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DATE

Tēnā koutou

DCC SUBMISSION ON HE MATA WHĀRIKI, HE MATAWHĀNUI - THE REVIEW INTO THE FUTURE FOR LOCAL GOVERNMENT.

Introduction

1. The Dunedin City Council (DCC) welcomes the opportunity to submit on the Future for Local Government Review Panel's (the Panel) draft report, *He mata whāriki, he matawhānui* (the Report).
2. The DCC is responsible for meeting the current and future needs of communities by delivering quality infrastructure, public services and regulatory functions that is most cost effective for households and businesses, under the Local Government Act 2002. Dunedin City has a population of 134,100 and the DCC actively promotes wellbeing and improves the quality of life of residents and visitors through the delivery of these obligations.
3. The DCC's submission includes key comments, followed by specific feedback in relation to the Report's 'Five Key Shifts'. Feedback in relation to the Report's 29 recommendations is detailed in Appendix 1.

Submission – key comments

4. The DCC supports the ambitions and aspirations of the Future for Local Government Review's (the Review) intent to;
 - strengthen local democracy,
 - strengthen partnerships between local government and mana whenua and Māori, and
 - work with central government to support communities and responding to future challenges.
5. The DCC commends the Panel's recognition of local government and its important, and unique, role in shaping and supporting the wellbeing of people and communities.
6. The DCC strongly supports the inclusion of 'local' in the proposed system designs going forward.
7. The DCC notes a high level of uncertainty associated with the recommendations and how they will impact on the diverse and interconnected workstreams that local government currently carries out. The DCC encourages the panel to strengthen its recommendations to require the

inclusion of local council and iwi representatives throughout the system design process, so that local perspectives are preserved.

8. The DCC encourages the Panel to give clear guidance to government on adequate and appropriate transition periods, so that local communities are actively supported during any proposed system changes. The recent reforms and time pressures have resulted in 'reform fatigue' among the community and Council, and this has at times, negatively impacted on authentic engagement. Reform and restructure of functions requires implementation planning, workforce management, communications, risk analysis and resourcing of the transition. The DCC is supportive of intergenerational perspectives when determining role and function changes.
9. The Panel was clear that its scope did not include consideration of other reforms such as the Three Waters Bill, the Natural and Built Environment Bill and the Spatial Planning Bill. The DCC's view is that the Panel has missed a critical opportunity to engage with local government on the implications of these reforms, which could have informed the proposed system designs. The Panel's proposed system designs of local government lacks alignment with these reforms and in places, specific recommendations contradict requirements that are detailed in the reforms. For example, the Report recommends that central government should pay rates, yet the second Water Services Bill does not require the new entities to pay rates.
10. The DCC acknowledges there is a strong feeling of uncertainty among the local community. The DCC encourages the Panel to recommend to government that alignment is needed across the reforms, including the review into local government, so the system is cohesive, coherent and consistent.
11. The DCC is particularly concerned about the lack of detail in the proposed system designs. This concern is in relation to the key operational roles that councils currently have, besides the political, policy and democratic roles. There is a risk that council services, for example waste management or road maintenance, are undermined if system design and transition stages are not well managed. Key risks we have identified include:
 - a. destabilising local services at a time of local, national, and international workforce shortages
 - b. increasing stress and uncertainty on local economies
 - c. increase of public mistrust in government services due to poor change management
 - d. funding models not aligning with intended outcomes causing public confusion
 - e. reform fatigue
 - f. stakeholder confusion, loss of local knowledge, and disconnect, and
 - g. loss of productivity and inability to meet statutory deadlines by Councils.
12. The DCC agrees with the Panel's view that proposed system designs need to balance realising efficiencies across population groups with meeting local community needs based on an equitable funding model. However, the Report's system designs appear naïve as they do not identify how the proposed system designs will improve services across different and dispersed geographical communities or increase savings and efficiencies. The DCC supports the intent, but requests the Panel recommends that government produces a detailed implementation plan that includes:
 - a. how the transition would be resourced
 - b. risk analyses and cost benefit analyses
 - c. timelines for possible changes, mergers and restructures

- d. the identification of transition factors and risk analysis of the reforms and timing implications
 - e. decision-making structures and the alignment with other legislative requirements
 - f. infrastructure and compatibility of technology and operational systems
 - g. existing contractual, legal and employer obligations and how these would be managed, and
 - h. legal factors related to changes to governance and decision-making.
13. The DCC requests that the Panel reviews approaches adopted in other reform changes, such as the development of localities by Te Whatū Ora. These may offer insights into supporting system change by working alongside communities who have signaled an interest to test ideas.
 14. The DCC agrees with the Panel that some of the recommendations can be delivered ahead of any legislative changes. The DCC is well positioned to give effect to many of the recommendations and is actively implementing work programmes now to better respond to community needs in the future. The DCC encourages the Panel, in its final recommendations, to also support councils and iwi who are already undertaking this work, and not implement a standardised approach across all councils.
 15. The DCC noted the Report mentioned but did not explain the roles that Community Boards could have in its proposed system design. Dunedin City has six community boards which advocate on matters affecting their local communities.
 16. The DCC notes that unfortunately, key details in the Report were inaccessible for some residents. In particular, there was technical jargon which some communities may have found difficult to understand and to engage with. The DCC encourages the Panel to use plain English in its final report. In addition, the Panel should recommend that government continues the engagement approach adopted by the Panel, to work alongside local councils, iwi and community to support communication and conversations in the future.

Strengthened Local Democracy

17. The DCC acknowledges the current system needs to change to realise improvements, and that some local authorities are struggling to respond to community needs presently. The DCC supports developing stronger and more responsive systems to meet future challenges. However, the DCC encourages the Panel to recommend that proposed changes are supported by an authentic partnership, and not restricted to central government making legislative changes.
18. In principle, the DCC supports changes and initiatives which encourage and enable people to participate in local democracy. The DCC's Social Wellbeing Strategy 2013-2023 seeks to ensure that all Dunedin residents are fully connected, engaged and equal citizens with a role to play in the city.
19. The DCC notes the Report contradicts its recommendations to investigate the removal or consolidation of local political power or functional roles, while promoting the Review's intent - to strengthen local democracy. In particular, the DCC is concerned that local government structures may be dissolved or merged, with little detail as to how the proposed changes will strengthen community services, create cost efficiencies and improve local democracy. Dissolving or merging local authorities needs careful consideration to avoid the unintended consequences of increasing barriers to local participation in democracy.

20. The DCC supports Recommendation 1 but requests more detail as to the cost and effect this approach may have on citizens. The DCC also seeks assurance that this approach will not compound existing inequalities in the democratic process. The DCC encourages the Panel to recommend accessible systems are established to support all communities to participate in local democracy.
21. The DCC supports changes that enable Māori to participate fully as both elected members and partners in governance, as outlined in Recommendations 2, 3 and 4. The DCC recommends this change should be developed and led by mana whenua and local/central government, rather than led by central government alone.
22. The DCC does not support Recommendation 15. The DCC's preference is that local elections remain administered by Councils as they have extensive knowledge of their communities. However, the DCC acknowledges that some local election functions, such as promotion or joint procurement, could be best managed or facilitated by a well-resourced central authority.
23. The DCC supports Recommendation 16a to adopt STV. The DCC has used Single Transferable Voting (STV) in its elections since 2004.
24. The DCC supports Recommendation 16b to lower the voting age to 16 years. The DCC recommends this change is supported with funding to strengthen civics education in compulsory education. This is to ensure young people have the institutional knowledge and confidence to vote in local elections. The DCC notes if a change to local elections occurs the government may want to review the voting age for general elections.
25. The DCC does not support Recommendation 16d. The DCC's view is that amending the employment provisions of chief executives to match those in the wider public sector, undermines local accountability and responsiveness. The DCC also argues that chief executives are best managed at a local level, to maintain the important distinction between governance and operations. The DCC recognises and respects that every council is unique and serves different communities with different priorities, and feels strongly that the accountability of chief executives needs to be retained locally.
26. The DCC currently conducts a comprehensive induction programme for elected members which includes Treaty of Waitangi, cultural capability and civics education. The DCC notes the importance of training on local education and perspectives, so that elected members can respond to localised or regional issues. The DCC's view is that councils should be able to choose providers and manage the training locally to suit local needs, while being offered education opportunities that have a regional or national focus. The DCC notes its concern around the potential cost of centralised training for elected members, and cautions against centralised training replacing local and mana whenua developed education and professional development.

Authentic Relationships with Hapū, Iwi and Māori

27. The DCC is committed to the principles of the Treaty of Waitangi and to working in partnership with mana whenua and maatawaka. The DCC is building strong, authentic partnerships with mana whenua and cautions against any changes which could negatively affect this current momentum. The DCC's view is that genuine engagement with iwi Māori results in better decision making, more robust and lasting solutions and more engaged people and communities.

28. The DCC is developing its capability to meet Recommendations 6 and 7 through the establishment of Te Pae Māori, which is a mana-to-mana forum to advance the strategic relationship between mana whenua and mataawaka, and the DCC. The DCC requests more information as to how statutory initiatives could strengthen and maintain Treaty-based relationships while supporting unique and local relationships as described in Recommendation 5.
29. The DCC supports in principle Recommendation 11 for transitional funding and welcomes the intent to share the cost of building both Māori and council capability and capacity for a Treaty-based partnership in local governance. The DCC acknowledges that funding would help elevate and expediate positive changes, but seeks clarification about the purpose, scope and intended timeframe of the proposed Transitional Fund.
30. Following direction from mana whenua and mataawaka, the DCC does not have Māori wards but supports Recommendation 20 in principle. The DCC cautions against any changes which could adversely affect current relationships and partnerships with mana whenua and mataawaka.
31. The DCC supports Recommendation 26, that central and local government explore and agree to a new Treaty-consistent structural/system design, but strongly advises the Panel to include mana whenua and local government in the development of this, and for the process to not be restricted to local and central government.

Stronger Focus on Wellbeing

32. The DCC notes that the Report references the four wellbeings — social, economic, environmental, and cultural — included in the Local Government Act, but does not define the concept of “community wellbeing” in relation to each of these established wellbeings.
33. In principle, the DCC supports the aspirations of a holistic approach that centres community wellbeing in the purpose of local government. However, the DCC has concerns about how and what changes will be needed to achieve community wellbeing, and encourages the Panel to offer more detail in its recommendations. Specifically, what assessment tools will determine if council wellbeing functions will remain local or be better managed regionally or centrally.
34. The DCC notes that the Report includes specific references to Māori and Pacific approaches to wellbeing, but the Pacific approaches are not referenced again and it is unclear if Māori or Pacific concepts are in the wider concept of community wellbeing. For example, Te Ao Māori values and wellbeing are at the core of Recommendation 6, but it is not clear if these are in the Report’s overarching concept of wellbeing, which is a central theme in the Review and in the proposed system designs.
35. The DCC seeks clarification in regard to Recommendation 12. The DCC agrees with the intent, but questions what this means in practice.
36. The DCC acknowledges that there are international models of practice for central and local government working together to achieve community wellbeing outcomes, but has concerns about how it is envisaged that this will work in the context of Aotearoa New Zealand. The DCC questions how power imbalances between central and local government, between iwi and government and between larger and smaller councils will be managed in authentic co-design and partnership models.

37. The DCC supports Recommendation 13, but encourages the Panel to clarify what is meant by the terms 'Tiriti-consistent' and 'subsidiarity' by offering practical examples.
38. The DCC supports Recommendation 14, but suggests the Panel includes practical suggestions how councils could be supported and funded to achieve the desired outcomes as noted in Recommendations 14 a-f. The DCC is concerned how funding and resources in Recommendation 14 will be allocated and encourages the Panel to identify specific actions to ensure this can be done equitably by government, to support positive system change.

Genuine Partnership Between Local and Central Government

39. The DCC supports the intent of Recommendation 26 in principle, but requests the Panel uses plain English to define and explain what this will mean in practice. The DCC notes the contradiction in Recommendation 26; *"That central and local government explore and agree to a new Tiriti-consistent structural and system design"* and yet iwi Māori are not identified as co-designers.
40. The DCC agrees in principle with Recommendation 27— 'that local government, supported by central government, invests in a programme that identifies and implements the opportunities for greater shared services collaboration'. The DCC supports resourcing local authorities to access economy of scale, through greater shared service collaboration. However, the DCC notes caution is needed to ensure that data remains useful and informative from a local perspective.
41. The DCC does not support Recommendation 28, as it fails to address how the sharing of data will protect data sovereignty. In principle, the DCC supports the realisation of benefits and efficiencies in using common systems. The DCC requests the Panel reviews this recommendation to address this concern.
42. The DCC agrees with Recommendation 29 in principle – 'that central and local government considers the best model of stewardship and which entities are best placed to play system stewardship roles in a revised system of local government'. However, the DCC requests more information to explain how localised decision making will be protected, and how the accountability of system stewards will be enacted. The DCC recognises the importance of not undermining local decision-making power while reviewing the system stewardship settings and encourages the Panel to recommend ways for government to do this going forward.

More Equitable Funding

43. The DCC supports initiatives that will ensure Councils have a better range of funding and financing tools to support council roles and to better support the wellbeing of local communities. The DCC supports investigating potential system changes, such as co-investment with central government.
44. The DCC agrees with the Panel's view that a lack of a sustainable and equitable approach to co-investment is undermining the potential for central, local government and iwi to work together for better community outcomes.
45. The DCC supports the view that local government has reached "peak rates" and that other funding mechanisms should be introduced to lessen the funding reliance on the rating system.
46. The DCC supports the Panel's view that "unfunded mandates" from central government has put

too much pressure on local government staffing, resources and communities. The DCC supports recommendation 21 that addresses improving the current situation.

47. The DCC seeks clarification regarding recommendations 21, 22 and 23; if implemented, what criteria will be used to ensure funding is distributed to achieve equitable outcomes across councils or regions. The DCC believes that direct central government funding to local government, on a per capita basis may not address equity across regions or communities. The DCC supports an intergenerational fund to climate change that includes a regional and local approach. The DCC encourages the Panel to support alternative funding sources in their recommendations.
48. The DCC notes that the Review recommends a transitional fund to subsidise the cost of building capacity for a Treaty-based partnership in local governance. Implementing change or introducing new initiatives is an expensive process. The DCC recommends a transitional or one-off funding mechanism is developed to respond to costs associated with system change at a local level.
49. The DCC supports Recommendation 25 but requests clarification of the term “simplified process” and suggests this is included in the Panel’s glossary.

Conclusion

50. The DCC is pleased to submit its response to the recommendations detailed in the Panel’s Report.
51. Please refer to Appendix 1 for the DCC’s response to Report’s 29 recommendations.

Yours faithfully,

Jules Radich

MAYOR OF DUNEDIN

Appendix 1

DCC's response to the Review into Future of Local Government's 29 recommendations.

Recommendations	DCC Response and Feedback
1 That local government adopts greater use of deliberative and participatory democracy in local decision-making.	The DCC supports in principle. The DCC requests more detail as to the cost and effect this approach may have on citizens. The DCC also seeks assurance that this approach will not compound existing inequalities in the democratic process. The DCC encourages the Panel to recommend accessible systems are established to support all communities to participate in local democracy.
2 That local government, supported by central government, reviews the legislative provisions relating to engagement, consultation, and decision-making to ensure they provide a comprehensive, meaningful, and flexible platform for revitalising community participation and engagement.	The DCC supports in principle. The DCC supports changes that enable Māori to participate fully as both elected members and partners in governance. The DCC recommends this change should be developed and led by mana whenua and local/central government, rather than led by central government alone.
3 That central government leads a comprehensive review of requirements for engaging with Māori across local government related legislation, considering opportunities to streamline or align those requirements.	The DCC supports in principle. The DCC supports changes that enable Māori to participate fully as both elected members and partners in governance. The DCC recommends this change should be developed and led by mana whenua and local/central government, rather than led by central government.
4 That councils develop and invest in their internal systems for managing and promoting good quality engagement with Māori.	The DCC supports in principle. The DCC supports changes that enable Māori to participate fully as both elected members and partners in governance. The DCC recommends this change should be developed and led by mana whenua and local/central government, rather than led by central government.
5 That central government provides a statutory obligation for councils to give due consideration to an agreed, local expression of tikanga whakahaere in their standing orders and engagement practices, and for chief executives to be required to promote the incorporation of tikanga in organisational systems.	The DCC supports in principle. The DCC requests more information to explain how statutory initiatives could strengthen and maintain Tiriti-based relationships.
6 That central government leads an inclusive process to develop a new legislative framework for Tiriti-related provisions in the Local Government Act that drives a genuine partnership in the exercise of kāwanatanga and rangatiratanga in a local context and explicitly recognises te ao Māori values and conceptions of wellbeing.	The DCC supports in principle. The DCC requests more information as to how statutory initiatives will strengthen and maintain Tiriti-based relationships while supporting unique and local relationships.

7 That councils develop with hapū/iwi and significant Māori organisations within a local authority area, a partnership framework that complements existing co-governance arrangements by ensuring all groups in a council area are involved in local governance in a meaningful way.	The DCC supports.
8 That central government introduces a statutory requirement for local government chief executives to develop and maintain the capacity and capability of council staff to grow understanding and knowledge of Te Tiriti, the whakapapa of local government, and te ao Māori values.	The DCC strongly supports.
9 That central government explores a stronger statutory requirement on councils to foster Māori capacity to participate in local government.	The DCC supports. The DCC acknowledges its role and responsibility to support Māori capacity in participating in local government.
10 That local government leads the development of coordinated organisational and workforce development plans to enhance the capability of local government to partner and engage with Māori.	The DCC supports.
11 That central government provides a transitional fund to subsidise the cost of building both Māori and council capability and capacity for a Tiriti-based partnership in local governance	The DCC supports in principle.
12 That central and local government note that the allocation of the roles and functions is not a binary decision between being delivered centrally or locally.	The DCC supports the intent but seeks clarification. Specifically, what this would mean in practice.
13 That local and central government, in a Tiriti-consistent manner, review the future allocations of roles and functions by applying the proposed approach, which includes three core principles: <ul style="list-style-type: none"> ▸ the concept of subsidiarity ▸ local government's capacity to influence the conditions for wellbeing is recognised and supported ▸ te ao Māori values underpin decision-making. 	The DCC supports the intent but seeks clarification. Specifically, how the concepts of subsidiarity and wellbeing will be applied and interpreted in practice.

<p>14 That local government, in partnership with central government, explores funding and resources that enable and encourage councils to:</p> <ul style="list-style-type: none"> a. lead, facilitate, and support innovation and experimentation in achieving greater social, economic, cultural, and environmental wellbeing outcomes b. build relational, partnering, innovation, and co-design capability and capacity across their whole organisation c. embed social/progressive procurement and supplier diversity as standard practice in local government with nationally supported organisational infrastructure and capability and capacity building d. review their levers and assets from an equity and wellbeing perspective and identify opportunities for strategic and transformational initiatives e. take on the anchor institution role, initially through demonstration initiatives with targeted resources and peer support f. share the learning and emerging practice from innovation and experimentation of their enhanced wellbeing role 	<p>The DCC supports the intent but seeks clarification. Specifically, how councils will be supported to achieve the actions as detailed in a-f.</p> <p>The DCC notes its concerns of how funding and resources will be allocated, and recommends further information is shared in regard to how this will be done equitably across councils. The DCC stresses that the challenge is to translate equity into agreed processes.</p>
<p>15 That the Electoral Commission be responsible for overseeing the administration of local body elections.</p>	<p>The DCC does not support.</p> <p>The DCC's preference is that local elections remain administered by local councils as they have extensive knowledge of their communities. The DCC acknowledges that there may be some local election functions, such as promotion or joint procurement, that could be best managed or facilitated by a well-resourced central authority.</p>
<p>16 That central government undertakes a review of the legislation to:</p> <ul style="list-style-type: none"> a. adopt Single Transferrable Vote as the voting method for council elections b. lower the eligible voting age in local body elections to the age of 16 c. provide for a 4-year local electoral term d. amend the employment provisions of chief executives to match those in the wider public sector, and include mechanisms to assist in managing the employment relationship. 	<p>The DCC supports Recommendation 16a.</p> <p>The DCC supports 16b but recommends it is supported with funding to strengthen civics education in compulsory education.</p> <p>The DCC supports 16c but questions what effect if any, it may have on the 10-year planning cycle.</p> <p>The DCC does <u>not</u> support Recommendation 16d. The DCC feels strongly that the accountability of chief executives needs to be retained locally.</p>
<p>17 That central and local government, in conjunction with the Remuneration Authority, review the criteria for setting elected member remuneration to recognise the increasing complexity of the role and enable a more diverse range of people to consider standing for election.</p>	<p>The DCC supports in principle.</p>

<p>18 That local government develops a mandatory professional development and support programme for elected members; and local and central government develop a shared executive professional development and secondment programme to achieve greater integration across the two sectors.</p>	<p>The DCC supports in principle. The DCC's view is that councils should be able to choose providers or manage the training locally to suit local needs, while being offered opportunities regionally or nationally.</p>
<p>19 That central and local government:</p> <ul style="list-style-type: none"> a. support and enable councils to undertake regular health checks of their democratic performance b. develop guidance and mechanisms to support councils resolving complaints under their code of conduct and explore a specific option for local government to refer complaints to an independent investigation process, conducted and led by a national organisation c. subject to the findings of current relevant ombudsman's investigations, assess whether the provisions of the Local Government Official Information and Meetings Act 1987, and how it is being applied, support high standards of openness and transparency. 	<p>The DCC supports in principle 19a-c but requests the Panel recommends that the government details what consequences if any, will there be of a 'negative health check'.</p>
<p>20 That central government retain the Māori wards and constituencies mechanism (subject to amendment in current policy processes), but consider additional options that provide for a Tiriti-based partnership at the council table.</p>	<p>The DCC supports in principle. Following direction from Ngai Tahu, the DCC does not have Māori wards. The DCC cautions against any changes which could adversely affect current relationships and partnerships with mana whenua.</p>
<p>21 That central government expands its regulatory impact statement assessments to include the impacts on local government; and that it undertakes an assessment of regulation currently in force that is likely to have significant future funding impacts for local government and makes funding provision to reflect the national public-good benefits that accrue from those regulations.</p>	<p>The DCC supports in principle.</p>
<p>22 That central and local government agree on arrangements and mechanisms for them to co-invest to meet community wellbeing priorities, and that central government makes funding provisions accordingly.</p>	<p>The DCC supports in principle.</p>
<p>23 That central government develops an intergenerational fund for climate change, with the application of the fund requiring appropriate regional and local decision-making input.</p>	<p>The DCC supports in principle. The DCC supports an intergenerational fund to climate change that includes a regional and local approach.</p>

<p>24 That central government reviews relevant legislation to:</p> <ul style="list-style-type: none"> a. enable councils to introduce new funding mechanisms b. retain rating as the principal mechanism for funding local government, while redesigning long-term planning and rating provisions to allow a more simplified and streamlined process. 	<p>The DCC supports the intent but seeks clarification. Specifically, the meaning of “simplified process” in this context.</p>
<p>25 That central government agencies pay local government rates and charges on all properties</p>	<p>The DCC supports in principle.</p>
<p>26 That central and local government explore and agree to a new Tiriti-consistent structural and system design that will give effect to the design principles.</p>	<p>The DCC supports in principle. The DCC requests the Panel uses plain English to better define and explain what this will mean in practice. The DCC also notes the contradiction in the intent of Recommendation 26, yet iwi Māori are not identified as co-designers.</p>
<p>27 That local government, supported by central government, invests in a programme that identifies and implements the opportunities for greater shared services collaboration.</p>	<p>The DCC supports in principle.</p>
<p>28 That local government establishes a Local Government Digital Partnership to develop a digital transformation roadmap for local government.</p>	<p>The DCC does not support. The Recommendation fails to address how the sharing of data will protect data sovereignty. In principle, the DCC supports the realisation of benefits and efficiencies in using common systems, and requests the Panel reviews this recommendation to address this concern.</p>
<p>29 That central and local government considers the best model of stewardship and which entities are best placed to play system stewardship roles in a revised system of local government.</p>	<p>The DCC supports in principle but seeks clarification. Specifically, more information is requested to explain how localised decision making will be protected, and how the accountability of system stewards will be enacted.</p>