

## Matters of principal and general comments

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- 1. We are generally supportive of the underlying drivers for the review – but we feel direction is lacking:** We are generally supportive of the underlying drivers for the review and the need for responses to these. This said, much further development is needed to provide insight into the potential way forward. Many of the recommendations are still exploratory in nature, not really moving on from the 'key shifts' arrived at through the interim engagement phase. For example, many of the recommendations do not provide a future direction but rather suggest further exploration or further review and in some instances provide questions rather than recommendations. Our greatest concerns in this regard relate to the allocation of roles and functions and to the overall system design.
- 2. We need to make convincing recommendations to central government and not let reform happen to us:** There is some disappointment that stronger concepts, recommendations, and preferred options have not been put forward at this stage of the review for the sector to consider and test before the review is placed back in the hands of central government. As we have noted in our previous submission, the review needs to make a convincing case to central government well informed by 'local' knowledge and experience, and not let reform happen to us based on the priorities and preferences of the government of the day. At this stage of the review we believe the recommendations are not sufficiently strong enough to achieve this intention. We feel that the independence and insight of the Panel is of substantial benefit to the review process and would request their continued leadership to help formulate the detail.
- 3. The lack of overall strategy to the collective reforms is disappointing:** It is disappointing that central government has not approached reforms of local government (including this review) in a more coordinated manner. The process of reform has been somewhat lacking in overall strategy and is being progressed in silos. The FFLG should be the overarching strategic piece that is impartial to individual government departments and is best placed to cut across central government silos. Unfortunately, this has come as an afterthought to the reforms already well underway. An overarching strategy that identifies the greatest priorities, maps out the pathways towards addressing those, and provides the space for coordination of reforms would help to provide greater certainty to the local government sector, and greater confidence in the review.
- 4. The FFLG review must remain pure to its own objectives and principles:** It has been acknowledged already in the first phase of this review, that the FFLG should have led, or at least be progressed in tandem, with significant reform of specific council functions and services (i.e. Three Waters Reform and Resource Management Reform). Although it is not now possible to rearrange this overall scheduling, extra care is needed to ensure that the FFLG review remains pure to its own objectives and principles without becoming overly influenced or limited by the direction of the Three Waters and in particular the Resource Management review. This may mean that other (more advanced) reforms may have to be amended in accordance with any future local government system reform, rather than retrofitting.
- 5. Some insights would be helpful now, towards our next Long Term Plan:** Councils have commenced development of their next Long Term Plans and these will cover at a minimum the 10 year period from

2024-2034. For the local government sector, the reforms mean that there is much that is currently changing and more that is uncertain. This is completely disruptive to the direction set by our current Long Term Plan in response to the needs and aspirations of our communities. This means our next Long Term Plan process will require a full reset. With each of the reforms being implemented within their respective lanes, there is currently very little guidance in respect of the bigger picture for local government. As the FFLG reform will not yet be at a stage to provide the answers, each council will be left to interpret this space and opportunity for themselves through the development of the upcoming LTP. This leaves much ambiguity for councils to navigate with their communities.

How do we respond to the long term needs and aspirations of our communities if we have high uncertainty for how the local government system might look in the future? What promises should/shouldn't we be making to our communities in this context of uncertainty? Given the space left by Three Waters Reform, when is the right time to step more deeply into our community wellbeing role? What are the implications for our long-term projects and financial commitments? Should we park certain projects (such as a major project to replace our ERP system)? What are the implications for our financial strategy, without three waters included but without new revenue opportunities being explored by the FFLG review. Is it realistic to be planning 10 years ahead? A further added complication is the implications for the reform programme should a change of government eventuate from the general elections later this year – should councils be undertaking contingency planning for three waters and for their Long Term Plans on this basis and if so, who will resource this?

Ideally these considerations could be guided, in part, by thought leadership from the Review Panel. We suggest the Panel work in partnership with Taituara and DIA to deliver guidance for our Long Term Plan process.

6. **We seek assurance of a continued inclusive approach to the review:** Many of the recommendations suggest further exploration or further review as next steps. Lead agencies for these specific next steps/actions include 'central government', the 'local government as a sector', and in multiple instances with actions directly to the 'council' level (or some combination of these). The FFLG has done this well to date to engage the local government sector (and others) in the review and we would encourage continued inclusive approach when the review is delivered back to central government (or whomever is the lead agency for the review). There is a risk given the breadth of the review and with allocation of actions to multiple lead agencies, that involvement may become more fractured from this point forward. Of note, the local government sector is already very busy dealing with a heavy reform agenda and multiple layers of priorities. Beyond the Panel's involvement the review would benefit from a continued central coordination responsibility.
7. **We must take a strengths-based approach that upholds respect and mana:** We reinforce the point made in our earlier submission this review can be interpreted as judgement and that change can be challenging. The continued review, and any reform that may follow will need to be approached from a position of mutual respect, a strengths-based approach, that upholds relationships and mana. We must celebrate and retain the strengths of local government and what we do well (of which there is much, particularly when considering our financial limitations). The scope of this review is very broad, exploring a very wide range of aspects beyond legislative reform and encompassing both tangible and intangible factors. Many of those factors are very significant and substantial on their own, even more so collectively. We are aware that the process of change for something this major can take some considerable time as we move

through stages of review-to-reform-to-transition-and-implementation. It will take some substantial commitment and the right culture for change and innovation across many factors. The review should ideally foster excitement about what the future could be.

8. **We think the review may present some low hanging fruit:** Given the breadth of this review and the time needed to progress substantial change, council prompts the review to consider how this might be staged, including recommendations that may be progressed sooner rather than later and/or outside of the system-wide reform. We appreciate that many aspects of the review will be interlinked and will need to be progressed concurrently, but there may be numerous areas of focus and change that proceed regardless. This could help to progress best practice and system improvements sooner rather than later - where this does not compromise broader reform intentions. It may also be useful in terms of supporting a cultural of innovation and change to help smooth the way for the more significant aspects of reform. An opportunity that may be of immediate value given the multifaceted reform agenda, would be the development (or trial) of a more effective coordinating function at the central government level that brings together central government matters of relevance to local government - providing greater coherence to the overall strategy and sector engagement. There are many other matters/recommendations that could very easily be accelerated.

#### **Revitalising citizen led democracy (chapter p.40/recommendations p.61)**

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9. Council supports the underlying principle of engaging citizens more effectively and more meaningfully on the things that matter most to them. Council is generally supportive of the recommendations to revitalise citizen led democracy and enhance engagement, including both generally and specifically with Māori.
10. There are many great examples within the local government sector of effective engagement. While there is much room for improvement, we maintain this is a strength of the sector and we are close to communities in comparison to central government. We need to build from this position of strength and learn from the innovation the sector already pursues.
11. We are agnostic to the mix of engagement tools. Different approaches will be needed for different projects and for different communities and stakeholders.
12. Technology (online) is being advocated as offering greater potential for engagement. We agree, but with the caveat that our District continues to have a substantial digital divide due to wealth and infrastructure limitations.
13. There is a need to balance the desire for enhanced engagement with consultation fatigue, consultation bias, and decision-making efficiency. Already both the community and Council can be overwhelmed with the amount of engagement that is ongoing given how resource intensive this can be to do meaningfully. Thought needs to be given not just to how we engage, but what we engage on and how much, versus what we can entrust straight to elected governors to make decisions on.
14. We recognise much is about the culture and commitment rather than legislation framework. Innovation and best practice within the sector already move well beyond minimum legislative obligation. An improved legislative framework will help provide clarity and set expectations, but tools cannot be overly prescriptive and therefore intangible enablers may need to be supported for a greater outcome.

## **Tiriti based partnership and strengthened engagement with Māori (chapter p.62/recommendations p.101)**

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15. Council is supportive of the intentions set out in the review to build stronger, more authentic relationships with Iwi, Hapū and Māori, both through enhanced engagement and by embodying the intentions and principles of Te Tiriti. We are supportive of the intention for a far more balanced relational sphere that brings together Kawanatanga and Rangatiratanga and for steps towards mainstreaming collaboration, co-design, and co-governance.
16. The Whakatāne District shares its rohe with seven Iwi and has a population that is just under half Māori. The Māori population is growing, Māori are significantly younger on average, Māori entities are increasingly enabled, and Iwi and local government have an overlapping long-term commitment to local place and local communities. Iwi and Māori through the broader reform agenda will have strengthened governance roles specific to the functions under reform. Alongside Te Tiriti obligations, the fact of the matter is co-governance with Māori at the local government level just makes sense.
17. The hierarchy of objectives should foremost look to evolve co-governance. That is not to say engagement shouldn't be strengthened (this is required too), but rather that a Tiriti based approach should fundamentally look to partner Māori 'within' the governance system that works better for everyone (eg. rather than considered external stakeholders that need to be engaged).
18. We reinforce our earlier submission (to the interim report) suggesting the need for the development of new constitutional arrangements that recognise an inherent right of local democracy. Currently local government is a creature of statute and therefore its operations and functions, and indeed its very existence, are subject to the whims of a simple Parliamentary majority at any one time. We take the view that the assumption of local decision-making over local issues, based on the general principle of subsidiarity, should be enshrined as part of Aotearoa New Zealand's constitutional amalgamation.
19. In parallel with that, we also consider that it would be useful to provide greater clarity at the intersection where tangata whenua and local government meet. Tangata whenua organisations are increasingly taking on roles and functions (including quasi-planning and regulatory) that traditionally local government would perform and this can be expected to continue and expand. Those functions are not performed as a simple contracting out of local government functions but as expressions of the tino rangatiratanga of local hapū and iwi. Clearly stating the position of local government as an arm of the Crown, with responsibilities to Tangata Whenua under te Tiriti o Waitangi, but in a unique position to give life to that relationship at a hapū and iwi level, would be useful. Understanding the relationship between local government and tangata whenua as a mana to mana relationship would be in line with the general evolution of Tiriti based thinking in this country. This is an extremely complex area but it should not be avoided for that reason. We are aware that this goes beyond the recommendation of "making Tiriti-related provisions in the Local Government Act". Though noting we are generally supportive of the intention to provide more clarity in legislation.
20. A strengthened partnership framework between local government and Māori needs to give consideration of the duty on councils to engage with post settlement entity group (PSGE) ahead of, or as well as, directly with hapū and whānau on local issues. Our experience is that this can cause conflict understanding the intention and views of hapū and whānau versus the PSGE. Clarity in legislation would help to guide, and keep safe, all parties in terms of any expected hierarchy of engagement expectations.

21. We note that there are also responsibilities and opportunities for Iwi within other reforms (Three Waters and Resource Management for example). Coordination of this broader framework will be necessary to avoid duplication, inefficiency, and the creation of new silos.
22. We are also supportive of the recommendation that funding be provided by central government to support capability and capacity for a Tiriti based partnership in local governance. We disagree with this being limited to 'transitional' funding at this early stage. We would suggest an ongoing funding commitment from central government towards this purpose and that this could be considered as part of the concept of ongoing central government (funding) commitment to local wellbeing. We also consider that funding methodology will need to be considered so that funding can be distributed where most needed.

### **Allocating roles and functions (chapter p.102/recommendations p.114)**

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23. We have already noted in this submission that there are aspects of this review that need greater consideration and stronger recommendations before handing back to central government, including in particular the allocation of roles and functions (as well as the overall system design). We feel that the independence of the Panel in the review of these aspects is of substantial benefit to the process. We would like the opportunity to review more refined recommendations before these are provided to central government.
24. Council also continues to hold concern that the timing of the FFLG review is not ideal in terms of alignment with the wider reform agenda being progressed by central government. It has been acknowledged already that the complete system review through the FFLG should lead or at least be progressed in tandem with significant reforms of specific council functions and roles (i.e. Three Waters Reform and Resource Management reform). Although it is not possible to rearrange this overall scheduling, care is now needed that the FFLG review remains pure to its own objectives and principles without becoming overly influenced by the direction (and scale) of the aforementioned reforms. This point applies equally to the review of system design.
25. Council is strongly supportive of the panel's recognition of subsidiarity as a key principle and starting point for the review of roles and functions. As a matter of process and assuming the subsidiarity principle, Council would support an approach where any review of roles and functions starts at the most local level working outwards.
26. As requested by the Panel, we acknowledge allocation of the roles and functions is not a binary decision between being delivered centrally or locally. We also note that within the scope of individual services there will be sub-aspects that may be separately scalable.
27. The review of roles and functions needs to be wider than the services traditionally delivered by local government. This presents the opportunity to ask the question of how can local government significantly further community wellbeing through a broader/new set of responsibilities for roles and functions? It also presents the opportunity to explore how local government could enhance its impact on local wellbeing through the things we already do with system and resourcing improvements. The above points assume, and require, central government to also be open to reform.
28. We appreciate that there will be roles and functions that are likely to be considered for some amount of centralisation or aggregation. In these instances, we request that the review carefully consider the

pathways of influence to the local level as well as the implications for end user engagement to the service/function.

**Key shift: Local government as champion and activator of wellbeing (chapter p.115/recommendations p.133)**

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29. We are supportive of the principles and objectives set out in this section but feel the recommendations are not sufficiently developed to comment much beyond our original submission.
30. Community wellbeing is for the most part derived at a local level – our health, wellbeing, employment, social connections, recreational opportunities etc. being oriented largely around the places where we live. The priorities, aspirations, and needs of communities are complex and will vary significantly from one community to the next, even at a very local level. As previously mentioned in this submission, the closeness of local government to community means we are well positioned to understand and respond to local needs and aspirations. This said, we acknowledge there is much opportunity to have greater impact and we support the recommendation to explore more enabling systems to reinforce and strengthen our commitment to take action.
31. We reinforce again that we need to retain a meaningful level of local level decision-making autonomy to be able to respond at the local level. We otherwise see a risk of smaller communities (such as the multiple communities that make up the Whakatāne District) being left behind as the focus becomes generalised or prioritised to larger centres. E.g. our ability to be responsive will be linked to the consideration of scale in system design and allocation of roles and functions.
32. We also see the certainty of resourcing and flexibility of decision-making being critical to better enabling responsiveness to communities’ needs and aspirations and to building and maintaining community trust and confidence. This relates to both having the resources to partner with community on their priorities and follow through to action, it also relates to community need, and opportunity, having different or more urgent time sensitivities than council decision making and planning cycles. Eg. the rigid system settings are not geared towards responsiveness.
33. A new community wellbeing/placemaking based planning approach with broader implementation and funding flexibility will be a key part of unlocking local government as the responsive and relational champion of wellbeing. As part of the planning approach, we may wish to revisit the original ‘community outcomes’ approach from the Local Government Act and review what worked well and what didn’t. This approach required community outcomes as a process of establishing a broad community vision and provided a formalised platform to bring together a range of local anchor institutions. This brought councils closer to a wellbeing oriented and relational approach than the post-amendment framework that has become by definition very council centric.
34. We are supportive of the concept of moving further towards the relational approach and relational roles (placemaking, system convenor, anchor institution) including for example a stronger social procurement approach. In doing so we need to take community on the journey towards understanding the council value proposition in a different way. It is engagement that will require trust and confidence supported by a real ability to maintain momentum on community priorities.

**Key shift: A stronger relationship between central and local govt (chapter p.134/ recommendations p.160)**

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35. We are supportive of the principles and objectives set out in this section but feel the recommendations are not sufficiently developed to comment beyond what we have already shared through our original submission.
36. We continue to strongly reinforce the message that central government has a place within local governance too and must be open to change as part of this system wide reform. This recognises that, in many respects, central government is the architect for the context behind the review. This is both through the settings it has created for local government (local government being essentially a creature of statute), and also more directly through its policy, action and inaction. The need for a stronger relationship must reach equally into central government as it does local government. This sentiment relates also to the review of roles and functions, and to system stewardship (both discussed elsewhere in this submission).
37. We are certainly supportive of a strengthened relationship, particularly one that is systems integrated to provide for a more enduring and trusting partnership. While there are examples of the relationship working well these can tend to be based on ad-hoc connections and priorities of the day. We would like for the relationship to have greater consistency and certainty over time and with greater ability to leverage each other's strengths.
38. Our previous submission has considered a number of interdependent concepts contributing to a stronger relationship between local and central government including:
  - The requirement for underlying foundation for the constitution of local government that recognises the inherent right of local democracy and seeks genuine partnership between local government, central government and Iwi.
  - A partnership oriented around a common commitment to local community wellbeing, unpinned by a new community planning and co-investment framework.
  - The consideration of unified public service in which skills, learning and expertise can be shared across various domains of government.
  - Strengthened connection between local governance and central governance including strengthened mechanisms to influence central policy and decision making.

**Key shift: Replenishing, and building on representative democracy (chapter p.161/recommendations p.186)**

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39. We are generally supportive of the range of recommendations put forward to strengthen and enhance our system of representative democracy. In particular, we previously submitted on the need for a longer (four-year) term of office, and better remuneration for elected members. We acknowledge these features in the recommendations.
40. In relation to the voting system, we have traditionally used the FPP (including for the last five elections for example) noting it tends to be easier to understand for the public. We acknowledge STV tends to result in more proportional representation and would be open to this change.
41. Providing a centralised administration for overseeing local body elections makes sense and we understand this has been Taituara and LGNZ advice for some time.

42. We are supportive of the recommendations for professional development and support programmes at the governance and executive level, perhaps with consideration also given to the intensity and frequency of such programmes (for returning members for example).
43. We note the review is relatively silent on changes to the system that enable more effective influence from the local level up to central government policy and decision making. We have previously submitted that small communities like many in our District can be invisible in the policy processes. We feel the system of democracy would be strengthened with a stronger role for local influence/local government in shaping central government priorities and policy making and recommendations should look to explore how this can be enabled.

**Key shift: Equitable funding and finance (chapter p.187/recommendations p.205)**

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44. The consideration of funding is an absolute critical piece in this review. Smaller communities, and in particular those with relatively large geographical areas to serve are particularly at a disadvantage. In the case of the Whakatāne District, we are further disadvantaged by our socio-economic context. Numerous reviews of local government funding and finance have been conducted previous to this one but have resulted in very little change to our funding tools and levers. We would strongly support a broader suite of funding solutions and would encourage progress on this front as a priority for reform.
45. We strongly support and would welcome central government funding commitments to climate change and co-investment to local wellbeing as recommended by the panel. The latter being a potential game changer in terms of how responsive we are able to be to local wellbeing challenges and opportunities. With the introduction of such commitments, we would strongly seek certainty and continuity of funding over time and including across changes in government. We feel this will be particularly important for smaller councils with more limited resourcing and financial flexibility.
46. Alongside greater central government funding commitment, we support diversification of local level funding tools and levers that could be made available to Council. We do note that these would still need to be applied within our local context of elevated socio-economic challenges.
47. We think the statement that 'rates be retained as the principal funding mechanism' may be somewhat limiting to the review. With rates currently accounting for 60-65% of revenue in any given year, this may not allow sufficient flexibility for other funding solutions to be brought forward and entered into the mix. To allow flexibility this should note rates as remaining part of the suite of funding solutions.
48. Key concerns that we have discussed in our earlier submission and that we would advocate to carry through to the next stages of the review include:
  - Avoiding geographies of disadvantage brought about through affordability challenges alongside user pays philosophy (e.g. considering a wellbeing based funding model as a primary principal).
  - Ensuring that local decision-making autonomy is retained given funding may be from central sources.
  - Ensuring central government mandates are appropriately resourced.



### **Key shift: System design (chapter p.206/recommendations p.226)**

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49. We provided feedback in our earlier submission that 'local means local'. Local democracy, knowledge and connections are key strengths and comparative advantage of local government. We reinforce that our closeness to community (through geographic proximity and less layers of bureaucracy compared to other layers of government) means we are more accessible to local communities and well positioned to respond to local priorities.
50. We are strongly supportive of retaining a local tier within the system design. While we acknowledge that each of the three example models retains a local tier (alongside a regional tier) we consider that meaning and relevance will come from the allocation of roles, functions and decision-making authority to the local level. We are therefore strongly supportive of the subsidiarity principle and of enablers for greater local level placemaking and contribution to wellbeing.
51. We support the five design principles that have been put forward. This said, as high-level principles, we note there will be room for interpretation. It is difficult to assess their application without a detailed model being put forward to test.
52. We would advocate for a further design principle as it is not obvious how/where 'communities of interest' would be considered. We think it is important to consider community identity in the system design including for example (but not limited to) how local government boundaries relate to Iwi rohe.
53. Discussed alongside system design is the concept of shared services. Council recognises the opportunities that are presented through greater shared services collaboration including particularly in the ICT space (recognising that common ICT systems will support greater collaboration). A shared services approach (rather than service centralisation) provides greater flexibility for service provision while retaining local determination. We are supportive of the recommendation and of the observation that support will be needed to evolve shared service beyond the range of arrangements already in place.

### **Key shift: System stewardship and support (chapter p.227/recommendations p.235)**

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54. We agree with the observation that the current central government stewardship arrangements do not bring coherence to the system. A more effective form of cross agency/department coordination of central government matters as they relate to local government would certainly be welcomed both to encourage a more strategic-joined-up approach to design, scheduling and engagement.
55. We are supportive of the recommendation to explore better models of system stewardship in a revised system of local government. As noted earlier we would advocate for action sooner rather than later on improved coordination given the lead in time for reform.