

Submission to the Review into the Future for Local Government



He mata whāriki, he matawhānui: Draft report

28 February 2023

1. Timaru District Council thanks the Panel for the opportunity to submit on *He mata whāriki, he matawhānui: Draft report* of October 2022 as part of the Review into the Future for Local Government.
2. This submission is made by the Timaru District Council, 2 King George Place, Timaru. The submission has been endorsed unanimously by the Council.
3. The contact person for the submission contact is Bede Carran (Chief Executive), via bede.carran@timdc.govt.nz.

Introduction

4. *He mata whāriki, he matawhānui: Draft report* (the report) comes at a critical time for Aotearoa New Zealand and for local government in general, as we face multiple challenges at a local, national and global scale. It is essential that the Panel's review leads to action. It is important that central government foster an open, transparent and positive relationship with local government to enable progress.

Overview

5. The roles and functions of local authorities have always been dynamic and evolved over time. Current legislation places the promotion of the four wellbeings (environmental, social, economic and cultural) at the heart of our purpose and affords local authorities a key role in enhancing the wellbeing of their communities because of their resources, scale and local knowledge.
6. TDC affirms that the distinctive role of public policy is to provide the broader environmental, social, political, and economic conditions which makes possible the pursuit of valued lives.

7. When considering the future role of local government, this submission acknowledges that the future is radically uncertain and subject to rapid change. In the last few years, local authorities have been exposed to changes to the environment through climate change, the Covid-19 pandemic, and significant economic shocks. These all affect local government, central government, and residents. Therefore, TDC is supportive of attempts to ensure local government is fit for purpose for the future.

Topic One: Equitable funding and finance

Question/s from Report:

What is the most appropriate basis and process for allocating central government funding to meet community priorities?

Context:

8. Local government is currently in a state of transition due to the creation of the four water entities and significant reform to resource management. The former will cause local authorities to lose an important income stream and assets.
9. Resources are finite, yet there is a nationwide trend of increasing community expectations for local authorities to do more with less.

Discussion:

No more unfunded or non-resourced mandates

10. Mandates from central government should only come with appropriate funding and resourcing attached to ensure compliance and the ability to implement the mandate. When central government is considering changes – either through policy or legislation – suitable analysis of the scope of change, its impact and the level of resourcing required for it to be successful should occur at both levels of government. Future funding needs to be sourced to ensure the stability of local government and its capacity to deliver on mandates. This will require increased partnership and trust between the two tiers of government. Central government can use financial support as a lever to ensure outcomes are achieved, directed to local government to achieve these outcomes with a ‘local first’ lens.
11. Additionally, TDC supports central government expanding the use of its regulatory impact statement assessments to include the impact on local government and a local first lens in the preparation and review of new regulation, legislation and investment.

12. Further, TDC recognises that as a sector we can also request legislative or policy change that may result in an increased impact on local government. It is important that these conversations include robust consideration of the impact on local government, and how this will be managed.

New funding mechanisms should be established

13. New and alternative funding mechanisms need to be considered on how central government provides funding to local government. One alternative funding model would be to apply the principles outlined in the Greater Manchester Model. Under this model, local authorities, “would be encouraged to consult with their communities to discover the spending or regulatory areas where central government policy was poorly suited to local needs. Councils would, with assistance from Treasury, develop bespoke devolution proposals along with accountability frameworks monitoring whether the trial was working”¹. This model necessitates and emphasises the importance of local authorities being active within, and genuinely partnered with, their communities, with targeted central government support being a key enabler of their success

Rating should be retained and simplified

14. Rates are the primary source of income for local authorities. While it is likely this will remain the case, it is acknowledged that the calculation of rates that property owners pay is complex and has limited transparency. Additionally, the ability built into the current model enabling local authorities to decide the basis for charging rates (i.e. either land or capital value) can create confusion for the public. There is room to explore simplification and standardisation in this space. Many reports have been prepared considering future funding approaches for local government. While rates will remain a primary source, reallocation of central government funding is something that should be seriously considered to address the local issues and ongoing funding challenges for local authorities.
15. Further, TDC encourages the exploration of alternative ways to create the ability for those benefiting from services to pay for them in a fair and equitable way, for instance through congestion or tourism charges. Those unable to afford services should also have better access to government support for rating relief, or the funding approach should be reviewed.

¹ <https://www.futureforlocalgovernment.govt.nz/assets/Uploads/A-path-to-subsidiarity-Eric-Crampton.pdf>

Intergovernmental fund to tackle climate change

16. TDC affirms that climate change is the central challenge of our times, and affects all New Zealanders, regardless of age, ethnicity, voting preference or location.
17. A climate change fund mutually funded by both tiers of government, actioned by local government and accountable back to central government, should be created. Creating such a fund should be a priority and occur with urgency. This funding could come jointly from an allocated percentage of GST collected by central government and an allocated percentage of rates collected by local authorities. Central government could look to Australia for recent experience and learnings in this space.

Recommendations:

18. TDC recommends:

- No more unfunded mandates and combined assessments of the impacts of new legislation and policy.
- The creation of a co-investment model covering other funding areas between central and local government to maximise improvements in wellbeing.
- The review of existing funding streams to determine its appropriate allocation and provision.
- Consideration of utilising the Greater Manchester Model to review funding arrangements.
- Creation of a central climate change fund using both central and local government funding sources.
- Introduction of new funding alternatives to Councils to meet the cost of service provision.

Topic Two: A stronger relationship between central and local government

Question/s from Report:

To create a collaborative relationship between central and local government that builds on current strengths and resources, what are:

- a. the conditions for success and the barriers that are preventing strong relationships?*
- b. the factors in place now that support genuine partnership?*
- c. the elements needed to build and support a new system?*
- d. the best options to get there?*

e. potential pathways to move in that direction and where to start?

f. the opportunities to trial and innovate now?

How can central and local government explore options that empower and enable a role for hapū/iwi in local governance in partnership with local and central government?

Discussion:

19. TDC agrees that the central-local government relationship is currently under significant strain, and could be described as fundamentally broken. A reset of this relationship, and ensuring that a positive partnership exists between the two tiers of government to facilitate improvements in the wellbeing of New Zealanders, should be a key priority and is a pre-requisite for the success of the Panel's recommendations.
20. TDC is committed to subsidiarity and localism, and affirms its fundamental belief that services delivered by agencies close to the community will achieve more effective outcomes than those which are not. Further, local authorities are often the appropriate and most effective mechanism to deliver public services to communities because they understand, and can be responsive to, community needs. On occasion, where it is not appropriate for local authorities to directly deliver public services due to the specialist knowledge required, standardisation, or the opportunity of economies of scale, TDC believes that local authorities should be involved in the process in order to provide the benefit of their local knowledge and experience.
21. A stronger central-local government relationship will allow greater sharing of resources and subject matter experts to be engaged, thereby enhancing overall capacity and minimising skill shortages.

Co-investment in public goods through co-funding with agreed outcomes.

22. TDC supports the concept where, similar to a mechanism like the Provincial Growth Fund (PGF), central government can provide funding to support local authorities to deliver community outcomes and improve community wellbeing.
23. TDC encourages consideration to be given to creating new mechanisms for local and central government to work together. This could include portfolios in common to share information and identify where mutually beneficial funding and resource sharing (e.g. staff secondment) could support objectives and outcomes. Examples where this has worked include the Covid-19 pandemic, and could potentially be applied to the Cyclone Gabrielle recovery.
24. TDC notes increasing cross party support for a joined-up approach whereby central government, local government and iwi/hapū are, collectively, co-authors in

achieving wellbeing for New Zealand residents. These relationships are not politically aligned and are mutually beneficial in nature.

Recommendations:

25. TDC recommends:

- That central and local government reset their current relationship with a focus on the future needs of New Zealanders.
- That consideration to be given to create new mechanisms and enhance existing mechanisms for central government and local government to work together.

Topic Three: Allocating roles and functions in a way that enhances wellbeing

Question/s from Report:

What process would need to be created to support and agree on the allocation of roles and functions across central government, local government, and communities?

What conditions will need to be in place to ensure the flexibility of the approach proposed does not create confusion or unnecessary uncertainty?

What additional principles, if any, need to be considered?

Context:

26. Currently central government ministries and departments work at the macro level to influence and implement legislative changes that reflect the priorities of the government of the day. The decisions of each of these departments impact directly the lives of those living in the Timaru District, however, there is insufficient input from local government into the macro decision making process.

Discussion:

27. A full review of all services and programmes – with a focus on their proximity to local communities – is required. This is a significant undertaking, and the process would need to be broken down into manageable portions. The overarching focus should be on identifying which tier of government is best placed to provide certain services and programmes to maximise community wellbeing.

28. A possible approach to this would be to formalise and adapt a forum structure like the one which currently exists in Canterbury, where there is a Mayoral Forum supported with a series of forums with representation from all local authorities in the area. Key central government departments such as the Department of Internal

Affairs and Ministry for the Environment would have membership. This approach requires a central and local government partnership to determine solutions for how to appropriately allocate responsibilities, roles and budgets

29. An activity could be selected as a trial to assess learnings, opportunities and the structures needed to create a successful general framework for role allocation.
30. For example in the area of social housing. Central government could support the building of public housing, with input from regional areas (such as Canterbury's Mayoral Forum) as to where they are to be built and what the needs of the communities are. There would be a focus on using local and regional businesses to support local economic growth and employment. Local authorities would take an active role in the development and management of the property portfolio via rental income from tenants, and supported where needed from central government.
31. Considering role allocation across national, regional and local areas initially focused on the areas highlighted in the report: housing, public health, economic development, waste management, transport and climate change. Other ideas related to this topic include:
 - The enhancement of the role of local government requires greater community understanding about the meaning of community wellbeing and how their council's work contributes to this. This would include communities understanding the value they get from their rates dollar for the services being provided by Council's in the future, as well as where their tax dollars are focused.
 - The concept of binary requires central government to 'relax the reins' on local government. A joined up approach to work and communication is required.
 - Enhanced local input into central government policy for local communities requires greater local resourcing and knowledge of central government processes.
 - To enable appropriate allocation of resources, creation of a monitoring structure for community wellbeing needs designing and implementing at a local level. Central government should provide the necessary support to achieve this.
32. TDC agrees with the principle of subsidiarity (i.e. that a central authority should have a subsidiary function, performing only those tasks which cannot be performed at a more local level). This however means that there needs to be a clear definition of what 'local' means, especially as workers and people engage across current geographical boundaries.

33. Skill shortage within all levels of government will mean a need for co-sharing of specialist knowledge and not having information silos either horizontally or vertically.
34. There is still a traditional perception that the work of local authorities are to maintain 'roads, rates and rubbish'. Central government needs to partner with local government to change this perception to increase understanding towards other roles held by Councils.
35. To enable economies of scale, adequate skilled resourcing and cost effectiveness, some restructure of local government may need to be considered.
36. Consideration of economies of scale need to recognise the additional roles, both formal and informal, that rural councils play as service centres in remote areas.
37. Opportunities for cross-party agreement at central government level should be encouraged where outcomes would benefit from this. Preventing waste from a cycle of opposing political viewpoints and bouncing back and forward between policy solutions is both unhelpful, costly, and not in the best interests of Aotearoa New Zealand's future.
38. Currently, and into the future, community needs in different areas and regions will not be met via market-based models. This is particularly true for climate change related needs, as each area will have different impacts and concerns; the flexibility needed to create and sustain such plans needs to be in the hands of the local experts.
39. Novel shared or regionalised cooperative service models could be developed as a new way of discharging responsibilities of roles. We recognise that TDC does not have all the resources necessary to undertake all activities on their own, but rather conducting a review using agreed principles of where roles should lie.

Recommendations:

40. TDC recommends:
 - That roles and functions are determined based on the principle of subsidiarity. The level of government closest to the affected community should have the primary allocated role and function, with support coming from the other tier of government, unless there is a compelling reason for this to not be the case.

Topic Four: Local government as champion and activator of wellbeing

Question/s from Report:

What feedback do you have on the roles councils can play to enhance intergenerational wellbeing?

What changes would support councils to utilise their existing assets, enablers, and levers to generate more local wellbeing?

Context:

41. The 'ecology of wellbeing in place' (as found at page 119 of the report), outlines that transformational change occurs best outside a bureaucratic and centralised system. The need for councils to be able to respond efficiently and effectively to change has been highlighted during the COVID-19 pandemic response and when faced with natural disasters. Councils are at the 'coalface' and a strong and capable local government sector is critical.

Discussion:

42. Councils should move towards an anchor function where they are utilising the levers available to them to facilitate local wellbeing. Examples include intentionally investing in local businesses through tender processes, using 'local first' goods and services where possible, and capacity building with community groups to enhance local diversity, flexibility and resilience.
43. 'Place shaping' as part of the Local First approach includes vital economic and community development functions, strategic land-use planning, and targeted place-based wellbeing initiatives in response to distinctive community needs or preferences. Central government need to evaluate that their policies and legislative approaches align with, and enable, the ability of local government to be a 'place maker'.
44. A 'local first' approach for TDC to engage local businesses to support development of infrastructure within the community is encouraged where possible. Central government can support this by acknowledging that the smaller, local businesses may not provide the 'lowest' quote, but that the money spent within local communities creates a multiplier effect and broader positive outcomes, such as lowering local unemployment and increasing local resilience. Central government might consider such factors as part of their own procurement processes for projects in local areas.
45. TDC encourages the strengthening of collaboration across councils, particularly the surrounding regions who experience similar challenges. This may evolve into a

stronger, more formalised partnership between greater council regions and central government to work on long-term regional, place-based wellbeing and economic development programs.

Recommendations:

46. TDC recommends:

- That local authorities become a key partner in a New Zealand Wellbeing Framework.
- That central government explore ways to more actively utilise the local knowledge and expertise contained within local authorities, including that local authorities and iwi/hapū are given additional resourcing to engage with each other.

Topic Five: Replenishing and building on representative democracy

Question/s from Report:

How can local government enhance its capability to undertake representation reviews and, in particular, should the Local Government Commission play a more proactive role in leading or advising councils about representation reviews?

To support a differentiated liberal citizenship, what are the essential key steps, parameters, and considerations that would enable both Tiriti- and capability-based appointments to be made to supplement elected members?

Context:

47. Consideration has been given to lowering the voting age to 16-years-old and amending the scheduling of local elections. Research completed by the Panel has concluded that 16-year-olds who vote are more likely to continue to vote throughout their life than those who become eligible to vote at the age of 18-years-old. As of 2018, the number of people in the Timaru District aged 15-19-years-old is 2607 people, being 5.6% of the population.²

Discussion:

48. TDC does not support decreasing the voting age at the present time. TDC seeks further research and engagement with the targeted age group to seek better understanding of the level of engagement that this group has with the democratic process.

² Infometrics Demographics data as at 2018 (last Census data)
<https://community.infometrics.co.nz/Timaru%20District/Profile/Age>

49. TDC is comfortable with any changes with the voting age or system being trialled at local elections prior to being adopted nationally, so long as local authorities are provided with adequate support and resourcing to facilitate this, i.e. not an unfunded mandate.
50. The report has suggested that local government elections are held at the same time as central government elections. TDC does not support this suggestion as each election should stand separately to avoid any confusion with candidates and to ensure that local issues are not overshadowed by national issues.
51. Strong local government needs to be representative, with members well supported and trained to lead their communities. TDC supports improved conditions for elected members, and considering the extension of the electoral term. Further, it is important to consider the greater use of approaches to generate and embed a culture of intergenerational decision-making with a time horizon beyond an electoral term or a lifetime. A greater diversity of elected officials enhances community wellbeing as it increases perspectives at the decision-making table. Further, it increases democratic engagement as voters can select representatives that more accurately reflect themselves and their aspirations.
52. TDC encourages the creation of accessible and adaptable tools for participation in the democratic process, such as resolving barriers for online voting. Online voting for both tiers of government will assist with breaking down barriers to voting, such as incapacitation need to attend work/family duties, and in some occasions simply 'forgetting' to post or lodge a vote.

Recommendations:

53. TDC recommends:

- Supporting elected members through improved pay and conditions. Creation of a four-year term for locally elected members so the focus for councillors can be on long-term planning and investment.
- That central government give consideration to a recall provision for elected members.
- Creating accessible and adaptable tools for participation in the democratic process, such as resolving barriers for online voting.

Topic Six: Revitalising citizen-led democracy

Question/s from Report:

What might we do more of to increase community understanding about the role of local government, and therefore lead to greater civic participation?

Discussion:

54. Deliberative and participatory engagement processes have been successfully used in other local authorities in Tasmania and Wales.³ This approach enables greater involvement of the community and community groups. This framework could potentially be applied to the relationship with local Māori groups and an identified framework for Te Tiriti o Waitangi partnerships.
55. TDC supports trials of deliberative and participatory engagement processes, where appropriate to community discussions.
56. TDC encourages the enhanced teaching of civic education in schools and would be interested to see how this affects the level of youth engagement in the democratic process. There should be investment from central government to ensure that the national curriculum, through social sciences, provides information about the democratic process, the concept of citizenry, and the value of voting.

Recommendations:

57. TDC recommends:
 - A centralised approach to provide civic education in civic duty through the education system, as well as deliberate and targeted messaging for adults.
 - Trials of deliberative community participation, including with iwi/hapū, community groups and non-governmental organisations.

Topic Seven: System Design

Question/s from Report:

What other design principles, if any, need to be considered?

What feedback have you got on the structural examples presented in the report?

³ University of Tasmania, "Place Shaping and the Future Role of Local Government in Tasmania- June 2022". Case study 6: City of Melbourne's People's Panel. Page 19. <https://www.futurelocal.tas.gov.au/wp-content/uploads/2022/06/FoLGR-UTas-Paper-3-Place-shaping-and-the-future-role-of-local-government-in-Tasmania.pdf>

Context:

58. TDC, like all local authorities, is currently affected by government reforms. This, and longer-term structural issues, has led to reflection on alternative operating models. In considering which model TDC would support, the first consideration needs to be the cost to the ratepayer for any change of system. Currently TDC and all local authorities are undergoing forced change through mandates created by central government. Water infrastructure reforms and the requirement for councils to fluoridate water have been mandated through legislation.
59. TDC supports local representation and accountability across all areas, including rural or remote areas where they play a very important role as the 'service of last resort'. Considering the impacts of climate change, the ability for a local authority to react and proactively provide services and support at a time of need cannot be minimised.
60. However, as currently occurs, services could be cross shared with neighbouring or larger councils, particularly where a smaller council may not be able to attract and retain officers with certain specialist skills.
61. TDC reaffirms its belief that the entire Canterbury region is too complex and diverse to be adequately reflected using a unitary model where one council would be for the whole region.
62. The second model of separate councils but cross sharing of some functionality is already represented in the Canterbury region. Each area has its own council with separate functions and governance, but on issues that affect the whole region these matters are considered by the Canterbury Mayoral Forum.

Recommendation:

63. TDC recommends a collaborative, functional approach be used between councils for issues that blur over the hard geographical boundaries of the councils. These would allow experts from each council to provide best advice on issues.

Topic Eight: System Stewardship and support

Question/s from Report:

How can system stewardship be reimagined so that it is led across local government, hapū/iwi, and central government?

How do we embed Te Tiriti in local government system stewardship?

How should the roles and responsibilities of 'stewardship' organisations (including the Secretary of Local Government (Department of Internal Affairs), the Local Government Commission, LGNZ, and Taituarā) evolve and change?

Discussion:

64. TDC considers that, at the systems level, coordinated stewardship functionality is required between the two tiers of government. If central government makes local government responsible for an activity, then visibility of the effect on local government is needed. This will help local government to reframe, revise and shape legislation changes and key developments in the public service space.
65. System stewardship can be reimagined through the lived experience of those whom the policies or laws affect. There should be a focus on positive outcomes rather than a system of organisational sovereignty, power relationships and boundaries to support a system that works horizontally and vertically to alleviate road blocks normally associated with political systems.
66. Agencies at all levels should co-contribute on strategic issues where service delivery will occur at the local level, with central government as the initiating agency. This partnership to be created as a 'side/side' approach as all actors hold equal power and responsibility, rather than top down driven strategies. Each agency should review their ability to deliver and function in relation to any particular issue. Co-contributing will ensure strategies have input from the 'best in field', which aligns with a desire to increase the role of Māori advisors.
67. Central government should have the role to create opportunities for skill building with iwi/hapū to enhance engagement across all levels of decision-making with both tiers of government. This will create a long lasting and resilient relationship to enhance frameworks for community wellbeing, growth and development.
68. Steward organisations play a key and valued role by supporting local government with their expertise and resources to provide macro-advice and advocacy. For instance, all councils usually cannot make submissions to central government, nor have resources to undertake complete reviews of draft legislation. Steward organisations should be considered to support as a conduit between the two tiers of government.

Conclusion

69. Thank you again for the opportunity to submit on the Draft Report. Please do not hesitate to contact us via bede.carran@timdc.govt.nz if you have any questions or wish to discuss aspects further.

Ngā mihi

A handwritten signature in blue ink, appearing to read 'Nigel Bowen', followed by a small dot.

Nigel Bowen
Mayor