

Date: Thursday 26 March 2020
Time: 10.00am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Tira Kāwana / Governing Body

OPEN ATTACHMENTS

ADDITIONAL ATTACHMENTS
UNDER SEPARATE COVER

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Tira Kāwana / Governing Body Workshop: Local Government New Zealand Paper on Localism NOTES

Notes of a workshop of the Governing Body held in Meeting Room 1, Level 26, 135 Albert Street, ,
Auckland on Wednesday, 4 March 2020 at 1.37pm.

PRESENT

Hon Phil Goff, CNZM, JP
Cr Josephine Bartley
Cr Bill Cashmore
Cr Pippa Coom From 1.50pm, Item 3
Cr Linda Cooper, JP
Cr Chris Darby
Cr Alf Filipaina
Cr Shane Henderson
Cr Richard Hills
Cr Tracy Mulholland
Cr Daniel Newman, JP
Cr Desley Simpson, JP From 1.53pm, Item 3
Cr Sharon Stewart
Cr Wayne Walker
Cr John Watson From 1.38pm, Item 3
Cr Paul Young

ABSENT

Cr Cathy Casey
Cr Fa'anana Efeso Collins
Cr Angela Dalton
Cr C Fletcher
Cr Greg Sayers

Note: No decisions or resolutions may be made by a Workshop or Working Party, unless the Governing Body or Committee resolution establishing the working party, specifically instructs such action.

Purpose:

The purpose of the meeting is to:

- satisfy the request of the Governing Body for a workshop on localism

	Item
1	Apologies Apologies from Cr C Casey, Cr E Collins, Cr A Dalton, Cr C Fletcher, Cr G Sayers for absence and Cr D Simpson for lateness on council business, were noted.
2	Declarations of Interest Members were reminded of the need to declare any conflict that may arise between their role as a member and any private or other external interest they might have.
3	Local Government New Zealand Paper on Localism Warwick McNaughton, Principal Advisor - Democracy Services A PowerPoint presentation was given. <i>Cr J Watson entered the meeting at 1.38pm.</i> <i>Cr P Coom entered the meeting at 1.50pm.</i> <i>Cr D Simpson entered the meeting at 1.53pm.</i> <i>Cr R Hills left the meeting at 1.56pm.</i> <i>Cr J Bartley entered the meeting at 2.04pm.</i> <i>Cr R Hills returned to the meeting at 2.08pm.</i>

The workshop closed at 2.30pm.



13 March 2020

Dr Mike Reid
Principal Policy Advisor
Local Government New Zealand
PO Box 1214
Wellington 6011

Dear Dr Reid

Localism - supplementary feedback

Local Government New Zealand (LGNZ) distributed its discussion document “*Reinvigorating local democracy: The case for localising power and decision-making to councils and communities*” in July 2019 prior to the elections. The comments of the Auckland Council Governing Body were agreed at its meeting on 26 November 2019 following the 2019 elections. The new Governing Body had not had the opportunity to consider its support for localism and its comments largely conveyed the key learnings around Auckland Council’s relationship with central government to date. A copy of the Governing Body’s initial feedback is attached as Attachment A. The original deadline for comments was extended and so eight of Auckland Council’s local boards also made submissions and these are included in the attachment.

The Governing Body considered the content of the discussion document important enough to discuss again this year. Following further consideration, the Governing Body is now able to state more clearly its support for localism.

Support in principle

Auckland Council supports the concepts of localism and subsidiarity in principle. Internationally, local and state governments have greater responsibilities than those in New Zealand but they also have access to broader funding sources. Only 7 per cent of tax revenue in New Zealand is raised and spent at a local level compared to 20 per cent in Australia and much higher for most other OECD countries.

Auckland Council agrees there would likely be a greater voter turnout at elections if people felt local government was responsible for more of the governmental functions that impact on them personally. Localism leads to democratic well-being.

Localism within Auckland Council

Auckland Council is itself trying to practice localism. The Local Government (Auckland Council) Act 2009 established Auckland Council whereby the decisions of Auckland Council are made either by the governing body or by local boards. In line with the principles of localism, by default,

local boards make all the decisions regarding local non-regulatory activities unless there are good reasons for such decisions to be made regionally by the governing body. The reasons that decisions about a non-regulatory activity should be regional instead of local include:

- (i) *the impact of the decision will extend beyond a single local board area; or*
- (ii) *effective decision making will require alignment or integration with other decisions that are the responsibility of the governing body; or*
- (iii) *the benefits of a consistent or co-ordinated approach across Auckland will outweigh the benefits of reflecting the diverse needs and preferences of the communities within each local board area.*

These principles might also be applied to allocating functions between central and local government. Localism states that functions should devolve to the lowest competent level. In terms of central and local government perhaps one approach is to consider that a function should lie with local government unless there is good reason for it to lie with central government. One reason it might lie with central government is to do with the capability of a council. This is noted later.

Funding

Funding is a key issue for Auckland Council. The council experienced difficulties with establishing what is now referred to as a 'bed tax'. Expanding local government's revenue options and making these options clear in legislation is important. The council would like the ability to set some industry specific charges like bed taxes as in these circumstances they are superior to our targeted rates mechanisms for recovering some of these costs.

The funding tools at our disposal are designed for a past we left behind with the legacy councils, if not longer. Charges on land, rates and development contributions, are no longer appropriate for the demands and decisions we are responsible for.

The government benefits from increased income tax and GST revenues arising from council investment in economic development – an example is the Americas Cup. But the financial returns to the council are low. Despite the benefits to the region most ratepayers gain little and are unwilling to fund it. Accordingly, there is a strong case for the council to have access to some of the tax gains from this investment and/or the government funding a greater share of the required investment.

The council considers that the government should recognise the additional challenges associated with the governance of the city have more in common with governing an Australian state. Options for funding sources could include:

- providing a share of the GST collected in Auckland,
- returning some or all of the GST collected on Auckland Council rates, around \$280 million per year (eliminating the inequity of a tax being set on a tax)
- making properties used for Crown activities rateable which could yield between \$15 million and \$40 million per year (depending on which Crown activities this applied to).

The council has been working closely with central government on several initiatives including the establishment of Special Purpose Vehicles (SPVs) and the Auckland Transport Alignment Programme. Central and local government should develop their relationship to ensure the funding implications of decisions that may raise costs for local government are fully assessed.

A recent example of regulatory impacts on councils is illustrated in the report *“Delivering better responses to natural disasters and other emergencies: Government response to the Technical Advisory Group’s recommendations”* (August 2018). Two examples where additional responsibilities have been imposed on councils by central government are the changes in the delivery of welfare services and an increase in the expectation to undertake strategic planning for recovery. The report did not identify the impact of the new regulations to outline how the new requirements will be enabled. This example shows the need to ensure that central government agencies understand the regulatory impact of changes before they are proposed and conduct meaningful consultation with local government before policies are enacted.

Another example where government should give further consideration to the financial implications of its decisions is the ongoing costs associated with administration of co-governance arrangements arising from Treaty settlements.

Where the Crown collaborates with the council and assists with providing resources, it needs to align with the council’s long-term plans. If allocation of funding is provided on an annual basis rather than a long-term basis it can lead to more expensive procurement. It can also lead to short term investment – central govt agencies such as the Ministry of Education need to have forward investment plans in growth areas such as Auckland as well as areas which are declining in population.

Capability

Differences in capability need to be acknowledged. There are variations in the capability of councils due to differences in size. Auckland Council has a population of 1,642,800. One-third of New Zealand’s population and 50 per cent of the country’s growth is occurring within our boundaries, whereas at the other end of the spectrum a district council like Kaikoura District Council has a population of just over 4,000. It is difficult for smaller entities to deliver major projects and it may be more realistic to locate responsibility at the regional level.

Localism recognises that not all cities are the same. The discussion document suggests that one tool for increasing localism is having the ability to transfer functions on a case-by-case basis by agreement between central government and local government, including the right of local government to initiate a case for the transfer of functions. This concept is particularly attractive because it allows that some councils might wish greater devolution and others might not. This is preferable to an approach which tries to see the same functions devolved to all councils

Size might also be a determinant of whether a function sits with a territorial authority or regional council.

Central government and localism

Auckland Council considers that the options for increasing localism lie on a spectrum and does not expect major changes from central government immediately. Rather, the council expects on-going collaboration and co-ordination between Auckland Council and central government and a commitment from central government towards applying the principles of localism to situations where it is appropriate to do this.

In its previous feedback, the council outlined various examples of constructive collaboration with central government, including:

- Auckland Transport Alignment Project (ATAP)
- The Southern Initiative (TSI)
- The Western Initiative
- Auckland housing and urban growth

To these should be added the Tamaki Regeneration Programme in which the council participates through the Tamaki Redevelopment Company, whose shareholders are Auckland Council, the Minister of Finance and the Minister of Housing. The Statements of Intent and Performance Expectations reflect the government's and council's strategic direction and how the company plans to contribute to the government's policy programme and the Auckland Plan 2050.

An existing constraint on Auckland Council about which the council has made previous submissions, is the legislative requirement for the governing body to comprise a mayor and twenty members. All other councils may review the number of councillors but Auckland Council is not able to do that. Auckland Council seeks the repeal of section 8 (1) of the Local Government (Auckland Council) Act 2009.

Acknowledgement of the current functions of local government

Local government, among other things, has the role of being the planning authority for its area. In Auckland this is even more so, with the statutory requirement for the spatial plan, known as the Auckland Plan. Central government, in its provision of central government services at the local level, should work with local government to help local government achieve its planning objectives. Collaboration and co-ordination between central and local government help both to meet the aspirations of their communities and achieve their communities' well-being.

Attachment A:

- Initial feedback from the Auckland Council
- Feedback from local boards:
 - Albert-Eden
 - Aotea / Gt Barrier
 - Māngere-Ōtāhuhu
 - Manurewa
 - Ōtara-Papatoetoe
 - Papakura
 - Waiheke
 - Waitemātā