māori seats and prevents voting for Māori candidates standing for general council elections
- other representative models and conclusions about their effectiveness where they are in use today (e.g. statutory boards, direct appointments to councils e.g. Environment Canterbury, Bay of Plenty Regional Council and committees – there are a lot etc)
- guidance should be developed by the sector for the sector in partnership with Māori as part of capability building.

We therefore support recommendation 20 - with additional options.

Better civics education and a differentiated liberal citizenship

In addition to the potential civics education that a revamped Electoral Commission with the ability to undertake mass-media engagement for local elections might provide, local government has been **consistent in its calls for better civics education** to increase the understanding about the role and value of local government and encourage participation in democratic processes.

Currently, civics is not taught as a specific subject in the New Zealand curriculum and there is no mandatory consideration of local government related topics. These are woven across the content for several subjects (most notably social studies).

It is probably too early to tell if the 2020 Ministry of Education Civics and Citizenship Education Teaching and Learning Guide will or has influenced voting patterns.

What is apparent is that young people are very engaged in the issues that matter to them like climate change and social justice, and studies show that active experience working on issues that matter and seeing results, has a long-term impact for future participation in society. It is important to be authentically involved in the topic and process. Rote learning is insufficient.

Collaboration between the education sector and local government (as well as others) could increase the opportunities for experiential learning and civics education as part of the school curriculum, which could become even more relevant if the voting age is lowered (as is suggested by the Review Panel). We would welcome working with the education sector, particularly teachers and students, on what they want to know about and how we can help to provide an authentic experience. It could also stimulate an interest in a local government career.

A differentiated liberal citizenship for both Te Tiriti-based and capability-based appointments

The Review Panel's question on page 186.

Whether the question the Review Panel poses is directly linked to supplementing elected members on councils or not, it goes to the heart of what we have seen in the debates on governance of three waters, resource management, the Rotorua District Council (Representation Arrangements) Bill, the original Ministerial choice to have a Māori Statutory Board in Tāmaki Makaurau, despite the Council and Independent Commission's advice, and wider questions about the constitutional place of Te Tiriti.

Who gets to have their say? Whose voice counts? If we believe in taking a locally led approach and participative AND representative democracy, then solutions determined locally should not be overridden. It also goes to central and local government acting as one system and aligning on what it means for each tier of government to give effect to (the principles of) Te Tiriti, representation and democratic accountability and the issue of who should answer which questions about Te Tiriti responsibilities, obligations, and accountabilities.

As we have said in the section on Te Tiriti, the general level of knowledge and understanding of the history of Aotearoa New Zealand as a nation and at a local level, as well as variability in leadership capability are also constraints.

Teaching our nation's history to every person in Aotearoa New Zealand via the education system will take time and will not reach everyone, much like teaching civics in schools.

There are so many great examples of Te Tiriti-centric governance in our country and with further capability and capacity there will be more. Based on what we have heard as we have engaged with our members and the staff in the sector, sharing the learning and the wellbeing outcomes that can be achieved under Te Tiriti-centric governance and partnership

with Māori will create a compelling narrative that inspires communities and local governance towards a differentiated liberal citizenship and tino rangatiratanga.

The same can be said for sharing power between central and local government and communities, and the use of professional expertise alongside lived experience.

Capability based appointments

We note there is reluctance to accept capability-based appointments to councils given:

- the ability to seek expert advice as part of decision-making processes
- the ability to appoint non-elected members to council committees already (some with significant delegations)
- the need for the system to improve itself
- experiences with DHBs.

On the latter, multiple factors will have affected council and community experience and perceptions of the non-elected model, including:

- the limited scope to challenge government policy and advocate on behalf of 'voters' and communities
- government policy, funding, and approaches to service commissioning and delivery constrained innovative localised plans.²⁷

The current reform of the health system is aimed at addressing some of these issues. For example, Pae Ora seeks to bring the Whānau Ora vision into the health system and embed an equity and kaupapa Māori informed approach to health, building on the insights from Enabling Good Lives. The new legislation has therefore introduced locality planning and a different approach to commissioning services.²⁸

The appointment of capability-based and/or central government appointees to governance roles might therefore be more acceptable in the future and at different levels of governance depending on the roles and functions of the entity. For example, having capability-based appointments on regional or strategic co-investment entities that are setting sub-national priorities, policies, and commissioning services might be more acceptable than capability appointments on bodies focused on enabling communities to articulate their needs and aspirations.

Our members are acutely aware of the pros and cons of models that remove democratic accountability, or that have a mix of capability and/or Tiriti-based appointments. They can work effectively under all variants of the traditional model.

²⁷ [Are elected health boards an effective mechanism for public participation in health service governance? - PMC \(nih.gov\)](#)

²⁸ Commissioning services does not of course avoid institutional racism.

Building our capability through national and local conversations

While we are focused on the system settings, based on our what we have seen over the past year, including the intolerance and behaviour directed at the local government workforce (and elected members), and in particular the feedback we received during our February 2023 hui, we think both a national and local conversation needs to happen on what it means to give effect to Te Tiriti and actively partner with Māori. This includes what the role, functions, and accountabilities of the different levels of governance have been in the past, now and what they could be in the future.

In this current climate of misinformation, fear, lack of trust in government, potential foreign interference in local and central government elections and policy debates, and overt racism, communities need to be enabled to understand what has happened in the past (nationally and locally) and what the genuine aspirations and strategic direction for the future are from the perspectives of central and local government as well as Māori.

They can then weigh up the evidence, including competing and complementary viewpoints and values, from an informed position. As a nation we can form a view about what Tiriti-based governance, citizenship, democracy, and partnership should look like across the whole system of governance and decision making.

It is likely that as part of this process, engagement and understanding of civics and the importance of civic participation and engagement, will rise.

A participative and inclusive process needs to be used and it cannot be rushed. The process needs to be held publicly in a space that is made safe for confronting and courageous conversations. Leaders throughout the system will need to be capable of creating this space, as well as listening and learning, so capability will need to be built. However, it is critical that a deep, meaningful, and informed national conversation begins soon.

A key step in the national conversation is the acknowledgement of the grief or *mamae* arising out of Aotearoa New Zealand's history.

A local conversation also needs to occur if it has not started already. We recommend it too begins with an acknowledgement of the past. This was most effective in Taupō, particularly as the events and hurt occurred within the living memory of the community. Acknowledging the past was also critical to the solution for Panepane Purakau.

The local conversation can then feed into the national conversation as well as continue with communities at the local level at the pace appropriate for that locality. To do this well local government, hapū (and/or iwi) and other participants will need to be ready, resourced, and supported to do the local work. The 'right way' will depend on final recommendations of the Review Panel, and the evidence to support them, including the transition journey²⁹.

²⁹ There are a number of ways to get there: new legislation for wellbeing, inclusion in a new Local Government Act or within the Public Service Act 2020, inclusion in individual legislation that central government and its agencies operate under for wellbeing (e.g. health, police, social wellbeing), future statutory entities or partnership arrangements; and/or in the duties of chief executives.

Strengthening the constitutional status of local government

While we have advocated for this in the past very strongly, we would like to see what the Review Panel can do in its final report to assure the sector that local government has been hard-wired into the system.

Calls for entrenchment and elevated constitutional status are, understandably, difficult to deal with currently. That is why we need open and transparent conversations locally and nationally. We can learn by doing.

Recommendations

We are generally supportive of **Recommendations 15, 16 (review), 17, 19, 20** as part of an integrated package of reform.

We recommend:

- the simple changes to enable voting, particularly trials, are done early; potentially as part of recovery from Cyclone Gabrielle and other events and reforms
- wider review and reform (than what is proposed in this section of the Review Panel's Draft Report) is integrated with fundamental reform of the legislation affecting local government
- central and local government jointly develop proposals for centralised delivery of some or all of local electoral functions.

Participative democracy

Chapter 2 of the Review Panel's Draft Report.

Overview

We continue to strongly support deliberative and participatory democracy on the things that really matter to people. These practices and the use of a range of approaches enable councils to gain broader and deeper insights into community needs, preferences, and aspirations for key community decisions. They are important for social cohesion and a sense of belonging.

Where we have come from

We hear that people are 'hard to reach'. This is not the experience of the professional staff in local government. People need to be met where they are.

But the current system for local governance is hard to navigate and is not set up to ensure all the voices – of families, neighbourhoods, and communities (geographic, rainbow, ability, age, culture, ethnicity, whakapapa, religion, or interest) are heard and given fair and equitable consideration. This is despite many innovative practices and engagement models being used within local government (and by others, including central government).

What needs to change?

The key issues we identified (and which were reinforced through our February 2023 hui) are:

- **having the funding, resources, and time** to support deep and broad engagement, collaboration, co-design etc. approaches and enable people to participate so that the relevant actors can respond to what is heard
- **the capacity of the most excluded to participate** in systems that were not designed for them – which is occurring at a time when the risks of persistent disadvantage have never been more acute – cost of living, housing shortages, living in a disrupted climate, lack of social cohesion, racism, and lack of connection
- **worldviews, assumptions, beliefs, and values** – the real and perceived mismatches – including the tension between representation and participation in decision-making, misunderstandings about consultation (which occurs after a decision has been made) and engagement etc.
- **capability and the lack of a shared system for learning** between the layers of government and communities over time
- **representation versus participation – it is one or the other** – In reality, it is likely to be representation AND participation. Deliberative practices on their own will generally favour those that have the time and means to participate. They therefore will not always effectively represent a cross section of a community. This means complementary methods of engagement and/or genuine representative democracy are needed for many decisions, often alongside specialist input from experts or key partners and stakeholder groups.

- **onerous statutory obligations** that mean local government spends more time and money on the wrong things (e.g. prescriptive elements of the LTP and special consultative procedures)
- **short-term bias** across the system of governance – creating difficulty in addressing the critical, intergenerational challenges and harnessing information and insight from previous engagements that span electoral cycles and staff turnover, especially in a fiscally constrained environment.

Our findings accord with those of the Review Panel and highlight the need for an integrated package of legislative reform, funding and capability building across the system.

We support Recommendations 1 (greater use of deliberative and participatory practices), 2 (review of legislation on consultation and engagement and decision making), 3 (review of requirements for Māori engagement) on the basis that **they are all looked at as part of a wider package of reform, including funding**. No one wants to be set up to fail, and tinkering with the legislation will be insufficient to achieve the sector’s lofty ambitions and goals.

It will be important for the Review Panel to clearly articulate in its final report the key issues and justifications for change from a whole-of-system perspective, including why some of the existing statutory mechanisms, including those for engaging with Māori have not been adopted, and the necessary steps to get there. As we have said before, any proposed future mechanisms need to be connected to the current reform processes already underway (Three Waters, Resource Management) and where there is inconsistency the Review Panel should highlight this.

We support Recommendation 4 – investing in quality systems for Māori engagement – investment should be in partnership with central government, noting local government investment in its internal systems, the things ratepayers and residents cannot see are difficult to do using the current funding tools available in this current fiscal environment. Central government should invest in local government as a sector as they too need access to this information and do not have an up-to-date database.

This could be a joint endeavour that could cover all community groups, stakeholders, and customers to improve quality engagement across the system for governance (particularly at place).

Recommendations

We support greater use of deliberative and participatory practices, the review of legislation on consultation and engagement and decision making, and the review of requirements for Māori engagement) on the basis that it is considered as part of wider reform programme.

Appendix 1: Community wellbeing plans

We originally proposed Community Wellbeing Plans as a tool or platform to bring together all aspects of wellbeing at place and to enable a place-based 'deal' or 'deals' - using a participative design making process.

The spatial scale of the plan was flexible and could accommodate differing geographies that made sense - town, city, district, rohe, takiwā, catchment, sub-region or a region – and differing communities of interest (rainbow, ability, age, culture, ethnicity, whakapapa, religion, employment, rural, urban etc). It could spark conversations about personal, whānau, and community resilience and be a catalyst for change.

We are certain that it could be accompanied by a spatial representation of the needs and aspirations of the community relevant (to its geography) much like many community plans, local development frameworks, place based plans, and master plans do today (both here and abroad). Neighbourhoods and villages could take the lead on developing their own 'mini' plans.

Every council would have one (or more) agreements developed in partnership with Māori, and the local community. Delivery would be supported and enabled by 'regional' and central government.

Thought of like this, the Community Wellbeing Plan and Place Plan could meet the needs of all of the current review and reform processes - enabling decision makers to understand what whānau and communities need and aspire to locally - at place - and strengthening their resilience. For example, health locality planning, community voice and local placed planning within 'regionalised' spatial planning. Other areas might include social services commissioning, skills and education, social cohesion and safer communities, sport and active recreation, and environmental initiatives.

A series of wellbeing agreements between central government, local government, Māori and other key partners would drive delivery and reciprocal commitments to support it – such as funding and resourcing, legislative or regulatory support. Accountability arrangements would be mutually agreed and transparently reported.

Local public services would be decided, commissioned, and delivered locally by those best placed to achieve maximum wellbeing benefits.

The plans are long term. By their very nature they were intended to be bipartisan and survive changes in government – at both the national and council level.

The form of the partnership could be flexible, but it would have core members.

We have expanded our thinking and propose criteria that could enable the pioneers to go early. But central government would need to be ready.

This could be one of the critical building blocks for a true partnership, power sharing, coordinated planning and co-investment, and participatory democracy in action. Potential opportunities, constraints, or criteria for choosing who to partner with include:

- Equity – vulnerable communities
- Iwi / hapū capacity and where they are on the revitalisation journey
- Central government willingness to partner
- Priority focus on crisis-hit areas
- Sustainability of councils following the water and/or resource management reforms

Current capability and capacity should not be a constraint as building the capability is part of the process and capacity must be bolstered by the 'deal' and the grant, as well as access to people with specific skills such as change management, social sciences (e.g. human learning systems).

Appendix 2: Capability improvement hub(s)

Regardless of the name, LGNZ and Taituarā are aligned on the concept and the need for an 'organisation' within the future system that is devoted to improving the capability of local government. For our part, improved capability is intertwined with the creation of a joined-up system for wellbeing and increased capability across the public service workforce.

LGNZ and Taituarā want to work together to provide the right support to local government, at the right time, in partnership with government. We are both prepared to change.

What do we see the hub doing?

It would be important to go through the opportunities more fully, but in essence we envisage the hub(s) doing a lot of what we currently do (to one degree or another), with some overlap with LGNZ's current offerings and that of others:

- 'Core' and 'demand' led training, learning and development – our LGSectorGoodToolkit® on steroids
- Organisational support
- Leadership and management development – the potential pipeline of future leaders
- Legislation, policy and strategy (development, evaluation, implementation advice, guidance, toolkits etc.)
- Change management support
- Systems learning
- Tools for navigating the critical transitions
- Data, Research, Evidence, Insight
- Education, storytelling and celebrating success
- Consultancy, coaching, and facilitation partners – we could build off our current ones Hei Taituarā, Capability Group
- 'Peer challenge' – for self-improvement potentially an evolution of CouncilMARK™
- Improvement support – making the identified changes happen
- Systems change.

We see services and training being offered free at the point of delivery – with targeted rates and / or supplements for extra benefits.

It could be an inclusive environment, bringing together people from central government departments, local government, Māori, community organisations, business and others with the skills and perspectives to effectively inform and support the delivery of wellbeing in Aotearoa New Zealand.

Some examples we looked at:

- [Local Government Association Peer Challenge](#) and [Improvement and Development Agency for local government \(IDeA\)](#)
- [The Improvement Service \(IS\)](#) the 'go-to' organisation for local government improvement in Scotland
- Linked hubs – <https://khub.net/>
- <https://www.aucklandco-lab.nz/> and a few other design labs focused on learning

These build on what we looked at in 2022 e.g. the UK Strategy Unit, UK Social Exclusion Unit, France Strategie and what the Office of the Future Generations Commissioner for Wales was producing.

Next steps

Given what we do today, with co-investment from central government, we could potentially become 'a' or 'the' capability improvement hub for local government. We can certainly be the bridge to it.

We would like to develop the hub concept further – in partnership with LGNZ and others.



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