



Submission from Thames-Coromandel District Council to the Review into the Future for Local Government's draft report He mata whāriki, he matawhanui

DATE

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1.0 INTRODUCTION

- 1.1 This is the Thames-Coromandel District Council's (TCDC's) submission to the Review into the Future for Local Government's He mata whāriki, he matawhanui draft report, dated October 2022 (the draft report).

2.0 SUBMISSION

General Comments

- 2.1 TCDC is very concerned about the scale and speed of change across many areas of local government, including reform of the resource management (RM) system and delivery of Three Waters services, all occurring together. The apparent lack of integration between these major changes is unlikely to achieve the Government's goal of simplifying and making more effective or efficient the current local government system. Instead, it is likely to result in a system that doesn't work well.
- 2.2 Given the complexity of the issues, the timeframe (concurrent with local elections and the summer holiday period) for councils to provide feedback on the draft report is insufficient. TCDC is of the view that local communities and the councils who represent them require, and should be given, more time to fully understand, discuss, and provide informed feedback on, the transformative changes proposed.

Chapter 2 - Revitalising citizen led democracy

- 2.3 General comments on Chapter 2: TCDC notes that regionalising and centralising is an issue. There is a theme across the RM and three waters reforms for regionalisation, and aspects of the draft report further support this theme. TCDC is very concerned regionalisation will result in a significant reduction in "local voice" in decision-making. In our experience, we get better participation when the decision-makers are more accessible to local communities, and the decision-making process reflects, and is seen to take account of, local issues.

- 2.4 Recommendation 1: That local government adopts greater use of deliberative and participatory democracy in local decision-making.
- 2.5 TCDC agrees with Recommendation 1. We support increasing community participation in decision-making in local government because it contributes to a healthier, more innovative local democracy, stronger connections within communities and better designed and delivered services. We also support opportunities to promote participatory democracy in local government – any actions to support diversity and inclusive decision-making are positive. However, these processes can be costly, and the Review should consider whether central government funding should be made available for participatory initiatives.
- 2.6 TCDC suggests the Review considers and recognises the value of existing systems, processes and approaches used by councils to involve and engage communities. For example, TCDC’s Community Board structure provides a conduit for discussion of local issues and consideration of the needs and aspirations of communities in the Council’s decision-making.
- 2.7 Another successful example of participatory democracy in our District is the process used to develop Shoreline Management Pathways for our coastal communities. This project used a co-governance committee and community-based coastal panels to co-develop the pathways and recommend an agreed course of action for each coastal area. More details on this project can be found here: [Community led | Thames-Coromandel Coastal Adaptation Pathways iReport \(royalhaskoningdhv.com\)](https://royalhaskoningdhv.com)
- 2.8 While these approaches result in better participation, they come with increased costs. Highly participatory and collaborative processes are resource-hungry and time-consuming for councils to manage, and the tools, resources and skills required for their success are not readily at the disposal of all councils. In a large district with diverse and distinct communities such as ours, resourcing deliberative and participatory processes for iwi/hapū/Māori and the community is unaffordable for all projects, or even for sizeable ones. The time and resource commitment such processes demand from participants is also unrealistic.
- 2.9 Further thought is needed in the Review’s final report to address how deliberative and participatory democratic processes:
- fit with the broader context of representative democracy;
 - ensure diverse views are included;
 - reflect people's capability and desire to participate and engage;
 - are safeguarded from agency capture;
 - are suitable for the range of council decisions from individual projects to the long-term plan and policy development; and
 - can be tailored to specific subject matters and projects.
- 2.10 Recommendation 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.
- 2.11 TCDC agrees with Recommendation 2, particularly that local government should have a key role in the legislative review. We also support a full review of the Local Government Act 2002 (LGA) decision-making processes. The current decision-making process is dated, complex, overly prescribed, slow, and not well-understood by communities. While it may provide “safe” decisions, the cumulative impact of: the provisions of sections 76 to 81 of

the LGA; the significance and engagement policy; various financial policies (such as revenue and financing policy); the agenda preparation and standing orders provisions; and annual auditing requirements, is that decision-making is a cumbersome and straightjacketed process. Communities expect more speed and agility than councils are currently able to deliver, and they are frustrated by the complexity and excessive detail involved. The result is that, for many local authority staff, statutory compliance becomes the end, rather than the means, to making a decision and anything innovative or agile is hindered. The Review should recommend the legislation reduces the compliance burden before adding any further requirements.

- 2.12 We note a trend in successive legislative amendments to give decision-making obligations, for example relating to information, privacy, and rates remissions, directly to the chief executive. Over time, the combination of empowering chief executives while disempowering elected members is creating a tension between local government governance and management roles and functions.
- 2.13 *Recommendation 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.*
- 2.14 TCDC agrees with Recommendation 3.
- 2.15 *Recommendation 4: That councils develop and invest in their internal systems for managing and promoting good quality engagement with Māori.*
- 2.16 TCDC agrees with Recommendation 4, noting this is likely to be costly for councils and will need central government funding support.
- 2.17 *Recommendation 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.*
- 2.18 TCDC agrees with Recommendation 5 and notes that standardised training and induction in te reo and te ao Māori for all elected members is important, and needs central government funding support.
- 2.19 *Question: What might we do more of to increase community understanding about the role of local government, and therefore lead to greater civic participation?*
- 2.20 TCDC notes Recommendation 5 of the May 2022 Local Government New Zealand (LGNZ) Vision for the Future Report recommends the Government includes civics education in the national curriculum to grow New Zealanders' understanding of the role and value of local democracy and partners with councils to deliver this.

Chapter 3 - A Tiriti-based partnership between Māori and local government

- 2.21 *Recommendation 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.*

- 2.22 TCDC agrees with Recommendation 6. TCDC has found it difficult to establish or maintain strong relationships with hapū and iwi. In part this is due to the number of hapū and iwi who have mana whenua in the District and in part because of lack of funding and capability to support these relationships. Better legislative direction, and central government funding, for these relationships is supported.
- 2.23 *Recommendation 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.*
- 2.24 TCDC agrees with Recommendation 7 and notes that clarity about the meaning of co-governance in this context would be helpful.
- 2.25 We note that Māori representation is also appropriate at local or community board level, and question whether there are any legislative barriers to providing for co-governance on local or community boards.
- 2.26 *Recommendation 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.*
- 2.27 TCDC agrees with Recommendation 8, but notes the Review will need to consider the costs and resourcing associated with this and central government funding support will be needed.
- 2.28 *Recommendation 9: That central government explores a stronger statutory requirement on councils to foster Māori capacity to participate in local government.*
- 2.29 TCDC agrees with Recommendation 9. We note this recommendation implements previous feedback from Local Government New Zealand which sought to ensure the Government provides clear and consistent direction about how councils give effect to the principles of Te Tiriti. We also note there is an issue of cost and resourcing.
- 2.30 *Recommendation 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.*
- 2.31 TCDC agrees with Recommendation 10.
- 2.32 *Recommendation 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.*
- 2.33 TCDC agrees with Recommendation 11 but sees that funding will need to be sustained beyond the transitional period, for the long-term, to ensure a meaningful and ongoing Te Tiriti-based partnership with Māori. This funding should reflect, recognise and be respectful of the current state of play. Some councils have been operating in a post-settlement environment, with established governance entities, for a long time. Others, like TCDC, are operating in an environment where claims have yet to be settled.

Chapter 4 - Allocating roles and functions in a way that enhances wellbeing

- 2.34 Recommendation 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.*
- 2.35 TCDC agrees with Recommendation 12.
- 2.36 TCDC encourages the Review to add nuance to Recommendation 12 in relation to the many layers of decision-making. Government departments need to be clear that “going to the regions”, is not the same thing as “going local”. In many instances, especially through the pandemic, the presence of central government in regional structures disempowered local communities’ connections to central government.
- 2.37 TCDC notes also that Recommendation 12 does not carry forward the local-first approach promoted in the allocation framework. For TCDC, local delivery of services is vital for our communities’ wellbeing.
- 2.38 Recommendation 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:*
- *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.*
- 2.39 TCDC agrees with Recommendation 13 for a joint review and strongly agrees with the ‘local-first’ principle for the future allocation of roles and functions. However, we are concerned about how this will play out, given proposals to regionalise/centralise placemaking and infrastructure through the resource management and three waters reforms, and communities’ varying capacity and capabilities.
- 2.40 Question: *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?*
- 2.41 TCDC suggests the process be developed collaboratively between central government, local government, iwi, and communities. Any process would need to be clearly outlined so that it was easily understood. A draft framework would also assist councils, iwi, and the community to engage with the process.
- 2.42 Question: *What conditions will need to be in place to ensure the flexibility of the approach proposed does not create confusion or unnecessary uncertainty?*
- 2.43 Any proposed approach would require clear communications, including about the roles and responsibilities of parties, and would need to be undertaken in a way which allowed sufficient time for all parties to be able to properly understand and engage in the approach.
- 2.44 Question: *What additional principles, if any, need to be considered?*
- 2.45 Any proposed approach needs to be affordable and not compromise councils’ ability to provide services to ratepayers.
- 2.46 TCDC strongly agrees with commentary in the draft report that greater clarity, certainty and stability about the purpose of local government is important to enable councils to play

a role in promoting intergenerational wellbeing. Relying solely on mutual trust and positive relationships between central and local government will not provide the certainty required.

Chapter 5 - Local Government as champion and activator of wellbeing

- 2.47 Recommendation 14: *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.*
- 2.48 TCDC notes that local government's already limited sources of funding will be further stretched if we are to take on a broader range of functions. In exploring funding and resources to enable and encourage councils to achieve wellbeing outcomes, the Review must address the continuing issue of the unfunded mandate. It must also consider how the costs will fall on communities via the rating system, and central government must take the lead role in addressing this. However, the role and functions of local government need to be clarified first, before funding and resourcing tools to support delivery of functions are explored. See also our comments on funding in response to the recommendations in Chapter 8.
- 2.49 Clarity about how local government's future role and function would interact with those of existing organisations, including central government agencies such as the Ministry of Health, is also required.
- 2.50 Question: *What feedback do you have on the roles councils can play to enhance intergenerational wellbeing?*
- 2.51 Community wellbeing is one of many roles and other statutory directions for local government. While wellbeing has been reinstated into the purpose of local government under the LGA, it has not been a key focus for councils in recent years. Instead, infrastructure provision and efficiency have dominated the activities of local government.
- 2.52 As set out on page 236 of the draft report, greater certainty and stability about the purpose of local government is important if councils are to play a meaningful role in enhancing intergenerational wellbeing. A clear definition of wellbeing and how this affects local government's roles and functions is also needed to understand what this means for Council activities. Additionally, clear direction is needed on how to work with other agencies, including central government agencies. For example, it is unclear whether councils' role would be as a funder for other providers, such as social housing providers.
- 2.53 Question: *What changes would support councils to utilise their existing assets, enablers, and levers to generate more local wellbeing?*

- 2.54 TCDC is a community of about 34,000 permanent residents, located in relatively isolated communities which, at peak periods of the year, welcome many non-resident homeowners and additional visitors. At certain times of the year, our population can double and even triple in size. This makes it difficult, in our District, to define who the “local community” is, and for whom wellbeing is to be enabled. TCDC’s limited resources are largely consumed by maintaining ‘core’ services and functions required of local authorities, leaving little for promoting broader wellbeing outcomes. We also note that current central government funding, which is based on permanent population figures, does not recognise and address the reality of enabling wellbeing in our District. Any new functions and structure of local government will need to better embed the wellbeing role of councils, and provide for it to be funded, alongside any other activities. In addition, central government funding mechanisms to support and generate more local wellbeing need to better recognise and be responsive to the unique characteristics and circumstances of districts and regions. Otherwise, in districts like ours, inequities in wellbeing between permanent residents, non-resident homeowners and visitors are likely to arise because the Council will need to make trade-offs in funding of services and amenities.
- 2.55 Additionally, TCDC encourages the Review to recognise, in its final report, the recommendations in the Productivity Commission’s interim report ‘A fair chance for all’ which takes a whole-of-government perspective on issues of wellbeing.

Chapter 6 - A stronger relationship between central and local government

- 2.56 *Question: As we work towards our final report, we want to consider the merits of the different examples. We are interested in your views as to how to rewire the system of central and local government relationships through developing an aligned and cohesive approach to co-investment in local outcomes. To create a collaborative relationship between central and local government that builds on current strengths and resources, what are:*
- a. the conditions for success and the barriers that are preventing strong relationships?*
 - b. the factors in place now that support genuine partnership?*
 - c. the elements needed to build and support a new system?*
 - d. the best options to get there?*
 - e. potential pathways to move in that direction and where to start?*
 - f. the opportunities to trial and innovate now?*
- 2.57 In principle, TCDC strongly agrees with building a collaborative relationship between central and local government through stronger, more systemic collaboration mechanisms and co-investment for the benefit of communities. To effect this, changes need to be made to the way central government currently interacts with local government and local communities – in short, it needs to be better embedded at the local level, and understand the particular needs of local communities. We do not support the proposal to create new entities to undertake this role because, in our view it will lead to additional complexity, duplication and inefficiency, as it would be a separate body with parallel functions. Any new entities also appear to be at odds with the other recommendations around participatory democracy and the principle of subsidiarity. For example, local government would work with their community to determine community outcomes for long-term plans, and at the same time the new collective/interdependent entity would also undertake consultation to determine a (potentially different) set of wellbeing outcomes. TCDC is of the view that any co-investment initiatives need to be prioritised/determined by councils. Central government needs to support local government priorities, not the other way around.

- 2.58 Question: *How can central and local government explore options that empower and enable a role for hapū/iwi in local governance in partnership with local and central government? These options should recognise the contribution of hapū/iwi rangatiratanga, kaitiakitanga, and other roles.*
- 2.59 TCDC is of the view that hapū/iwi must be asked how they see themselves wanting to engage. It is important that engagement with hapū/iwi happen from the ground up rather than top down.

Chapter 7 - Replenishing and building on representative democracy

- 2.60 Recommendation 15: *That the Electoral Commission be responsible for overseeing the administration of local body elections.*
- 2.61 TCDC agrees with Recommendation 15, and notes the use of online voting could aid greater participation in the democratic system. This tool is likely to appeal to a younger demographic and make it easier for ratepayers who live outside the district to participate in local elections. However, this technology would be difficult to resource at a local authority level, so would need to be managed nationally to avoid significant additional resource to individual councils to manage. The security of online voting would also need to be completely assured, and public (online) voting stations would also be required to ensure those without access to technology still have a voice.
- 2.62 Recommendation 16: *That central government undertakes a review of the legislation to:*
- 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 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*
- 2.63 TCDC disagrees with (a) but agrees with (b), (c) and (d).
- 2.64 Recommendation 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.*
- 2.65 TCDC agrees with Recommendation 17. This review would aid with the goals in Chapter 2 around achieving greater participatory democracy. Central government may need to assist with funding to ensure that elected members across the country are paid a similar minimum.
- 2.66 Recommendation 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.*
- 2.67 TCDC generally agrees with Recommendation 18. Providing opportunities to upskill and share information, to enable people to undertake their roles effectively, in an ever evolving and increasingly complex environment, is important. We consider these opportunities should be provided externally to councils so there is national and regional consistency. This

would also make serving on a council more appealing to a wider range of people. The Review should include consideration of the costs and benefits of making these opportunities optional or mandatory in its final report.

- 2.68 Recommendation 19: That central 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.*
- 2.69 TCDC partly agrees with Recommendation 19 insofar as it provides useful and consistent tools to manage information requests, code of conduct and facilitate health checks of democratic performance. TCDC considers that for point (b) referral of complaints should only be needed for very difficult situations or if there is a high volume of complaints. Small, infrequent complaints can be resolved locally.
- 2.70 Recommendation 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.
- 2.71 TCDC agrees with Recommendation 20 – Māori wards and constituencies mechanism should be retained as a voluntary instrument.
- 2.72 Question - How can local government enhance its capability to undertake representation reviews and should the Local Government Commission play a more proactive role in leading or advising councils about representation reviews?
- 2.73 TCDC submits the Local Government Commission would only need to take a more proactive role, in leading or advising councils about representation reviews, where a council seeks assistance, due to capability or capacity constraints.
- 2.74 Question - To support a differentiated liberal citizenship, what are the essential key steps, parameters, and considerations that would enable both Tiriti- and capability-based appointments to be made to supplement elected members?
- 2.75 TCDC doesn't support capability-based appointments with full voting rights. This could undermine the democratic process and representation. The current approach is a widely accepted and understood way for communities to have a say in who represents them. Capability-based appointments may not be seen in the same way. Gaps in the capability of councils could be filled in other ways, for example by provision of staff advice or by appointment of technical experts to Committees in advisory roles, but without voting rights. TCDC does support citizen panels such as in the Shoreline Management Pathways project mentioned in our response to Recommendation 1.
- 2.76 The Review should be cognisant of the high workload of many local government elected members when considering its recommended changes. At the moment, the role is estimated to be around 20 hours per week, but in our experience this is quite conservative. As the job gets bigger, so must remuneration.

Chapter 8 – Building an equitable, sustainable funding and finance system

- 2.77 Recommendation 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.*
- 2.78 TCDC agrees with Recommendation 21. This would help to make sure the costs of central government decisions are factored into decision-making.
- 2.79 Recommendation 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.*
- 2.80 TCDC agrees in part with Recommendation 22. We support the Review’s identification of the need for central government to co-invest in local government outcomes, and agree in principle with the concept of an interdependent model where central government has just as much to gain or lose from local areas being successful, and therefore has an incentive to invest in local government outcomes. However, we question the emerging thinking about a separate entity setting community wellbeing outcomes and distributing funding regionally (see our comment in paragraph 2.57 above).
- 2.81 In exploring funding and resources that enable and encourage councils to achieve wellbeing outcomes (as recommended in Chapter 5), consideration should be given to how the costs will be borne by communities via the different settings in councils’ rating systems. We note the current tools that underpin the rating system lack the flexibility and range to fund such outcomes. For example, targeted rates, while facilitating local community autonomy, have the potential to further embed existing inequities. It will be essential for the Review to address this issue if there are to be significant changes to the role and functions of local government. We consider that as councils move to a wellbeing focus the tools that underpin the rating system, and the current processes available to councils for amending them, require review and embedding of any changes into legislation.
- 2.82 Recommendation 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.*
- 2.83 TCDC strongly agrees with Recommendation 23 to develop a comprehensive and sizeable national fund for climate change mitigation and adaptation. Priorities for the fund should be based on equity and alignment with the National Adaptation Plan’s goals, for example, reducing transport emissions and funding public transport.
- 2.84 Recommendation 24: *That central government reviews relevant legislation to:*
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.*
- 2.85 TCDC strongly agrees with Recommendation 24. In relation to 24(a), TCDC strongly agrees with the additional funding opportunities identified in the draft report and the additional

financing options for councils. However, we emphasise the administration of such funding opportunities should not outweigh the potential benefits.

- 2.86 In relation to 24(b) TCDC strongly agrees with retention of rates as the principal mechanism for funding local government. Retaining the current system will preserve local autonomy and accountability. However, we recommend the tools that underpin the current rating system should be reviewed to ensure a wellbeing focus is enabled through legislation. Costs fall on communities via quite different settings in a council's rating system, and rates are set in accordance with the thinking at the time the system was designed or last reviewed. Rating reviews happen infrequently, they are expensive and politically challenging, and current council rating systems may not be able to deal with funding wellbeing outcomes in a manner that is fair and equitable to the communities receiving or benefiting from those outcomes. Across Aotearoa rating systems are widely varied with some designed as a taxation system, and others designed to promote a largely 'user pays' approach. The system is further complicated by separate territorial authority and regional council rates that can result in the same community be charged in two different ways.
- 2.87 Recommendation 25: *That central government agencies pay local government rates and charges on all properties.*
- 2.88 TCDC agrees in part with Recommendation 25 – central government should pay rates on properties it owns as a signal of good faith. We note there are large areas of Department of Conservation (DoC) land within the TCDC area. Any proposal would need to ensure that paying rates on this land didn't impact the ability for DoC to undertake its functions on that land. Similarly, if the Ministry of Education had to pay rates on school properties, would this put pressure on school fundraising? This also raises the question of whether this proposal would apply more broadly, such as to religious organisations. Further work is needed to ensure the costs of rating these properties wouldn't outweigh the benefits.
- 2.89 Question: *What is the most appropriate basis and process for allocating central government funding to meet community priorities?*
- 2.90 This should be based on local government's assessment based on community need, rather than determined regionally or nationally.
- 2.91 The draft report notes at page 197, that GST collected on rates is around \$1 billion per annum, and this could, in a similar way to the Provincial Growth Fund (PGF), form the basis of an initial fund for councils. TCDC would support this as a concept, but urges the Review to give further thought to the way in which central government would provide additional funding to councils. Additionally, it should not fall upon local government to administer any new system in relation to GST collection.

Chapter 9 - Designing the local government system to enable the change we need

- 2.92 Recommendation 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.*
- 2.93 TCDC agrees with Recommendation 26. While the structure still has a long way to go to be finalised, the principles that underpin the structure make sense. It is important to retain a focus on local and subsidiarity concepts in order to represent and retain local community interests. TCDC agrees with use of partnerships and economies of scale to help improve efficiency and effectiveness where there are opportunities and systems to do so. TCDC also

agrees with the principle of resourcing, which is key, as discussed in other parts of this submission, to enable councils to undertake the work that they need to do.

- 2.94 Recommendation 27: *That local government, supported by central government, invests in a programme that identifies and implements the opportunities for greater shared services collaboration.*
- 2.95 TCDC agrees in part with Recommendation 27. Shared services make sense in many instances and undoubtedly local government can do better, however, the perception that these services have failed due to parochialism is far too simplistic. TCDC suggests the Review further investigates successful versus unsuccessful shared services and identifies both success and failure factors, so these can be applied to the recommendations. Shared services require considerable work to establish on top of existing work programmes. Without wider requirements, incentives or supporting resourcing, the use of additional shared services may not change rapidly. TCDC is concerned to ensure that local voice remains within shared services. TCDC suggests the Review consider the benefits of shared services provided via Co-Lab, previously known as Waikato Local Authority Shared Services. This entity demonstrates how regional co-operation and organisation is, for some functions, an effective strategy with strong outcomes. Shared services have the potential to create efficiencies, such as in the procurement of services, but in order to be successful they require the ongoing commitment and engagement of all member councils.
- 2.96 Recommendation 28: *That local government establishes a Local Government Digital Partnership to develop a digital transformation roadmap for local government.*
- 2.97 TCDC agrees in part with this recommendation. There may be some benefits from a digital partnership but there are many questions about what form this would take, the resourcing required, how it relates to the future structure for local government and how local government, in whatever form that takes, retains a say in how it impacts local communities. There are questions about how to bring staff and communities along on this journey and how to remain inclusive for parts of the community that lack digital access. TCDC is concerned that centralisation of digitalisation could result in high costs and overall inefficiencies. It should not be assumed that digital will solve all issues – it won't.
- 2.98 TCDC is of the view that the Review should consider how digital literacy and access could be improved through targeted central government funding.
- 2.99 Question: *What feedback have you got on the structural examples presented in the report?*
- 2.100 TCDC considers the examples provided in the draft report are premature, at this stage of the Review process. While the role and functions of local government are still being considered, the best structure for delivering those roles and functions cannot be confidently designed. TCDC believes any new model needs to ensure local authorities and local communities retain a fair amount of power and local control, including over their own resourcing, so they can continue to represent local communities effectively. TCDC is unique within the Waikato region. It is located on the region's periphery, and has a physical environment, communities and issues that are different from other parts of the region. Any centralised or regionalised approach should not leave areas such as our district with reduced power to represent their communities and have their voice heard.
- 2.101 We note that all three models presented in the Draft Report are centralising models. It would depend on the role, function and funding of the various models as to whether these models could adequately retain a strong local voice and power to act for the communities

of Thames-Coromandel District. The Review should also consider, and make recommendations for change to ensure, the ability of central government to deliver effective outcomes for communities at a regional, sub-regional, and local level.

- 2.102 The success of any new model of local government will depend on the ability of central government to become more flexible and responsive to the needs of local communities. This may require major changes to the way central government interacts with local government and delivers services at regional, sub-regional and local levels.

Chapter 10 - System stewardship and support

- 2.103 *Recommendation 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.*
- 2.104 TCDC agrees with Recommendation 29. We support the Review's finding that a nationally co-ordinated stewardship function is needed and that Te Tiriti needs to be embedded into local government system stewardship.
- 2.105 TCDC submits the stewardship function would need to provide independent oversight of any co-investment/interdependence framework (as set out in sections 6 and 8 of the draft report).
- 2.106 *Question: How can system stewardship be reimagined so that it is led across local government, hapū/iwi, and central government?*
- 2.107 TCDC supports LGNZ's recommendation that a Parliamentary Office of Local Democracy should be established to provide a non-partisan perspective on the quality of New Zealand's local democracy.
- 2.108 TCDC suggests the Review further consider whether a Wellbeing Commissioner – similar to that used in Wales as part of their national wellbeing framework – could be part of the stewardship package. This could provide independent oversight over central and local governments' roles in delivering wellbeing outcomes if a co-investment/interdependence framework is developed.
- 2.109 *Question: How do we embed Te Tiriti in local government system stewardship?*
- 2.110 TCDC supports keeping methods and processes which allow local iwi voices to be heard.
- 2.111 *Question: 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?*
- 2.112 TCDC supports the view that LGNZ and Taituarā are well placed to play a greater role in system stewardship.