QUEENSTOWN LAKES DISTRICT COUNCIL

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28 February 2023

Future for Local Government Panel

To whom it may concern

SUBMISSION TO THE FUTURE FOR LOCAL GOVERNMENT PANEL ON THE FUTURE FOR LOCAL GOVERNMENT DRAFT REPORT; HE MATA WHĀRIKI, HE MATAWHĀNUI

Thank you for the opportunity to present a submission on the Future for Local Government Draft Report; He mata whāriki, he matawhānui ("Draft Report").

Queenstown Lakes District Council ("QLDC") is supportive of and accepts the need for reform of the local government sector. The local government sector is spread thinly with unfunded mandates, leaving limited resources to respond to emerging challenges, such as climate change.

Points of emphasis from QLDC's feedback in the attached submission are outlined below:

- Any reform for local government should be driven by local government and local communities rather than central government.

- A future reform agenda needs to be supported by adequate funding so that local government can effectively work through the changes required.

- The future needs to be based on a truly collaborative partnership between local and central government (as well as Iwi / Hapū / Māori), where all parties are willing to consider changes to their role and mandate.

- Flexibility needs to be introduced to the system to enable variation between localised and centralised activities based on local needs and preferences.

- Funding models need to be revised to enable local revenue generation from sources other than rates and to enable co-investment with central government.

This submission has not yet been ratified by the full council and this will be addressed in our 23rd March 2023 Council meeting. Thank you again for the opportunity to comment.

Yours sincerely,

Glyn Lewers
Mayor

Mike Theelen
Chief Executive

SUBMISSION TO THE FUTURE FOR LOCAL GOVERNMENT PANEL ON THE FUTURE FOR LOCAL GOVERNMENT DRAFT REPORT; HE MATA WHĀRIKI, HE MATAWHĀNUI

1.   Introduction

1.1.   Queenstown Lakes District Council (QLDC) recognises and appreciates that this report represents a significant amount of work undertaken by the Panel and Officers , in synthesising a wide-ranging, complex discussion about the challenges facing local government.

1.2.   However, at times the report is uneven, with some matters addressed superficially and others in great detail. This has made the draft report difficult to consume and to provide comment on. For this reason QLDC has taken a high-level approach in its response.

1.3.   QLDC supports the premise that the local government sector needs reform. The sector has been spread thinly as a result unfunded mandates, leaving limited resources to respond to emerging challenges (like climate change). If provided with adequate funding, QLDC recommends that central government empowers local government and its communities to drive change in the sector. This will achieve better outcomes than centrally-imposed change.

1.4.   QLDC maintains its position (outlined in other submissions to government) that this process, Three Waters Reform and Resource Management reform are currently disjointed and misaligned. In failing to address the interplay of these reforms, the government is missing the opportunity to use the draft report as the foundation for the reform portfolio. The other reforms would benefit significantly from the insights generated by this process, whilst demonstrating the importance of collaboration and subsidiarity-based principles (as emphasised in this report).

1.5.   The consultation period for this submission has been occurring in parallel to consultation on Bills relating to the Three Waters and Resource Management Reforms, and transition activities for Three Waters reform. QLDC has not had sufficient time to engage with the community or Iwi on the Draft Report recommendations. As a result, this submission reflects the views of Council Officers and Elected Members and not the community.

> **Recommendation:**
>
> R.1 – Funding for any local government reform programme should be provided by Central Government.
>
> R2 – The Future for Local Government process should form the foundation of Three Waters and Resource Management reform.

2. Revitalizing Citizen-Led Democracy

2.1.   QLDC agrees that better use could be made of participatory practices and that citizens could be more involved in service design.

2.2.   QLDC agrees that local community voice should be sought to shape service design and decision-making and strives to do so at every opportunity. QLDC currently uses a broad range of tools and mechanisms to engage its community, but there are resource constraints and engagement fatigue to consider. Despite having a highly engaged and informed community, processes and matters that require extensive consultation do not necessarily resonate with local residents. The draft report needs to recognise that establishing pathways for meaningful engagement will be key to success.

2.3.   QLDC notes that the breadth of decisions and matters in requiring decisions in local government is extensive. There needs to be a clear delineation between decisions that are the purview of Officers / Councillors and those where the community needs or wants to be actively engaged to a greater or lesser degree.

2.4.   Councils are large and complex businesses with a responsibility to respond to community wellbeing whilst being legally and fiscally responsible. This means that currently there are not always meaningful decisions that can be made locally. Decision-makers are subject to differing levels of discretion, dependent upon legislative requirement, process or funding constraints and as such, expectation for community input needs to be managed and planned for.

2.5.   Local government reform needs to allow greater local variation of, and flexibility in, process and priorities to allow councils to respond to specific community needs. Increased space for local specificity in service design and prioritisation would enable greater community involvement in associated decisions.

2.6.   QLDC notes that there is a spectrum of citizen participation and engagement tools available and that many of the tools explored in the draft report are highly progressive, requiring extensive resources and expertise to activate. Tools such as citizens assemblies may be appropriate for some significant decisions, but should be used judiciously and with access to funding. There are a number of risks associated with the tools described:

- That the tools themselves are not well-understood by the community e.g. that citizens assemblies need to be curated to ensure a representative demographic spread of participants and that participants receive extensive information and education on the subject matter involved.

- That the purpose of the tools are not well-understood by the community e.g. that they complement representative democracy, rather than replace it.

- That local government currently does not have the capabilities needed to utilise such tools effectively

QLDC recommends the provision of extensive public education and sectoral professional development programmes, in order to support greater use of the full spectrum of citizen participation and engagement tools.

2.7.   The final report needs to recognise that there are many other opportunities within the spectrum to improve citizen participation and engagement tools, including:

- Identifying issues that the community cares about

- Identifying issues that the community can meaningfully influence
- Enabling community co-design during the early stages of service and policy development

2.8. Effective engagement with the community should result in greater civic participation and understanding of Council activities. Councillors currently play a significant role as the public face of the Council, listening to the community and engaging in discourse. The Final Report needs to recognise the time and energy commitment to this aspect of their role explicitly.

2.9. QLDC has worked constructively with Kāi Tahu to build a pathway to the future together. This is demonstrated through the Whaiora Grow Well Urban Growth partnership, which jointly developed the district's first Spatial Plan. This is a partnership between QLDC, the Otago Regional Council, Kāi Tahu and the Crown. This collaborative approach is proving to be successful and can be recommended for tailored use elsewhere, if appropriate for local context.

> **Recommendations:**
>
> R.3 - The Final Report should recognise there is a spectrum of citizen participation and present a wider spectrum of engagement tools.
>
> R.4 –QLDC recommends the provision of extensive public education and sectoral professional development programmes, in order to support greater use of the full spectrum of citizen participation and engagement tools
>
> R.5 -The Final Report needs to recognise the time and energy commitment that Councillors commit to the community engagement aspects of their role explicitly.

3.   Allocating roles and functions in a way that enhances local wellbeing

3.1. There is currently a dichotomy between wellbeing and infrastructure. The Draft Report implies that local government should do more of the former and less of the latter. QLDC does not agree with this positioning and notes that the development and maintenance of infrastructure is fundamental to community wellbeing.

3.2. The provision of safe water, roads, waste and recreational services are integral to community wellbeing. However, local government's capacity to deliver on its wellbeing mandate is often hampered by funding constraints or a lack of latitude in being able to respond to community demand or aspiration.

3.3. The model outlined in the report provides a good basis for determining where certain services should reside, but its application would likely result in the transition of services from central to local as opposed to vice versa. An appropriate funding model would have to be established to prevent the creation of further unfunded mandates.

3.4. QLDC agrees that some generic services could be delivered in whole or part at a regional or national level.

3.5. QLDC further agrees that decisions about where services should be managed from, should also be made locally. This needs to be undertaken in conjunction with all relevant parties and should not be forced on communities with a strong view that service quality and good outcomes will be lost.

3.6. The Draft Report implies that infrastructure management obstructs Council's focus on wellbeing initiatives and relationship building. However, QLDC contends that unnecessarily bureaucratic processes and constraints on non-infrastructure funding are greater obstacles.

3.7.   If Councils are to fully embrace a broader wellbeing role, changes to the delivery and communication of services and priorities (eg through the LTP process), and to funding (refer equitable funding section) will be required.

3.8.   Greater system definition, role clarification and asset mapping of all players at a local, regional, central, iwi and community level is required. Without undertaking this in each locality, it is impossible to establish the most appropriate model for the allocation of roles and functions. It is essential that this is undertaken locally and with full community engagement. All parts of the system (including central government) need to prepare to receive and relinquish roles and funding, in service to local communities.

3.9.   There are currently vacuums there are no alternatives to solve a particular challenge; in this case Councils are often left as the "last man standing". Councils have historically delivered services that are matters of the public good, but where there is no commercial or market appetite for delivery e.g. libraries and swimming pools. Councils can take on additional responsibility for solving new problems that are not their responsibility (laudable) and therefore are not funded to solve (problematic). This can conversely lead to no-one standing up in a leadership role to solve a community problem. Housing and urban development is an area where Councils can take on responsibilities beyond their mandate because the system as a whole has not been adequately defined. This should form part of the mapping exercise discussed above.

> **Recommendations:**
>
> R.5 – If there is a local government reform programme driven from the Panel's Final Report that is based around applying the framework outlined in Chapter 4 of the Draft Report, an appropriate funding model must accompany this to ensure that funding moves with any service.
>
> R.6 – To fully embrace a broader role to support community wellbeing, rigidity in the existing bureaucratic system that drives local government activities and reporting needs to be addressed.
>
> R.7 – Greater system definition, role clarification and asset mapping of all players at a local, regional, central, iwi and community level is required. This must include identifying those areas where there is currently no one with responsibility but Councils (or other players) have filled the void.
>
> R.8 – Central Government must be prepared to both receive and relinquish new roles and functions.

4.   Local Government as champion and activator of wellbeing

4.1.   QLDC agrees that local government should put wellbeing at the centre of its purpose, roles and functions and contends that this is already the case. As discussed above, elements of wellbeing that are not well-supported by local government are typically due to the rigidity of the wider system and resource limitations than lack of appetite to focus on wellbeing.

4.2.   There are always opportunities to evolve this, particularly through Council's role as place maker, anchor institution and systems networker, and embedding this in the way that services and responsibilities are articulated.

4.3.   QLDC supports the principle that silos across the system should be dismantled, if transformational approaches to achieving community outcomes are to be delivered. However, the ability to do so is somewhat dependent on changing the legislative environment in which local and central government operate, and the different priorities and mandates that are passed down from central government.

4.4.   This will also require both local and central government to relinquish elements of control and accept the risk of failure as a necessary part of innovation and improvement. It is critical that there is a shared understanding of the conditions necessary to safely "fail fast". Accountability, funding and risk models will all require resetting and a new dialogue will be required to manage community expectations. The whole system will need to align behind collaborative place-based practices; Councils cannot do this on their own.

4.5.   Supporting community innovation through more relational approaches is a positive step but again will require additional time and resources. This needs to be recognised in funding models.

> **Recommendation:**
>
> R.9 – Any associated funding and accountability frameworks need to reflect that innovation and relational approaches can lead to initiatives that don't go anywhere to being with and cost more.

5.   Designing the local government system to enable the change we need

5.1.   There is an underlying assumption that "bigger is better" and that if services are centralised then scale will enable a better-quality service. QLDC agrees that this may be correct in some instances, but not all.

5.2.   Homogeneity of services without local adaptation can result in a failure to respond to local conditions and needs. Idealised, theoretical centralisation should not override the importance of local insight and understanding.

5.3.   Any centralised services would need to be accompanied by significant resourcing for change management to ensure that Councils can adjust to new ways of working. Models like those put forward by ALGIM (for digital services) that leverage areas of commonality, consolidate capability where required, but recognise local variation, would be most likely to be successful. These models also allow for evolution over time towards a more centralised service (and common IT platforms in the case of digital) rather than the "big bang" approach of Three Waters reforms for example.

5.4.   There is always a tension between national policy and local implementation as national decisions may not account for local implications. This means that there could be a gap between the services that are designed centrally and what the community needs locally - needs that (unless specifically addressed in the reforms) Councils may not be in a position to support.

> **Recommendation:**
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> R.10 – If the Panel's Final Report results in centrally mandated centralisation of enabling functions as outlined in the Draft Report, there needs to be:
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> -   consideration given to models that enable transition to be phased over time
>
> -   local decisions about what services make sense to centralise
>
> -   sufficient change management resource to ensure that Councils can adjust to new ways of working

Queenstown Lakes District Council

6.   A stronger relationship between central and local government

6.1.   QLDC supports a more collaborative relationship between local and central government. This needs to be a relationship based on an equal partnership and one that doesn't add centrally led bureaucracy to an already complex system.

6.2.   Co-investment is welcome, if it is truly a collaborative effort and not overlaid with additional accountability mechanisms and generic prioritisation frameworks. A true partnership can't be based on increased central government direction or control, or centrally mandated priorities.

6.3.   Central Government agendas need to be flexible enough to be seen through an "at place" lens. All parties have different levers, capabilities and knowledge that when combined can ensure more effective services.

6.4.   Local, regional, and central government, along with iwi, hapū and māori need to work jointly and seamlessly with communities to achieve good outcomes. QLDC agrees that such a system must be grounded in priorities that are aligned with and driven by community needs and voices, as opposed to central government policy.

6.5.   Greater clarity of remit between central, regional and local authorities is needed for communities, especially in relation to emergent challenges. Any future system needs to be built on a common understanding of the whole landscape and clear roles to avoid overlaps and gaps, as well improving outcomes.

6.6.   QLDC supports the need for place-based approaches as outlined in the Draft Report. These should be considered when understanding how all actors currently operate, and how they could operate together to support community outcomes in the future.

7.   Replenishing and building on representative democracy

7.1.   There are a range of responsibilities that Elected Members must give effect to that span governance of Council operations and community stewardship. There is more scope for Elected Members to focus outwards, to be the link with communities and bring community perspectives and priorities to discussions and decisions. More value should be placed on, and time allocated to, Elected Members focussing outward and bringing community perspectives to those decisions where there is real opportunity to influence.

7.2.   There is a mismatch between the expectation and reality of the time commitment and associated remuneration of being a Councillor. There is an expectation that the workload, and the associated remuneration is part-time. This means that Councillors, for the most part, must have another job and so time must be spread across Council responsibilities and other job responsibilities.

7.3.   The need for a very flexible second income also means that the councillor role is not an option for most people and inhibits the diversity of potential representatives.

7.4.   The time spent in meetings, workshops and reading papers leaves little time for the important outward facing work of connecting with the community. However, given Councillors are typically community-minded and responsive to the needs of their constituents, most will nonetheless ensure that this commitment to connect is met.

7.5.   There needs to be a reassessment of the workload to effectively fulfil the role of Councillor, and the associated time and remuneration expectations. There appears to be an assumption that smaller

Councils only need part time Councillors, however this doesn't line up with the reality of the workload nor the expectations of a 24/7 online community. This has significant implications for representation and democracy.

7.6.   The need for a broad range of capabilities on Councils is recognised, however a central mandate to appoint members where there are perceived capability gaps can undermine the intent of democratic processes. The Council supports having independent members to give advice to the wider Council, particularly on specialist sub-committees where specific expertise is required; but Councils should retain the discretion to determine where capabilities need to be supplemented and whether these appointed members can vote. This should not be mandated. Iwi representation should be considered but carefully designed in partnership to ensure this isn't tokenistic. Any Iwi representation on Council should be there as an equal partner, able to contribute to decisions as any other member.

7.7.   There should be a focus on building capability of elected members rather than co-opting to fill expertise gaps (except in specialist areas). Councils need to make room for growth. A structured professional development / capability building programme for Councillors would strengthen individuals as well as the collective. This could be supported both by Officers and by a broader national programme, recognising that additional calls on Officers time would need to prioritised against other Council activities.

7.8.   The Council agrees that Elected Members need a stronger national support network. There needs to be more stewardship not just for the system but for elected members generally to prevent burn out and help build resilience eg through the provision of mentors and other pastoral care programmes.

7.9.   The Council supports the lengthening of the electoral term. There is currently a mismatch between the term of elected members and:

- how long it takes to deliver things that are agreed by Councils; building things now that were agreed many years ago,

- how long it takes to actually build competency and experience in how things work; just start to feel confident and its time to campaign for the next election.

Recommendations:

R.11 – The Final Report should recognise the importance and value of Councillors having an outward, as well as inward, focus, and this should be reflected in time expectations and remuneration.

R.12 – The Final Report should recognise that the time commitment required from Councillors is substantial and expectations, and associated remuneration, should be based on local conditions not driven from a centrally determined model.

R.13 – The Final Report should not mandate arrangements for the appointment of members with specialist capabilities to Councils.

8.   Building an equitable, sustainable funding and financing system

8.1.   Funding for Council activities should move beyond the rate payer model. This model is outdated and inadequate to deal with the wide range of challenges facing communities now and into the future. This is especially true in Queenstown where ratepayers pay a disproportionate amount for infrastructure and destination management that must meet peak visitor demand numbers. This puts places like Queenstown Lakes at risk of degradation, diminishing both the resident and visitor

experience. On an average day the number of people in Queenstown can be 33% higher than the resident population and on a peak day over 105% higher. Current projections indicate that by 2032 average day population will increase to 93,469 and peak population to 155,469. Based on these projections in 10 years Queenstown Lakes' peak day population will be greater than Dunedin's population. Infrastructure and services need to be able to service these higher populations while being funded by the much lower ratepayer population.

8.2.   QLDC supports the Draft Report recommendation that future funding systems allow for the inclusion of local taxes, including visitor levies. The Draft Report identified that central government has increased national taxes as a proportion of GDP while the share going to local government has remained the same. Over the same period more services have been moved from central to local government. The Draft Report did not recommend that the government consider sharing the overall tax revenue with local government, however QLDC believes that this should happen. In particular, as destinations like Queenstown have an increased GST take from tourism spend, the district should be able to share in the increased GST revenue.

8.3.   Community wellbeing relates to a much wider community than just ratepayers. As such it is increasingly difficult to work towards a feeling of "belonging" for people who aren't ratepayers. This may be particularly true for young people who do not think they have a say because they are not homeowners. As renters the relationship with local government is indirect. This further supports the case for a wider revenue base, supporting wider community engagement and a strengthened democracy.

8.4.   The equity funding models discussed in this chapter will inevitably lead to some districts being "winners" and some being "losers". These kinds of models are usually driven by ratepayer demographic information that is not always reflective of the needs of particular districts. Queenstown as an example, appears to be an affluent district, but because of a low ratepayer base that funds a high visitor population, and a low paid hospitality sector, it is very difficult to fund core infrastructure and services based on traditional criteria used to determine funding models. QLDC would only support such equity-based funding models if the criteria were wider than the central government have used in the past and considered peak population and not only resident population.

8.5.   The report is very light on climate change; presumably because the panel feels this is being looked at elsewhere. However, the role of local government, and the funding to support necessary changes, are not being addressed anywhere. Without sufficient consideration, local government will end up having to fund this directly as the communities local government supports will bear the brunt of climate change impacts. The Draft Report should recommend climate change funding directed to "transition" funding; how will communities address the transition to a low carbon future supporting diversification and reconversion of the district. Report should use the "Just Transition" language from MBIE and should make clear that relying on rates to fund climate change is not appropriate.

> **Recommendations:**
>
> R.14 – The Final Report should include funding models that allow local government to receive a share of overall tax revenue collected by Central Government.
>
> R.15 – The equity funding model discussed in the Draft Report should not be looked at in isolation from other funding methods (eg local taxes) and should not be based on traditional centrally led criteria for determining community needs. In particular, peak population rather than resident population should be used as an input.
>
> R.16 – The Final Report should have a wider focus on Climate Change and should build in the "Just Transition" approach being used by MBIE

9. Designing the local government system to enable the change we need

9.1.   There are some fundamental questions to be answered about the purpose and role of local government, and how district, regional and central government fit together, with each other and with communities and Iwi / hapū / māori, and how a future system would be funded.

9.2.   Until there is more certainty around the system, it is premature to discuss how the structure of local government might change.   QLDC's position is that the Final Report should not make any recommendations on structure.

9.3.   QLDC is fundamentally opposed to the implications for local democracy, social stability and cohesion should a regional approach be recommended. This is heightened when combined with the ongoing Three Waters and Resource Management reform programmes.   QLDC is concerned with the assumption that community wellbeing would be improved by reducing the number of Councils and having community outcomes made the responsibility of regional bodies instead. Across the Otago region, the different districts have very diverse challenges, needs and aspirations. Regionalisation of Councils fails to address the needs of different communities; a strong local voice must be maintained. The further decisions move away from the community (eg through a regionalised approach_) the less likely communities are to feel they own and can influence the critical decisions that shape their unique places. Any regionalisation would need to designed thoughtfully with local needs and preferences in mind. Any homogenously designed "one size" fits all approach would be unlikely to meet individual community needs.

> **Recommendation:**
>
> R.17 – The Final Report should not recommend structure changes.