



28 February 2023

Jim Palmer
Chair
Future for Local Government Review Panel

Email: futureforlg@dia.govt.nz

Tēnā kou tou

RE DRAFT REPORT – REVIEW INTO THE FUTURE FOR LOCAL GOVERNMENT

Thank you for the opportunity to submit on the Future for Local Government Panel's (the Panel's) draft Review into the Future for Local Government released in October 2022.

Engineering New Zealand (formerly IPENZ) is New Zealand's professional home for engineers. We're New Zealand's strongest and most influential voice on engineering issues, with more than 23,000 members who want to help shape the public policy agenda and engineer better lives for New Zealanders.

Engineering New Zealand recognises the importance of reviewing the future for local government, given the expected significant changes that New Zealand will experience over the next three decades. These changes will bring both challenges and opportunities for local governance. As a result, the need for reform has become more critical than ever before. The current local government framework is no longer adequate for the present or future. It is inefficient and inconsistent in its outcomes, resulting in poor long-term consequences for communities. Furthermore, the sector is facing a shortage of skilled and capable personnel, with many Councils struggling to retain qualified individuals. Given these challenges, a review of the future of local government is timely.

GENERAL COMMENTS

We appreciate the Panel's efforts in producing its initial report draft. However, we are disappointed with its current form. It is our view that the majority of the recommendations posed by the Panel are cautious and lack clarity on how they will be implemented in practice. We had anticipated that the Panel would offer more impactful and concrete recommendations within the report. For example, we were hopeful that the Panel would address the significant issue of the current structure of the local government system and the number of Councils existing within a country the size of Aotearoa. Despite this, we recognise that the report is still a work in progress and remain optimistic that it will be revised based on the feedback received.

We are concerned at the lack of integration among all the work programmes that impact local government, including the resource management reform and three waters reform. The lack of integration between these significant programmes of work is unlikely to achieve the government's objective of streamlining and enhancing the efficiency of the current local governance system.

The draft report outlines the five key shifts that the Panel thinks are needed for local governance to make:

- Strengthened local democracy
- Authentic relationships with hapū/iwi and Māori
- Stronger focus on wellbeing
- Genuine partnership between local and central government
- More equitable funding

This submission will not directly answer each of the Panel's consultation questions, instead providing feedback on key points outlined in each of the key shifts .

SOLUTIONS POSED BY THE REPORT WILL NOT ADDRESS THE PROBLEMS FACED BY AOTEAROA AND WILL NOT REVITALISE CITIZEN LED DEMOCRACY

We agree with the Panel's sentiments that the current mechanism for participation in local democracy is inadequate. However, it is our view that the solutions proposed in the draft report are only minor and ad-hoc 'fixes', that do not address the root causes of the problem. What is needed is a critical evaluation of the model's effectiveness and suitability for its purpose. There is a strong need to consider economies of scale, and whether or not the current structure and legislative framework still work. Over and over again we hear from our members that it is hard to work with local Councils. We hear of inefficiencies, varying standards, and more. This ultimately leads to poorer outcomes than necessary and impacts everyone in New Zealand.

TIRITI-BASED PARTNERSHIP BETWEEN MAORI AND LOCAL GOVERNMENT

We support the Panel's recommendation (6) to develop a new legislative framework for Tiriti-related provisions in the Local Government Act. However, it is our view that a review of the wider legislative framework is needed to truly drive a genuine partnership and explicitly recognise te ao Māori values, as the Panel suggests. Given the significant ongoing reforms such as the three waters and resource management reform, it is crucial to conduct a comprehensive review of the range of statutes that apply to local government. This includes the Local Government Act 2002, Resource Management Act 1991, and the Land Transport Act 2003.

We also support the recommendation (8) for Government to mandate 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.

ALLOCATING ROLES AND FUNCTIONS IN A WAY THAT ENHANCES LOCAL WELLBEING

We partially agree with recommendation 12 which states *“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.”* However, it is our view that not all roles and functions should be shared between the two sectors, and it would be more beneficial if the Panel instead made specific recommendations regarding the roles and responsibilities that can be transferred from the central government to the local government. The Panel has highlighted specific roles and functions, such as urban development and housing, waste management, and building consenting, and considers that are opportunities to explore specific changes to the allocation of roles and functions that affect local wellbeing. However, stops short of providing concrete recommendations. This is a wasted opportunity.

A STRONGER RELATIONSHIP BETWEEN LOCAL AND CENTRAL GOVERNMENT

Although we appreciate the Panel's call to strengthen the relationship between central and local government, we are disappointed that the draft report does not provide specific recommendations for achieving this objective. In this chapter, the Panel outlined the benefits of a more interdependent partnership between the two levels of government but does not offer concrete suggestions to support their proposals. Although we understand that the final report may address this issue and incorporate feedback, it would have been beneficial to have insight into the Panel's perspective at this stage.

BUILDING AN EQUITABLE, SUSTAINABLE FUNDING AND FINANCING SYSTEM

We welcome the Panel's recommendations (21 to 25) for an equitable and sustainable funding and financing system. Local governments are grappling with a multitude of pressing issues, including the three waters reform, resource management reform, and the threat of climate change. Adopting the Panel's recommendations will provide the clarity and certainty needed for local government and all stakeholders involved.

Co-investment in public goods and the end of unfunded mandates (recommendation 21)

We strongly support the Panel's recommendation for regulatory impact statements to account for the impacts on local government, co-investment in public goods and the end of unfunded mandates being passed on to local government. The concerns raised by the Panel regarding the impact of unfunded mandates on local government funding systems are valid. The increasing costs passed on to ratepayers due to these mandates can create a significant burden on communities and with reform programmes underway, the issue of funding becomes a greater concern. Although the Panel has provided a range of alternative funding mechanisms, we would like to see the Panel further provide specific recommendations on how these mechanisms can be implemented in practice.

Intergenerational fund for climate change (recommendation 23)

We welcome the 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.” Climate change poses a significant threat to our infrastructure, putting many communities at risk. This can especially be seen in the aftermath of the recent flooding event in Auckland and Cyclone Gabrielle. Establishing an intergenerational fund to address this challenge will ensure their long-term safety and readiness to face future difficulties. Priorities for this fund should align with the goals of the National Adaptation Plan, which includes objectives centred on building resilient infrastructure and driving a climate-resilient built environment.

It is our view that this recommendation is well-intentioned in addressing the issues surrounding climate change. However, we think that this recommendation could be strengthened and made more specific to include concrete steps for implementing the proposed changes. As the Panel states, current funding channels are already experiencing pressure and the insurance sector has indicated that individuals with properties in vulnerable locations may face difficulty obtaining insurance coverage in the foreseeable future. Therefore, we would have liked to see the Panel lay out steps on how the funds for intergenerational climate change would be achieved, as well as the objectives of these funds.

Any imbedding of climate change funds should wait until the Climate Change Adaptation Bill and the Emergency Management Bill are published later this year. The Panel’s recommendations must align to these Bills, therefore it is prudent to wait until the Bills are released before making further recommendations on the issue.

CONCLUSION

We appreciate the opportunity to provide comment on the Future for Local Government draft report. Aotearoa will face complex future challenges and this review is fundamental in ensuring local government's success in addressing those challenges. Whilst we have not answered each of the Panel’s questions individually, we have sought to address key points on the draft report for the Panel’s consideration.

We will also continue to watch the work of the Panel, providing feedback as we can. We remain hopeful that this work will lead to better outcomes for Aotearoa. In the interim, if we can be of any assistance, please do not hesitate to contact me by emailing richard.templer@engineeringnz.org or 021 22 000 50.

Ngā mihi



Dr Richard Templer
Chief Executive