

27 February 2023

Independent Review Panel  
Review into the Future for Local Government  
Department of Internal Affairs  
WELLINGTON  
Email to: [futureforlg@dia.govt.nz](mailto:futureforlg@dia.govt.nz)

Dear Independent Panel members,

***Submission: Review into the Future for Local Government***

**Introduction**

Thank you for the opportunity to provide feedback on your draft report *He mata whāriki, he matawhanui* released on 28 October 2022 about the Future for Local Government. We note the draft report will shortly be finalised and provided to Cabinet for consideration.

Your report provides a compelling case for change, not only within local government itself but how it works with others (i.e., central government, iwi/hapū and local communities) and its place within the system as a whole.

Key challenges that local government and communities face are well articulated in the report. Our submission therefore identifies further opportunities for change from our Kāpiti Coast District perspective and experience. Our submission incorporates feedback from Council and staff, both of whom are generally supportive of the draft report's recommendations. We have shared our response with mana whenua but have not consulted widely with communities within the timeframe set out.

The structure of our submission is:

- Cover letter including a summary of wider issues for consideration and a regional statement.
- Attachment 1: Answers to the Panel's questions.
- Attachment 2: Comments on the Panel's recommendations.
- Attachment 3: Specific examples from the Kāpiti Coast District.

## Issues for consideration

We acknowledge the sizable challenge you have undertaken in considering and identifying key opportunities to reset the role and connection of local government, central government and iwi through this process. Outside of the questions you have posed, we consider that the Panel should also consider the following issues that need careful navigation:

- **Function followed by form, then by funding:** Consideration of appropriate levers and how they may effect change should be evidence-based and sequenced. Structural change should be a last resort after defining the roles of various players and understanding the changes that need to be made to address our challenges. Current reforms (e.g., water reform) are creating more entities that could be more costly in the long run; the true cost, and ongoing impact, of change needs to be more thoroughly assessed.
- **No one-size-fits-all:** Solutions should consider local complexities and nuances relating to place and people. For example, we would not want to be locked into working within set regions. Local government should be able to form partnerships with other localities where it makes sense to do so. The Kāpiti Coast district is forming a strong connection with the western corridor of the North Island and would want to maintain that connection to improve outcomes for our communities.
- **Localism and centralisation:** Too much centralisation and shared services could risk diminishing local voice and limiting choice of service provision. It is, however, still possible to achieve cost-effective shared service opportunities that preserve local voice and meet local need.
- **Transparency and value for money in a joined-up system:** In a more joined-up whole of government system, clear lines of accountability and transparency (especially where cross-subsidisation is planned) will be essential so communities can see whether value for money has been delivered in a system that includes rates, taxes and other sources of funding. Transparency will increase trust with the community and with other players in the system.
- **Benefits vs costs of change:** We would expect a proposed revised future model of local government to include estimated costs of change and whether funding sources will be sustainable. Costs of change may not just be financial; they could be social and economical for a community.

## Regional statement

We are supportive of a general regional statement about the Future for Local Government review:

*“We recognise the need for incremental change and look forward to the opportunity to feed into ongoing proposals around how the Panel’s existing recommendations could be implemented in practice, and what we as a sector need to do to transition from our current state to a future where local governance is refreshed and resourced to deliver what our residents need and demand of us”.*

The success of further change (than that already underway) through the series of existing central government reforms will require further engagement and buy-in from communities, iwi, Council, and staff and we look forward to this opportunity in due course.

Ngā mihi



Janet Holborow  
MAYOR, KĀPITI COAST DISTRICT COUNCIL



Darren Edwards  
CHIEF EXECUTIVE, KĀPITI COAST DISTRICT COUNCIL

## Attachment 1: Answers to the Panels questions

### Chapter 2: Revitalising citizen-led democracy

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

**Answer i:** Local government can play a lead role in educating local communities about the role of local government. It could work alongside the Ministry of Education to update the school curriculum, reflecting changes in local government over time. Civic education should reach beyond the school system though, to the wider community to increase collaboration opportunities. Options for funding this would need to be explored.

### Chapter 3: Tiriti-based partnership between Māori and local government

The draft report asks no specific questions to respond to.

### Chapter 4: Allocating roles and functions in a way that enhances wellbeing

*Question ii: 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?*

**Answer ii:** A process would need to better understand the unique value proposition of each level of government, not just as it currently stands, but as it could be enabled to be in the future and then how the different levels could complement each other better in a holistic, cohesive system. The allocation of roles and functions at the local government level should be driven by local wellbeing needs and aspirations that then inform central government and shape roles of each level of government. Local wellbeing needs include provision of infrastructure. Even if local government is not managing the assets (in the case of water reform) local government still has a strong interest in ensuring provision of quality and cost-effective infrastructure to meet social wellbeing needs in the community.

*Question iii: What conditions will need to be in place to ensure the flexibility of the approach proposed<sup>1</sup> does not create confusion or unnecessary uncertainty?*

**Answer iii:** While the principles proposed in the report make sense and would guide the working conditions needed, the framework to guide allocation in the report does not afford local government the degree of flexibility and maturity it deserves. For example, the framework assumes that central government should intervene in situations where there is a national-level agreement on outcomes and a lack of appetite for local variation. There needs to be clear rationale for why and when a top-down approach is needed, which departs from a 'local-knows best' position. A practical example of this could include central government intervention if there is labour or skills shortages that aren't provided for locally – however, in this situation central government should work with local government to determine how immigration settings can be adjusted to match local needs.

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<sup>1</sup> The proposed approach for allocating roles and responsibilities is described on pages 108-114 of the draft report and includes three principles (local government has significant ability to influence and create conditions for wellbeing in their communities, the starting point for allocating roles and functions should be at the level of government closest to affected communities – subsidiarity and that allocation should be underpinned by te ao Māori values).

**Question iv:** *What additional principles, if any, need to be considered?*

**Answer iv:** Additional principles should include:

- accountability of central government agencies at a local level;
- roles and responsibilities of partner agencies need greater clarification to avoid duplication and/or gaps in service delivery/accountability;
- local solutions to local problems, encourage communities to work together to solve problems;
- focus funding towards local outcomes (not generic one-size-fits-all national or regional outcomes); and
- focus on understanding who is impacted and where/at place and national and regional direction should be shaped by local input rather than directing or restricting local actions.

## **Chapter 5: Local government as champion and activator of wellbeing**

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

**Answer v:** Local communities and their intergenerational wellbeing needs, and aspirations should play a bigger role in shaping council functions/roles. Although some councils are already doing this, they could take on stronger ‘facilitator, shaper, and connector’ roles related to social housing, safety, social cohesion including migrant resettlement services, education and health, and ensure districts grow in ways that take climate change and emissions reduction into account, that ensure local communities are supported with sustainable resources (e.g. access to food and renewable energy sources), economic stability through employment opportunities, and opportunities to grow relationships with mana whenua, iwi/hapū and support cultural identity and connections between people and their communities. These roles would need adequate funding to support them, including a regular source of central government funding.

**Question vi:** *What changes would support councils to use their existing assets, enablers, and levers to generate more local wellbeing?*

**Answer vi:** Councils need to think about how to use existing assets/facilities in different ways to enable greater economies of scale and leverage the use of technology, and innovation (e.g. widening the purpose of libraries for digital services, community hubs). Councils could consider alternative self-sustaining business models to manage assets, such as council-controlled organisations, that increase the chances of accessing other funding sources to then deliver more local wellbeing outcomes.

## **Chapter 6: A stronger relationship between central and local government**

**Question vii:** *How do we rewire the system of central and local government relationships through developing an aligned and cohesive approach to co-investment in local outcomes?*

**Answer vii:** We don’t see the value or necessity of creating another statutory entity to stand between central and local government (or between regional government and local government). We should use existing entities differently and support changes to improve connectivity through simplified processes of engagement, planning and alignment. Any rewiring needs to be focused on a joint strategic framework (supported by joint planning and

budgeting) across central, regional and local government to create better alignment between central and local level outcomes, and investment. Further to this, the role of regional government needs further consideration. Currently, central government has regional and district arms established; and local government has separate and usually siloed regional government arrangements in place. Rationalisation of these functions is needed, and the role of local government as a potential outsourced, and funded, delivery agency for central government should be considered.

**Question viii:** *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?*

**Answer viii:** A true partnership approach needs to be developed and for some councils' steps have already been taken through for example hapū/iwi having voting rights on council committees. As a broad principle, it should be up to iwi/hapū to determine their interest in central, regional, and local actions and this may vary (even over time) across the motu, and so any arrangements need to be flexible. Further to this, it should come back to the relationship that exists (or needs to be grown) between hapū/iwi, local government and central government.

## **Chapter 7: Replenishing and building on representative democracy**

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

**Answer ix:** We believe there is scope for the LGC to play a broader and more proactive role in providing independent advice to councils as they are designing the process for their review and exploring different representation options. This could be as simple as enhanced guidance that provides more specific suggestions about tools and techniques that can be used to gain an appropriate understanding of the needs of the community relating to representation and supporting case studies.

**Question x:** *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?*

**Answer x:** The following considerations would need to be made:

- There could be a legislative requirement for the Mayor or Chief Executive to complete a capability assessment of the Council (based on a standard assessment framework that allowed for local needs to be considered alongside core governance competencies) within the first three months of a new triennium. The assessment could identify gaps that could be plugged through independent appointments – that the Mayor could be enabled to fulfil.
- If a role for mana whenua in governance is not specifically enabled in future legislation then maybe Mayors could be legally required to consult with iwi/hapū in establishing their governance structure.

## **Chapter 8: Equitable funding and finance**

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

**Answer xi:** Central Government funding could be allocated on local and place-based community outcomes and priorities, using a wellbeing-weighted model that scores population size, environmental health, demographics and deprivation. In practice, local government would receive a set funding pool to deliver services in agreed areas, such as housing, health, climate change (mitigation and adaptation), safety or economic development to name a few. As with central government, accountability for this funding should require local government to report back to a relevant Select Committee on the effectiveness and efficiency of delivery utilizing these funds. There is no need to introduce new accountability mechanisms or structures.

## **Chapter 9: System design**

**Question xii:** *What other (system) design principles, if any, need to be considered?*

**Answer xii:** There needs to be principles that support collective impact based on a citizen-centric approach, outcome-driven focus on wellbeing to benefit local communities, and total cost transparency where joint work is occurring between central, regional and local government and funds are being drawn from rates, taxes and other means. There also needs to be a principle about how all three levels of government work together in a collaborative and respectful manner, and the pace of change and sequencing of it.

The principles should be driven by local needs so that national and regional themes do not overpower local voice or need. Principle three (resourcing) assumes local resources will be available to meet local needs; if this isn't the case for challenges such as climate change, then resource support from central and regional government and other organisations may be necessary. This is not an indication that local efforts are inefficient or misplaced, but a signal that some of the challenges that communities face are 'wicked problems' that require more than is usually available through local resource to address. With this top up, local government will be able to affect appropriate change with community support.

**Question xiii:** *What feedback have you got on the structural examples presented in the report?*

**Answer xiii:** As a principle we support strategy, or function, before structure (form). Of the three examples, example two (local and regional councils with separate governance) is most like the current situation however, various roles of each level of government need to be clarified first and how they best work together to achieve better outcomes for all.

Although the Panel recognises the value of local government, the value proposition of regional government hasn't been discussed in the report relative to other levels of government. For example, the challenges evidenced by regional-led, Auckland super-city, solutions are apparent in the January 2023 response to the weather bombs, where a centralised regional model has not provided voice for local needs or delivering to on-the-ground issues. Councils are capable of working together (as we currently do) as and when needed without requiring structural amalgamation. More clarity needs to be provided about local governments role before considering structural solutions.

## **Chapter 10: System stewardship and support**

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

**Answer xiv:** System stewardship needs to be redesigned together with all parts of the system, not imposed top down. You can't look at local government stewardship in isolation of reviewing central and regional government stewardship. We agree with the roles/areas of focus for stewardship of the system which focus on oversight of the performance of agencies (to ensure accountability and transparency), caring for the system's long-term capability and people, maintaining and enhancing institutions' knowledge and information, and supporting partnerships, co-design and innovation. The role of the LGC could be expanded to act in a similar way as the Commissioner for Environment (independent from government but has investigation powers). No new entities should be established in the system, we should be using existing ones better (but if a new one has to be established then it must be independent and not agenda-driven). There also needs to be a mechanism built into the system that ensures effectiveness of the system over time.

**Question xv:** *How do we embed Te Tiriti in local government system stewardship?*

**Answer xv:** As the report mentions establishing an independent advisory role for hapū /iwi in local government system stewardship could be an option but the best way to determine this is to hear from hapū/iwi themselves and what works for them, taking their local relationships into account.

**Question xvi:** *How should the roles and responsibilities of 'stewardship' organisations (including the Secretary of Local Government (Department of Internal Affairs), the LGC, Local Government New Zealand, and Taituarā) evolve and change?*

**Answer xvi:** Refer to theme 5 in attachment two. Clarity is needed around what stewardship these respective entities provide to and for local government. There should be a clear value proposition and local government satisfaction with the support and stewardship provided should form part of accountability requirements going forward.



## Attachment 2: Comments on the Panel’s recommendations

Note answers to the Panel’s questions are in the cover letter.

	Panel Recommendations	Kāpiti Coast District Council submission
Theme 1: Strengthened local democracy	<p><b>Revitalising citizen-led democracy (chapter 2)</b></p> <ul style="list-style-type: none"> <li>That local government adopts greater use of deliberative and participatory democracy in local decision-making.</li> <li>That local government, supported by central government, reviews the legislative provisions relating to engagement, consultation, and decision-making to ensure they provide a comprehensive, meaningful, and flexible platform for revitalising community participation and engagement.</li> <li>That central government leads a comprehensive review of requirements for engaging with Māori across local government- related legislation, considering opportunities to streamline or align those requirements.</li> <li>That councils develop and invest in their internal systems for managing and promoting good quality engagement with Māori.</li> <li>That central government provides a statutory obligation for councils to give due consideration to an agreed, local expression of tikanga whakahaere in their standing orders and engagement practices, and for chief executives to be required to promote the incorporation of tikanga in organisational system.</li> </ul> <p><b>Replenishing and building on representative democracy (chapter7)</b></p> <ul style="list-style-type: none"> <li>That the Electoral Commission be responsible for overseeing the administration of local body elections</li> <li>That central government undertakes a review of the legislation to: <ul style="list-style-type: none"> <li>a. adopt Single Transferrable Vote as the voting method for council elections</li> <li>b. lower the eligible voting age in local body elections to the age of 16</li> <li>c. provide for a 4-year local electoral term</li> <li>d. amend the employment provisions of chief executives to match those in the wider public sector, and include mechanisms to assist in managing the employment relationship.</li> </ul> </li> <li>That central and local government, in conjunction with the Remuneration Authority, review the criteria for setting elected member remuneration to recognise the increasing complexity of the role and enable a more diverse range of people to consider standing for election.</li> <li>That local government develops a mandatory professional development and support programme for elected members; and local and central government develop a shared executive professional development and secondment programme to achieve greater integration across the two sectors. <ul style="list-style-type: none"> <li>That central and local government: <ul style="list-style-type: none"> <li>a. support and enable councils to undertake regular health checks of their democratic performance</li> <li>b. develop guidance and mechanisms to support councils resolving complaints</li> </ul> </li> </ul> </li> </ul>	<p><b>Kāpiti Coast District Council submission</b></p> <ul style="list-style-type: none"> <li>We are strongly supportive of a move towards greater use of participatory and deliberative tools alongside other initiatives to strengthen representative democracy. While we welcome other methods of increasing public participation and engagement, we think that each Council should be able to decide on its own types of democratic processes with its communities to shape the focus and form of engagement, rather than it be prescribed by central government. For example, Councils could use multiple types of participatory and deliberative processes, such as citizens’ assembly at a local level or at a regional level, with sub-level citizens’ juries<sup>2</sup> providing input. More work needs to be done on how such processes would work and be funded.</li> <li>Greater civics education for a wider audience than just schools may increase community understanding of local government and foster greater civic participation. Local government itself could play a lead role in civic education but this needs to be resourced.</li> <li>We support the need for a more open and transparent sector that enables greater participation in local decision-making and opportunities to provide regular feedback, that builds relationships and trust with the community. A review of legislative provisions relating to engagement, consultation, and decision-making is needed but note the need to strike a balance between being too prescriptive around what councils are legislatively required to do, and how they do it, and ensuring there is enough flexibility for councils to engage with their communities on the issues that are meaningful to them, on their terms in a way that works for them and supports greater participation in local decision-making. We should also focus on closing the loop back to the community, so they understand how their input contributed to final decisions.</li> <li>Costly, formal consultation is not providing value for communities. In Kāpiti only 50% of people feel they are involved in decision-making despite our district following or exceeding required formal processes. Making it easier for Council to engage communities in decision-making processes rather than relying only on formal decision-making from Council alone, seems an obvious opportunity.</li> <li>The role of technology (including online voting) needs more consideration to enable stronger democracy and engagement in real time (e.g. live innovation).</li> <li>A common technology platform (independently administered from Council) could support those campaigning to be elected. It’s a way of reaching more people in a cost-effective way.</li> <li>New Zealand is (and is becoming increasingly so) a multicultural society which is important in terms of engagement and representing a diverse range of groups and needs in our communities (i.e. new Ministry for Disabled Peoples started on 1 July 2022).</li> <li>We need to look at what channels we use to inform, engage, and build trust with communities to ensure we remain relevant, and both contribute to and facilitate community conversations on topics of interest at a grassroots level.</li> <li>The Electoral Commission could administer local elections, dependent whether they have the capability and resources to do so effectively.</li> <li>We support streamlining and aligning voting processes noting that the STV voting method is currently used well in the Kāpiti District. We support reviewing the 3-year term (potentially moving to a 4-year term) and passed a noting motion agreeing that 16-year-olds should be able to vote.</li> <li>Elected and appointed member remuneration needs to be reviewed to reflect the actual demands of the role and this should include access to Kiwisaver and other benefits like other jobs. If remuneration is not attractive, it is less likely to attract quality candidates. Community Board member remuneration also needs to be revisited; especially given they are a vehicle for gaining social license. More professional development is needed for elected members (including Te Tiriti training).</li> <li>The cost of standing and cost of campaigns (compared to resources available for national elections) needs to be addressed. Currently those with funds have an advantage over those without, which means candidates may not represent or have support of the wider community at large. Not everyone can afford a campaign, so how can we make it easier for people to stand?</li> <li>Candidates also need more support to provide more information about themselves so the public can make better informed voting decisions about who might best represent them.</li> <li>Representation needs consideration, for example, the distinct and differing roles of mana whenua, iwi/ hapū, tangata whenua and maata waka organisations and the role of Māori Wards in enabling appropriate representation. There is a need to balance national guidance on Māori representation in local governance, while still allowing for local relationships and established mechanisms to continue.</li> <li>There should be clear expectations about which elected member roles are expected to be full-time and which are considered part- time roles. Providing more clarity about this may support candidates to step forward. They should also be appropriately remunerated for their expertise and time.</li> </ul>

<sup>2</sup> A citizens’ assembly is a random, demographically representative sampled group who are asked to ‘deliberate’ on particular issues, make collective/agreed recommendations on the particular issue that are made public and presented to the local authority. The authority is required to respond to these recommendations (OECD 2020) A citizens’ jury is a group of randomly selected citizens that meet over several days, acting as a microcosm of their community. They receive background information, hear expert witnesses and then make a considered ‘judgment’ and the local authority is required to respond to the report either by acting on it or by explaining why it disagrees (Source: DPMC).

	Panel Recommendations	Kāpiti Coast District Council submission
	<p>under their code of conduct and explore a specific option for local government to refer complaints to an independent investigation process, conducted and led by a national organisation</p> <p>c. subject to the findings of current relevant ombudsman’s investigations, assess whether the provisions of the Local Government Official Information and Meetings Act 1987, and how it is being applied, support high standards of openness and transparency.</p> <ul style="list-style-type: none"> <li>That central government retain the Māori wards and constituencies mechanism (subject to amendment in current policy processes) but consider additional options that provide for a Tiriti-based partnership at the council table.</li> </ul>	
<p>Theme 2: Authentic relationship with hapū/iwi/Māori</p>	<p><b>Tiriti-based partnership between Māori and local government (chapter 3)</b></p> <ul style="list-style-type: none"> <li>That central government leads an inclusive process to develop a new legislative framework for Tiriti-related provisions in the Local Government Act that drives a genuine partnership in the exercise of kāwanatanga and te tino rangatiratanga in a local context and explicitly recognises te ao Māori values and conceptions of wellbeing.</li> <li>That councils develop with hapū/iwi and significant Māori organisations within a local authority area, a partnership framework that complements existing co-governance arrangements by ensuring all groups in a council area are involved in local governance in a meaningful way.</li> <li>That central government introduces a statutory requirement for local government chief executives 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.</li> <li>That central government explores a stronger statutory requirement on councils to foster Māori capacity to participate in local government.</li> <li>That local government leads the development of coordinated organisational and workforce development plans to enhance the capability of local government to partner and engage with Māori.</li> <li>That central government provides a transitional fund to subsidise the cost of building both Māori and council capability and capacity for a Tiriti-based partnership in local governance.</li> </ul>	<ul style="list-style-type: none"> <li>We need a national conversation about what a Treaty-based democracy looks like.</li> <li>Consider how Treaty of Waitangi principles could inform how all-of-Government works together and engages with mana whenua, iwi/hapū and tangata whenua.</li> <li>Ensuring that co-design opportunities are funded to support iwi/hapū engagement from a local and central government perspective.</li> <li>Our partners will have thoughts about what types of governance work for them (e.g. some councils have a Treaty of Waitangi Committee with mana whenua representatives).</li> <li>Local government needs a framework (or frameworks) for Te Tiriti in local governance, that doesn’t undermine existing relationships or partnerships and supports all parties with greater clarity and guidance. A principles-based approach or handful of options would be useful.</li> <li>The focus should be on implementing legislation (that sets high level standards and is not overly prescriptive) that is given effect through local relationship frameworks (respecting their complexities and maturity).</li> <li>We support the need for Tiriti-based partnership capacity and capability-building within local government. Funding for this needs to be considered (which might lead to a different way of working, working more effectively with what we have or even working with central government). It needs to be built into the local government system so it’s not a one-off and is kept up to date.</li> <li>The way we think about engagement needs an overhaul: For example, should we have community board meetings on Marae? How can we ensure we hear from mana whenua, iwi/hapū and tangata whenua voices?</li> </ul>
<p>Theme 3: Roles and functions and a stronger focus on wellbeing</p>	<p><b>Allocating roles and functions in a way that enhances wellbeing (chapter 4)</b></p> <ul style="list-style-type: none"> <li>That central and local government note that the allocation of the roles and functions is not a binary decision between being delivered centrally or locally.</li> <li>That local and central government, in a Tiriti-consistent manner review the future allocations of roles and functions by applying the proposed approach, which includes three core principles: <ul style="list-style-type: none"> <li>the concept of subsidiarity;</li> <li>local government’s capacity to influence the conditions for wellbeing is recognized and supported;</li> <li>and te ao Māori values underpin decision-making.</li> </ul> </li> </ul> <p><b>Local government and champion and activator of wellbeing (chapter 5)</b></p> <ul style="list-style-type: none"> <li>That local government, in partnership with central government, explores funding and resources that enable and encourage councils to: <ul style="list-style-type: none"> <li>lead, facilitate, and support innovation and experimentation in achieving greater social, economic, cultural, and environmental wellbeing outcomes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>National, regional and district/local roles need to be clarified through updated legislation and funded appropriately. Local government is not just an agent of central government and opportunities for alignment in outcomes should be investigated where they exist between central and local government.</li> <li>There’s a clear opportunity for local government to be a facilitator and coordinator of local service provision that focuses on sustainable development.</li> <li>Local government should be the acknowledged lead for engagement with communities, in lieu of the current multi-layered and confused engagement offered by central and regional entities.</li> <li>Conditions: giving mandate to local government and communities to independently determine their priorities through local visions and plans seems an obvious means for ensuring national and regional thinking does not overpower local imperatives and needs. The mandate should be focused on describing the shifts and changes needed for the future to improve wellbeing for residents, via an evidence-based approach.</li> <li>Principles: should include local solutions to local problems, encourage communities to work together to problem solve; funding for local outcomes (not generic national or regional outcomes). The focus should be on understanding who is impacted and where/at place and national and regional direction should be shaped by local input rather than directing or restricting local actions.</li> <li>Councils already perform anchor institution and placemaking roles. We need an analysis of which roles and functions are most effectively delivered or facilitated locally and likely to benefit local communities, as well as who’s best to perform them and fund them (e.g. should local government take on more social housing, education and health roles like other countries? Should councils play more of a role in the sports and arts and local creativity? If so, how would funding and accountability work where there is alignment with central government? Local government must continue to play its role in emergency management as we know our communities best.</li> <li>What role can Community Boards play in planning for and supporting community wellbeing?</li> </ul>

	Panel Recommendations	Kāpiti Coast District Council submission
	<ul style="list-style-type: none"> <li>- build relational, partnering, innovation, and co-design capability and capacity across their whole organisation</li> <li>- embed social/progressive procurement and supplier diversity as standard practice in local government with nationally supported organisational infrastructure and capability and capacity building</li> <li>- review their levers and assets from an equity and wellbeing perspective and identify opportunities for strategic and transformational initiatives</li> <li>- take on the anchor institution role, initially through demonstration initiatives with targeted resources and peer support</li> <li>- share the learning and emerging practice from innovation and experimentation of their enhanced wellbeing role.</li> </ul>	<ul style="list-style-type: none"> <li>• Should councils take on some central government functions or regional functions that might be better delivered locally?</li> <li>• Council agrees with proposed principles for allocating roles and functions, but right now central government is reshaping our role through reform processes. In the future local communities should play a bigger role in shaping council functions/roles.</li> <li>• The Long-term Plan (LTP) could evolve to be the community's wellbeing plan that is driven by local communities and their vision for the future. This would require a revised approach to developing the LTP with a more holistic approach to wellbeing, which could include reviewing performance indicators and measures, and the engagement approach.</li> </ul>
<p>Theme 4: Relationship with Central Government and sustainable\equitable funding and finance</p>	<p><b>A stronger relationship between central government and local government (chapter 6)</b></p> <ul style="list-style-type: none"> <li>• That central government expands its regulatory impact statement assessments to include the impacts on local government; and that it undertakes an assessment of regulation currently in force that is likely to have significant future funding impacts for local government and makes funding provision to reflect the national public-good benefits that accrue from those regulations.</li> <li>• That central and local government agree on arrangements and mechanisms for them to co-invest to meet community wellbeing priorities, and that central government makes funding provisions accordingly.</li> </ul> <p><b>Funding and financing (chapter 8)</b></p> <ul style="list-style-type: none"> <li>• That central government develops an intergenerational fund for climate change, with the application of the fund requiring appropriate regional and local decision-making input</li> <li>• That central government reviews relevant legislation to: <ul style="list-style-type: none"> <li>- enable councils to introduce new funding mechanisms</li> <li>- retain rating as the principal mechanism for funding local government, while redesigning long-term planning and rating provisions to allow a more simplified and streamlined process.</li> </ul> </li> <li>• That central government agencies pay local government rates and charges on all properties.</li> </ul>	<ul style="list-style-type: none"> <li>• A joint strategic framework is needed across central, regional and local government to create a clear vision and better alignment between central and local-level outcomes, investment and governance that preserves importance of the local voice.</li> <li>• No new entity is needed between central and local government. The relationship should be good enough to work directly together and should consider how can work with existing entities in a different way rather than create more bureaucracy.</li> <li>• Central government generally tell local government what to do including removing local government functions without proper consultation – this type of relationship needs to change so local government is an equal partner.</li> <li>• Central government (including politicians) needs to be educated about local government and vice versa. Central government needs to come into our environment to hear it from the ground. Local government also needs to be fairly represented in regional and central government arenas.</li> <li>• In a joined-up system, rates and income taxes spent on joint outcomes need to tell the total cost and value for money story. Additional principles are suggested: citizen-centric, aligned plans/budgets, enabling not prescriptive legislation and total cost transparency.</li> <li>• An assessment is needed of what functions are best delivered locally, regionally and centrally before jumping to structural solutions.</li> <li>• Central government needs to more carefully consider impacts on local government when doing regulatory impact assessments.</li> <li>• Local government should be protected by constitution given that it currently only takes 50.1% of Parliamentary vote to abolish local government. The voting threshold should be increased to protect local democracy, and/or local government be given constitutional status in the Constitution Act 1986. Should there be a referendum rather than a vote in Parliament?</li> <li>• Local solutions to local problems or opportunities such as intergenerational wellbeing should be our priority. Rather than central government telling communities what they need to do – often in complex and impractical ways.</li> <li>• There isn't currently a formal relationship between elected members and central government Ministers. It largely depends on the elected member in question and different relationships and associations they have, for example, to a particular political party or local community group. There is opportunity to strengthen these relationships, where appropriate.</li> </ul> <ul style="list-style-type: none"> <li>• Council strongly supports co-investment to meet community needs and that central government makes funding provisions. Council supports vertical equity through the establishment of a simple and rapid model where central and local government, in partnership with iwi, commit to sustainably and equitably (as agreed by all parties), co-fund agreed sets of outcomes and objectives – included in any streamlined Long-term Plan and/or Annual Plan process.</li> <li>• At what point do we say ratepayers can't afford it - determine a ceiling for affordability and central government to support what's sustainable (e.g. Auckland floods, who's accountable, who pays to relocate from flood-prone land and how is retreat managed).</li> <li>• Council strongly supports identifying key priorities, such as climate change adaptation and mitigation, which can then be a focus for a funding mechanism via central government. Funds should be allocated by taking local and placed-based outcomes into account. The degree of urgency and the risk in short, medium and long term should be key criteria for allocation.</li> <li>• Central government funding (e.g., climate change fund) shouldn't mean that local government loses its local voice about how the funds should be spent. It should not be about central government taking over local government just because it provides funding. Appropriate accountability elements should accompany central funding, such as report back to Select Committees.</li> <li>• Local government should be funded to contribute to national and regional government goals – from the tax revenue, as central agencies are. Joint planning, budgeting and accountability of relevant entities via existing mechanisms driven by Treasury and State Services Commission could be used to join up central and local government (rather than establishing another whole entity). If an independent entity was established, it must be independent and not influenced/captured by central government alone.</li> <li>• Councils already have challenges with being asked to implement unfunded mandates, and the challenges of meeting all of our communities' needs through rating as the primary source of revenue have been well-documented. This emphasises the need for multiple revenue streams now local government functions and roles are being affected by reform.</li> <li>• Central Government needs to pay its way (rates on government property) and allow GST on rates to be reinvested by councils.</li> </ul>

	Panel Recommendations	Kāpiti Coast District Council submission
		<ul style="list-style-type: none"> <li>Assets, enablers and levers for change can be best utilized when there is clear alignment between inputs and the outcomes that we seek to achieve. A stronger accountability focus on funding for outcomes and delivering to outcomes is needed.</li> <li>We are concerned that encouraging the use of alternative funding mechanisms, outside of top ups from central government, will essentially be additional rates which just compounds affordability problem (e.g. not supportive of bed taxes, road congestion charges and cost of administering them on top of current rates and fees and charges) but acknowledge rates alone may not be sufficient so need other funding/business models.</li> <li>Cost of reforms (3 waters, RMA) should not be pushed down to ratepayers.</li> <li>Like idea of expanding the roading model (51% Central Government subsidy) being applied to other forms of infrastructure, however we need to compete for this funding.</li> </ul>
Theme 5: How the local government system works	<p><b>Designing the local government system to enable the change we need (chapter 9)</b></p> <ul style="list-style-type: none"> <li>That central and local government explore and agree to a new Tiriti-consistent structural and system design that will give effect to the design principles</li> <li>That local government, supported by central government, invests in a programme that identifies and implements the opportunities for greater shared services collaboration.</li> <li>That local government establishes a Local Government Digital Partnership to develop a digital transformation roadmap for local government</li> </ul> <p><b>System stewardship and support (Chapter 10)</b></p> <ul style="list-style-type: none"> <li>That central and local government considers the best model of stewardship and which entities are best placed to play system stewardship roles in a revised system of local government</li> </ul>	<ul style="list-style-type: none"> <li>Design models will need to enhance collaboration with central government while preserving the local voice and the need to retain 'local' in Local Government.</li> <li>Function before form – we need to consider what structure supports the future roles of local government, rather than attempt to introduce new structure (constantly) which are expensive, reduce productivity, and have not proven to be effective over time (example Auckland super city). We need to learn from these examples and make the best of the local and central model which has existed and supported New Zealand communities for a century or more.</li> <li>Opportunity should be given to greater use of the unitary model, which would create more targeted opportunity for District Councils to work together in a more meaningful way.</li> <li>Design principles should include leveraging off what already exists, identifying challenges and targeting simple (not complex) system redesign. Communities generally know what they need, let them lead the way.</li> <li>Central government can intervene in council decision-making, replacing Councilors with Commissioners or other oversight mechanisms. While scrutiny and accountability are important, should central government perform this role? Independence around the choice of interventions needed is an important role that local communities could play.</li> <li>The Local Government Commission role could be expanded to investigate complaints and operate in a similar way to the Commissioner for the Environment model.</li> <li>The Department of Internal Affairs provides little oversight or guidance to local government, and there is a case to provide Taituarā / Local Government New Zealand with stronger independent powers regarding stewardship. There is opportunity to look at funding centralized development and training of staff, so that the burden of cost for this element of operations is not borne by ratepayers.</li> <li>A Future Generations Commission could be created to sit across all of Government that local government would work closely with.</li> </ul> <ul style="list-style-type: none"> <li>System stewardship could be improved without requiring structural change and instead focus on changing how existing entities currently perform their roles. Form should follow function, rather than be an end unto itself.</li> <li>System stewardship must be acknowledged as a co-owned construct, and the roles of all players must be set out. It must be informed by each player, not someone who has a particular end point in mind.</li> <li>Te Tiriti needs to be embedded into legislation if it is something that we want to embrace in a stewardship sense. Although there are obligations set by the Treaty, a large component of existing legislation misses the mark on setting accountable expectations around this.</li> <li>Local government could identify further opportunities to introduce and align shared services and a Local Government Digital Partnership could be established.</li> <li>It would also be good for local government to be prepared for and ready to influence the design of new technologies that could significantly impact our local communities and how we live in the future, for example, the predicted impact of artificial intelligence.</li> </ul>

## **Attachment 3: Specific examples from Kāpiti**

### **Theme 1: Strengthened local democracy** (Chapters 2 and 7)

#### **Increased participation in decision-making**

In Kāpiti, we use a range of methods to give our citizens a voice in key decisions – directly and indirectly. Staff and elected members are aware of the many barriers to participation that are inherent in the way local government is designed and operates and the bias this potentially places on the views and opinions of individuals and groups well placed to navigate the system. We work hard to create an inclusive environment for participation.

In Kāpiti, Community Board representatives do not have voting rights at Council, but they do have voting rights on some committees/subcommittees. We think Community Boards can play a bigger role in increasing participation in decision-making if they are supported to do so.

Councillors hold open fora (not subject to standing orders) ahead of their meetings; members of the public have the option to participate in public speaking time within meetings via zoom or the phone as well as attending the meeting in person.

We have significant engagement, formally and informally, with representatives of demographic communities of interest and the business community via our advisory bodies and other networks; and use a range of in person, digital and more traditional print channels to inform and seek feedback from our citizens to inform key decisions. Our staff and elected members are actively engaged in communities every day.

We feel we go well beyond the minimum requirements expected of us, yet we know there is much more we should do as our community reminds us through the Resident's Opinion Survey, which shows we need to lift trust and participation in levels of decision-making. We share the panel's view that legislative requirements including the Special Consultative Procedure set the bar far too low and need to be overhauled to enable the shift towards increased participation. Unhelpfully, they create an environment that can at times result in more emphasis on the quantity of feedback than the quality or substance of the feedback. It can be time-consuming, costly, and with low participation rates.

#### **Civics education**

In election year we collaborate with other councils in the Wellington region on an education and information campaign to encourage candidacy and voter turnout. We see an opportunity for a similar co-ordinated approach to broader civics education – planning and development at a national or regional level, customised and implemented at a local level.

We believe this kind of approach would drive more consistency (both in terms of content and regularity of effort), reduce duplication and enable smaller councils with fewer resources to tap into the work of others. It could be as simple as having a sample programme and toolkit of resources maintained by a national stewardship body, or more involved, such as a collaboration between local government, central government and iwi to design and implement a programme across multiple touch points (i.e. school curriculums, vocational training programmes).

## **Representative democracy**

The panel indicated that it wasn't convinced there was a systemic problem with the process related to setting representation arrangements (noting its view that such proposals should still be locally driven).

Both council officers and elected members put significant weight on the guidance documentation provided by the LGC and the ongoing advice of LGC staff when we completed a representation review in 2021. The LGC was helpful for us at all points through the process of exploring options and developing initial and final proposals, but by its nature the scope of its advice was limited by the role prescribed for them, and us, in legislation.

We believe there is scope for the Commission to play a broader and more proactive role in providing independent advice to councils as they are designing the process for their review and exploring different representation options.

If STV was adopted across the board, the LGC would be well placed to offer stronger advice about what types of representation arrangements are well aligned to this type of voting system. We recognise all of this would require increased capacity and capability within the Commission.

A fundamental point we think must be considered is whether the current settings in the Local Electoral Act will deliver representation arrangements that enable the strengthened local democracy envisaged by the panel. Technically prescriptive and restrictive formulas and requirements, and a core consultation process heavily weighted towards hearing and responding to the views of people who know how to navigate the existing systems, does not create an ideal environment for innovation. In our view, a reset of the rule book is a must.

## **Theme 2: Authentic relationship with mana whenua, hapū/iwi and tangata whenua** (Chapter 3)

### **Legislative framework**

In Kāpiti, we have Te Whakaminenga o Kāpiti, a long-standing partnership between Council and the three mana whenua iwi of the district - one of the longest standing agreements in the motu. We found in recent years our approach to partnership failed to keep pace with the changing expectations around true partnership. We are now putting significant time and effort into strengthening our partnerships and would welcome legislative change that supports this. If this legislative change were to cement local government formally as a Te Tiriti partner, it would create a shared responsibility and significant anchor for the ongoing partnership between central and local government that we believe must be recognised and supported by central government.

In Kāpiti, the Council on behalf of its three iwi chose not to establish a Māori Ward. The three iwi partners urged Council to instead focus first on strengthening its partnerships with mana whenua. Council resolved to reconsider the issue of a Māori Ward prior to the next election and in the meantime has worked on how to create opportunities for mana whenua to have a stronger voice in decision-making. This is reflected in the governance structure for this triennium, with a seat for each of the three iwi at Council, our major standing committee and subcommittees – with voting rights where this is possible.

Māori Wards and a voice for mana whenua in decision making are not mutually exclusive, and in fact, having a Māori Ward that functions like any other Ward, is a distinct democratic feature that may differ from the purpose and function of a specific voice for mana whenua. We support having a legislative framework for both.

### Capability and capacity

In Kāpiti, we are already making small but meaningful steps to build the capability of staff and elected members, and in recent years have significantly increased the level of funding available to support iwi capacity to be involved in the work of council. This was a nearly five-fold increase in the budget in this current LTP period and we expect the funding required for this will continue to increase significantly as we continue to strengthen our work together. We strongly feel this is an area where central government could be making a greater funding contribution.

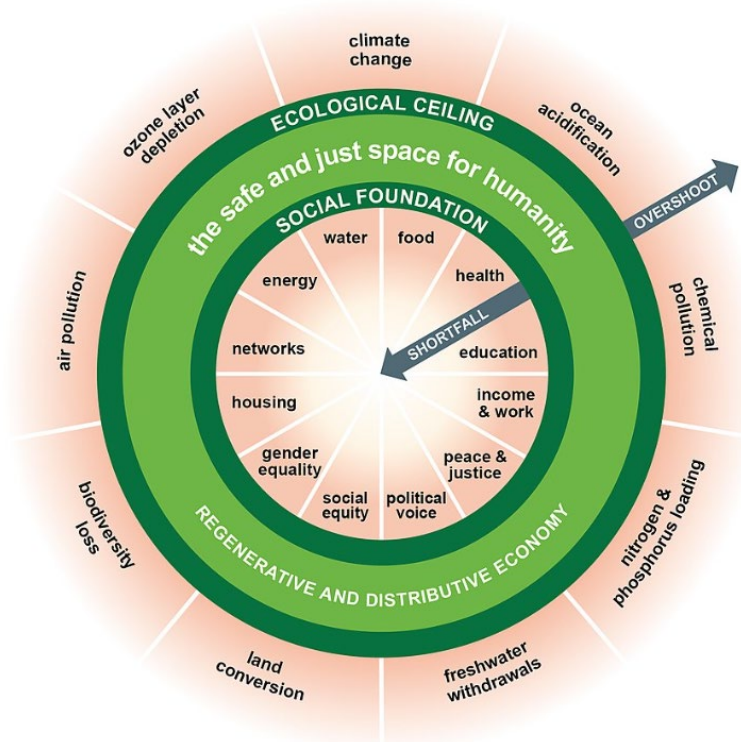
### Theme 3: Roles, functions and a stronger focus on wellbeing (Chapters 4 and 5)

#### Roles and functions

Currently, Kāpiti Coast District Council is strengthening its role in climate adaptation, mitigation, and emergency response. We also facilitate and support work in communities related to economic development, regulation, housing, and district planning. Outside of this we provide general parks and recreation services and infrastructure related to roading and the three waters. More broadly we are already working with communities on visioning, outcomes, and community led solutions. If council is to take on additional or expanded roles, for example in the areas of safety, health, education and training then these will need to be funded.

#### Defining local government's role in wellbeing

The Kāpiti Coast District Council is beginning to focus on the value of the Doughnut Economic Model to better articulate a cohesive view of local government's role in wellbeing:



We are focusing efforts to align measurement between local, regional and national outcomes in the four wellbeing domains. We are investigating planetary accounting approaches to better report

against ecological and environmental impacts and seeking Treasury and Office of the Auditor-General advice on how collective thinking may evolve in this space over the next couple of years.

### **Local government's role in emergency management**

The report suggests opportunities for common systems and greater standardisation across local government, in both back office corporate functions and business customer-facing systems, as well as in emergency management. While the report is not necessarily suggesting centralisation, it is suggesting standardisation and common systems.

While there may be some benefits in common systems, it should not detract from the need to keep emergency management offices being run out of councils. At a local level, councils have the relationships, knowledge and ability to quickly respond including mobilising a volunteer workforce. However, the combined impact of other reforms on Council means that water staff (for example that may have played a major role in an Emergency Operations Centre (EOC)), will no longer be working for council. Should Government's current 3-Waters plans continue, further work will be required to understand the role and capacity of the new entities, for example Water Entity C, in servicing emergency response; and how they will coordinate their working relationship with EOC and be accountable for their elected member responses. We strongly advocate that Council continue to stand up EOCs which may or may not require standardised systems given unique characteristics of each location in any given event.

### **How regionalisation affects our role and functions**

The Kāpiti Coast District Council currently participates in regional groups and networks within the wider Wellington Region but we also have a strong history of engaging across the Western corridor of the North Island, due to the proximity and relevance of shared issues. Flexibility in working across and with key parties has been critical to successful joint ventures, such as progressing economic development initiatives and to support growth.

### **Council as an anchor institution and placemaker**

To an extent, we already act as an anchor in our community, but there is room to grow this role. Our council demonstrated this anchor role throughout COVID lockdowns in 2020, supporting community welfare and ensuring our most vulnerable were fed. Councils need to remain agile to respond to and prepare communities for the types of challenges they face, and we need to keep our mandated roles while also facilitating and enabling change through others. In terms of placemaking, we have council service centres co-located with libraries but there is potential to co-locate with other types of services and improve cultural/social connection through place.

## **Theme 4: Relationship with Central Government and funding (Chapters 6 and 8)**

### **Joint outcomes and investment**

In Kāpiti, parts of Council work closely with parts of central government, especially where there are joint or complimentary outcomes or objectives. For example, in Council's Economic Development Group there are effective working relationship with MBIE, Ministry of Tourism, Ministry of Housing and Kainga Ora, Ministry of Primary Industries. These relationships support increased alignment towards achieving common objectives or outcomes and in some cases, they are associated with access to funding for the local community. There is opportunity to grow our relationships and connections with central government.

### **The impact of central government policy/legislation on local government**

The Kāpiti Coast District Council currently submits on opportunities to comment on legislative and policy change but often finds that feedback is not considered, or if it has been considered, there is no



feedback loop back to council or local communities about how our input was considered or used to shape future direction.

More recently change has progressed at such a rapid pace that it feels like a local voice or opinion is not valued and there have been preconceived agendas at play.

### **Sustainable funding**

In more recent times Kāpiti Coast District Council, along with local government counterparts, has fielded a range of extended and ill-sequenced change from health to RMA reforms. Whilst a small financial contribution has been extended from central government via 'Better off Funding' and the Infrastructure Acceleration Fund, it has not fully covered the burden of increased work required by local government.

The Kāpiti Coast District Council is not consulted on regulatory impact statements. Central government does not currently share its priorities or challenges in engaging communities with local government in a meaningful way. For example, Kainga Ora recently announced intentions to build 100 new homes in one area of our district but has not considered the wider community impacts related to availability or pressure placed on schools, shops, roading or infrastructure. A more holistic approach is encouraged, whereby the focus is not just on housing developments but also on how housing developments can be sustainable positive solutions for those that need housing as much as those that are affected in a local community by such developments. This requires better coordination within and across central government agencies and with local government and affected community before plans are developed for such developments.

### **Central government regulatory impact statements for local government**

Council strongly supports this recommendation to best ensure that unfunded mandates to local government cease. As identified in the report, this must give effect to dialogue with local government regards what solutions and/or innovative approaches could best achieve outcomes without imposing unfunded cost burdens on the sector. Whole-of-life costs should be fully considered and included (i.e. direct costs as well as indirect costs such as corporate overheads).

Requiring central government to complete regulatory impact statement assessments is one of many potential solutions that need to be in place.

### **Reliance on central government funding**

During 2021/22, Kāpiti Coast District Council received \$7.9million funding from central government which was 7.4% of our total operating income and \$12.8million in 2020/21 from central government which was 12.8% of total income for that period. Additional income in 2020/21 from Department of Internal Affairs, MBIE and Ministry of Culture and Heritage related to specific one-off projects and initiatives, so the "steady state" income comes back to Waka Kotahi roading at approximately \$5million per annum.

It is possible, as there is increasing pressure on rates (cost of living and inflation), that our reliance on central government funding could increase in future years.

### **Funding sources**

Council strongly supports a legislative review to enable councils to introduce new funding mechanisms, in particular a simplified model for value capture that is fair and equitable.

Council agrees with the sentiment of the report regarding rates, that they are a blunt tool that disregards ratepayers' ability to pay which potentially captures economic buoyancy through political will and/or drivers. The Local Government (Rating) Act 2002 is considered sufficient to enable a simple

rate-setting process that's fair and equitable to each community, however, we support an overhaul of the current long term planning process and costs and shifting this to a four-year cycle.

Kāpiti Coast District Council's rates funding model is based on balancing the three levers of rates, debt and capital spending that determine the levels of service we can offer the community. Other factors to consider alongside this model are how best to treat the cost of intergenerational impacts, and how best to ensure equitable distribution of core services across the population (whilst acknowledging that not all in the community partake of such services). Further to this, there is increasing pressure to consider how council can support sustainable living options (renewable energy and solar power) for the local community and how these types of changes can be funded.

The Kāpiti Coast District Council is exploring opportunities to introduce Council Controlled Organisation (CCOs) or other investment structures to enable access to additional revenue streams. Securing future funding to ensure local service provision is particularly important in light of the multitude of reforms that are now transforming local government's role.

### **Allocating central government funding to meet community priorities**

The Kāpiti Coast District Council is currently undertaking an assessment of central government priorities and funding streams to identify opportunities and synergies for working more closely together on targeted work areas. We are also already engaged in regeneration work with iwi and the Ministry for Primary Industries to source start-up funding to progress shared outcomes in this space.

## **Theme 5: How the local government system works** (Chapters 9 and 10)

### **Principles for system design**

The Kāpiti Coast District Council is introducing a systems-focus for its engagement with communities. We think it's important to not only think about the system of government and how that works; but to extend the focus towards the systems that operate at community level and who's involved in that. More often than not, it includes iwi, residents, business, and some elements of central government.

### **Structure**

Council itself has five local community boards (so partly example one in the panel's report).

The future system design needs to strike a balance between centralism and localism. Establishing a single regional authority (example one) may not work well for other areas that don't currently work together in a joined-up way regionally. In Kāpiti, we would anticipate being part of the Wellington Region but would still want to retain the ability to work separately with both Porirua City Council and Horowhenua District Council as our neighbouring councils. It is unclear how that would be possible if local or community boards did not have adequate delegations for decision making.

Example two, which mostly closely reflects our current arrangements in the Wellington region, allows for more flexibility in role allocation between the local and regional levels - which might best allow for local delivery of services that directly impact community wellbeing, while also providing efficiencies from shared services at a regional level.

Example three in the draft report (9.6) could potentially deliver an opportunity for common systems and greater standardisation across the sector, in both back-office corporate functions and business customer facing systems as detailed in the report, but there remains the risk of losing the local voice in a combined system. Any changes to the system need to include inbuilt provisions to regularly review and assess effectiveness of the whole system overtime.

**Working with others**

Council has strong relationships with other councils in the Wellington Region including Porirua City Council and as far north as Horowhenua District Council. We would want to be confident that there was enough flexibility in any legislative provisions about democratic processes that enable us to partner with whomever we need to, to deliver the best outcomes for our community. We would want to put in place a mechanism that enables regular sharing of information and opportunities to work together.