

FUTURE FOR LOCAL GOVERNMENT REVIEW REGIONAL WORKING GROUP

To: Council

Meeting Date: Tuesday 18 July 2023

From: Michael Day, Chief Executive

Open Agenda: No

Public Excluded Agenda: Yes

Reason(s) for the Public Excluded

Section of the Act	Subclause and Reason under the Act	"Plain English" Reason	When Report Can Be Released
7 (2) (i)	enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or	Ability to enter into negotiations	On announcement of the terms of reference of working group

Purpose and Summary

This report provides Council with an update on the Future for Local Government Review and seeks confirmation of nominations to a proposed Southland Regional Working Group.

Recommendations

That Council:

1. Receives the report "Future For Local Government Review – Regional Working Group".
2. Nominate the Mayor, Deputy Mayor and Chief Executive to the proposed Regional Working Group.

Background

The Southland Mayoral Forum discussed the Future for Local Government Reform and have agreed that they wish to undertake planning to put Southland in the best position to navigate the reforms. A joint Governance-officer Regional Working Group is planned. The focus of this group will be to develop a model which works best for Southland.

About the Reform

The summary below was prepared for the Mayoral Forum.

In April 2021, the government announced an independent review of local government in New Zealand to understand how it needs to evolve to address the needs and challenges over the next thirty years in regards to people, environment, and place.

Following two years of work, an interim report and a further draft report were completed. On 21 June 2023 the Future for Local Government Review Panel (the Panel) released the final report outlining seventeen recommendations.

Recommendations of the report

The seventeen recommendations have been categorised into five themes:

1. Embedding local government's purpose and wellbeing focus
2. Growing authentic Te Tiriti-based partnerships
3. System renewal
4. Strengthening local democracy and leadership
5. Increasing funding.

Key recommendations in the report include:

Intergenerational wellbeing

The report recommends the entrenchment (i.e. a parliamentary supermajority of 75%) of the purpose of local government to include intergenerational wellbeing and local democracy. This recommendation seeks to ensure long-term certainty for councils in relation to their role in wellbeing following the 2012 amendment to the Local Government Act 2002 (LGA) to remove the wellbeings and then the 2019 amendment to reinstate the wellbeings.

Local government as a Te Tiriti partner

The Panel acknowledges that New Zealand society is making significant strides in better recognising its shared history, the role of Te Tiriti o Waitangi and the value of te ao Māori. In local government there is a growing understanding and recognition that local government has responsibilities to Māori to give effect to Te Tiriti.

The report recommends introducing new provisions in the LGA that explicitly recognise local government as a partner to Te Tiriti, introducing statutory requirement for councils to develop partnership frameworks with hapū/iwi and Māori, enhancing local government capacity and ability in the areas of Te Tiriti, te ao Māori values, mātauranga Māori, and tikanga.

The report acknowledges that the implementation of these recommendations will require funding and the report recommends transitional funding from central government for at least five years for this.

Reorganisation of local government

The report states that councils are not set up to partner effectively with central government to achieve integrated wellbeing outcomes. It identified that some councils are under severe financial strain, there is duplication in the system, and expertise is stretched thin.

The Panel recommends a reorganisation of local government to strengthen and resource councils' ability to plan for and respond to complex challenges and opportunities. It recommends two models for the structure of new councils:

- a. new unitary model
- b. combined network model.

The unitary model is relatively well understood in local government (i.e. similar but not necessarily the same as Auckland Council) but the combined network model is a new concept to New Zealand.

The combined network model retains individual territorial authorities with an overarching "combined council" that is made up of elected members from each local council. The combined council undertakes current regional council functions as well carrying out other roles and functions on behalf of the whole region. The combined network model is most commonly seen in the United Kingdom with Greater Manchester and South Yorkshire as examples.

The report advises that councils must lead the change. As a starting point, councils in each region should work together alongside hapū/iwi and communities to determine which structure and operating model will best meet local needs. It's suggested that a staged transition takes place in tranches with the Panel expecting that it will take about five years for all councils to transition to a new model.

Additionally, the report acknowledged that there are currently multiple layers of organisations supporting local government (i.e. DIA, LGNZ, LG Commission). While these organisations individually contribute to local government, there's no clear high-level strategic picture. It's proposed that a new crown department providing for the relationship between central and local government, and a new stewardship intuition to monitor and support local government is established.

Enhanced local democracy

The Report states the way the current system works means elected councils are not always representative of the views, demographics, and backgrounds of their communities.

To improve this, the Panel recommends that councils use single transferable voting (STV) as the nationwide method for local government elections, lowering the threshold for establishing Māori wards, enabling Te Tiriti-based appointments to councils, lowering the voting age for local government elections to age sixteen, reviewing councillor remuneration, increased training and development for elected members, and using four-year electoral terms.

Increased funding

The Report acknowledges that local government has been under significant funding pressure for years with many councils facing growing community expectations, unfunded mandates, the impacts of growth and tourism, and infrastructure renewals. Some areas of New Zealand have reached "peak rates" and in conjunction with the pressures of inflation and the cost of living are adding to the challenge of delivering community aspirations. Local government elections can be significantly influenced by campaigners opposed to rates rises which is no conducive to councils delivering on community outcomes.

In the “local government funding and financing” report by the New Zealand Productivity Commission in 2019, recommendations were made to ensure the financial sustainability of local government.

Government failed to respond to these recommendations and the issue is compounding. The Report recommends that there is increased funding to local government from central government. Examples of this include an annual transfer of funds from central to local government to support wellbeing outcomes, central government paying rates on Crown property, central government providing funding for climate change, and Cabinet considering the funding impact on proposed policy decisions.

A full list of the recommendations can be found in the attachment.

Next Steps

The Regional Working Group will commence meeting shortly and Council will be kept updated on progress.

Attachments

He piki tūranga, he piki kōtuku - Future for Local Government – June 2023 (A4744141)