

Feedback by the Waiheke Local Board on Local Government New Zealand discussion document: *Reinvigorating local democracy: The case for localising power and decision-making to councils and communities*

Purpose

1. To provide feedback from the Waiheke Local Board on the Local Government New Zealand (LGNZ) discussion document titled *Reinvigorating local democracy: The case for localising power and decision-making to councils and communities* (July 2019). (localism discussion paper).

Context

2. An opportunity to feedback before the end of January 2020 on the LGNZ "Reinvigorating local democracy" discussion paper on localism has been provided to Auckland Council's local boards. This issue was discussed at the Chairs' Forum on 9 December 2019. We note the discussion paper was issued in July and should have been discussed with local boards rather sooner than that.
3. The paper seeks to refine LGNZ's advocacy position on 'localism' and makes the a case for decentralisation of decision-making. The overall proposal is for an active programme of devolution by central government. The paper argues that decentralisation will be more efficient and effective in meeting community needs, be more relevant and able to respond to growing diversity and inequality, increase voter empowerment and, thereby, participation and innovation.
4. Feedback from the Waiheke Local Board on key elements of the proposal are as follows:

- a suggestion that the State Services Commission regularly review the range of services that could be transferred to local government or appropriate local agencies.

Feedback: There appears to be a propensity of central government officials and Ministers to have little faith in the capabilities of local government – both elected members and officials as evidenced at p.26 of the discussion paper [Arthur] Grimes, former Chair of the NZ Reserve Bank and current Chair of Wellbeing and Public Policy at Victoria University, who is quoted as recently advising in this regard that "officials...may need the greatest attention". To empower only the State Services Commission in reviewing potential for transfers of functions to local authorities may not achieve a favourable outcome for localism due to conscious or unconscious bias. The local board proposes that LGNZ and some kind of independent input should be formally part of the reviewing / recommending process in this regard.

- establishing a framework to enable councils to take over certain functions where local capacity exists; or, alternatively, enabling councils to negotiate or request functions to be devolved
Feedback: There is a risk of 'chicken and egg' about the 'take over' part of this proposal. Capability is largely a product of having to do – one recruits expertise, for example, only when one has the responsibility for something – and the right to coerce funding for it through taxes, rates or fees. The note above then follows – officials will be reluctant to devolve for fear of lack of capability while no involvement will ensure self-fulfilment of that view.
- a principle that any transfer would need to include (a) funding or the right to levy for it (b) guidance and support to build competence

- removing constraints on local government's ability to set the rules itself, subject to principles such as National Policy Statements or similar where necessary/ desirable – e.g. regulatory/legislative e.g. pre-fabricated housing, public transport, Resource Management Act.
Feedback: The regulatory restrictions in the Local Government (Auckland Council) Act 2009 should also be removed unless there is a very clear need for a regional approach and/or formal agreement from local boards to a given regulation.

Discussion

Local boards as part of Auckland's unique governance model

5. The localism discussion document does not consider the differing capacities of the various regional and territorial authorities, specifically no mention is made of Auckland's position.
6. Auckland is the largest city in New Zealand and is home to about a third of the country's population with commensurate challenges and opportunities.
7. The 2010 Auckland governance reforms brought about significant change for local government in Auckland. The primary intent of these reforms was to provide stronger regional decision-making alongside greater community engagement and decision-making at the local level.
8. The resulting governance model for Auckland created a shared system of local government, with regional authority over regulatory and planning decision-making allocated to the governing body, and decision-making over local activities being allocated to 21 local boards.
9. We note that all finance and rating authority sit with the 'Governing Body' – so called local 'targeted rates' would be political suicide for elected members if they have to be added on top of council's rates already perceived to be high.
10. The same arguments about concentration of power, empowerment etc used in the LGNZ paper about redressing this imbalance should at least be considered in respect of the current Auckland Council governance arrangements. Local rates should be determined locally before or separately from rates needed for agreed regional responsibilities. Only then can local board members be held reasonably accountable to their own constituents for the decisions they make on services etc after they consult their communities.
11. It is noteworthy that the total amounts of funding allocated to local boards closely mirrors the 10-12 per cent that local government spends vis a vis the 88 per cent of all government expenditure central government currently accounts for. Note also at p.32 of the paper "our localism can only work if citizens have a meaningful say in the way local budgets are set." In Auckland that means at local board level - c.f. New York City is promoting this approach.
12. The fact that most Auckland local board areas have populations in excess of most cities and towns in New Zealand makes point 11. above more compelling in the context of this discussion. The various local board areas are different, with their own respective characteristics and environment.
13. It is therefore important to include local boards in any further discussion about devolution. Any additional devolution of functions from central to local government that results in further non-regulatory activities of Auckland Council being exercised at the local board level will impact on local board decision-making.
14. Local boards are also the Auckland Council's interface with local communities. The aspirations of local communities are captured in local board plans. Localism includes

the participation of communities and local boards are key to this for a third of NZ's population.

Review of the Auckland co-governance model: the Waiheke Pilot Project

15. In 2016, Auckland Council commissioned an external review of its governance framework. The review investigated the extent to which the implementation of the governance model has enabled Auckland Council to meet the aim of the 2010 reforms.
16. Many of the recommendations related to further empowering local boards to fulfil their role as local place shapers and representatives of the interests of their communities.
17. In particular, one resolution established a Waiheke Local Board pilot project, which aims to trial greater devolvement of decision-making to the local board, and to test ways of resolving a number of long-standing issues on the island. We repeat, though, that all financial and regulatory decisions remain with council.
18. The intent and proposals of the localism discussion document align with the objectives of the Waiheke Local Board pilot project, which is to pursue "localism" within the Auckland context and enable the empowerment of the local community within the local government decision making process on Waiheke.

Waiheke's challenges and opportunities

19. Waiheke Island is the most populated and second-largest island in Auckland's Hauraki Gulf. Located just 21.5 km and 35 minutes via ferry from the Downtown Ferry Terminal in central Auckland, the island is both separate from and closely connected to the rest of Auckland.
20. The island has experienced significant growth in recent decades. The current residential population on the island is 9770 (as at June 2018), having grown 50 per cent over the last 22 years, from 6500 in 1996. Many of the permanent residents have strong economic ties with the rest of Auckland, with more than a quarter of employed Waiheke residents (28 per cent) commuting regularly via ferry off the island. Fullers Ferries is currently the main provider of passenger ferry services to and from the island.
21. Uniquely in Auckland, access to Waiheke is only through ferry services, which are operated by two privately-owned service providers. Whilst crucial for Waiheke, ferry services are a minor part of the overall public transport services in Auckland. Unlike other public transport services in Auckland, the ferry services are not subject to the Public Transport Operating Model (PTOM).
22. In addition to an increasing permanent residential population, the island has experienced significant growth in visitor numbers in recent years. The island functions as a popular holiday destination, receiving an estimated 1.3 million unique visitors in 2016/2017, up 18 per cent from 1.1 million visitors in 2015/2016.
23. Tourism and population growth have created a range of environmental and infrastructure pressures on the island, including water pollution, litter and pressures on toilet infrastructure. Local waterways are vulnerable to pollution from poorly maintained and stressed septic systems, and Little Oneroa Lagoon has a long-term no-swim warning in effect due to poor water quality.
24. The current funding methodology is not suited to deal with the pressure that the seasonal influx of visitors puts on the island's infrastructure.
25. The infrastructure (roads, public toilets, wharves, etc) is designed and is funded through rates to accommodate the resident population and the available funding

models do not enable the Waiheke Local Board to respond to the challenge presented by the massive increase in visitor numbers. Additional and more innovative funding mechanisms are required.

Delegation of specific functions to local boards

26. The localism discussion document proposes that specific functions may be devolved from central government to local government as:
- agreed devolution - agree up front what services local government can 'take over'
 - negotiated devolution - give local government the ability to apply and negotiate areas that they want to take over.
27. Whilst there are a set of readily-identifiable functions that should be delegated to all local authorities, there are also multiple uniquely local challenges and opportunities that may best be dealt with through negotiated devolution by a specific territorial or regional authority or a group of authorities (including local boards) that gives due regard to local conditions and can be delivered within their resource capacity.

Recommendations

28. The Waiheke Local Board:
- a) support the concept of localism and rethinking centralized systems
 - b) support the proposal that employing a place-based approach to decision making, especially on areas where needs and preferences vary, enables authorities to deliver locally-appropriate services to our increasingly diverse communities
 - c) support initiatives that are likely to increase the ability of people to influence decisions in their communities and thereby increase interest and participation in democratic processes
 - d) support a collaborative approach between central and local government to decision making that affects people in local board areas and the Auckland region
 - e) support an approach that-
 - i. identifies generic functions that are appropriate for delegation to all local authorities
 - ii. enables negotiated devolution of functions that gives a council (or local board) or group of councils (or local boards) the ability to apply and negotiate additional functions, activities and/or areas that are suited to be devolved
 - iii. but disagrees that the State Services Commission alone should be the body that considers the scope for devolution of central government functions to local government. LGNZ and an independent, qualified body should be part of the process.
 - f) agree that any devolution of functions must be supported by necessary funding or the ability to collect it. Sharing GST, as in done in Australia between central government and the states, is considered a very good example of a 'buoyant tax' that would be fit for the overall purpose.
 - g) support the proposal for exploring funding mechanisms that can support, enable and incentivise local government to invest in areas that will spur growth and better deliver local services

- h) recommend LGNZ considers what localism looks like at the local government level to ensure local boards and community boards are a key part of the solution.