

Memorandum

28 January 2020

To: Dr Mike Reid, Principle Policy Advisor, Local Government New Zealand

Cc: All Waitematā Local Board members

Subject: LGNZ – Reinvigorating local democracy: The case for localising power and decision-making to councils and communities

From: The Waitematā Local Board

Purpose

1. To provide Waitematā Local Board’s feedback to LGNZ on the discussion paper “Reinvigorating local democracy: The case for localising power and decision-making to councils and communities.”

Context

2. In 2019, LGNZ released its discussion paper “Reinvigorating local democracy: The case for localizing power and decision-making to councils and communities”.
3. The discussion paper seeks to refine LGNZ’s advocacy position on ‘localism’ and calls for an active programme of devolution and decentralization of services. The paper argues that decentralization will be more efficient and effective in meeting community needs, be more relevant and able to respond to growing diversity, increase voter interest and participation and spur innovation.
4. There is no official Auckland Council position on this proposal and local boards interested in giving their views on the discussion have been encouraged to submit directly to LGNZ.
5. LGNZ is seeking feedback from individuals and organisations and have extended the deadline to the end of January 2020.

Waitematā Local Board Feedback

6. Waitematā Local Board supports the ideas, analysis and proposals in LGNZ’s Localism Paper, which are important constitutionally and in terms of the wellbeing of New Zealand, its Districts, Communities and Whanau.
7. Having important decisions made locally:
 - empowers people, families, communities, districts and cities.

- enables decisions that are more appropriate to the needs, aspirations and views of distinctive local communities
- means decisions are more likely enhance actual and perceived wellbeing across the four wellbeings
- enables and supports local innovation and creativity by Councils, community organisations, iwi, whanau and individuals
- encourages greater and more effective participation in consultation, petitioning, voting and other participatory democratic processes
- enhance achievements in terms of the four wellbeings nationwide, including economic wellbeing in comparison with other countries.

Waitematā Local Board specific feedback:

8. Do you agree with the three recommendations in this section, devolution, negotiated devolution, and removing constraints?

Yes

9. If not, what would you change?

Only some changes in emphasis, particularly regarding funding and resourcing, set out in this submission.

10. What, if any, functions currently provided by central government should be devolved to councils and other local organisations like iwi / Māori and other organisations?

In terms of policies, funding, services, projects and facilities, cultural wellbeing is the most appropriate area for extensive devolution. This is because culture is about creativity, innovation and distinctiveness. It needs to reflect the distinctive ethos of aspects of different districts, geographical and interest group communities within them, ethnic groups, different iwi and families if it is to communicate, inspire and challenge appropriately.

Social wellbeing would be the second highest priority for devolved local action. While retaining central government's role of providing most direct financial support to individuals and families, councils and their communities should be enabled and encouraged to develop and implement policies, funding, services, projects and facilities in the social policy area. This is particularly needed in the area of housing where both central and local government have pulled back from their traditional roles and responsibilities and done very little to enable the not for profit sector and iwi to respond to the extent of the need that they face.

Other areas, as included in the LGNZ paper, include locally appropriate and innovative support for youth, older adults, disabled communities, ethnic groups, manawhenua and maatawaka. Some environmental programmes and activities are most effective when carried out locally, particularly where volunteers play an important role. Pest management, beach and stream cleanups, resource recovery centres, tree planting and maintenance, community composting and pest management are obvious examples.

The pursuit of economic wellbeing might prove the most difficult, partly because national and regional businesses prefer consistency in terms of regulation and financial incentives.

Nevertheless, the opportunity to assist businesses that are startups, that ought to develop into sunrise industries, are environmentally sustainable, or that employ or are owned by disadvantaged groups are among the areas where councils and subsidiary organisations should make a major contribution to economic wellbeing.

Much of this support and innovation should be devolved further to effective community groups and Māori organisations as even our councils are large, bureaucratic and remote by the standards of most successful European countries.

The section of the Paper which deals with this under Devolving local services on Page 20 refers only to community boards. It is recommended that the Paper also refers to local boards.

11. What, if any, central government responsibilities would be more effective if your council, or other local organisation, applied to take them over under the negotiated devolution approach?

This has essentially been answered in our answer to the previous question.

12. Can you identify legislative and regulatory constraints on councils and other local authorities that limit their ability to be responsive to local needs?

Yes. One clear example is transport. Government insists regional councils and Auckland Transport must use the Public Transport Operating Model, which has forced them to contract out public transport services to operators that are less than ideal in providing reliable services to meet local needs, nor the needs of their staff. Regional Councils should have a much freer hand in selecting operators, including the ability to deliver the service itself.

Another example is having inappropriate requirements to respond to the emergence of e-scooters and other micro-mobility devices. Councils should be able to provide for them to use cycle lanes and cycleways and other more appropriate ways of operating. Other examples are in some RMA and District Plan requirements. Another is sources of funding, see below.

13. What additional forms of funding or tax should councils have access to in order to meet community expectations and address future challenges?

Given that Councils are obliged to thoroughly consult on any revenue raising or taxing proposals and are ultimately responsible to the verdict of the voters on whether those measures are fair and appropriate they should be given much flexibility to implement income generating proposals that meet the principles set out in the financial provisions of the Local Government Act. These are: ability to pay, a rate on property proportional to the fair value of that property' user pays where private benefit is gained, charging throughout the life of an asset (intergenerational equity) and exacerbator (including polluters) pays.

Local authorities should be prepared to levy reasonable rates, given that it is the only tax on assets, property and capital applied by the public sector in New Zealand. They should also be prepared to make more use of borrowing, with payments being made by all generations that

benefit, given many local authorities have a lazy balance sheet compared to most businesses and households. The call in the Paper for access to a buoyant tax is reasonable given that income and company tax operates that way. Perhaps Councils should do what central government does and utilize an assumption that the same rate in the dollar of property value should apply in order for rising property values to help pay for the infrastructure that is a major source of rises in property values.

Local government should have access to a range of possible taxes to appropriately apply the users pays and exacerbator pays principles. These should include:

- A fair share of the GST raised in that district from spending by the visitors who have generated increased infrastructure costs
- Short term accommodation provider charges (bed taxes) for the same reason
- A benefit uplift charge on property owners who have made substantial gains in the value of their property simply from planning rezoning or the provision of major infrastructure by their local authority.
- Regional fuel taxes and/or congestion charges to help pay for the costs of providing and maintaining roads and other transport
- Greater opportunities to apply new and higher exacerbator and polluter pays charges, e.g. for spills of polluting materials, polluting discharges; littering, parking offences and the like, including applying substantial spot fines.
- Government grants to help pay for growth areas and those impacted by the climate emergency.

The case for making these new funding sources available to local government is set out in the Waitematā Local Board's submission on the Productivity Commission's inquiry on local government funding and finance (submission attached).

The Paper needs to acknowledge that many of these devolved local government functions will need to be funded in large part from the above local government sources rather than central government. This means that some local authorities will choose not to take up some of these roles in any case and those that do will need to seek support or at least general acceptance of them.

9. **What process should councils go through in order to implement a new levy or tax?**

As now, they should be required to use the Special Consultative Procedure as set out in the Local Government Act, with specific emphasis on seeking and formally considering the views of those who would be impacted by the new levy or tax.

10. **What else could be done to protect the constitutional status of local government?**

The New Zealand Constitution Act needs to be specifically amended to provide new sections on local government setting out its purpose, its minimum roles, its right raise funds from property taxes, the costs of services and infrastructure, and its right to act and raise resources on behalf of its communities to enhance the wellbeing of its communities.