

Submissions summary report



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Acknowledgements

This report summarises the feedback we received on our Draft Report, *He mata whāriki, he matawhānui*, between October 2022 and February 2023. The draft report aimed to provoke debate on the future for local government to help us shape our final report. The submissions we received informed our final recommendations and were greatly appreciated.

We are aware that during this consultation period the local government sector faced major climate events as well as a significant reform programme and want to thank them for their ongoing engagement. Their insights have been extremely valuable as we ask how local government can change to better face the challenges of the future.

We acknowledge the commitment and passion demonstrated by submitters and thank them for engaging with our work.

Jim Palmer (Chair), Penny Hulse, Antoine Coffin, Gael Surgenor, Brendan Boyle

Future for Local Government Review Panel

Submissions Process

Submissions we received

We received 14,111 submissions through several channels:

- 583 submitters used our online portal
- we received 13,525 submissions through our public information email address
 - the vast majority (13,443) of the submissions through our public information email address were form submissions
- two councils affected by Cyclone Gabrielle chose to submit via Zoom conversation with Panel members
- we received one handwritten submission.

In acknowledgement of significant civil defence emergencies, we offered those councils most affected flexibility in making their submissions.

Who we heard from

We received 13,951 submissions from individuals, 65 submissions from Councils, and 95 submissions from other organisations. Many of these organisations represent large memberships, some in excess of 10,000.

How we considered submissions

The draft report posed questions and made recommendations across 11 chapters. The report reflected the five key shifts we identified as necessary to the future of local government:

- strengthened local democracy
- authentic relationships with hapū/iwi and Māori
- a focus on wellbeing
- genuine partnership between central and local government
- more equitable funding.

It also looked at issues of system design and stewardship.

The draft report was a wide-ranging discussion document intended to explore opinions on local government – it was not intended to be read as a draft of our final report. Submitters were invited to share their views via our online submissions portal. The portal walked users through the draft report and asked for feedback on recommendations and questions, as well as the broader content of each chapter. We also received written submissions outside our portal. These submissions were structured in various ways, reflecting the interests and priorities of their authors.

We received submissions from organisations and individuals, including over 13,000 individuals who submitted versions of a form submission initiated by an advocacy group. These form submissions largely reiterated similar views. We considered the different ideas presented across all submissions but were compelled more by arguments and evidence rather than numbers. We acknowledge the quality and depth of thinking in many submissions that brought new ideas and approaches. In light of this we have not focused on statistical summaries but instead highlighted the most common themes that emerged from submissions.

Submissions received on the draft report were considered alongside other evidence as we shaped our final report. We have considered the recommendations of our final report in light of the themes and feedback that emerged from submissions.

Published submissions can be viewed at

https://submissions.futureforlocalgovernment.govt.nz/have-your-say/submissions-to-the-review-into-the-future-for/consultation/published_select_respondent

Other engagement and commissioned work

This submissions process was the final phase of a wide engagement programme that we undertook throughout the life of the Review. We detail this further in our [Engagement summary: Getting to the draft report](#).

Previous consultation and engagement included:

- the Get Vocal in your Local campaign gathered 4,807 responses
- three series of meetings with councils around the country
- conversations with democracy and governance experts from New Zealand and overseas
- meetings with hapū and iwi representatives and Pacific leaders
- hui with our Business Reference Group and Māori Thought Leaders Rōpū
- engagement with public sector and local government leaders, including chief science advisors
- public webinars
- representative community workshops
- presentation and feedback opportunities at local government sector conferences.

We also commissioned research from experts relating to key issues that shaped the Review's thinking. Many of these reports are included as part of our [Technical Report](#).

Response to our draft report

We heard from submitters a strong desire for change to the local government system. Many agreed that the current system is no longer fit for purpose. How that change might look and who should lead it is where submissions differed.

We received many calls for bold, transformational change. Submitters told us that communities and councils are facing many challenges. They described a system under pressure from many directions. However, the scale of the challenge did not deter submitters' desire for a new approach. We also heard a strong call to keep the 'local' in local government.

Threaded through many submissions was a lack of trust in democratic institutions. Much of this appeared fuelled by misunderstanding of the role of councils. Submitters also described poor communication between local government, communities, central government, and beyond.

Largely, submissions confirmed the need to review local government and design a system that delivers for future generations.

Embedding local government's purpose and wellbeing focus

Our draft report invited submitters to consider the role of local government in supporting community wellbeing. There was strong support from many councils and community organisations for wellbeing as a focus of local government. Many stressed the need for funding from central government to deliver this. Some submissions presented concerns that this could come at the detriment of other functions and preferred local government to prioritise traditional council services, such as infrastructure delivery and community facilities provision. Below, we detail what we heard from submitters about wellbeing.

Putting wellbeing at the core of council's purpose

Submitters had diverse views on what wellbeing means for them, reflecting that wellbeing looks different for different people, whānau, communities, and environments. It was suggested that consultation is needed for each community to determine what wellbeing means for them.

Submitters who supported local government taking on a greater wellbeing role saw opportunity for councils to work as facilitator and place-maker, partnering with other local wellbeing actors and central government to influence local wellbeing. These submitters highlighted that councils' proximity to communities and understanding of local needs means they are well placed to go beyond a centrally led 'one size fits all' model, and instead facilitate local solutions to local problems. Some submitters emphasised that councils, in particular regional councils, have a vital role as environmental steward/kaitiaki for local whenua and waterways.

Some councils emphasised that they are already working as a systems networker/convenor, place-maker and/or anchor institution, but it was broadly acknowledged there is opportunity for councils to strengthen and expand these roles.

Submitters who were against councils taking on a greater wellbeing role had concerns about funding, whether councils realistically have the time, capacity/capability or skills base to do this, and that a greater focus on wellbeing might come at the expense of councils doing what is traditionally seen to be their core services (ie, infrastructure delivery and community facilities provision). There were also concerns around accountability, noting that it is difficult to measure and evaluate wellbeing outcomes.

Ongoing, sustainable funding is vital to support councils' greater wellbeing role

Funding was the biggest and most consistent concern across submissions. Councils consistently pointed to funding (both lack of funding and competitive funding models) as a significant barrier to fully embracing their wellbeing role. They noted that in the current context of limited funding and under-resourced councils, wellbeing projects and workstreams are often the first thing to be cut from council budgets.

Submitters highlighted that adequate funding, stronger partnership with central government and co-investment will be vital to enable councils to take on a greater wellbeing role. This includes funding and resources that enable councils to innovate, experiment and build their capacity/capability. Many submitters emphasised the need for ongoing, sustainable funding from central government, not just transitional funding.

Some councils felt that wellbeing activities can be time- and resource-intensive, and they will need resourcing and support to build the necessary capacity, capability, and skillsets within councils.

Those against councils taking on a greater wellbeing role had concerns about funding implications for their traditional core services.

Infrastructure and service provision is a key part of wellbeing

Many submitters emphasised that physical infrastructure is a key part of wellbeing, and that the provision of infrastructure and community facilities are a vital part of what councils do to influence community wellbeing. Other submitters highlighted the environmental aspect of wellbeing, with a focus on climate change and community resilience to natural disasters.

Councils working as anchor institutions (social procurement)

Council submissions supported social procurement as a way of delivering on wellbeing purpose. Some councils saw it as a way for councils to take a 'local businesses first' approach, grow local economies and improve local employment. Some councils noted they are already doing this, and there is opportunity for knowledge-sharing across councils. There was support for a national approach to be implemented across local government.

Submitters noted social procurement requires significant capability, again highlighting the importance of councils being adequately resourced and funded to build their capability, capacity, and skillsets to work effectively as an anchor institution.

There were some concerns shared by submitters about transparency and accountability, councils' current capacity and capability to undertake this, and the cost implications.

Councils working as systems networker/convenor

We received submissions from local wellbeing partners from across the community and voluntary sector (NGOs and community groups), hapū/iwi, libraries, private sector, and health sector, who expressed a desire to partner with their local councils more effectively to achieve wellbeing outcomes. These submitters recognised councils are well placed to understand local needs and identify gaps in service provision, and to bring together community leaders and groups, funders, and service providers to facilitate local solutions.

Submitters also highlighted that iwi are providers of welfare and wellbeing on a daily basis, and councils can be most effective as a convenor by building on what iwi and community groups are already doing.

Changes are needed to enable councils to champion wellbeing

Submitters were asked "what changes would support councils to utilise their existing assets, enablers, and levers to generate more local wellbeing?". Submitters identified a number of changes that are needed to enable councils to take on a greater wellbeing role, including sustainable funding, clear legislative mandate to undertake a wellbeing role, more guidance and support for councils, and a strong relationship between central and local government.

Some submitters suggested new ideas, like councils engaging with communities to develop more localised place-based plans, and a national network or centre of excellence that brings together community groups/leaders and central and local government.

Some submitters from the local government sector suggested that legislative change is needed to strengthen local government's constitutional status and help provide certainty to the sector on local government's wellbeing purpose. LGNZ suggested the Panel consider entrenchment as a way to protect local government's purpose, roles, functions or structure from changes via simple majority.

Our response

Our final report recommendations on wellbeing included the following.

1. Entrench the purpose of local government, as set out in the Local Government Act 2002, to embed intergenerational wellbeing and local democracy at the heart of local government.
2. Introduce statutory provisions to reinforce and give effect to the purpose of local government in the Local Government Act 2002, by:
 - councils setting wellbeing goals and priorities each term, in conjunction with community and hapū/iwi and Māori
 - central and local government committing to align wellbeing priorities and agree place-based investment plans.

When writing our draft report, we did not make specific recommendations around wellbeing, wanting to offer submitters wide scope to provide feedback. Submitters told us that the local government sector wanted certainty about its purpose and protection from constant change. We concluded that a stronger constitutional status for local government was required. In response we are recommending the purpose of local government – intergenerational wellbeing and local democracy – be entrenched in the Local Government Act. In addition, we are recommending the introduction of statutory provisions to reinforce and give effect to the purpose of local government to place wellbeing at the centre of planning and priorities. We believe these recommendations will provide the clarity sought by the sector and other submitters.

We are supportive of the benefits social procurement confers. Social procurement practices are designed to leverage councils' purchasing power to achieve social, environmental, cultural, and economic outcomes. Some submitters were concerned about the financial implications of such policies, but we note that the underlying principle of social procurement is additional value for communities and such processes will still involve invitations to tender. We believe that the use of social procurement will assist in developing thriving and resilient communities.

We acknowledge funding as a significant barrier to councils embracing a greater role in supporting wellbeing. To initially support councils in operationalising their wellbeing purpose, we have recommended a funding transfer (further outlined in the Increasing funding section of this report).

Growing authentic Te Tiriti-based partnerships

One of the most significant areas of interest for many submitters was Te Tiriti-based partnerships in local government. Overall, there was strong support for our draft report's recommendations on this subject from hapū, iwi, Māori, councils, and the broader local government sector. However, this was met with opposition to the notion of co-governance and the relevance of Te Tiriti o Waitangi and the Treaty of Waitangi from many submitters outside of those mentioned above. As a Panel, we are committed to upholding Te Tiriti o Waitangi.

Many councils, hapū/iwi, and Māori were enthusiastic about the recommendations of the draft report. These submitters highlighted the opportunities our recommendations could bring to build Tiriti-based partnerships and design a local government system truly reflective of Te Tiriti. However, they acknowledged a number of barriers to achieving this.

Councils, hapū, and iwi told us that genuine relationships were an essential foundation on which to build a local government system reflective of and responsive to Te Tiriti, as is mutual understanding, respect, and trust. However, this would not necessarily be achieved through legislation and compliance but requires strong leadership and relational approaches. They sought national guidance, with the flexibility to co-design their own paths at a local level, with central government acting as enabler rather than leader.

Resourcing, whether that be funding or workforce capability and capacity of both local government and Māori, was a common theme through many submissions. Submitters told us that success was dependent on sufficient resources to support the journey of councils and hapū/iwi, and many looked to central government to enable this.

We heard from many submitters that our final recommendations on Te Tiriti and the Māori–local government relationship more broadly should form a package and the topics raised are greatly interrelated.

Council submissions presented mixed views as to their status in regard to the Treaty of Waitangi and were seeking clarification on the role of local government in relation to the Crown's obligations.

This chapter details the key themes that emerged from submissions discussing Te Tiriti-based partnerships.

Building governance relationships

Councils, hapū, iwi, and community groups were supportive of efforts to foster Tiriti-based governance partnerships in local government.

There was caution from some submitters that co-governance and related ideas were the subject of much confusion and political debate across the country. They suggested that a national conversation may be needed first, to bring all New Zealanders 'on the journey'. This national conversation could touch on the place of Te Tiriti in the constitution. Feedback reflected a spectrum of views, from those enthusiastic to 'reset the system' to those who were more reluctant. Some councils were uncertain of where and how to lead their community in this conversation.

Many submitters in favour also expressed the desire for joint leadership between hapū/iwi and councils, rather than initiatives led by central government. There were recommendations for a co-design process led by Māori and local government with central government taking an enabling role. There was desire for the guidance and consistency national frameworks could offer, but some felt that too much standardisation nationally may be disruptive to existing relationships. Iwi submitters were clear that any new initiatives must not disregard the mana and status of their existing post-Treaty settlement agreements.

There was a strong desire from councils, hapū, and iwi that any framework aimed at developing and strengthening exercise of kāwanatanga and rangatiratanga partnerships must allow for flexibility in response to local needs. Submitters sought legislation that would be enabling – principles over prescription – while giving councils and hapū/iwi the ability to determine their own approach.

However, some submitters felt that legislative change must be led by central government, with some also suggesting analysis first to review all statutes pertaining to local government's obligations under Te Tiriti o Waitangi. Many submitters noted the number of new laws affecting local government that have Tiriti provisions and expressed concern that there may be misalignment, which a review might be able to identify. We also received submissions of the view that legislation might be needed to push local government to move faster in this direction, and to protect Tiriti-based initiatives from internal barriers such as mindset or culture.

Some of those who supported legislative change advocated for embedding Te Tiriti in the Local Government Act rather than minor selective amendments – fit-for-purpose legislation was preferred over patchwork changes. They saw this as an opportunity to clarify local government's role in the national Te Tiriti partnership and develop mechanisms to support governance partnerships. Some councils saw Te Tiriti as an agreement between the Crown and Māori only, without obligations for local government.

We heard from councils, hapū, and iwi that resourcing would be necessary to support effective and equitable collaboration. Many called for central government funding to support this, particularly to avoid overburdening Māori or creating an imbalance when they collaborate with councils. They wanted this funding to be long-term and sustainable. We were also told by some submitters that councils should see resourcing partnership within their own finances as a priority investment.

Submitters recognised building governance partnerships as a long-term initiative that would require building capacity and capability for councils, to support greater understanding and a mindset shift for staff and elected members. We touch on this later in this section of the report.

Hapū and iwi expressed concern at reference to significant Māori organisations in our draft report. They pointed to the different roles of hapū, iwi, mana whenua, exercising rangatiratanga as being different to that of other Māori organisations. Post-settlement iwi were clear about their primary role as mana whenua. Some councils wanted clarity, noting the Treaty relationship is with mana whenua.

The majority of individual submitters, as well as form submissions, were not supportive of fostering co-governance and other forms of Tiriti-based partnerships. Some expressed doubt as to the potential benefits, and many also challenged that the Treaty was the basis for any partnership or sharing of governance and decision-making.

Growing the role of Māori in local government

The draft report made a number of recommendations aimed at growing meaningful Māori participation in local government, enabled by central and local government resourcing as well as building Māori capacity and engagement. Councils, iwi, and community groups were supportive of these recommendations.

Submitters told us that initiatives to foster Māori participation in local government needed to be based on authentic relationships and genuine respect rather a compliance exercise. Trust needs to be built in order to grow relationships that support Māori participating fully and having a voice in decision-making and design. An example we heard where a refocus from compliance to partnership was needed is the Long-Term Plan process, where at the moment Māori participation is usually only invited when much of the plan has already been decided.

Others raised the importance of differentiating between iwi and hapū, and Māori more generally. Iwi raised concerns that councils may not give due consideration to their duty to engage with post-settlement governance entities in addition to hapū and whānau.

Submitters were mixed in their views on whether legislation would be necessary to achieve greater participation. Some felt that legislation would provide national consistency and convey significance. We were cautioned that any legislative changes needed to be considered in context of the many reforms affecting local government's engagement processes (eg, resource management). There were strong calls for a balanced approach where legislation sets standards without being prescriptive, giving room for locally developed frameworks.

Many council and iwi submitters thought councils and iwi were better placed than central government to lead any review of engagement requirements. Central government's role was seen as an enabler and provider of resources. These resources included funding as well as growing capability and capacity. The volume of reforms in the local government space is also impacting heavily on iwi and hapū and submissions called for establishment funding to bring capacity and capability up to the necessary level, followed by ongoing funding to ensure sustainability.

Submitters called for long-term and sustainable funding as part of central government's commitment as Treaty partner.

We were told that resourcing would help prevent burnout or engagement fatigue, and that funding would allow those with expertise to be appropriately recognised for their contributions.

Other submitters felt that provisions in the Local Government Act were sufficient to support Māori participation and engagement. They pointed to successful existing relationships as well as Treaty settlements that have set up mechanisms for Māori involvement in local government decision-making. A few submitters did not perceive any barriers for Māori engaging with councils under current processes. Others felt that the engagement experience could be improved for everyone, not just Māori.

Many submissions from individuals, including form submissions, opposed any focus on growing Māori participation. Some described our recommendations as divisive, excluding other members of communities.

Council processes

There was broad support from councils, hapū, iwi, and community organisations for the adaption of council processes to better engage Māori and reflect tikanga. Submitters mentioned the many opportunities to integrate Māori perspectives and te ao Māori values into all areas of council activities.

Councils supported the inclusion of tikanga whakahaere in their internal practices, including formal meetings and organisational systems. There was a desire for national guidance or a framework to help councils navigate these changes, balanced with the need for flexibility to reflect local practices.

Some submitters noted the limited expertise in many councils to support inclusion of tikanga and concern about placing a burden on existing Māori staff or mana whenua partners without adequate resourcing.

Some submitters were enthusiastic about greater inclusion of tikanga in council processes. Some reasoned that increased use and exposure would help counter fear and misunderstanding. Submitters supported tikanga whakahaere in council practices, such as standing orders, as a vehicle for building understanding of both tikanga and te reo. Some submitters worried that use of tikanga could be tokenistic or not sensitive to the religious and cultural values of all.

Incorporation of tikanga in council processes was described by some as a core part of being a Treaty partner.

There was concern in submissions that including tikanga in council practices might create barriers for other groups to engage with local government or alienate people from other cultures.

A small number of submitters argued that councils should be in charge of determining their meeting procedures, and that inclusion of tikanga should be decided by each governance body. Some considered tikanga incompatible with contemporary decision-making and democratic practices, while others questioned what benefits changed practices would deliver to residents and ratepayers. Further opposition described incorporating tikanga as a distraction that would divert resources from councils' core business.

Councils were in favour of strengthening their internal systems for engagement with Māori. Many councils indicated they were already on a journey to deliver good quality engagement and described this as a core component of enduring relationships with iwi, hapū, and Māori.

Some councils gave examples of existing initiatives that promote engagement of Māori in decision-making. Councils described the mutual benefits that good quality engagement can deliver.

Hapū, iwi, and community organisations raised the issue of costs of engaging with councils, whether through building capability and understanding or hiring staff. They supported the need for funding to build capability and suggested this be ongoing and provided by central government. The scope of the task and its importance were seen as too great to be served by transitional funding. Some submitters noted that the Crown was obligated by the Treaty to provide funding. Concern was raised about the possibility of funding being made competitive, or subject to political influence. Community sector submitters proposed funding be made available for other groups beyond hapū, iwi, and councils.

Most individual submitters disagreed with investing in and expanding Council processes to be more inclusive for Māori. They described the recommendation as undemocratic and unfair, and some felt that councils already engage with Māori beyond their engagement with others.

Council staff and elected members

There was broad support from councils for developing the local government sector's capacity and capability to engage with Māori and move towards a genuine Tiriti-based relationship.

We proposed that the sector develop workforce plans, supported by a statutory requirement on council chief executives to ensure staff have the necessary skills and knowledge to understand te ao Māori values and partner and engage with Māori in their communities.

Feedback from councils, hapū, iwi, and others in support of these proposals was consistent, with some caveats and questions. Submissions described the building of a workforce which could develop authentic partnerships was a way for councils to give effect to Treaty principles.

Many submissions noted that the success of these proposals would be dependent on authentic relationships between councils, hapū, iwi, and Māori in their communities. Hapū and iwi pointed to internal cultural issues at some councils and behaviour from some elected members as barriers to Tiriti-based partnership. Submissions told us that at many councils, a culture and mindset shift at all levels would be needed, in addition to education, to build and restore relationships. Submissions told us that currently 'the success or failure of consultation or engagement with iwi/hapū falls to individuals, rather than organisations.'

We had identified roles for central and local government to lead these developments, but submissions from hapū and iwi and many councils told us about that collaborative leadership at the local level would be preferred, and better placed to deliver plans that meet local needs, including needs of mana whenua. Councils, hapū and iwi were concerned that efforts to regulate

or standardise at a national level might limit the ability for them to work together to deliver locally appropriate plans. Central government leadership was identified as key to setting expectations that would flow to the local level.

Though some submitters were reluctant to support statutory requirements, some suggested that these ideas could be incorporated into existing provisions in the Local Government Act requiring councils to be good employers. Others proposed that council chief executives be required to meet obligations similar to their colleagues in central government. Other submissions, reluctant about legislative requirements and with concerns about the top-down nature of statute, had a preference for education over mandate.

Many council submissions were concerned about the resourcing needed to build their organisations' ability to understand and engage with Māori. Submissions from councils, hapū, and iwi recognised that knowledge and understanding are lacking across many local authorities. Councils noted that they are already stretched to find staff and were concerned about how they might build a capable workforce, while some questioned whether it was necessary for all council officers to have this capability. Others recognised the task as a comprehensive undertaking that would affect all aspects of local government activity.

To support councils, some submitters suggested the use of external Māori training providers. Others noted that councils would need to recognise mana whenua expertise and potential as providers of training. Some councils provided examples of initiatives they already have underway. Other submitters pointed to existing ideas that could be adapted for use by local government, including Te Arawhiti's Māori Crown Relations' Capability Framework.

Further resourcing concerns raised the issue of funding, and many submitters suggested a role for central government to play. Others argued that councils should see this as a priority investment. Many councils, hapū, and iwi felt this funding should be ongoing and sustainable rather than transitional.

Many submissions suggested that training for elected members was essential to building local government's capability to engage with Māori. Some council submissions acknowledged room to improve, and hapū and iwi noted that relationships with elected members were not always positive.

Some submitters questioned how upskilling council staff in this regard would deliver better outcomes for residents and ratepayers. The majority of individual submitters opposed growing councils' ability to engage and collaborate with Māori; many believed it was not part of councils' role or were resistant to training that they felt might limit council staff to a narrow viewpoint.

Our response

Our Final Report recommendations on Te Tiriti-based partnerships included:

3. Introduce new provisions in the Local Government Act 2002 that explicitly recognise local government as a partner to Te Tiriti o Waitangi and te ao Māori values to strengthen authentic relationships in the local exercise of kāwanatanga and rangatiratanga.
4. Introduce a statutory requirement for councils to develop partnership frameworks with hapū/iwi and Māori to give effect to new Te Tiriti provisions in the Local Government Act 2002 that create new governance arrangements and complement existing ones.
5. Central government leads a comprehensive review of requirements for engaging with Māori across legislation that impacts local government, considering opportunities to streamline or align those requirements.
6. Amend the Local Government Act 2002 to require councils (elected members and chief executives) to prioritise and invest in developing and strengthening their capability and capacity in the areas of Te Tiriti o Waitangi, te ao Māori values, mātauranga Māori, tikanga, and the whakapapa of local government in order to make local government a better Te Tiriti partner.

We received extensive support from councils, hapū, and iwi for the suite of recommendations our draft report made to grow Tiriti-based partnerships in local government. A future local government system needs to honour and give effect to Tiriti-based partnerships between local government and Māori at a system-wide and individual council level.

While not all councils, hapū, and iwi felt that legislative change will deliver Tiriti-based partnerships, we believe it is required to ensure operational change is embedded into the fabric of local government. While legislation cannot define or provide for a relationship, it can set (or fail to set) a framework to ensure the relationship strives for partnership. The current system conditions do not support a consistent and sustainable approach to partnership.

Hapū and iwi told us that long-term partnerships will require resourcing to ensure they can act as full partners to local government in decision-making and design. Our recommendations call for investment in developing iwi capability and capacity, as well as ensuring councils step up as partners to Te Tiriti. A Te Tiriti-based partnership will bring together the strengths of local government, hapū, and iwi to help drive positive change for communities at place.

System renewal

Our draft report invited submissions on how the local government system could be restructured and renewed to be fit for the future. We heard from submitters on the structure of local government, the roles and functions of councils, the relationship between central and local government, and how system stewardship could be reimaged. Underpinning responses in this section was a preference for locally determined solutions with central government assisting as required. There was support for the concept of localism but some concern that restructuring local government could result in a loss of voice for smaller communities. This section outlines what we received from submissions concerning system renewal.

Structures

Most submitters supported the exploration of a new structural design for local government and agreed with the design principles discussed in the draft report. Throughout submissions it was expressed that local government's structure is outdated and change is needed to be fit for the future. Submitters had a range of suggestions on who should be involved in any redesign, including mana whenua and local communities.

Council submissions cautioned against a one size fits all approach to structures, noting the different sizes and rating bases between some councils. They encouraged the Panel to recommend a structure that acknowledges and accommodates these differences.

Feedback on the potential future structures from local government submitters showed a desire for local government to retain its distinct character. Submissions highlighted the proximity of local government to the community and how it is more visibly involved in our day-to-day lives.

Design principles

Equity was again a strong theme raised by submitters concerned that a one size fits all approach may be adopted, leaving some councils in a worse condition than before.

Localism was another principle supported by submitters. Submitters wanted a local-first solution that empowers communities to address the issues facing them rather than relying on an arm's length central government approach.

Some submissions argued that any principles involved in this process would have to be consistent with Te Tiriti. Submissions suggested that a local-first approach should factor in hapū and iwi as experienced service deliverers within their communities.

Submitters told us that a one size fits all approach was not suitable for the range of local authorities and tailoring would be needed. Several submissions suggested the need for bespoke solutions depending on the needs of the community.

There was a range of submissions on the role of te Tiriti in local government structural design. Several submitters felt that te Tiriti had no role in structural design and conflated Tiriti-consistent design with co-governance. Other submitters believed that Tiriti-consistent design of local government was necessary to meet Tiriti obligations.

Structural examples in our draft report

There was a range of feedback on the structural designs in the draft report. Some submitters felt that discussions of structures were premature until conversations relating to roles and functions allocations were complete. These submitters advocated for form to follow function, believing that the roles of local government would make the necessary structure apparent. Other submissions were disappointed that the Panel presented three options for consideration and had not made a concrete recommendation on their preferred structural solution.

Some submitters were positive about our first example's streamlined governance models, similar to that of a unitary authority. However, some questioned whether this approach could work for regions comprised of disparate rural communities and whether they would feel disconnected from decision-makers.

Our second example proposed local and regional councils that each have separate governance, but submitters felt this was too close to the status quo.

Most-preferred by submitters was our third example: local councils and a combined council with shared representation. Submitters believed that this model could provide economies of scale and retain local decision-making.

Role of councils

While many councils supported a discussion about roles and functions, they also invited a discussion about how roles and functions should be funded. Smaller councils with narrower rating bases highlighted the strain new roles and functions could place on them, while larger councils noted the potential scale of changes and the cost they would carry.

Some submitters felt that the discussion about roles and functions was premature and should follow a decision about structural reform. These submitters believed that function would follow form and once the most appropriate structure and scale of local government was determined, there could be a conversation about delegating roles and functions.

Submissions mostly agreed that the allocation of roles and functions is not a binary exercise, and that successful delivery often relies on local and central government working in tandem. The small size and regional interconnectedness of New Zealand was highlighted by submitters as barriers for full devolution of services.

Submitters supported the concept of localism and believed local governments' proximity to communities made it most responsive to their needs. While a local-first approach made sense to submitters, they raised some issues which are too complicated or resource-intensive for local government to handle alone. Cyclone Gabrielle was mentioned by submitters as an example of a situation where central and local government were able to complement one another.

Submissions believed that roles and functions allocation should not be a uniform process and should consider the unique circumstances across different authorities. Several local authorities also sought clarity on what changes were possible and asked for certainty in system design, citing repeated changes to the Local Government Act over the last 20 years and the uncertainty that has caused.

Some submissions were concerned that a non-binary allocation of roles and functions would result in an increasingly complicated local government environment that would prevent delivery on core services. These submissions saw the purpose of council as delivering on core services and facilitating communities to deliver additional services wellbeing functions.

Many individual submissions preferred a binary allocation of roles and functions. This was driven by a concern that central government would dominate any relationship and submitters would rather local government retain its distinct character.

Reviewing the future allocations of roles and functions

There was a consistent theme from individual submitters that local government should only be responsible for infrastructure delivery, regulatory and compliance monitoring, and community facilities provision and that other roles and functions were distractions that would create inefficiencies. These submitters did not see a place for wellbeing in the purpose of local government and viewed te ao Māori values as unhelpful in generating efficiency.

Submitters believed that a review of roles and functions allocation is needed and there was general support for this being done in a Tiriti-consistent manner. Some submitters were concerned that the process being guided by the principle of subsidiarity may result in most roles being allocated to local government without a matching increase in capacity.

Some submitters thought that subsidiarity should not be a guiding principle, preferring a cost-benefit analysis to determine who can deliver roles and functions most efficiently.

Some submitters felt that the principle of subsidiarity was not in keeping with ongoing local government reform which they suggested pointed towards greater regionalisation.

Submitters stressed that even under a system guided by subsidiarity there are good reasons for centralisation. Issues which require large scale responses (like climate change) were highlighted as benefitting from being centrally led.

Many submissions supported recognising local government's capacity to influence the conditions for wellbeing. Submitters who supported this recommendation believed that recognition of wellbeing as a core council role would encourage more holistic approaches rather than decisions being measured in economic terms only.

Some submissions argued that wellbeing should not be the purpose of local government only and that central government should also take this on. Other submitters highlighted that wellbeing is currently a part of the purpose of local government and questioned whether reinforcing this would provide additional benefit. It was also suggested that setting wellbeing as a purpose of local government reduces the autonomy of elected officials to determine the direction of their council in line with their democratic mandate.

Some submitters supported te ao Māori values underpinning the allocation of roles and functions. Submitters said that te ao Māori values, when properly incorporated, would encourage considered and strategic decision-making.

Submitters encouraged the Review to avoid recommending a one size fits all policy and to acknowledge that tikanga and kawa vary across New Zealand. Submissions highlighted that some guidance and support may be needed in this area to ensure that cultural values are treated with respect and to ensure that positive outcomes are delivered.

Some submitters questioned the role of te ao Māori values in allocating roles and functions. Some submitters were uncomfortable with one culture's values being incorporated into local government design but not others. It was also raised that it may be better practice to only incorporate te ao Māori in matters important to Māori in the district.

Some submitters expressed concerns about data sovereignty if such a roadmap resulted in greater data sharing. Data sovereignty relating to taonga and mātauranga Māori was raised as a potential complication in data-sharing arrangements.

There was some opposition to standardised IT systems, and while these submitters saw benefit in standardised systems, they were not comfortable with the idea that councils could be forced to adopt new systems. These submitters wanted strong local control but did see a place for central support. There was concern about potential outsourcing and impacts to local labour markets.

Agreeing on a process to allocate roles and functions

Submitters wanted this process to be clearly defined and certain in scope. We received a variety of suggestions as to how this could be achieved, including a legislative framework, memorandum of understanding, and a locally led approach with minimal central government input. Local government submissions expressed that the current approach leaves them feeling as though plans had been done to them rather than formulated with them.

Submitters felt that equity should underpin any allocation of roles and functions. We were told that councils have varying degrees of resourcing and that this should be taken into consideration.

Submitters also noted that vulnerable communities would need greater support, and this should be factored into any discussions about roles and functions.

Co-design between local government, central government, and hapū and iwi was a consistent theme in questions about roles and functions. Some submitters saw a greater role for hapū and iwi and wondered whether this process could result in further service delivery functions being devolved to them. Across many submissions it was suggested that roles and functions conversations should be guided by communities. It was suggested that the process for allocating roles and functions would provide an early opportunity to trial deliberative engagement practices.

There was interest in submissions in the rationalisation of roles and functions allocations. Submitters highlighted that complementary roles and functions are often divided between entities, such as roads resting with district councils, public transport with regional councils, and state highways with Waka Kotahi.

The current relationship between central and local government will need to change in order for a productive conversation about roles and functions to take place. Submitters felt that this process would work best if all parties were able to work in a productive manner and communicate clearly.

Shared services

Submissions supported shared services collaboration as a useful tool to enable the efficient delivery of services across a region. Many submitters highlighted that shared services bring economies of scale and limit the unnecessary duplication of services, passing savings onto communities.

Some submissions in support of greater shared services collaboration encouraged the Panel to not limit shared services to just central and local government. These submitters saw value in collaboration with hapū/iwi and communities as well as government entities.

There were concerns in submissions that shared services may be used to hollow out councils and regionalise by stealth. Submissions cautioned against shared services being used to cut council resourcing, arguing it should be treated as an opportunity to better allocate existing resources for the community. Some submitters opposed this recommendation as they did not believe any change was needed to enable greater shared services.

Digital transformation

Submitters were concerned that the rate of change in the digital landscape has caused some councils to be left behind. This has created some concern that local government will be unable to modernise systems in line with demand. Some submitters felt that the current local government approach was to develop solutions and then attempt to add technology afterwards rather than as an integrated piece in the change process. To them, a digital transformation roadmap offered a solution by moving councils towards a digital-first approach.

Central–local government relationship

Submissions were clear that there needs to be a more effective working relationship between central and local government with clearer recognition by central government of the roles and value of local government. Some submissions recommended there be a memorandum of understanding between central and local government after elections and/or formal mechanism or agency to support this change. Some councils noted that existing strategic partnerships are a good starting platform to bring together all levels of government, hapū, iwi, and strategic partners (commercial and civic) to address issues of pivotal importance to all New Zealand that play out at place.

Council and some business community submitters noted that at the moment there is no consistent approach to collaboration, with reliance on individuals. They suggested that a more

strategic and coordinated approach is needed within and between central and local government to make decisions on key strategic issues and investment decisions to address legacy and intergenerational issues.

While submitters generally favoured some form of structural entity to support and drive change in the relationship between central and local government, there was caution in some submissions to not create more bureaucracy and to consider making more use of existing relationships between central and local government and support them to work better together.

Across all councils it was noted that a more coordinated approach would lead to aligned strategic priorities and long-term investment, clarity of purpose, and efficiency and effectiveness gains.

Submitters noted that alignment is needed not only at the strategic level but also in planning and budgeting cycles. We also heard that to have effective collaboration and partnering, central government will need to be able to commit to 10-year planning and 30-year infrastructure cycles.

All council submitters identified that a better relationship and strategic alignment will not be effective unless there is a commitment to coinvestment by central government. The issue of coinvestment and alignment also flowed over from submissions on the draft report chapter on equitable funding and finance.

Elements to build a new system

Submitters noted that there is a need for collaboration to be more systemic by default and there is a need to invest in building capability. Some council submitters noted that the expectation that collaboration can occur without building capability and supporting infrastructure is one of the most frequent reasons it fails.

Many council submitters noted that policy intent, funding, and planning need to be considered together and aligned.

Some submitters noted that central government planning horizons need greater longevity, similar to what is required from local government across long-term plans, infrastructure strategies, and asset management plans.

Potential pathways

Some councils specifically mentioned establishing city deals as a tool for alignment and commitment to coinvestment. There was caution from some councils who noted that coinvestment is welcome if it is truly a collaborative effort and not overlaid with additional accountability mechanisms and generic prioritisation frameworks. It was also noted that a true partnership can't be based on increased central government direction or control, or centrally mandated priorities.

A few council submitters saw sharing of skills, learning, and expertise across various domains of government as an interdependent concept contributing to a stronger relationship between central and local government. A small number of submissions directly suggested secondments, centres of shared services, or increasing visibility of opportunities by being able to list job opportunities in central and local government with each other.

Stewardship

Submissions supported a review of stewardship models and existing stewardship entities. Submitters felt that current stewardship arrangements were not appropriate and that a new or refreshed entity with a broadened remit was needed. Acting as a more proactive advocate was highlighted repeatedly by submissions, with many feeling that the Local Government Commission does not do enough in this area, and citing the rapid pace of reform. The ability of a system steward to streamline and build relationships between central and local government was a common theme in submissions from councils. Other submitters saw value in a stewardship

entity that provides best practice guidance to local government, noting its enduring manner would allow it to consider issues beyond the 3-year electoral cycle.

Submissions saw benefit in an entity providing best practice guidance to the sector. This theme was common amongst submissions from smaller councils who highlighted their lack of resources compared to larger metro councils.

Some submitters offered recommendations for the structure of the stewardship entity. Several submitters felt that local government stewardship should sit outside the Department of Internal Affairs. Some of the proposed alternatives were a stand-alone ministry for local government, a Parliamentary commissioner, or an independent Crown agency.

A role was seen by some submitters for the system steward to guide local government as it grows its relationships with mana whenua and develops into a Tiriti partner. Some of these submitters felt that some councils lack capacity to meaningfully engage and that capacity could be augmented by the stewardship entity.

Designing local government stewardship

There were limited suggestions as to how system stewardship could evolve and change. Submitters instead expressed interest in a well-resourced and dynamic body which could provide meaningful advocacy and support to the sector. Submitters also saw a role for the steward as a point of contact for central government, streamlining the relationship.

There was a common concern amongst submitters that a system steward could be used by central government to exert control over local government.

The necessity of a stewardship function was questioned by some submitters, who thought it displayed a top-down mindset which was at tension with much of the report. These submissions asked whether improved stewardship is needed after local government is refreshed. Submitters sought assurance that the entity would be independent of both central and local government.

There was a range of suggestions from submitters as to how te Tiriti could be embedded in local government system stewardship. Some submitters saw hapū and iwi co-design of a stewardship model being crucial to uphold Tiriti obligations. Others suggested that a stewardship entity could provide resourcing and build iwi and hapū capacity to allow them to better engage in the system. Many submissions received did not believe that te Tiriti should be embedded in the system steward.

There was some opposition to central government stewardship of local government. These submitters promoted the value of local government's independence and were concerned that a system steward would infringe on that and further complicate the local government operating environment.

Some submissions expressed concern that an empowered stewardship body could erode the separation between local and central government. The potential for this body to impose the political agenda of central government onto local government was raised.

Our response

7. Initiate a reorganisation of local government to strengthen, support, and resource councils to plan for and respond to increasing challenges and opportunities, and to set local government up for a more complex future.

8. Establish a dedicated Crown department to facilitate a more effective working relationship between local and central government that focuses on:

- a relational-based operating model to align priorities, roles, and funding
- brokering place-based approaches and agreements to address complex challenges and opportunities
- research, development, and innovation capability that equips local government to maximise intergenerational wellbeing for its communities.

9. Establish a new local government stewardship institution to strengthen the health and fitness of the system. This entity should:

- Provide care for and oversight of the local government system, including the health of local democracy and local government's future-fit capability and capacity
- foster common purpose and relationships
- support and enable the health of the Māori–local government relationship
- incorporate the current roles and responsibilities of the Local Government Commission.

Many submitters submitted on the need for system renewal, which informed our recommendations on the subject.

Submitters strongly supported a reorganisation of local government. Feedback on the structural examples given in the draft report showed that there was little support for the status quo. As a result we have not included example two from the draft report in our final report.

Many submissions called for the Review to recommend a single model for reorganisation. While we recognise this, we have opted to include two structures for councils to consider. We were hesitant to recommend a single model as we believe that local communities should play a central part in selecting what their local government looks like in the future. Importantly, many told us that keeping the local in local government is essential and that structural options enable this. We also agree with many submitters that the system's design should be led by communities and councils.

We acknowledge that many councils felt a need to determine local government's roles, functions and responsibilities before structure change. We have considered this question in depth, and on balance believe there needs to be certainty about local entities first. While we believe that new structures should be determined before decisions about roles and functions are made, there is an iterative, parallel process where both of these need to be considered. Once local government and their communities have decided their structure a process can begin to allocate roles and functions. This process should be run in partnership between local and central government and consider the community needs and priorities and who is best placed to respond to these.

Submissions from councils highlighted the difficulties they face bringing central government organisations to the table. In recognition of this we have included a new recommendation for a Crown department to facilitate a more effective working relationship between central and local government. This entity should better enable central and local government working in partnership to deliver for communities.

Submissions received told us that the local government system currently operates in 3-year cycles and there is a need for an entity which can take a long-term, strategic view. The Panel has recommended a new stewardship institution to fill this role. Like submitters, we also see a role for the stewardship institution to support the relationship between hapū and iwi and local government beyond the 5-year transitional funding we have recommended.

Strengthening local democracy and leadership

Throughout submissions we heard about decreasing faith in democratic institutions. Council submissions highlighted increasing difficulties engaging with their communities and asked for new tools to support this. There was clear concern that current conditions did not always encourage the best candidates and there was often misunderstanding of the role of elected members. Our final report makes a range of recommendations to strengthen local democracy and leadership. This section outlines the themes we saw in submissions about local democracy.

Public perception of local government democracy

Low turnout and trust

Submitters were concerned at the decreasing rates of voter turnout in local government elections. Some submitters shared that low voter turnout harmed the legitimacy of elected members' democratic mandate and contributed to lower turnout.

Low trust in central and local government was recognised by several council submissions as an emerging issue. They saw the rising distrust of governments as a barrier to meaningful engagement, which could create issues for councils wanting to represent their community in the future.

We saw through submissions that communities feel a sense of ownership over local democracy. There were many references to 'our council'. Submitters were very protective of local government and were wary of central government interventions which would decrease its influence.

Despite this sense of ownership, submitters also expressed a lack of trust of local government. Many submitters opposed expansions of councils' remit on the basis of a lack of capacity or skill, and had little faith the draft report recommendations would improve these.

This theme was particularly strong amongst individual submissions. These submitters were concerned about the ongoing local government reforms.

Perceptions of elected members

Many submitters expressed concern that there are currently limited mechanisms through which elected members can be held to account for their behaviour. Submissions which noted existing processes found them to be insufficient, highlighting their vulnerability to political manoeuvring and limited protections for local government officials. It was suggested a code of conduct should consider allowing the general public to complain about elected members' behaviour, ensuring accountability through the entirety of the 3-year term.

We received a submission from the Public Service Association, informed by a survey of 650 of their local government members. While we heard much from councils throughout the course of the review, we received limited input from council officials. This submission highlighted the limited protections local government officials have against elected member misbehaviour and expressed concern at the prevalence of bullying or inappropriate influence. There was support for a stronger and independently enforced code of conduct.

Many were in favour of a review of elected member remuneration by the Remuneration Authority, however we note that many submitters may have misinterpreted this question as calling for increased remuneration rather than a review. Submitters identified current remuneration as a barrier to candidates running for office, particularly in less populated districts, and questioned whether the workload of these councillors was sufficiently lesser to justify the lower salary.

Submissions against this recommendation held that current remuneration was enough and that candidates should not be attracted to the role because of pay. Conversely, some submitters questioned whether salary was a driving factor in people not running for council.

Some submitters did not think that councillor salaries required review, believing the role to be a public service and that salary should not be a motivator.

Submissions also raised the issue of council staff pay, noting that these roles have become increasingly complicated and are equally important in the functioning of councils.

Civics education

Submissions repeatedly raised civics education as a tool to increase understanding about the role of local government and increase civic participation. There was concern that local government was not well understood, which contributed to a sometimes-negative perception. Submitters felt that civics education should be incorporated into the New Zealand secondary school curriculum. Some submitters went further and argued it should be made available to people of all ages. One suggestion from submitters was for councils to regularly run clinics to inform the community of current policy questions and work being undertaken.

Access to democracy

Some submissions highlighted current council engagement strategies as a barrier to community understanding and participation. These submitters suggested a variety of changes, including making all material available online, using deliberative engagement strategies, and increasing advertising when council is engaged in consultations.

There was concern amongst submitters that the quantity of consultations relating to local government could create engagement fatigue. Submitters noted the quantity of public submissions currently open relating to local government, including annual plans, district plan changes, and the resource management reforms.

Lowering the voting age for local elections to 16

Submitters were mixed on their stance towards changing the voting age to 16 in local body elections. Submissions opposed stated that 16-year-olds do not have the requisite life experience to vote or that they may be subject to undue influence by parents, teachers, or other authority figures. Some submitters drew comparisons to other age restrictions imposed by law, including the age of criminal responsibility, which is 12. Supporters of lowering the voting age stated that it should also be lowered for central government elections.

Māori wards

There were varying degrees of support for Māori wards in submissions; council submissions were broadly supportive of the Māori ward mechanism being retained but highlighted several weaknesses in the existing system. Some noted that while Māori wards deliver Māori representation at the council table, this does little to uphold Tiriti obligations (which are better served by partnering with local hapū and iwi) and that these should not be considered interchangeable. Several councils raised that the current requirements for implementing Māori wards were restrictive in districts with low Māori populations, which can contribute to further disenfranchisement.

There was support for investigation of alternative mechanisms to provide for Tiriti-based partnership at the council table. Currently councils can appoint representatives to sub-committees but there was appetite for exploring appointments directly to council (as enabled by the Environment Canterbury legislation). Submissions supporting Tiriti-based appointments emphasised that such mechanisms should consider existing arrangements at place and not endanger current relationships between mana whenua and local government.

Submissions against this recommendation stated that Māori wards were discriminatory as other ethnicities were not provided guaranteed seats at the council table. Other submitters supported Māori wards until such a time as Māori representation increases in local government. Several submitters supported the Māori ward system but did not support appointments to council on the basis that this interfered too much with the principles of 'one person, one vote'. A subset of these submitters was willing to accept appointed representatives at the council table if they had no or limited voting rights.

Individual submissions were strongly opposed to this recommendation. Many conveyed that Māori wards provided preferential treatment on the basis of race and that this was not compatible with the principles of democracy.

Council accountability

Local Government Official Information and Meetings Act (LGOIMA)

Individual submitters opposed a review of LGOIMA. Submissions from the local government sector supported a review, describing it as well overdue. Submitters emphasised the importance of transparency and accountability mechanisms in democratic institutions, with many stating that LGOIMA fell short in these regards. Some submissions recommended that the scope of such a review be widened to include other accountability legislation.

Health checks of democratic performance by council

Submissions generally supported democratic health checks of local government but were curious about the details of these checks. Submitters felt that councils may be too close to the situation to run the health checks independently and an arm's length auditor may be a better solution. Most submitters wanted more detail on what would be measured and how, and what consequences could exist for a negative result. A parliamentary commissioner was suggested as a possible mechanism to perform these health checks.

Independent monitor of member behaviour

Submitters had a mixed stance on the role of an independent body to administer the code of conduct. Many supported its potential independence for resolving sensitive complaints in a politically charged environment. It was proposed that the existing Local Government Commission could absorb this function. Some submitters raised concerns at unelected officials handling complaints related to elected members and suggested that referral of complaints should be optional and that democratic considerations ought to remain central in any new processes.

Chief executive employment provisions

The 5-year terms of chief executives were highlighted as a barrier to long-term thinking in councils and an incentive for short-term, high-impact thinking. Those against amending the employment provisions of chief executives to match those in the wider public sector felt that current arrangements ensured chief executives remained responsive to local needs and were answerable to councils.

Councillor capability

There was a range of views presented by submitters on capability- and Tiriti-based appointments.

Most submissions, including form submissions, were opposed to the idea of capability-based appointments on council, feeling that democratic considerations outweighed any capability benefits that could be gained. Several submitters felt that capability gaps could be filled by

officials or specialist consultants instead of appointments. Support for capability-based appointments noted skill shortages amongst elected members and the need for good governors at the local government level.

Submissions in support of Tiriti-based appointments argued that they were necessary to uphold Te Tiriti o Waitangi. Some submitters stressed to us that Māori wards would not provide the same degree of Tiriti compliance as Tiriti-based appointments and that Tiriti-based appointments would have to involve hapū and iwi as original Tiriti partners.

Some submitters opposed Tiriti-based appointments on the basis that they would not hold a democratic mandate. Amongst these submitters there was a mixture of opinions as to what could be used instead. Many submitters opposed any form of Tiriti-based appointments. Some submitters did feel that appointments could be made to council on the basis of Te Tiriti o Waitangi, but they should not hold the same voting rights as the rest of council.

Submitters were wary of mandatory professional development for elected members, with many concerned that programme design could be vulnerable to biases and harm the independence of local government. Submitters were not opposed to the idea of professional development being available to elected members, and many saw value in such programmes; concerns were mainly focused on it being mandatory.

Elections

Single Transferable Vote

Submissions were mixed on the adoption of single transferable vote (STV) as the method of voting in local government elections. There were two common objections to the adoption of STV: the perceived complexity of the system and the need to retain local determination over methods of voting.

Support was expressed for STV as a more representative method of voting than first past the post. There was consistent concern amongst supporters of STV that without an education campaign alongside changes, the electorate may find the new system confusing. Irrespective of stance on the specific method of voting, many submitters felt that a single system should be adopted for local government elections.

Individual submissions did not think that STV would work for at-large elections and were concerned that they would be forced to vote for candidates they were not familiar with. Form submissions described making STV mandatory as undemocratic, arguing that communities should choose their own voting system.

Extending electoral terms

The 4-year electoral term for local government received general support but that was often caveated that central government would have to be aligned to prevent both elections occurring at the same time every 12 years. Submitters against felt that 4 years provided marginal extra time for elected members and that time was not the main constraint on quality governance.

Some submitters questioned the basis for this recommendation, believing that the marginal gain of one year would do little to improve council decision-making over the status quo.

Administration of local elections

The recommendation for the Electoral Commission to administer local government elections was supported by submitters. Submissions highlighted various administrative and process errors and inefficiencies during the 2022 local government elections, including uncertainty about where votes could be cast, late receipt of papers, and the high costs of individual councils running their

own elections. Comments were also made over the propriety of councils running their own elections and the benefits of arms-length administration by the Electoral Commission.

Several submissions also highlighted the existing role of the Electoral Commission in the promotion of national elections. These submitters felt that the Electoral Commission could run a similar promotional campaign for local government elections using recognisable branding such as the 'Orange Man'. However, there was some opposition to centralisation, with submitters worried about depriving communities of control over their elections.

Where the draft report invited discussion of electoral systems or administration, we consistently saw support for the idea of online voting. Submitters highlighted the issues with casting votes that were seen during the 2022 local government and argued that online voting would provide a solution to this. Submitters also proposed that online voting would increase youth engagement and turnout.

Role of the Local Government Commission

Submissions were split as to the potential roles of the Local Government Commission and local government in representation reviews.

Many submitters were concerned about the Local Government Commission playing a role in representation reviews. These submitters did not see a place for an unelected body in representation reviews and were concerned that it would allow central government too much control over local democratic processes.

Another group of submitters believed that the Local Government Commission should play a greater role in representation reviews. Some of these submitters believed that local government should not play a role in the reviews because of concerns that they could be driven by political motivations.

Engagement with communities by councils

There was broad support for a review of engagement, consultation, and decision-making legislation. Submitters had a range of complaints about the status quo, including that current practice is inflexible, time consuming, and designed in such a way that consultations are not representative of the community. There was some support for core principles being retained but with greater leeway being given to councils in how those principles are executed, noting the current systems' vulnerability to litigation.

Some submitted that current consultation and engagement was structured in a way that excluded large sections of the population. These submitters emphasised the opportunity a review of requirements would present and argued that such a review should consider often under-represented or ignored groups and how their voices could be elevated. Digital engagement was suggested as a new form of engagement which could be enabled through a legislative review.

Councils were supportive of a review of engagement and thought that a review could be the catalyst for transformational change in how local government engages with communities. This was tempered with some concern that current practice is deeply entrenched and creating a more permissive operating environment would result in minimal change.

Submissions against this recommendation noted that the current engagement operating environment was permissive enough and that legislative intervention was unwarranted. Others found that the current system sufficiently enabled community engagement.

There was concern in some submissions that the review of legislative requirements relating to engagement could decrease their ability to engage with councils.

Submitters expressed interest in the use of deliberative and participatory consultations, noting the degree of disillusionment with local government engagement practices. Submissions broadly

agreed that deliberative and participatory measures held value for strategic decision-making and setting objectives. More detail was sought on how these mechanisms could be designed and applied, noting the range of existing practice overseas. Questions were also raised on how these processes could be tailored for the New Zealand context to consider Tiriti obligations.

Some submitters believed current engagement requirements in the LGA are sufficiently broad to already allow for deliberative and participatory practices. Other submitters did not think there were any issues with the status quo and did not believe that changes would create any meaningful improvement.

There was concern in some of the submissions that deliberative and participatory measures would be used to ignore other engagement mechanisms and decrease the net time councils spend in their communities. Others felt that deliberative and participatory measures were too vulnerable to ideological capture and would be used by local authorities to arrive at pre-determined conclusions; we note that similar concerns were expressed about the status quo. Broader council resourcing concerns also came through in this recommendation. Many submitters recognised that councils were constrained by a lack of resources and did not support additional requirements being imposed until resourcing issues were resolved.

Our response

Our Final Report recommendations democracy included:

10. Local government and councils develop and invest in democratic innovations, including participatory and deliberative democracy processes.
11. Enhance local democracy in order to increase access and representation by:
 - providing for a 4-year local electoral term
 - adopting ranked voting (also known as single transferrable vote or STV) as nationwide method for local elections
 - lowering the threshold for the establishment of Māori wards
 - enabling Te Tiriti-based appointments to councils
 - lowering the voting age for local elections to 16.
12. Local and central government coinvest to build adaptive leadership capability focusing on:
 - leading change and system renewal
 - valuing civic leadership and public service
 - partnership and collaboration
 - innovation and experimentation.

Our recommendations to strengthen local democracy and leadership in the final report have been informed by submissions we received.

Council submissions asked for new tools to engage with their communities. Informed by research overseas and domestic pilot programs, we have recommended increased use of deliberative and participatory democracy processes in local government.

There was a theme amongst submissions that local democracy is becoming less transparent, and communities are feeling less represented by their councils. To improve this, we have decided on a suite of recommendations to enhance local democracy and to increase access and representation.

Whilst there was some opposition from submitters to adopting single transferable vote as the method of voting nationwide in local government elections, the Panel has retained this recommendation. We acknowledge some may find STV confusing, but we believe, on balance,

that the benefits of more representative councils elected by STV outweigh this. Considering the confusion arising from the name 'single transferable vote' we also recommend this system of voting be renamed 'ranked voting'. The Panel also believes that having a single voting model, paired with the Electoral Commission running local elections, would enable education campaigns and reduce confusion.

Through submissions there was a lot of opposition to capability-based appointments to the council table and we have decided to remove this aspect from the recommendation. However, we have retained Te Tiriti-based appointments as we believe that these are necessary to uphold our obligations under Te Tiriti o Waitangi.

The Panel received views in support of and opposing Māori wards. As Māori wards are designed to retain proportionality of representation around the council table, we do not accept the argument that enabling Māori wards would come at the detriment of democracy. We see Māori wards as contributing to a more representative council which can better reflect the views of its constituents.

Submissions were mixed in response to lowering the voting age, but we remain unconvinced by arguments against. We see the opportunity to get young people democratically engaged at a younger age as beneficial to a system which has seen decreasing engagement. We also believe it is important to recognise and value the voices of young leaders. The Panel supports calls to further develop civics education programmes and sees this as necessary to improve turnout and engagement.

Throughout submissions, submitters told us a lot about what they wanted to see in council leadership. The local government sector wants to see change and system renewal supported by partnership and collaboration with communities and central government. We support these aspirations and have recommended they be supported by local and central government coinvesting to build adaptive leadership capability.

Increasing funding

A common theme across submissions was the funding pressures facing local government. Councils told us of increasing pressures to do more with less, and we heard strong resistance from organisations and individuals to rates increases. Submitters told us that additional funding sources would be needed for local government to sustainably deliver the services communities expect in future. Our final report makes a number of recommendations on funding for local government. Below we detail what we heard from submitters about funding.

Greater support from central government

Coinvestment

Submitters wanted arrangements and mechanisms for coinvestment by central government with local government to provide for community wellbeing priorities. Several council submissions indicated they would support a greater wellbeing role if there was more funding.

Councils wanted more details on the specifics of coinvestment, longer term funding commitments, and better integration between planning and investment. Councils noted temporary funding arrangements and misalignment between central government strategies are a recipe for uncertainty and are not supportive of a system that delivers effectively for the community.

This comment on need for commitment and alignment on coinvestment also flowed over to the draft report chapter on a better relationship between central and local government. Submitters noted that even where there was an agreed plan between central and local government, structural barriers within existing legislation inhibited delivery, and there were delays due to individual and separated business case and funding processes for different government agencies.

Councils noted that key to making coinvestment work is that commitment is made to implementation and firm funding at the time that strategic and planning partnerships are agreed. We were told that if this does not occur, the value and credibility of effective local government and Crown agreements and partnerships is significantly reduced and compromised.

A number of council submitters considered that the Waka Kotahi funding allocation model for roading could be a starting point for the allocation of funding for coinvestment.

An intergenerational fund for climate change

Submitters were in favour of an intergenerational fund for climate change but noted that any fund should not be administered by central government alone. It was raised that the process for funding applications should not be complex as this would risk that local needs would not be accurately reflected. Submitters raised concerns that any fund would need to provide detail on priorities and have transparent accountability mechanisms.

Councils supported an intergenerational fund for climate change adaptation, but were concerned about the process to apply for funding and ensuring all affected communities have a chance at applying for support. Submitters noted that small rural communities are often disadvantaged in central government funding opportunities because of the cost and complexity of funding application requirements.

Submitters also noted that an intergenerational climate change fund is critical to the national adaptation response to climate change.

Expanding regulatory impact statement assessments

We received submissions on extending the regulatory impact statement system to include the impacts of central government activity on local government, and for central government to provide funding for activities it passes on to local government. Discussion on regulatory impact statements frequently asked that unfunded mandates from central government end.

Rating

Funding mechanisms

We received several submissions from the business sector, community, and councils on the pressure on the existing rates-based funding system for local government and of the need for either funding support to reduce this pressure or for a wider range of funding tools that better address the pressures on communities.

Several submitters recommended that the GST collected on rates and/or building consents should be returned to councils. Some further suggested that increases in GST revenue generated at/by a place should be directly shared with that location.

Submitters told us that while the existing rating system should be retained to ensure autonomous revenue, there is a need to streamline the planning and processes for rates. Some councils noted that simplifying the long-term planning process so that it is more relatable to community development planning and community outcomes would help improve engagement with the wider public by providing a document and process that has widespread understanding.

Central government paying rates

We heard in submissions that central government should pay rates on properties it owns within local government boundaries. Some submitters noted that central government agencies paying rates and charges on all properties would not increase the overall rate take for a council but could contribute to redistributing rates charged to existing ratepayers.

Our response

Our final report recommendations on funding included:

13. In order to prioritise and deliver on wellbeing, central government makes a greater investment in local government through:
 - an annual transfer of revenue equivalent to GST charged on rates (currently around NZ\$1 billion)
 - significant funding to support local priorities, place-based agreements, and devolution of roles.
14. Central government pays rates on Crown property.
15. Central government develops an intergenerational fund for climate change, with the application of the fund requiring appropriate regional and local decision-making.
16. Cabinet is required to consider the funding impact on local government of proposed policy decisions.
17. Central government commits to enabling the future transition with funding to:
 - resource a transition unit to support the change and system renewal of local government

- supplement local government capacity funding to enable hapū/iwi and Māori to partner with councils
- support councils to:
 - build Te Tiriti and te āo Māori capability and grow mana whenua relationships
 - lift their immediate capacity and capability to innovatively deliver wellbeing priorities for their communities
 - trial and grow participatory and deliberative democracy practices.

Submissions also informed our wider thinking in the final report, where we suggest implementing the following changes:

- Strengthening the regulatory impact system to ensure Cabinet has the information available to consider the funding impact on local government of proposed policy decisions.
- The establishment of an intergenerational fund for climate change.
- Significant funding to support local priorities, place-based agreements, and devolution of roles.
- The retention of rates to provide local government with an autonomous source of revenue to support local wellbeing, and for local government to have a wider range of funding tools including:
 - Road congestion and tolling charges.
 - Bed taxes and visitor levies that are charged to visitors.
 - Value capture targeted rates, which would allow local authorities to capture some of the increase in property values resulting from infrastructure investments. The Panel has noted that it is challenging to craft fair and equitable value capture provisions.
 - Volumetric charging to businesses and households helps with the recovery of costs and enables councils to manage demand. At the moment, these charges are used for water in some places, but could also be applied to kerbside waste.
- The need to upgrade accountability information through the streamlining of long-term plan and related accountability documents.

Looking to the future – a new local government system

Submissions indicated a strong desire for change in local government. Councils, organisations, and individuals encouraged the Panel to be bold and propose transformational changes in order to respond to the challenges the sector faces – climate change, water reform, funding, engagement, and resourcing. We were encouraged to make hard calls and propose a package of changes that were cohesive and purposeful.

The calls for a holistic approach were echoed in feedback that the local government sector needs to be coordinated as it tackles future challenges. Many submitters asked for an integrated and strategic planning approach that is future- and wellbeing-focused and inclusive of key stakeholders, particularly hapū and iwi.

While acknowledging the case for change, submitters recognised the importance of clearly communicating this to the public. They told us citizens need to be engaged in a national conversation so they can recognise the case for change and feel ownership of local democracy. We were encouraged to make specific, tangible recommendations with clear rationale.

Many submissions pointed to other reforms in progress that will impact local government. Concern was expressed that reforms would not be successful if not integrated and aligned. We were also told about the burden these many changes are creating for local government and others. Submitters warned of 'reform fatigue'.

Despite these challenges, many submitters were optimistic, and raised instances of councils, hapū and iwi already making positive progress. Submitters told us of initiatives already underway to build relationships, improve wellbeing, and prepare for the future.

Our response

Our final report sets out our recommendations for changes to local government, including reorganisation, as well as investment in leadership and resourcing to enable the future transition.

We also outline how these changes could be navigated, suggesting a four-step path to reform that we believe will best serve communities and the local government system.

- A. Establish a steering group.
- B. Establish a transition unit.
- C. Establish two new entities – a Crown department dedicated to the central–local government relationship and a new local government stewardship institution.
- D. Council reorganisation and realignment process.

Ensuring the local government system is fit for the future and able to effectively respond to future challenges depends on collective commitment to our package of recommendations, including the culture, capability, and mindset aspects. This is necessary to ensure local government has the systems, funding, and mechanisms to support the new entities and structures that will deliver and embed change.