

# Managing for the Big Issues

Taituarā – Local Government Professionals Aotearoa  
Briefing to the Hon Simeon Brown – Minister of Local  
Government



Advocacy



Networking



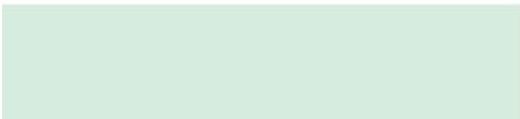
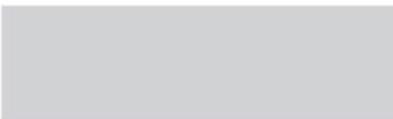
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# Managing for the Big Issues

## Briefing to the Incoming Minister for Local Government

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Congratulations on your appointment as Minister for Local Government. This is an important and varied portfolio that touches the lives of communities everywhere, every day.

### Who we are

Taituarā — Local Government Professionals Aotearoa ('Taituarā') is Aotearoa New Zealand's leading membership network for professionals working in, and for, local government. We have a thriving membership base of 1,010 members drawn from local authority Chief Executives, managers, and staff across all 78 local authorities.

What unites Taituarā members is our commitment to be our own professional best, supporting local government excellence through connection, collaboration and care for the wellbeing of our communities.

Taituarā supports its members to be the very best they can be. We strengthen, develop, and connect our members by providing opportunities for current and future leaders to learn from each other, from the wider public sector, and from international perspectives.

Taituarā strengthens the local government sector as a whole by using our members' insight and experience to influence the public policy debate. We encourage thought leadership by enabling our members to step back from the day-to-day agenda, taking time to share wisdom, create value, and build knowledge.

Taituarā is one of the agencies that provides stewardship of the sector. We support the effective relationship between governance and management within local authorities. Taituarā is the leading agency for delivering upon the sector that meets its evolving capability and capacity needs.

Alongside our partners, we focus on improvement in the local government sector because we believe excellent public services support thriving communities.

### We're here to help

A relationship with Taituarā will result in better quality policy advice and in the successful implementation of your Government's policy initiatives.

Even the most well-designed policy fails if it does not work ‘on the ground’. As an independent, apolitical organisation Taituarā, works proactively on the professional, technical, and practical aspects of policy, legislative and regulatory change. Active, genuine, and early engagement with Taituarā ensures the Government gets the best advice to make its policies work effectively and ultimately result in quality policy, legislation, and implementation.

## **Central and local government need to work together in partnership for the future**

Local communities, and the local government sector, face era-scale change. Last year The Treasury’s Wellbeing Report highlighted that our current generation of younger people fare worse than older people - with the real possibility that for the first time in history the next generation won’t be better off.

The big challenges our communities face – responding to climate change, cost of living, housing, infrastructure, inequality, and social inclusion – require transformative change to happen now. They require central and local government to work as partners in promoting the wellbeing of Aotearoa New Zealand.

We have developed a vision for the future of local government – *Ora - people thriving in place*. To achieve this vision, councils of the future need to function within a system of local decision making and accountability that:

- is inclusive, values diversity, strengthens social cohesion, and unleashes the inherent power and strength of communities
- enables place-based decision making and action
- gives effect to the principles of Te Tiriti o Waitangi and partners with Māori
- is innovative, self-improving, and adaptive, building and sustaining trust and confidence in government
- ensures central and local government must:
  - a. think and act as one system to deliver improved community wellbeing
  - b. have funding approaches that support fair allocation and equitable distribution of resources across the system and enable decision-makers to make the best use of limited resources.

Taituarā would like to work with the Government to design this system and deliver joined-up planning for community wellbeing. We consider that the shift in accountability, funding, and in the relationship between central and local government aligns well with the city and regional deals as a means of delivering both central and local priorities. Local authorities would generally welcome a joined-up

commitment to plan for the future wellbeing of our communities and a recognition that bespoke solutions will be required, and commitment to resource for the long-term.

Few in the sector consider the status quo is sustainable. Whatever your Government might make of the Future for Local Government report – a fundamental reset of the system is needed. This is not just tinkering around the edges.

We believe there needs to be fewer, more efficient and, most importantly, more effective local authorities. There is, however, no magic number, governance configuration, or allocation of functional responsibilities. Future structures need to be locally designed with communities in partnership with Māori, and the process to reorganise the sector needs to be simpler and more effective. The process must also build trust and confidence in local government, meet local needs and aspirations for intergenerational wellbeing, and enable local government and central government to meet the challenges of tomorrow. This may entail different 'solutions' around the country to get the better outcomes we seek.

One of the key enablers of transformation is a shift towards co-investing to generate a set of wellbeing outcomes. Again, we see parallels with your Government's priorities and the place of city and regional deals and social investment for outcomes. Co-investment also needs to allow for contributions by other partners such as Māori and the voluntary sectors.

The broken funding and financing of local government needs significant change. The existing pressure on rates, affordability challenges for ratepayers, and current levels of debt, interest, and inflation, means the current system is unsustainable. To attain certainty in the levels of funding needed to tackle this century's challenges, some mechanism such as hypothecating a share of central government revenues, is required.

An enduring and authentic Te Tiriti based relationship that gives effect to the principles, values and intent of Te Tiriti is central to the kind of future we envision.

Māori wards and constituencies are a step towards such a relationship. Around half of all local authorities have decided to introduce these - some from the 2025 election. We observe that the Prime Minister is on public record as not supporting a referendum on Treaty principles in legislation. We agree that the complex constitutional, legal and political issues do not readily lend themselves to a 'yes/no' question. The restoration of referenda to decisions on Māori wards, including wards that have already been established, places local authorities in exactly that same position and should be avoided. The ongoing legitimacy of Māori seats for central government is not subject to referenda. Should referenda be reinstated for local government Māori wards, it would make more sense to have them as part of

representation reviews rather than as part of the electoral cycle. This would be more efficient and save money.

The respective roles of the central and local government workforces are fundamental to the long-term success of the partnership. Better aligning the two will better enable the design of local solutions to wellbeing challenges, with a better outcome for all. Aspects of the public service reform, such as the establishment of regional leads within central government and the establishment of regional economic partnerships, represent the first green shoots in this relationship. As Minister for Local Government, you could act as a champion for an aligned public service amongst your Cabinet colleagues.

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. Continuous self-improvement is part of the deal.

**We support change to ensure three waters services are sustainable, in all senses of the word, and need to meet urgently about the impacts the impending repeal will have on council long-term plans**

Your Government is on the record as supporting the establishment of Taumata Arowai to strengthen the regulation of drinking water, and in support of tougher environmental standards. Much of the sector share this view.

Although the estimates of future cost of meeting health and environmental standards is contested, even the \$100 billion lower bound of the estimated cost is well in excess of that allocated in previous local authority plans.

The ongoing delivery of water services requires the necessary financial, governance and technical capacity. The acquisition of scale will assist with this – some of the means for acquisition of scale include the aggregation of services (such as by Council Controlled Organisations), shared services arrangements and the like.

But aggregation itself is only a partial solution to the future financing challenge. Future levels of investment will require access to debt finance on a scale that is exceeded only by the Crown's borrowing. Even the short-term costs involved in servicing these debts and funding needs is not sustainable with the present funding and financing model. Agencies such as Wellington Water are considering options to meet financing needs while achieving separation from local authority balance sheets. Solutions will need to address affordability and accountability concerns – Taituarā stands ready to support the Government to find practical solutions.

The proposed reforms will also require investment in the training and acquisition of technical skills, a strategy for enhancing the way New Zealand governs network infrastructure, and balance sheet capacity to finance service improvement.

Taituarā agrees that local authorities need to plan transparently and effectively to meet regulatory standards and customer expectations. Taituarā looks forward to an early discussion that further explores what your Government expects of these service delivery plans, and how these fit with a solution to the funding and financing challenge.

The sector's most pressing concern is the impact of the impending reversal of water reform on the 2024 long-term plans (LTPs).

Legislation required local authorities to continue to invest in water services up to the point of transfer to the water entities and to fund and finance these services themselves. Indeed, the Department has powers to overturn a decision to the contrary. Local authorities were told debts would ultimately transfer to water entities. With reform not proceeding, local authorities now face the reality of debt and a bow-wave of expenditure that they had not been required to budget for. They, and we, seek Government support to address the financial consequences of our acting as Parliament instructed the sector to.

As it stands the Act now requires local authorities to prepare LTPs assuming that water services were to leave local authorities by 1 July 2026 (at the latest). This legislation is almost diametrically opposed to the Government's intent.

The sector is obligated to follow the law as written, yet it is in no-one's interest that these plans are written to not reflect government policy and public expectation. We consider that the amending legislation is self-contained and not technically difficult to prepare. This cannot wait for the 100-day target the Prime Minister has set. Urgent resolution is essential, and in everyone's interest.

### **Resource management reform is necessary and there are opportunities for improvement**

Like all major political parties, local government has long shared the view that the Resource Management Act 1991 and accompanying regulations no longer serve our communities. But we also have reservations about the new legislation passed by the previous government.

Taituarā was generally supportive of the wider objectives for resource management reform:

- better protection for the environment
- better enablement of development including significant improvement in housing and infrastructure
- giving effect to the principles of Te Tiriti
- better preparation for adapting to climate change and risks from natural hazards, and
- improved system efficiency and effectiveness, reduced complexity and retaining local democratic input.

Taituarā understands that repeal of the new Resource Management legislation is an area of general agreement across the coalition parties. This as an opportunity but note that there will be significant implications for councils and communities. Redesigning a new system will add to the already significant levels of cost and uncertainty that councils, the private sector, iwi/Māori, and other users of the resource management system face. All are crying out for certainty.

We would like to discuss options for reducing complexity, inefficiency, and cost – objectives that have not been achieved under the new Acts. Much of the existing system (such as the consenting provisions) was carried over into the new Acts and failed to simplify matters. Where the system is different, complex, costly layers and decision-making arrangements have been added in the regionalisation of many planning obligations. There are options available that would better strengthen the local voice in the system.

Taituarā supports a clear communication of national priorities and how these fit together. We would therefore like to retain integrated national direction without the riders and constraints imposed by the previous Government. Genuinely consolidated and integrated national direction would help to reduce the cost and complexity on councils and users of the system. It would also improve overall certainty. It presents an opportunity to rationalise inconsistencies and resolve conflict between existing national direction, which will drive greater efficiencies and cost reductions. There is a real opportunity to get the national direction right and we are here to help the Government achieve this.

Taituarā also supports a system that includes spatial planning. If there is a return to the Resource Management Act, even as an interim step, we see merit in retaining requirements to develop regional – or potentially sub-regional – spatial strategies and plans. Spatial planning brings local and central government together to identify priorities for investment in infrastructure, alongside environment, urban development, economic development, and other objectives. It would provide more long-term certainty, which will help to facilitate private sector investment, and is a significant opportunity to enhance climate resilience. It could also support proposed city and regional deals and implementation of the Going for Housing Growth policy.

Taituarā supports a focus on outcomes and not effects. There should also be stronger compliance, monitoring and enforcement retained to deter environmental non-compliance and offending.

So, in redesigning the resource management system, it is not enough to repeal the existing legislation – at best that only replicates present concerns. But there must be substantial amendment to the current resource management package – one that is codesigned with those that will need to implement it and where central and local government share the costs of transition and implementation.

### **A climate adaptation framework and funding is urgently needed**

Cyclone Hale, the Auckland Anniversary weekend flooding events, and Cyclone Gabrielle demonstrate that the leading edge of the impact of climate change has arrived. The immediate costs of damage to physical assets during Cyclone Gabrielle and the Auckland Anniversary floods is estimated to be between \$9 billion and \$14.5 billion. Events of this nature can also cause large scale economic and social disruption and there are long-term health and wellbeing implications for individuals and entire communities. These extreme weather events will become increasingly frequent and severe.

Two-thirds of our population live in areas prone to flooding and rising sea levels. River flooding will increase with climate change. As sea level rises, the frequency of coastal overtopping and inundation due to storm surge and wave run-up will increase, alongside and compounding more frequent and extreme coastal flooding. With these increases the costs of recovery will rise and the costs won't just be in dollars.

We are on the record urging the Government to accelerate the Climate Adaptation legislation, as are many councils, industry bodies – particularly in the insurance field – and our colleagues at Local Government New Zealand.

Councils are on the front line of climate adaptation decision-making and action. But there is a paucity of tools available to support climate adaptation. We need to quantify the size of the adaptation challenge. There needs to be a clear national framework and legislation that enables communities to adapt to the impacts of climate change, including retreat and relocation. It needs to address all hazards, have long term planning horizons, take a wellbeing approach, and create the social licence, tools, and funding arrangements for a nationally consistent and affordable approach to climate adaption, one that that improves equity and enables a just transition.

While the cost of climate adaptation has not been fully identified – what research has

been done suggests that cost is likely to be the single largest cost for local authorities in future. Councils cannot meet the costs of adaptation alone – we encourage increased support from central government to fund a range of adaptation activities. We need to stop being crisis led as a nation.

Councils need a clear formula to calculate the share of costs each system actor will be expected to pay for managed retreat. This formula should be able to account for the varied levels of support communities will need and encourage proactive retreat. New revenue raising tools may be needed. A Climate Adaptation Fund needs to be established urgently and a shared platform for investment in local and national priorities must be agreed whether that be spatial strategy investment plans, or regional and city deals.

Adaptation must be supported with a clear right to withdraw services and the legal means to extinguish title in areas subject to relocation. Liability should be limited, and appeal rights curtailed.

The Environment Select Committee opened a cross-party inquiry into climate adaptation shortly before the dissolution of the last Parliament. It is a timely and important inquiry. The time for planning is running out. Effective adaptation to climate change must be enduring and certain and should be a non-partisan issue. We encourage your Government to support the inquiry continuing and for the new Parliament to prioritise a rapid evaluation of its recommendations.

### **New Zealand must both rethink, and invest in, its approach to democracy – especially at local level**

New Zealand should encourage people to be actively involved in communities and an understanding the value of community and participation for the common good. A civically engaged citizen not only votes, but also takes the time to consider and participate in debates about community issues, engages on plans and policies, and gets involved in community groups (as a volunteer).

Enhanced participation in local democracy will come from a combination of education, better engagement practice, opportunities to be involved in decisions that matter to communities, a refocus of the accountability regime onto what matters, better information about processes and candidates, and the removal of barriers to participation (especially in elections).

It is a sad, but true, fact that the level of public conversation and debate and participation in democracy has declined in recent years. Examples specific to the sector workforce include the assault on a Chief Executive in his own workplace,

recent correspondence purporting to direct Chief Executives to place themselves under home detention, and that many front-line regulatory staff need to wear body cameras.

As Minister of Local Government, you are in the position to champion with your cabinet colleagues (particularly the Ministers of Justice and of Education) for a greater level of investment into democratic participation and education, especially on local governance.

Regarding voting, the ongoing decline of the postal system is making it increasingly difficult to deliver elections this way. Central and local government need to take a fresh look at the potential to introduce online voting as an ongoing method in addition to postal voting. There is the potential to learn from the successful introduction of advance voting in central elections, including a fresh approach to booth voting. Alongside this, a robust evaluation of the centralised delivery of some or all local electoral functions is also merited. We see an enhanced role for the Electoral Commission.

Genuine accountability to communities is a democratic expectation – but the existing accountability framework is no longer fit for purpose. Instruments such as the long-term plan are a product of a time when many local authorities were deliverers of infrastructure. Costs of meeting these requirements have spiralled – even quite small local authorities are being charged almost a million dollars for three year's annual plan audit.





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