

# **He mata whāriki, he matawhānui**

## **Future for Local Government draft report**

A briefing for our members.

December 2022



leadinglearninglinking

The independent Panel conducting the Review of the Future for Local Government has released its draft report [He mata whāriki, he matawhānui](#) (28 October 2022), which outlines the need for a community-focussed, citizen centred local governance system for Aotearoa that puts wellbeing outcomes at the centre of everything councils do.

The report develops the key findings set out in the Panel's Interim report [Ārewa ake te Kaupapa](#) and is a provocation, not a 'draft' of the final report. Alongside draft recommendations it asks several questions about the future local governance system that members need to consider and provide feedback on between now and February 2023.

This briefing has been prepared to assist you and your council to contribute to the Taituarā submission and February 2023 regional engagements; and help you develop your own Council submission on the report.

We need to lean into the challenge:

*"Ora - people thriving in place - is mission critical for both central and local government, because everyone doing well matters. We have a burning platform for change. The local governance system is not fit for purpose. The size and scale of the challenges facing our communities, central, and local government mean we must think and act differently, as one system. Anything less will be a disservice to the communities of Aotearoa New Zealand."*

Taituarā President, Sanchia Jacobs

28 October 2022

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## What do you need to do?

It is important to note that this is the Panel's report and is not a draft of its final recommendations to the Minister. Along with draft recommendations it asks several questions. The Panel will be engaging widely on the report including regional hui with councils prior to Christmas and there will be further events in the New Year.

The submission period for the draft report is open until 28 February 2023. We strongly encourage you and your council to engage with this opportunity.

**TIP:** At this stage there isn't a concrete comprehensive proposal for the future for local government. You therefore do not need to consult your community on the Panel's report. However, you should ensure your council is familiar with its content and take the opportunity to shape the Panel's thinking by submitting during the consultation period (to **28 February 2023**). You may wish to consider what you know about your communities' views in responding.

This is important given the Government is pressing ahead with other local government reforms (Three Waters, RMA) and for many councils these changes will affect their sustainability and ability to serve their communities into the future. For all councils the world is rapidly changing, system performance has been an issue, and the challenges to local wellbeing (from climate change to poverty and equity) are beyond the ability of any one entity to solve. So, if your council was a little underwhelmed by the report don't let this put them off submitting further.

A key area to focus on would be the central / local government partnership and the opportunity for structural reform.

We would also like you (as the professional staff in local government) to join us at our regional hui in February to help us shape the Taituarā submission. You can also access our previous [submission](#) and [overview](#).

## Chapter 1: Thriving local government is vital for Aotearoa New Zealand – the key underpinnings

**Local Governance:** When the Panel talks of local governance it means:

*the system by which communities are governed – in essence, who makes decisions, how they are made, and who the decision-makers are accountable to. In any place or community, local governance can involve many decision-makers including central government, local authorities, hapū/iwi and Māori organisations, business and community organisations, and others.<sup>1</sup>*

The Panel also notes the connections between places and people and wellbeing.

**TIP:** It may be useful to emphasise that the review focuses on **local governance** especially to new members and staff (i.e., that local government is one participant).

When examining the recommendations this wider focus might be lost on some readers. It is important to consider the wider system, particularly the range of players, values, mindsets, and assumptions that underpin it as well as the structure, partnerships, policies, practices and resources. Small tweaks to local government are unlikely to be sufficient to meet the challenges ahead.

**Wellbeing and the purpose of local government:** The Panel supports the current purpose of local government and envisions a future where wellbeing is put at the centre of everything councils do. The report emphasises that this requires innovation and collaboration and change.

**TIP:** Wellbeing was at the heart of many council submissions (and the Taituarā submission) to the Panel:

*"... true shift in intergenerational wellbeing requires a whole-of-system approach that:*

- creates the conditions for all people and places to thrive*
- is collaborative and long term*
- recognises, grows, and strengthens what is already in place and is working*
- shares power, expertise, evidence (of all kinds), and learns*
- solves problems preferably before they happen*
- is transparent and accountable".<sup>2</sup>*

Wellbeing is also the focus of the Productivity Commission's inquiry ["A Fair Chance for All"](#).

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<sup>1</sup> P. 32, Draft report

<sup>2</sup> Taituarā (2022), People Thriving in Place – Because Everybody Doing Well Matters: A Submission to the Future for Local Government Panel, page 29.

In the latter there is a strong emphasis on the need for an integrated and system-wide approach to tackling issues over the long term. It also emphasises the need to measure performance based on outcomes not (just) outputs, a point also made in our submission to the Panel. Our submission to the Productivity Commission notes the need for a single framework for thinking and acting to promote wellbeing.

How to achieve long term – intergenerational – wellbeing through an integrated strategic approach at place is a critical question us to answer.

**Five key shifts:** The Panel signalled five key shifts<sup>3</sup> in local governance (strengthened local democracy; authentic relationships with hapū/iwi and Māori; a focus on wellbeing; genuine partnership between central and local government; and more equitable funding) in its Interim report [Ārewa ake te Kaupapa](#). These shifts continue to underpin the Draft report and later chapters and recommendations outline more detail about what will be required to make these shifts.

**TIP:** As the five shifts underpin the chapters and recommendations in the report. You may wish to revisit these shifts with your elected members and staff, particularly if you have experienced change around the council table.

Taken together, this chapter emphasises that change is necessary to the local government (governance) system, roles, structures, legislation and processes and frames the remainder of the report.

## Chapter 2: Revitalising citizen-led democracy

This chapter focuses on how rejuvenating community participation in decision-making in local government promotes a healthier, more innovative local democracy, increases trust and connection, and improves services.

It draws on several examples of deliberative and participatory democracy, noting that the LGA doesn't prevent their use but that it should be reviewed to include community engagement principles and provide a general direction to include the use of more deliberative decision-making and participatory mechanisms.

There is also a specific recommendation 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", with the text of the report referring to this as a joint central and local government exercise (which sounds more appropriate).

While the use of technology is picked up later in the report, this chapter also recommends greater use of digital tools and technology to enable engagement and participation,

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<sup>3</sup> Page 36, Draft Report

including good quality engagement with Māori but notes the need for non-digital ways of engagement given accessibility issues. The Panel emphasises the need for collaboration and sharing of technical expertise. There is a statement that digital communication and engagement processes (and ICT systems) across local government should be standardised.

This chapter also recommends wider use of tikanga in council meetings, protocols and engagement practices and within council systems (which includes its staff), with an obligation on chief executives to promote the incorporation of tikanga in these systems.

The report also asks, “What might we do more of to increase community understanding about the role of local government, and therefore lead to greater civic participation?”

**TIP:** Using a range of participatory democracy approaches enables councils to gain deeper insight into community preferences through working alongside community members when making key community decisions. For those that have limited experience, the report contains examples of deliberative and participative decision making (as does our own [submission](#)) and Taituarā are exploring practical tools for the sector to use.

Many councils are already incorporating local tikanga or on the journey towards this. The expression of local tikanga may be more challenging for some councils. Some discussion of your mana whenua and mātāwaka relationships and circumstances may be useful in considering these recommendations.

Civic participation:

Alongside the opportunities that participatory and deliberative democracy provide, local government has called for civics education in schools to increase understanding about the role of local government. This may be more relevant if the voting age is lowered (as is suggested by the Panel).

The things that matter most to people locally cover many activities and issues that are the responsibility of local government. There is also a view that local government needs to be better at telling its story – how it is contributing to thriving communities.

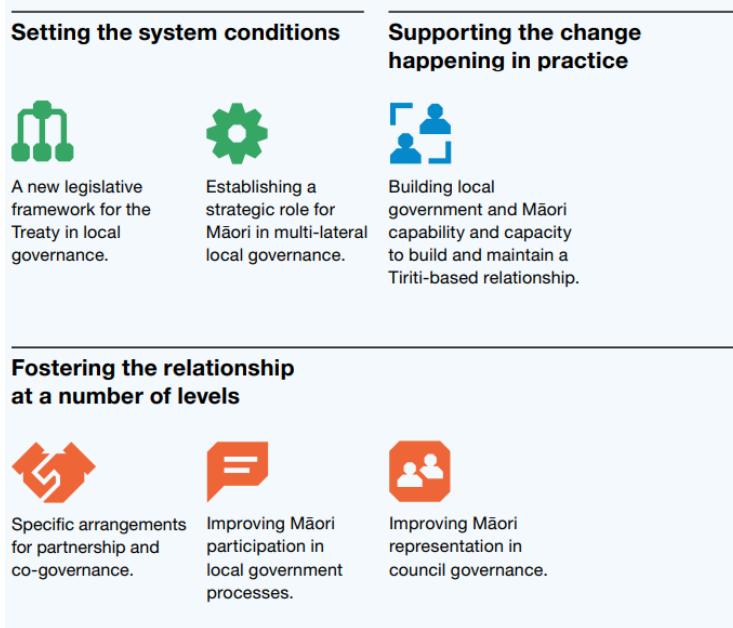
The size and complexity of local government also affects civic participation (e.g. negatively for larger and more urban areas).

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

This chapter sets out a framework for achieving a Tiriti-based partnership between Māori and local government with six interconnected areas:



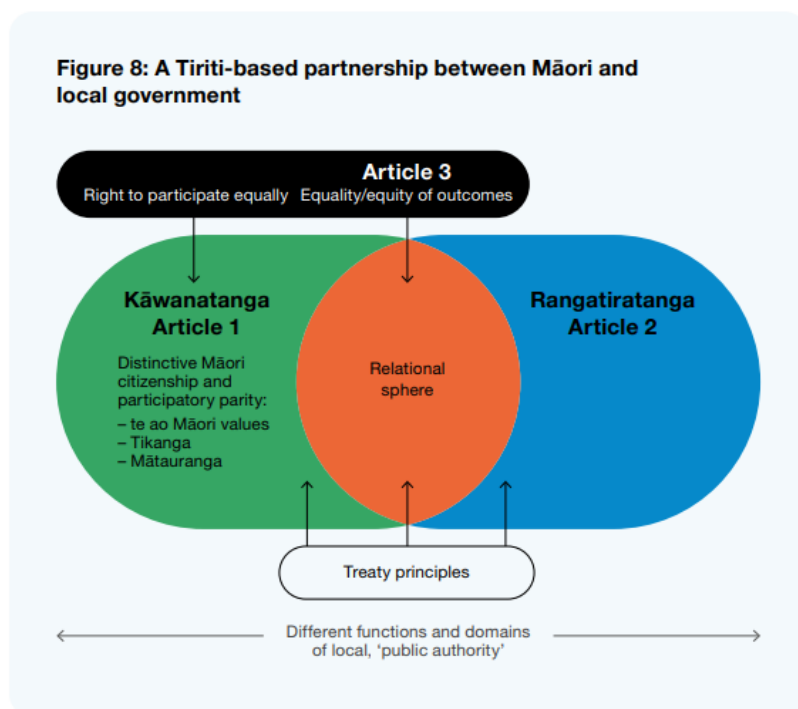
**Figure 9: A new legislative framework for Te Tiriti in local governance**



The Panel acknowledges that a national conversation about the place of Te Tiriti in the constitution of Aotearoa New Zealand should occur while noting that the need for a more “substantive relationship that ensures local government is doing its part to fulfil the promise of te Tiriti”<sup>4</sup>.

This does not imply that local government’s obligations are the same as the Crown’s Tiriti obligations. But given local government exercises functions delegated from the Crown, there

are significant, place-based relationships between councils and hapū/iwi, marae, and other Māori organisations, the Panel considers Te Tiriti is already an influence and that the relational sphere model or framework described below is relevant to the desired future state of the relationship between Māori and local government.



In placing te ao Māori values, tikanga, and mātauranga Māori inside the kāwanatanga sphere (inside local government and the system of local governance), the Panel notes that this may reduce the need for separate or shared decision-making arrangement in the other spheres.

Or perhaps more simply - a less binary “us” and “them” approach; a council that belongs to everybody and works for

<sup>4</sup> P. 82, Draft Report



everybody, with Māori inside and councils including Māori people, tikanga, and values in their decision-making.

The chapter discusses options for a general or specific requirement in the LGA about Te Tiriti or Te Tiriti based principles for local governance. Principles could include referencing Te Ao Māori values, Māori wellbeing concepts, and the need to involve Māori and mātauranga Māori in decision-making and service design. Overall, the Panel does not favour a general “give effect to” Te Tiriti clause and recommends a future “legislative reform programme” develop revised Tiriti-related provisions in discussion with Māori, local government, and central government agencies.

The Panel welcomes feedback including how would accountability work – noting that the courts substituting their view would not be appropriate in many cases.

Existing legislated partnership arrangements between Māori and local government would be maintained with the gaps filled based on local conditions, circumstances, and pre-existing arrangements. A requirement for comprehensive, integrated ‘partnership frameworks’ for this gap filling is proposed, that once negotiated could only be varied with the agreement of all parties.

There is a presumption for Māori appointees to committees with full voting rights (a theme that is echoed in later chapters with a mixed representation model for councils).

In addition (or potentially as part of the above committee process) Māori would be involved early in Long Term Plan processes – before council decisions).

Capacity and capability are to be enhanced by a duty on Chief Executives, a stronger statutory requirement on councils to foster Māori capacity to participate in local government and coordinated organisational and workforce development plans.

Given the significant changes ahead in resource management transformational funding is going to be required for transformational change. The Panel helpfully recommends central government provides funding for both Māori and council capability and capacity building across the system.

**TIP:** As the Panel notes local context and practice in the Te Tiriti partnership area is varied. This will affect individual councils and their ability to engage with and respond to this section of the report.

Page 86 of the report gives the Panel’s definition of co-governance and how they see it enriching the local governance system. This might be useful material for council discussions more generally.

Any statutory requirements should be explored and developed with councils (not just a central government exercise) and should come with appropriate guidance.

A nationwide process, potentially using participatory and deliberative processes such as a citizen’s assembly outlined in the report, could de-politicise and advance deliberation on a Tiriti-based partnership between Māori and local government (or constitutional issues more

broadly). It would need to be sufficiently resourced, informed, open and transparent. There may be other processes your council would prefer. For example, later in this briefing we refer to the potential of a Royal Commission to move forward with the functional and structural foundation of future councils.

Central government funding for capability and capacity building will be necessary for transformative change.

Taituarā has advocated for a joint central and local government workforce plan.

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

This chapter acknowledges that the roles and functions of local government are changing, for example three waters and resource management (with a tendency towards regionalisation and centralisation). It also discusses the large range of functions that have been devolved from central government with limited rationale and often no funding and a lack of clarity and complexity – for example in the areas of climate change and waste management.

It does not propose specific roles and functions but instead proposes a framework that could be used for the allocation of them. Three core principles are proposed:

- A. The allocation of roles and functions should recognise that local government has significant ability to influence and create conditions for wellbeing in their communities.
- B. The starting point for allocating roles and functions should be at the level of government closest to the affected communities – reflecting the principle called subsidiarity.
- C. The process for allocating of roles and functions should be underpinned by te ao Māori values.

“It is not about a binary allocation – local or central – but rather how the design, accountability, influence and delivery could sit across many actors, with subsidiarity being a key principle.”

It is worth noting that the many actors include central and local government, iwi/hapū/Māori, community etc. and that each could have different roles (planning through to commissioning, delivery and monitoring).

The framework starts from “local first”.

**Figure 11: Framework to guide the allocation of roles and functions**



With departure from the local first approach justified when roles and functions:

- can be done at scale in the interests of community (efficiency, equity, capability etc)
- require access to ongoing skills that cannot be provided for locally (capability)
- have large risks and liabilities that cannot be effectively managed or insured at the local level
- have national-level agreement on outcomes and/or a lack of appetite for local variation
- have a need for equality and consistency of service delivery.

This does not mean that local voice, local aspirations should be lost but rather than be responsible for delivery that there may be more of a role for local in the design, commissioning, or targeting of the service or function.

The Panel recommends that local and central government should conduct a review together using the framework above.

Some functions and roles are singled out for specific discussion:

- housing and urban development (more local)
- economic development (local)
- public health
- waste management (regional)
- climate change mitigation and adaptation (regional)
- transport (regional)

- building consenting (regional)
- other regulatory functions (animal control, sale of alcohol) (potentially more central but to be assessed for local service delivery).

Libraries are mentioned in the context of scaling up and shared services.

The above list is however not cast in stone but an initial view of opportunities for change.

The Panel would like feedback on what process should be created to allocate roles and functions, the conditions required to avoid confusion and unnecessary uncertainty and any additional principles.

**TIP:** When considering additional principles or how they would be interpreted you may wish to consider whether they support place making, wellbeing, partnership and Te Ao Māori. This could include equity, social inclusion, participation in democracy and decision making, maximising local input, devolution e.g. of decision making to communities, enabling collective action.

Your council could run through the current functions and functions it wishes to have against the principles (including any the council considers are missing). Not that aspects of functions and activities can sit with different parties. E.g. animal control could have national registration with services delivered locally or sub regionally.

It is worth noting that building consenting is currently under review with the potential for more regional or centralisation, alongside the regionalisation of planning and pan regional three waters planning and delivery.

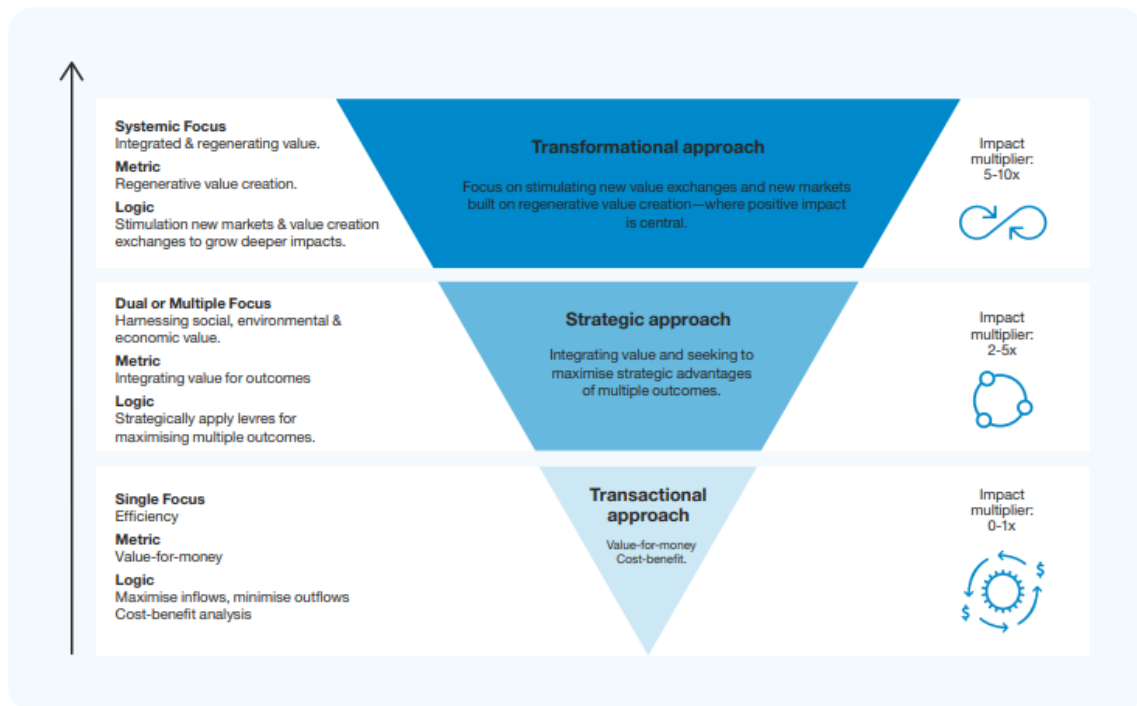
Post the review, a process to determine the allocation of functions and activities could be led by a Royal Commission (such as in the Auckland case) or some other independent body that could examine national as well as regional and local context and come up with allocations and bespoke arrangements where this is desirable.

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

As a champion of wellbeing this chapter focuses on moving from transactional approaches to transformational ones. It uses an analogy most councils will be familiar with – libraries. Moving from a place that lends books to an anchor institution in the community – a community hub.

There are other examples from the sector for example councils enabling health provision.

**Figure 13: The transformational approach**

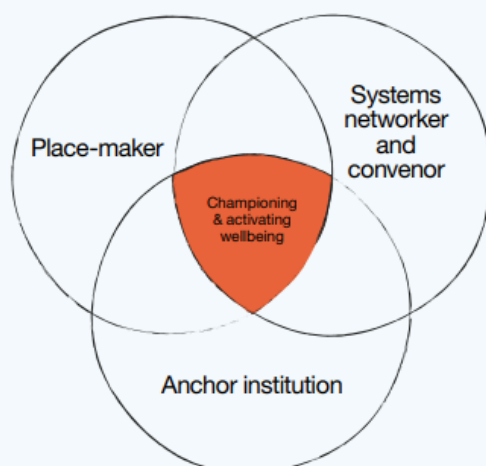


Source: The Southern Initiative.

This chapter describes the role of councils as:

- an anchor institution (working with others to improve local wellbeing through collective impact; key examples given include using social procurement, workforce development, place based investment, community infrastructure and facilities)
- a systems networker and convenor (place based leadership, innovating to meet local needs, across organisations, sectors, cultures and communities)
- a place-maker (strengthening connections, reflecting diversity, creating a sense of belonging, connecting communities, good design, encouraging community action).

**Figure 14: Council roles for wellbeing**



Adapted from the Southern Initiative, 2022.

All three arms require a relational approach, which is already evident in many councils. Common features of the relational approach are outlined on page 131 of the draft report.

The Panel notes that such an approach is resource intensive and there is room to build councils' organisational capability and capacity.

The recommendation - that local government, in partnership with central government, should explore funding and resources to enable innovation, experimentation, increased organisational capability and capacity etc - should be read with the next chapter (a stronger relationship between central and local government). This material needs a whole of system approach.

**TIP:** If this chapter is a bit too theoretical for your council, you may wish to pose questions such as:

How are we championing the wellbeing of our people?

How are we creating and fostering the conditions for communities to use their own strengths and reach their potential?

How do we move from thinking about ourselves as the deliverer of services to focusing on achieving multiple wellbeing outcomes? What are we doing now (that is not a direct service provision)?

What stops us?

What aspects of the relational approach are already happening?

What are the barriers?

It may be useful to combine discussion of this chapter with the next one on the central / local government relationship for a whole of system approach to wellbeing.

The three roles articulated by the Panel resonate with the Taituarā [submission](#). For example, "Council and Māori play the anchor role bringing people and information together – making sure that opportunities, issues, and needs are well articulated, so that everyone can have their say where and when they want to, and that a wide range of community voices are heard." You may find some useful information in the submission to help guide your conversation.

What skills and capabilities would your council need to make the shift? NB capabilities is discussed in chapter 11 of the draft report too.

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

There is a considerable intersection and interdependence between central and local government. There are many examples where central and local government do work in partnership with communities to achieve outcomes, but this is not the norm.

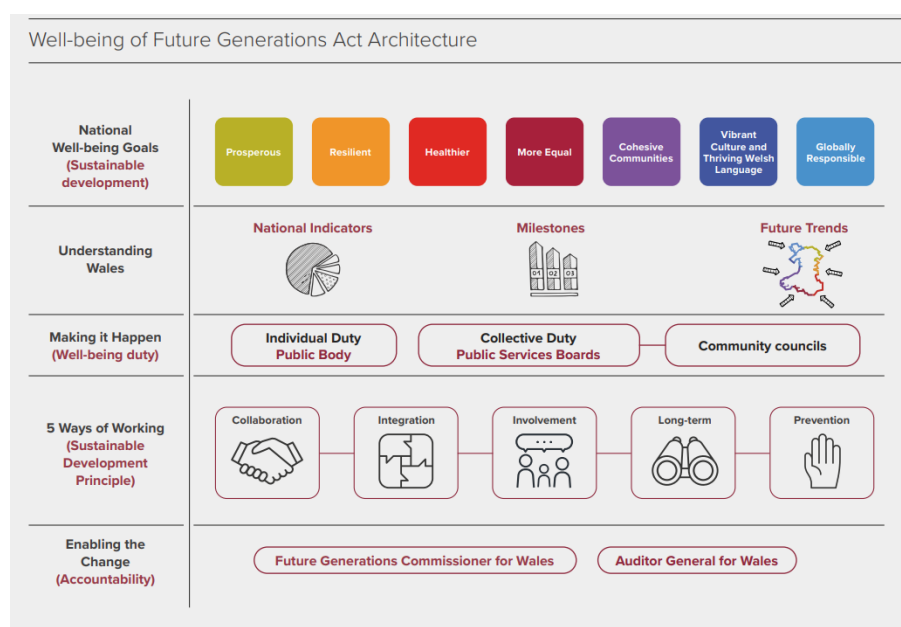
The upshot of this chapter is that the relationship is fundamentally broken and requires a reset.

The Panel proposes co-investment in joint outcomes for wellbeing, with measurement of progress towards those outcomes (with Māori and community). This would include:

- “a shared, agreed strategy between collaborating partners
- a governance approach with shared accountability
- collaborative people working together, supported by effective leadership
- investment in capability and culture to create a shared culture that reflects the partner organisation cultures
- business processes that support collaboration and interdependence
- decision-making that is transparent and works for all partners.”

The Panel proposes principles for an interdependent system with a regional format (that retains the ability for local/territorial level priorities and the ability to work across regions). Citizens drive the priority setting and hapū/iwi and significant Māori organisations are represented at the heart of the interdependent system. Other key elements are also outlined.

Different models (at place and to deliver national requirements with local input) are provided to stimulate thinking. These include Place Based Initiatives, Social Sector Trials, Urban Growth Partnerships – all of which have been implemented in Aotearoa New Zealand with varying degrees of success – and the UK and Australian City Deals and the Welsh model – referred to in the Taituarā [submission](#) as a potential way forward – and described below.



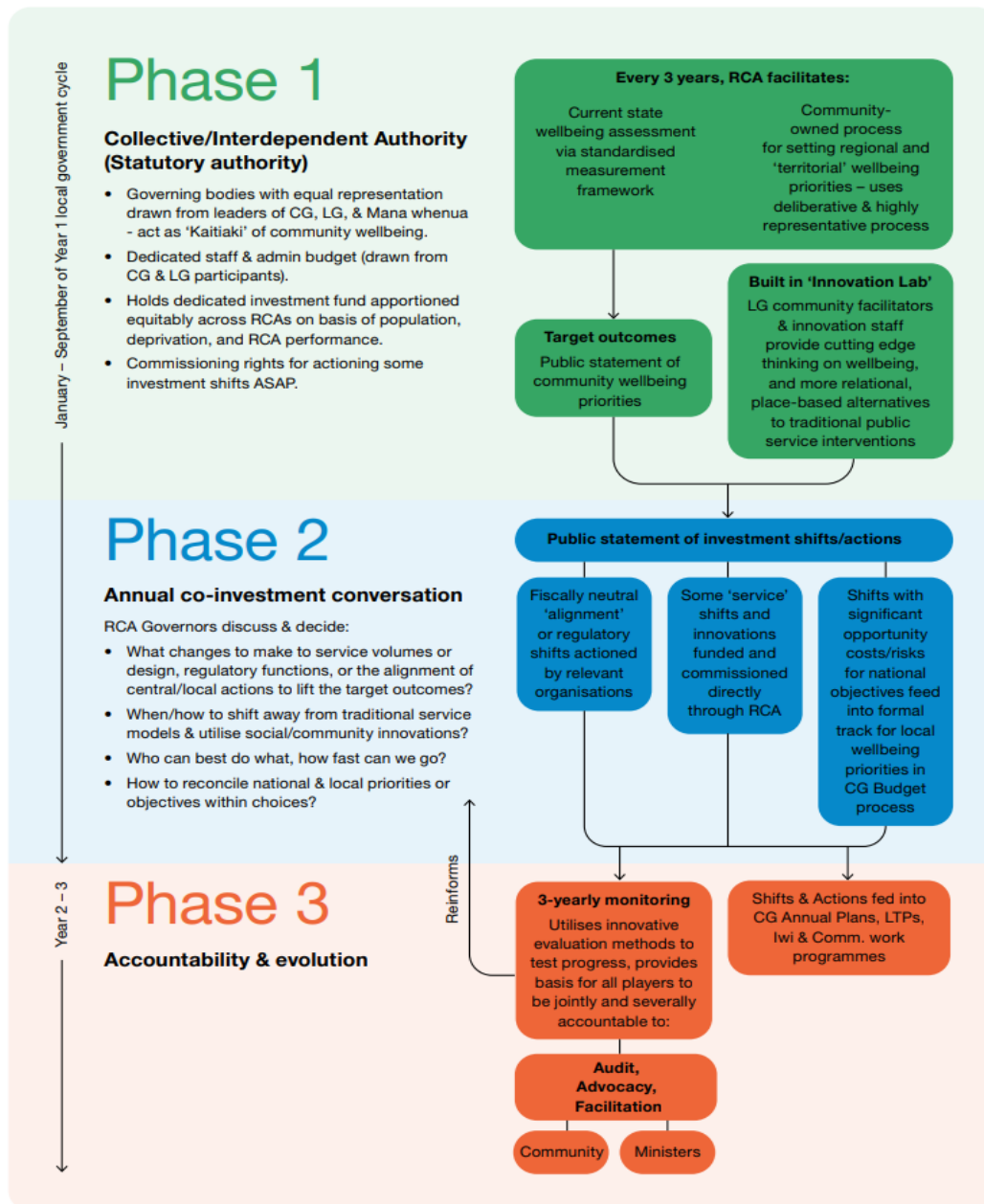
<https://gov.wales/sites/default/files/publications/2021-10/well-being-future-generations-wales-act-2015-the-essentials-2021.pdf>

The Panel then outlines a collective investment model between central and local government that has its own devolved funding and staff, that develops regional and local wellbeing priorities using a deliberative and participative process. This would lead to a statement of



actions and investment to achieve those priorities that feed into plans and programmes which is monitored (3 yearly). The model outline is as follows:

**Figure 20: A collective/interdependent model**



The Panel is seeking views on how to rewire the system of central and local government relationships and develop a shared vision and co-investment in local outcomes. They specifically ask:

"what are:

- the conditions for success and the barriers that are preventing strong relationships?
- 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? These options should recognise the contribution of hapū/iwi rangatiratanga, kaitiakitanga, and other roles.”

Some may be disappointed that there are not firmer recommendations on the way forward. However, there is clearly an opportunity for the sector to advocate for what needs to occur.

It is important that feedback is given as this area is the key to achieving wellbeing for communities.

**TIP:** The central / local relationship is one of the key areas to focus on to really change the system and achievement of wellbeing.

**There is an obvious need for an agreed wellbeing plan** – an integrated strategic plan for wellbeing that sets out at place the objectives to be achieved, outlines the steps to be taken, by whom and by when and shapes the funding required to deliver. In our submission we referred to it as the Community Wellbeing Plan.

A question you may like to consider is – how should or could this be put into practice?

These plans could be supported by a greater empowerment of the Public Sector Regional Commissioners, including devolution of decision making, backed up by an accountability mechanism. The key would be not to duplicate what is already working but to build on it with the Regional Leads.

We thought the Welsh model could be modified for Aotearoa / New Zealand to provide the framework for these plans, a consistent set of shared values and ways of working and provide a degree of bi-partisan support that could survive successive governments and achieve a consistent overall policy direction.

This approach would fit with a variety of structural models.

There is also an opportunity to integrate statements of community outcomes and statements of regional environmental outcomes, regional spatial strategies (under RM Reform), locality plans (Health Reform), regional leadership group “plans” etc. at place. This would provide a whole of governance response to community needs and aspirations and potentially supplant community outcomes in the LGA or enable community derived outcomes to be included in LTPs.

In addition to the Panel’s questions, you might like to consider:

- What would be an appropriate “regional” scale for you to have wellbeing conversations (and on what issues)?
- Would it look like the current regional boundaries for local government, central government or perhaps it would be aligned iwi/hapū rohe?

You may wish to look at the recent [Social Sector Commissioning Action Plan \(2022-28\) and reform](#) and the seven social sector commissioning principles for further information.

## Chapter 7: Replenishing and building on representative democracy

The Panel makes a number of recommendations to enhance representation (and diversity) and electoral processes, including consideration of direct representation for mana whenua (or Māori organisations), changes to the electoral term (4 years), better remuneration and training and support for elected members, and new models for governance.

The Panel also raises the potential (and a preference) for introducing capability-based appointments with full voting rights, suggesting an option that could see additional (up to 50% of the number of elected members) council members being appointed (e.g. 10 elected and 5 appointed).

The Panel recommends that the administration of local elections should be conducted by the Electoral Commission and the resolution of barriers to effective online voting. It supports STV to promote greater diversity and lowering the voting age to 16.

The Panel notes the current investigations by the ombudsman into the use of workshops, briefings etc. and the volume and nature of LGOIAM requests and subject to the Ombudsman’s finding recommends that central government consider whether the provisions of LGOIMA and the way it is being applied achieves its purpose.

The Panel asks whether the Local Government Commission should play a more (pro)active role in leading (or advising) council representation reviews.

The Panel also recommends stopping the requirement to advertise the role of the CEO at the end of each fixed term. Shared Executive development between central and local government and secondments are also recommended to achieve better integration.

**TIP:** Your council will no doubt have its own views on the content of this section.

The more controversial part is likely to be the inclusion of capability-based members. There is precedent for this with many committees having independent members and in Canterbury with the mixed-model governance structure of seven elected and up to six appointed councillors for Environment Canterbury for the 2016-2019 local government term. Capability based membership may enable central government to commit to co-investment more easily. NB presence of a central government representative on Regional Planning Committees for

Regional Spatial Plans is meant to enable the government's priorities for a region (and future investment) to be agreed.

Direct Māori representation is a contentious issue in Aotearoa New Zealand and for some if not many councils the appointment of mana whenua / Māori organisations will also be a challenging conversation. The Panel asks:

"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?"

Again, there is precedent for this proposal - Ngāi Tahu representation (with voting rights) on the Canterbury Regional Council was enabled this election under a Local Act. Rotorua is also seeking their own bespoke arrangements for mana whenua representation on Council and it, and other councils have mana whenua appointments to committees (with voting rights across a range of delegated matters).

Originally the Royal Commission on Auckland Governance recommended three dedicated Māori seats - two elected by those on the Māori roll, and one appointed by mana whenua. Instead, the Independent Māori Statutory Board model was adopted.

Taituarā does not have a position on these matters. The Panel's question is complex and has been the subject of Cabinet consideration previously (2018). The arguments for and against this type of representation are well rehearsed. From "one person, one vote" and proportionality to ensuring a voice (potentially as part of a right of self-determination) for mana whenua and Māori as citizens with a right to share in governance. There may be questions about recognising mātāwaka.

Where possible professional staff will no doubt encourage conversations with mana whenua to occur. This could be timely given RM reform. Your council may wish to raise questions, concerns or opportunities rather than express a definitive view or process. Asking the right questions is, after all, the hallmark of effective policy. One size won't fit all. What would a good process look like? Who should conduct it? What would a solid foundation for developing local solutions look like?

NB. There is precedent for the use of a Royal Commission (into the Electoral System and for Auckland council). Findings and recommendations are not binding upon any party, including the Government.

On other matters, the Supreme Court has recently decided that the current voting laws (age 18) are inconsistent with the Bill of Rights Act. Politicians are due to debate the age soon as part of the review of electoral law prior to the 2026 General Election.

On the management aspects of these recommendations, Taituarā is likely to support changes to Chief Executive appointments and has proactively advocated for a joined-up workforce and workforce planning and training.

## Chapter 8: Building an equitable, sustainable funding and financing system

This chapter concludes that the current funding system is not sufficient for the future. It is disjointed and little effort is made to ensure the resources of local and central government are applied to best effect to local wellbeing priorities. There are significant affordability issues.

Key recommendations include:

- Retention and simplification of the rating system
- Central/local co-investment in public goods (with certainty of funding and local choice to invest in priorities).
  - One source for an initial fund could be the GST collected on rates @NZ\$1 billion (per annum).
  - Potential for fiscal equalisation – recognising local context, demographics, deprivation, geography and equity
- A large national climate change adaptation and mitigation fund that is spent using regional and local input.
- An end to unfunded mandates
- Some new (small scale) funding tools (consistent with previous Productivity Commission recommendations – road user charges, bed taxes/visitor levies, value capture, revenue bonds, volumetric charging etc).

There is also a recommendation to simplify the Long-Term Plan (LTP) process, including the performance framework (which will have to change as a result of three waters anyway) to focus on outcomes and reduced audit scope). The Panel recommends the Crown should pay rates and charges on all properties. Local GST is not ruled out, but local income tax is. Changes to LIMS (which are already in train) are supported.

The Panel also recommend that central government expands its regulatory impact statement assessments to include the impacts on local government and reviews current regulation and invests in its delivery to reflect the national public-good elements.

The Panel proposes five principles to guide the development of revenue system design:

- Workable
- Fair
- Sustainable
- Incentivised
- Nationally consistent

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

**TIP:** There is not a lot of new information in the chapter and most of the recommendations have already been supported by local government and other parties. One area not picked up is allowing Council tenants access to income-related rental subsidies.

Some thought could be given to the co-investment principles and the method for setting priorities and commitments (such as a strategic Wellbeing Plan and implementation agreement). Co-investment for wellbeing is covered earlier in the report but is an important aspect of any future funding system.

## **Chapter 9: Designing the local government system to enable the change we need (structure of local government)**

This chapter concludes that the current structure is not fit for the future due to changes ahead in three waters, resource management, current duplication, capacity and capability challenges – particularly for smaller councils, lack of collaboration, funding constraints and future cost escalation, and the complexity of the operating environment.

While the Panel does not propose a specific structure for the future it proposes five interconnected design principles, underpinned by Te Tiriti consistency:

1. Local
2. Subsidiarity (allocation to the lowest level of government possible)
3. Resourced (people, funding etc)
4. Partnership (flexibility to partner, collaborate etc to achieve community outcomes)
5. Economies of scope (like activities and resources together)

Three models are tested against these principles to illustrate how they could apply in practise:

- One (unitary) council for the region supported by local or community boards
- Local and regional councils with separate governance (potentially with local or community boards) – potential for a number of district council functions are carried out at the regional level (e.g. building consenting); Mayor elected at large for both levels
- Local councils and a combined council with shared representation (similar to Greater Manchester Combined Authority) - combined council has regional functions, backbone support to local councils, membership from each council with a Mayor elected at large.

While these are not final models, the Panel wants feedback on them. It also notes that “A one-size-fits-all approach to roles, functions, and governance arrangements is unlikely to meet the needs of all communities” and welcomes feedback on the best way to enable it and whether more than one organisational form is feasible or desirable.

This chapter also addresses the need for greater collaboration and shared services, with a particular emphasis on common systems, standardisation and capability. The Panel is particularly interested in progressing a joined up digital partnership.

There is also mention in this chapter of a unified public service, with capability building across local government and between local government and central government.

**TIP:** Structural reform is likely to be one of the big issues that will make a difference, particularly considering the challenges ahead (not least of which is a system stretched to breaking point). Changes in structure should be considered in light of the other significant reforms (resource management and three waters).

Unlike the other models mentioned, the combined authority model for regional collaboration has no parallel in New Zealand. It enables councils to combine resources to address cross-boundary issues without requiring them to undergo amalgamation. There are some similarities between this model and the proposed Regional Planning Committees under the Resource Management reforms.

The proposed models need not constrain thinking (they are presented as models that are consistent with the proposed principles) and they need not be applied uniformly across the country.

Are there other design principles that are important to your council and community?

Are there other models that meet the design principles?

What doesn't need to wait for structural reform? E.g. agreeing local priorities and regional outcomes, developing solutions, planning for delivery....

Are there other councils in your area that you could work with to design a future model that suits your communities?

What process needs to be used to advance structural reform? Consider the likelihood of consensus given vested interests in the detail and who needs to be involved. Options such as an independent commission could be used.

Taituarā will be getting advice on the Greater Manchester Combined Authority model and its applicability to Aotearoa New Zealand. We will also be running a shared services event so councils can learn from each other. We have also been strong advocates for a unified public service, joint workforce planning and training. This could be happening now.

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

This chapter focuses on overcoming a lack of system stewardship and recommends that central government, local government and hapū/iwi need to jointly develop a model to ensure all actors are working towards the same outcomes for communities.

The Panel recommends a nationally coordinated stewardship function that:

- ensures coordination and coherence across central government – convening multiple agencies to resolve strategic / cross cutting issues - as well as between “tiers” of local government
- prioritises strategic issues



- ensures timely advice
- sets standards
- proactively monitors and review the system to ensure it is fit for purpose.

The Panel floats the Local Government Commission performing an independent role and an independent Māori Advisory role at the system level.

There is specific commentary about the roles of Taituarā and LGNZ – i.e. that they are well placed to play a greater role. We will be discussing the structural (membership body) points made with the Panel in the future.

**TIP:** A nationally co-ordinated view of system performance is needed. This supports a whole of governance / government (both central and local) approach to wellbeing and a strong partnership.

Taituarā recommended that there be joint oversight of the system, its performance (and the performance of the local and central government partnership), capability and the resourcing used to achieve outcomes and joint programmes to respond to existing needs and opportunities.

We also recommended an accountability framework similar in form to that of the Parliamentary Commission for the Environment or the office of the Future Generations Commissioner for Wales charged with oversight of whole-of-government performance vis a vis its collective responsibilities and contributions to improving wellbeing. We also saw an Office for Local Government sitting alongside the Public Service Commission with monitoring and reporting roles. These suggestions might usefully stimulate discussion within your council.

System stewardship by Māori has precedent. See for example Te Aka Whai Ora (the Māori Health Authority) and the proposed resource management entity.

## Chapter 11: The pathway forward

The Panel emphasises the cultural shifts that need to occur – mindsets, behaviours and practices for the transition and for the future (leadership and relational capabilities, te ao Māori, empowering people in place, developing an equity and wellbeing mindset, culture of learning) and the need for a strong process for change and reform.

You may also wish to consider the things the Panel has not addressed such the constitutional status of local government.



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