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To: Future for Local Government Panel

Subject: Review into the Future for Local Government Report

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Council does not wish to speak in support of its submission.

The Ruapehu District ... where adventure begins!



1 ACKNOWLEDGEMENT

Ruapehu District Council (RDC) thanks the Future for Local Government Panel for the opportunity to submit on the Future for Local Government draft report. This is an exciting and uncertain time for local government, the sector is in need of a transformation. Currently, local government structures and systems are facing considerable pressure from climate change, three waters, and resource management reform etc. The work local government does has become much more complex and demanding, with little increase in funding and capability. RDC acknowledges the need for change, and our submission highlights key concerns and considerations for the Panel to think about in the final report.

2 ABOUT US

The Ruapehu District is a land-locked area covering 6,733km², with a usual resident population of 12,309 (Statistics NZ, Census 2018). Ruapehu is one of New Zealand's largest districts by land area, however, has a relatively small and dispersed population base with one of the lowest resident population densities in the country (0.02 persons per hectare). The Ruapehu District has high levels of socio-economic deprivation compared to other parts of the country.

The Ruapehu District has a strong primary industry sector and despite Covid, it is also a growing tourist destination and enjoys a significant and steadily increasing number of visitors and non-permanent residents each year. The Ruapehu District receives approximately 1.2 million visitors annually, and although the district's usual resident population is lower, the population goes up to approximately 28,000 on our peak day.

3 REVITALISING CITIZEN-LED DEMOCRACY

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

RDC supports the panel's vision (pg. 42) for what strong civic participation should look like. However, the 'them vs us' narrative in the way communities and councils are discussed in this report does not help achieve the vision. The report views councils and communities as separate entities. In RDC's view, the council and community are part of the same body. The council is the community and vice versa. The challenge lies in helping key stakeholders recognise the relationship between the community and councils. This shift in perspective will alter the way communities view councils and how councils engage with communities.

RDC agrees with the report's assessment of the state of civic participation in local government. There must be an investment in building the skills and experience of councils to facilitate citizen-led democracy. RDC recognises the benefits of using digital tools and civic education to increase community understanding of the role of local government. RDC believes an assessment must be conducted first to understand the current levels of knowledge and understanding communities have. This will allow for tailored approaches that directly address the barriers of civic participation.

Instead of asking "*What might we do to increase civic education?*", the question should be "*Why should communities/ individuals care about local government?*". In RDC's view, the future of local government review should centre around improving and growing the relationship between communities, central government, and local government.



RDC supports the report's recommendation to review the legislative provisions relating to engagement, consultation and decision-making. Current legislative provisions outline the core requirements, however, as mentioned in the report it needs to be modernised to consider the multiple media and communication mediums available.

RDC supports the report's recommendation to review requirements for engaging with Māori across local government-related legislation. RDC supports the report's recommendation for central government to provide a transitional fund to subsidise the cost of building both Māori and council capability and capacity for Tiriti-based partnership in local governance.

RDC supports the report's recommendation for local government to lead the development of coordinated organisational and workforce development plans to enhance the capability of local government to partner and engage with Māori.

4 A TIRITI-BASED PARTNERSHIP BETWEEN MĀORI AND LOCAL GOVERNMENT

The report recommends that central government should lead an inclusive process to develop new legislative framework for Tiriti-related provisions in the Local Government Act (LGA), that drives a genuine partnership in the exercise of kāwanatanga and rangatiratanga in a local context and explicitly recognise Te Ao Māori values and conceptions. RDC agrees that this process should be led by central government. Furthermore, if the aim of this framework is to provide a better understanding and give greater clarity to councils, it would be in local governments best interest to support this.

The report recommends that councils develop a partnership framework with hapū/iwi and significant Māori organisations within a local authority area, that complements existing co-governance arrangements by ensuring all groups in a council area are involved in local governance in a meaningful way. RDC supports this recommendation, however it would need significant financial and capability support from central government to establish and maintain genuine and effective partnerships with iwi within our rohe. Currently iwi are experiencing high demand on their time to engage with various agencies across several sectors, which is an exhaustive exercise. To ensure that our iwi partners are well resourced to engage, there must be assistance available beforehand, whether it be in the form of pūtea or otherwise, to enable meaningful collaboration.

The report recommends 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. This would provide certainty to councils and ensure greater recognition and understanding in relation to the legal obligations of Te Tiriti. Councils will require clarity around what the intention of the phrase "the whakapapa of local government" is.

The report recommends that central government explores a stronger statutory requirement for councils to foster Māori capacity to participate in local government. RDC supports this view, however central government must provide councils with financial assistance and other tools to assist with undertaking this work.

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this view, however central government must provide councils with financial assistance and other tools to assist with undertaking this work.

The report recommends that local government leads the development of coordinated organisation and workforce development plans to enhance the capability of local government to partner and engage with Māori. In RDC's view, local government should co-lead with iwi. To foster and encourage genuine partnership, local government must work with iwi as equal partners.

The report recommends that central government provides a transition fund to subsidise the cost of building both Māori and council capability and capacity for a Tiriti-based partnership in local governance. RDC supports this recommendation. As mentioned further in this submission, it must not be a contestable fund. Funds should be awarded by need. When distributing the fund, central government should consider matters like, existing partnership, whether plans put forward have been endorsed by local government and iwi, and willingness to work together.

5 ALLOCATING ROLES AND FUNCTIONS IN A WAY THAT ENHANCES LOCAL WELLBEING

The report recommends that central and local government note that the allocation of roles and functions is not a binary decision between being delivered centrally or locally. This view skews the purpose of allocating roles. There will always be cases whereby roles overlap, however, there must be clear lines to delineate who does what. As stated in the report, local government is struggling to understand its role in addressing certain challenges such as climate change. Assigning clear roles to key stakeholders allows for cohesive working partnerships through setting agreed upon expectations from the outset.

The report recommends that local and central government, in a Tiriti-consistent manner, review the future allocation of roles and functions by applying the concept of subsidiarity and Te Ao Māori values. RDC supports the concept of subsidiarity. Councils are well positioned to influence and champion wellbeing due to our proximity to communities and people. However, as mentioned in the report, councils struggle with limited resources and capacity. These limitations prevent councils from taking up opportunities to collaborate with our community on locally driven solutions. In addition, the report does not take into consideration the unique challenges in increasing capacity for rural councils like RDC, such as our ability to attract people to live and work in our district.

What process would need to be created to support and agree on the allocation of roles and functions across central government, local government, and communities?

An assessment must be conducted first, to capture stakeholder capabilities and their scope of work. This process should also be used to review each agent's vision and goals and align it with the district or region's overall wellbeing goals. Having this information provides an overview of who does what. This information is critical in informing how roles are allocated and the resources required to effectively carry out those roles.

What conditions will need to be in place to ensure the flexibility of the approach proposed does not create confusion or unnecessary uncertainty?

As mentioned in the report, strong relationships between local government, central government and relevant agencies must be established before the discussion about roles is had. As a consequence of historically working in silos, there is limited understanding both



within and between agencies about what each agency does, especially in areas where work overlaps. By first understanding what each other's role and capacity is, a plan can then be developed that takes advantage of opportunities to work together to effectively address local challenges, with central government resources.

What additional principles, if any, need to be considered?

The 'new' LGA principles should consider whether they support place making, wellbeing, partnership, and Te Ao Māori values. This could include equity, social inclusion, participation in democracy and decision making, and maximising local input.

6 LOCAL GOVERNMENT AS A CHAMPION AND ACTIVATOR OF WELLBEING

The report recommends that local government, in partnership with central government, explores funding and resources that enable and encourage councils to:

- (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.

RDC supports all of these recommendations, but as mentioned throughout this submission, local government will require significant investment and support from central government to enable us to successfully achieve these recommendations.

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

The report describes councils as an anchor institution. Anchor institutions are entities like hospitals, schools, faith groups etc. that have a long-term and enduring commitment and connection to communities; because of these entities purpose and placement within communities, they can and do create and increase public good and value.

As an anchor institute, RDC enhances intergenerational wellbeing by targeting initiatives and or services to those in our community who need them the most. In RDC's view this function of local government should further be supported by expanding local government's powers, through the LGA, to sufficiently design and resource projects targeted at increasing equity of vulnerable communities.

What changes would support councils to utilise their existing assets, enablers, and levers to generate more local wellbeing?

The relationship between central government and local government is one of the key focus areas that requires improvement to enhance the relationship and facilitate the successful achievement of local wellbeing. RDC believes there is an obvious need for an agreed wellbeing plan – an integrated strategic plan for wellbeing that sets out objectives, and



outlines the steps to be taken, by whom and by when, and shapes the funding required to deliver.

7 A STRONGER RELATIONSHIP BETWEEN CENTRAL AND LOCAL GOVERNMENT

RDC agrees with the report's proposal on how to strengthen the relationship between local government and central government. As mentioned in the report, the challenges our communities face are deep-seated, complex, intergenerational and can only be tackled with a cohesive approach. This means local government and central government must both invest in building a relationship that not only connects on systematic level, but more importantly on an interpersonal level. The report effectively captures the nuances of the challenges of re-establishing a relationship between the two parties, however, it must be reiterated that accessibility and transparency should be at the core of the relationship building process as it is these two components that build trust.

This can be done by bringing 'Wellington' to the regions. Often, local government is left out of the conversation because big picture decisions that have local impacts happen outside of our district, region and or city. The report suggests establishing co-investment as a solution to this issue. RDC supports this proposal, however, will this 'system' function outside of our region? If it leads to the establishment of a separate 'entity', which it appears to be leading to, where will it be located? RDC recommends that if an 'entity' is created, it should be based in a region other than Wellington and or a major city. As a way to support the revitalisation of small town communities, central government should consider de-centralizing their services. Close proximity to community improves community buy in and builds strong relationship between local government, central government and Māori.

8 REPLENISHING AND BUILDING ON REPRESENTATIVE DEMOCRACY

The report recommends that the Electoral Commission be responsible for overseeing the administration of local body elections. RDC acknowledges the benefits of centralising local government elections, however, any system that replaces the administration of local body elections must be able to retain the benefits of localised delivery of the electoral process.

While localised delivery can mean electoral processes are better tailored to local circumstances, RDC agrees with the report's observation that it can lead to inconsistency in the interpretation and application of electoral law across the country. It can also lead to different standards of voter support and promotional activities due to differing council budgets.

In RDC's view the report's recommendation to lower the eligible voting age in local body elections to 16 to increase participation does not address the cause of low voter participation. For this policy option to work, it must be preceded by thorough civic education that is introduced throughout different stages of schooling.

The report recommended 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. RDC supports this recommendation. As stated throughout this submission, local government is increasingly having to manage complex issues, and remuneration should reflect the demand it places on councillors time and capabilities.



RDC supports the report's recommendation to build the capacity of elected members by implementing a professional development programme targeted at members. Any support to expand elected members ability to deliver good quality services for their community is welcomed. Lack of experience is a barrier to standing for local government elections. The implementation of a professional development programme targeted at educating newly elected members will greatly assist their transition to a governance role.

The report does not consider the impact home ownership has on representation. Given that rates make up 60% of most councils revenue, there is a built in incentive for homeowners to be involved in local government. Home ownership is low amongst Māori and Pacific people. This may be a reason for these groups' lack of involvement in local government. A conversation should be had between central government, local government, Māori and Pacific groups to discuss the challenge of home ownership in relation to local government participation.

RDC supports the report's recommendations that central government and local government:

- (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.

RDC supports the report's recommendation for central government to retain Māori wards and constituencies mechanism (subject to amendment in current policy processes) but additional options should be considered that provide for a Tiriti-based partnership at the council table.

9 BUILDING AN EQUITABLE SUSTAINABLE FUNDING AND FINANCING SYSTEM

RDC agrees that a sustainable and equitable co-investment model is needed to support local government. Rating, as the primary funding mechanism, constrains local government's ability to lead in areas like climate change, disaster management, economic development etc. An intergenerational national funding mechanism is needed.

RDC cannot afford to pay for investments necessary to support community wellbeing and keep up with unfunded mandates. The Ruapehu District is geographically isolated, with a small rating base and many areas of our community experience high levels deprivation. A co-investment model is a welcome idea, but it will need to be established by central government.

RDC strongly agrees with the report's recommendation to cease unfunded mandates. The financial pressure of additional responsibilities delegated from central government without additional resources is a huge challenge and burden to our ratepayers. RDC believes that there should be regulatory impact assessments on proposed and existing regulations that have significant, ongoing funding impacts for local government.

RDC supports the report's recommendation for central government to develop an intergenerational fund for climate change, with the application of the fund requiring appropriate regional and local decision-making input. The recent floods in Auckland and



Hawkes Bay demonstrated what climate change experts have warned for years. Ruapehu is vulnerable to flooding and land erosion. RDC is not in a position to develop and implement comprehensive mitigating measures necessary to keep our community safe. If an intergenerational fund for climate change is established, RDC believes that it should not be a contestable fund. The fund should be allocated by need.

RDC supports the report's recommendation for central government to review relevant legislation to:

- (a) enable councils to introduce new funding mechanisms; and
- (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.

RDC supports the report's recommendation that central government agencies pay local government rates and charges on all properties.

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

In RDC's view, developing a funding allocation process should be done in collaboration with local government, local communities, and Māori. A discussion prior to the creation of a process will assist with identifying key barriers to achieving wellbeing outcomes. By identifying barriers to community wellbeing, funds can then be targeted at communities that not only need it the most, but who are also prepared to work together with local government and Māori to implement wellbeing plans that encompass community priorities.

10 DESIGNING THE LOCAL GOVERNMENT SYSTEM TO ENABLE THE CHANGE WE NEED

RDC endorses the core guiding principles highlighted by the report. RDC would like to see the inclusion of a principle that enables and supports small councils' ability to explore investment options, using the co-investment model of work, between local government and central government.

Although the 'single authority' model is only used as an example to demonstrate how guiding principles are applied, RDC wants to emphasise that it does not endorse this model for local government. One of the guiding principles stated in this report is 'local', and in RDC's view, this model does not centre local knowledge of communities, hapū and iwi.

If the Panel decides to recommend a local government structure, the 'combined authority' model is the closest example of what ideally would work for local government. This model brings the local and regional tiers of local governance closer together by having shared representatives and more aligned decision-making. Granted there are issues with this model. The report rightly points out that the main challenge with the 'combined authority' model is ensuring the combined councils are accountable to their local communities. This can be remedied by creating, via legislation, an entity whose sole responsibility is to regulate local government. This is an option that the Panel should explore in the final report.

RDC supports the report's recommendation for central government and local government to explore and agree to a new Tiriti-consistent structural and system design that will give effect to the design principles. It is vital, that collaboration takes place before any legislative change



is undertaken. This report reiterates the idea that for meaningful change to occur in the local government sector, there must be a significant shift in the relationship between central government and local government. Engaging with local government earlier in the reform process is vital to building a strong relationship between the government entities, local communities, and Māori.

RDC supports the report's recommendation for central government to invest into a programme that identifies and implements the opportunities for greater shared services and collaboration.

RDC supports the report's recommendations for local government to establish a Local Government Digital Partnership to develop a digital transformation roadmap for local government.

11 SYSTEM STEWARDSHIP AND SUPPORT

RDC supports the report's recommendation for central and local government to consider the best model of stewardship and which entities are best placed to play system stewardship roles in a revised system of local government.

How can system stewardship be reimaged so that it is led across local government, hapū/iwi, and central government?

The current system stewardship is delivered through a range of ways across central government and local government, and at times, there is a lot of crossovers of work between entities within local government. This results in multiple agencies and ministers placing demand on local government, often without an awareness of the collective impact or supported by resources that reflect an increased responsibility. This breeds a competitive environment that is not conducive to a collaborative working relationship.

The system would benefit from intervention options, short of appointing commissioners, that can address any performance issues while preserving the intent of local democracy. These options should be explored.

How do we embed Te Tiriti in local government system stewardship?

RDC suggests the panel explore how to embed Te Tiriti into the function of organisations responsible for system stewardship. This should relate to mechanisms of central and local government focused on things such as:

- (a) national advocacy for councils and coordinating insights and influence on government policy;
- (b) training and development for elected members, including conferences;
- (c) training and development for staff;
- (d) best practice guidance on the conduct of local government business, such as long-term planning, funding and financing, rating, and local elections.

How should the roles and responsibilities of 'stewardship' organisations (including the Secretary of Local Government (Department of Internal Affairs), the Local Government Commission, LGNZ, and Taituarā) evolve and change?



RDC supports the report's suggestion that central government, local government and hapū/iwi need to determine together the best way to develop local government models of system stewardship to ensure all actors are working towards the same outcomes for communities.

12 **CONCLUSION**

RDC cautions the Panel to consider that the success of this reform depends on building a healthy relationship between central government and local government. Therefore, it is important that local government is engaged as a genuine partner throughout this review process.

