

30 June 2022

Via Email: futureforlg@dia.govt.nz

To whom it may concern

**FEEDBACK TO THE DEPARTMENT OF INTERNAL AFFAIRS ON THE REVIEW INTO THE FUTURE FOR LOCAL GOVERNMENT
(INTERIM REPORT)**

Thank you for the opportunity to provide feedback to the interim report for the Future for Local Government review.

Queenstown Lakes District Council (QLDC) recognise that formal consultation will occur when the Future for Local Government panels' draft findings and recommendations are released in September 2022. This input to the 2021 interim report will feed into the panels' draft findings and recommendations.

Council looks forward to providing a formal submission on the draft report and recommendations when they are released for consultation.

Please note that this submission reflects the position of officers and has not been ratified by full Council.

Thank you again for the opportunity to comment.

Yours sincerely,



Jim Boulton
Mayor



Mike Theelen
Chief Executive

FEEDBACK TO THE DEPARTMENT OF INTERNAL AFFAIRS ON THE REVIEW INTO THE FUTURE FOR LOCAL GOVERNMENT (INTERIM REPORT)

1.0 Background

- 1.1 The Queenstown Lakes District (the district) is one of the fastest growing areas in Aotearoa New Zealand. It had an average daily population of 63,930 (visitors and residents) and a peak daily population of 99,220¹ in 2021. The district is an essential component of the national tourism economy and with the opening of the borders, visitor numbers are likely to rise

2.0 Timing of the Future for Local Government review and other reforms

- 2.1 Council is very concerned about the timeline for the Future for Local Government review process, due to the 2022 local government elections as well as the other reform programmes underway across central government. The Future for Local Government draft report and recommendations are planned to be issued for public consultation on 30 September 2022. Local body elections occur on 8 October 2022. There will be no opportunity for current councils to consider the draft report, and regular meeting schedules for newly elected councils will not be established until November 2022 at the earliest. It is imperative that the formal consultation period for the draft report run until mid-December at the very least, and preferably longer. Even with this proposed timeframe, it will be extremely challenging for new councils to be brought up to speed on the complexity of the reform processes as a whole, the Future for Local Government review in particular, and moreover, to reach a whole of council position.
- 2.2 Council also understands that the formal consultation period for two draft Bills regarding the resource management reforms (Natural and Built Environment Act and Strategic Planning Act) will be occurring around the same period. In addition, the second Water Services Entities Bill is expected to be introduced into Parliament in September or October as well.
- 2.3 Local government input in these significant matters is important, and the amount of resource that goes into forming a whole of council position on these issues is substantial. There appears to be little coordination from central government of the multitude of workstreams being consulted on, nor an understanding of the context that local government is working within.
- 2.4 Council has further concerns about how these numerous reforms will be implemented in a coordinated way and what the impact on our Council and communities will be. These are addressed in 4.0 below, regarding future functions and roles of local government.

3.0 How should the system of local governance be reshaped so it can adapt to future challenges and enable communities to thrive?

- 3.1 Council recognises the shifting global appetite around the democratic process. Like many Councils, QLDC wants to be better at engaging its communities and encouraging them to participate in local democracy, and has followed with interest innovative activities like citizen juries and participatory budgeting. These types of interventions are a significant departure from local governments' business-as-usual model. Smaller and medium-sized

¹ <https://www.qldc.govt.nz/community/population-and-demand>

districts like the Queenstown Lakes, do not have the capacity and capability across the community and the Council to make this shift quickly. QLDC recommends a framework and significant support to make changes towards more participatory models of governance.

- 3.2 There is also a gap in the expectations and level of support for elected members. This creates a disincentive for citizens to become involved in local body politics. QLDC elected members often undertake this role on top of other work and life commitments. This means that it is often those with the means and support to do so that can manage a role like this. As with councils around the country, there is a need for central system leadership to ensure the support and expectation of local body representatives attracts diverse people to the role.
- 3.3 Council encourages the panel to consider what central resources, systems, processes and support can be developed to support community leaders to transform their approach to democracy. This transformation would require leadership from all stakeholders involved in local governance (including Iwi, central government, the business community and community groups) and the solution will not come from local government alone.

4.0 What functions and roles should local government hold in the future?

- 4.1 QLDC supports the emphasis of the review on the complex wellbeing challenges of the 21st century, , including economic and social equity and climate change action. As a Council, we have already started this shift as we work to support the wellbeing of our community in a broad sense. Our Climate and Biodiversity Plan, Community Partnerships Plan and Economic Diversification Strategy work are all examples of work underway in these areas.
- 4.2 However, the functions local government will hold in the future will largely be determined by the other central government reform processes already underway (resource management, Three Waters, climate change, waste minimisation, emergency management, health and disability). Accordingly, integration and connection between the reform processes is paramount to the future success of any local government structure. As discussed in 2.0 above, there currently appears to be little coordination from central government on this multitude of workstreams.
- 4.3 The reform programme increases government intervention in policy setting considerably, positioning local councils as implementors of centralised directives whilst reducing independence and local self-determination. This appears to be contrary to ideas of greater community governance. The Future for Local Government Panel needs to provide clarity around the nature of the relationship required between central government, local government and local communities.
- 4.4 Additionally, it should be noted that government has devolved many regulatory functions to councils e.g. alcohol licensing, building control, gambling etc. It's important that this is not overlooked during the course of the review.
- 4.5 In considering its response to the next report, QLDC will take the opportunity to assess which roles are more appropriately performed at a local government level, and where there may be opportunities for greater efficiencies by having a more regional or 'at scale' approach. Council encourages the panel to continue to collaborate closely with all

councils, as a one size fits all approach is unlikely to be successful. It will be important to recognise the uniqueness of different environments, communities and economies.

4.6 However, it should be noted that QLDC has played a role in the development of strategic spatial planning in Aotearoa, having developed the Whaiora 'Grow Well' partnership with the Crown and Kāi Tahu over the past three years. This model has enabled the development of long-term relationships with our government and iwi partners, building trust and collaboration throughout. The poor relationship depicted between central and local government in the draft report did not fully resonate with QLDC as being representative of its experience.

5.0 How could local governance embody an authentic partnership with Te Tiriti o Waitangi to build the conditions for prosperity and wellbeing?

5.1 QLDC supports a shift from variable understanding and commitment, to an authentic relationship that enables Iwi, hapu and Māori to realise their aspirations. The context of the South Island is important and the complexities of the runaka are different from the North Island. Council expects that the Future for Local Government panel will be talking at length with Kāi Tahu as our Iwi partner as part of its Iwi kōrero, to determine what its priorities are and how the Iwi would like to work.

5.2 Resourcing, structures and processes are inconsistent across local government bodies and can be an unnecessary burden for Iwi. At times, it is difficult to balance the work required to build a partnership, with the legislative requirements to deliver within set timeframes such as in the Resource Management Act 1991. These issues need to be addressed to enable authentic partnership and build the conditions for prosperity and wellbeing.

6.0 What needs to change so local government and its leaders can best reflect and respond to the communities they serve?

6.1 The interim report acknowledges that under the current system, local authorities contribute to wellbeing within a range of fixed areas e.g. water, waste, roads, parks etc. With the broader interpretation of wellbeing utilised in the review, council holds fewer of the levers that can effect change in their communities. The existing legislative framework alone does not provide sufficient guidance on how councils should be working to address complex wellbeing challenges. As a benefit, it allows local government to cater to the needs seen at a community level, but at the same time means that the scope for intervention is immense.

6.2 This breadth of remit and limited resources means QLDC often takes a ground up approach where key gaps left by central agencies are identified (who are often operating in silos and disconnecting from the needs of our communities) and oftentimes, start from scratch. In part, this is due to rapid recent growth and the lack of a strong central government presence as would be seen in larger/older towns and cities. Council recommends that any new model or changes need to be built on relationships that focus more on agility and sustainability, and less about fixed structures and roles.

6.3 There is a lack of recognition in the interim report as to the significance of economic development, and how a healthy, equitable economy helps to fund and progress cultural, social and environmental wellbeing. Local knowledge and contacts are imperative to successful economic development. Economic Development NZ has a role to play in this,

and the potential to advance this role further, to facilitate collaboration between regions, to share resources and information.

- 6.4 The success of what functions local government hold will largely depend on the quality of collaboration and efficiencies achieved between local and central government and between stakeholders. Council therefore strongly supports the fourth shift outlined in the interim report, that of genuine partnership with central government.

7.0 What changes are required to the way local governance is funded in order to ensure viability and sustainability, fairness and equity, and maximum wellbeing?

- 7.1 Currently, the QLDC rates base does not reflect its resident and visitor population neither in profile nor in number. This can cause issues across a range of different funding avenues as Council has to work to peak numbers, (which is more than double the resident population) for key services.
- 7.2 It is a key issue for the district that government funding models rarely take visitor numbers into account, which can often result in the Queenstown Lakes District being a disadvantaged outlier..
- 7.3 QLDC has also been working with government over recent years to scope and develop a local Visitor Levy that could be collected via accommodation providers in the district. This levy would be hypothecated to the development of visitor-related infrastructure.
- 7.4 QLDC considers the Visitor Levy to be the most equitable mechanism available within Aotearoa's broad-based tax system. However, Council remains open-minded and is interested to learn more about the proposed shift from beneficiary-based funding principles to a funding system that equitably supports communities to thrive.