

'Taking the pulse' of local government in Aotearoa New Zealand 2021

A report on the issues concerning
Mayors and Chairs

This report presents key findings from **'Taking the pulse' of local government 2021**, LGNZ's and Simpson Grierson's survey of local authority Mayors and Chairs. This was the fourth iteration of the survey and the responses provide a valuable snapshot of the issues that matter most to our country's local government decision makers.

This year's survey was carried out in June 2021. Responses were received from Mayors and Chairs of 61 rural, provincial, metropolitan and regional local authorities throughout Aotearoa New Zealand, a response rate of over 75%.

Selected comments from survey respondents are included in this report, from those who consented to be quoted.



Welcome to the 'Taking the pulse' of local government 2021 report.

Our three previous surveys generated a wealth of thought provoking responses, and with so much happening in the local government space, we thought it was timely to ask again what Mayors and Chairs of local authorities think about the major issues facing their organisations and communities.

The quantity and quality of the responses we have received has, once again, been impressive. We would like to thank the 61 respondents who represent over 75% of Aotearoa New Zealand's local authorities.

The survey findings show that funding and financing constraints and Central Government policies are the biggest impediments to local authorities achieving desired results for their communities. For a majority of respondents, rates and housing affordability ranked among the top challenges, along with the uncertainty created by major ongoing reform processes, and the challenges in funding much needed infrastructure.

Overall, there is a sense of frustration from local authority decision makers regarding the impact of Central Government decision making on local government, and concerns that planned reforms would lead to diminished local authority influence, with not enough input into decisions that directly affect their community's wellbeing.

However, throughout the findings there was a positive focus on growth and increasing community partnerships with Iwi. Decision makers also identified positive outcomes they hoped to see arising out of RMA reform (greater process efficiency) and the 'Future for Local Government' review (greater focus on community wellbeing and funding reform).

Covid has only exacerbated the main social issues across communities, including inequality, poverty, and substance abuse. Respondents overwhelmingly see these issues as needing a Central Government solution, but in partnership with local government and Iwi - to deliver centrally funded initiatives at a community level.

Simpson Grierson and LGNZ are delighted to have collaborated on this research project. We hope you enjoy reading this report and find it a helpful insight into the current perspectives of local government. We look forward to discussing it with you at the LGNZ conference and welcome your feedback.

We thank all respondents for their support with this initiative.



Josh Cairns
Partner, Simpson Grierson



Jonathan Salter
Special Counsel, Simpson Grierson



Susan Freeman-Greene
Chief Executive, LGNZ

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Our 10 key findings



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Local authorities welcome partnerships with Iwi as a significant opportunity



KEY FINDING 2

Funding and financing constraints and Central Government policies are the biggest local authority roadblocks



KEY FINDING 3

Communities rise to meet Covid challenge but impacts vary widely across regions



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Local authorities pin hopes on RMA reform as a means to improve process efficiency and effectiveness



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Widespread inequality and poverty issues need a shared local/central solution



KEY FINDING 9

Funding relief and infrastructure investment are top of the list to improve resilience and preparedness



KEY FINDING 10

Waka Kotahi still making the most effective Central Government contribution at the local level

KEY FINDING 01

Local authorities welcome partnerships with Iwi as a significant opportunity

“

"We have a post-Covid crisis in housing, jobs, community safety and well-being. We have to work in a co-governance model with Iwi, Government and our community."

Mayor Steve Chadwick
Rotorua Lakes Council

When asked to identify areas that presented the greatest opportunities for their Council and community over the next 5-10 years, "partnerships with Iwi" was the top response, with half of all respondents seeing this as a key focus area.

There was also a positive emphasis on growth and investment across the responses, with "infrastructure investment", "population growth" and "external investment in your district/region" rating highly with respondents.

The move towards prioritising Iwi partnerships marks a shift from our last survey (in 2017) where only around a third of respondents saw "Iwi investment" as a key opportunity. Population growth is still a key opportunity but respondents are not as bullish as they were in our previous survey – understandable, given Covid-related disruptions and current pressures on local authorities to manage existing growth. Infrastructure investment remains a perennial key opportunity.

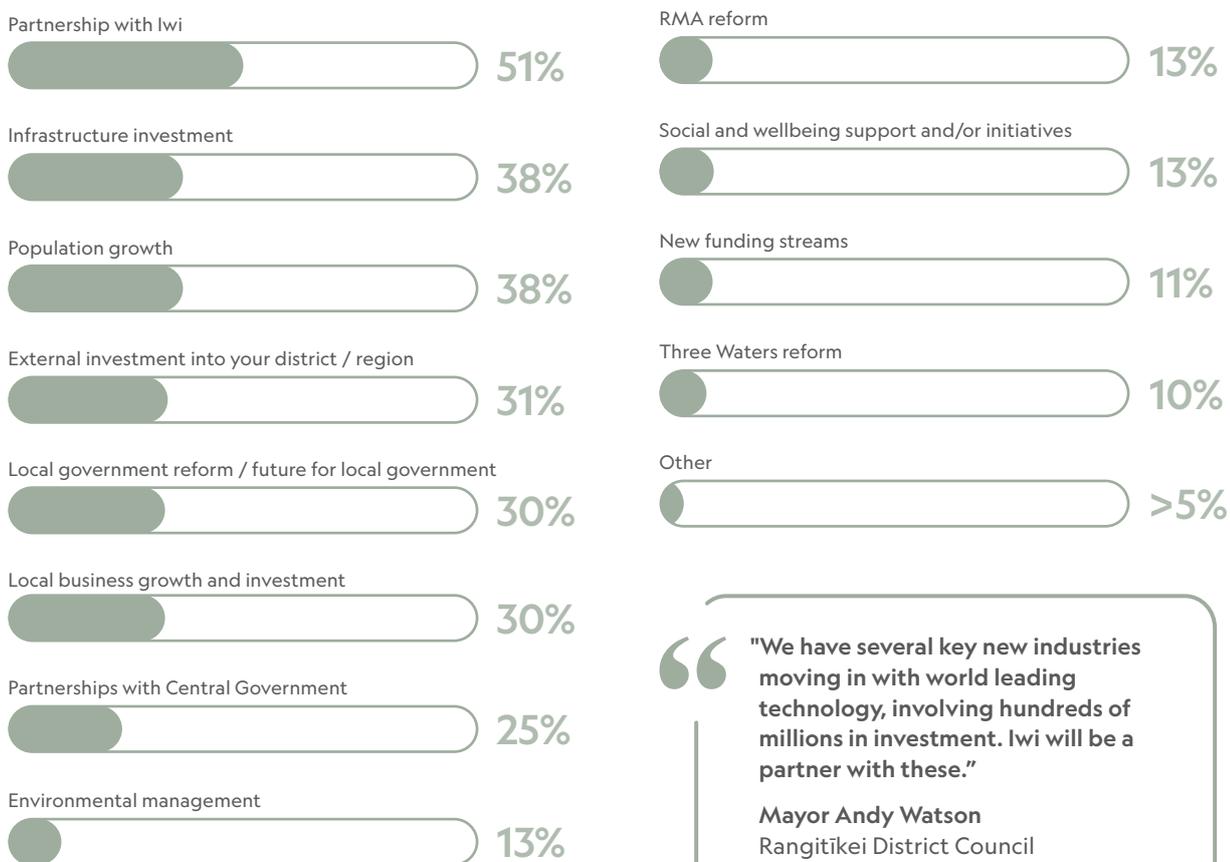
"The clear desire by local government to partner with iwi and hapū resonates with a strong commitment to the principles of Te Tiriti o Waitangi and the increasing recognition that local authorities need to actively engage with mana whenua and mataawaka.

This is particularly important for a range of reasons, including the growing importance of concepts such as Te Mana o Te Wai, the growth of the 'Māori economy,' and the potential to develop new approaches to challenges such as climate change based on mātauranga and tikanga Māori."



Gerald Lanning | Partner, Simpson Grierson
Resource Management & Local Government

Q2. Which of these provide the greatest opportunities for your Council and your community over the next five to ten years? (Please select up to three options)



“We have several key new industries moving in with world leading technology, involving hundreds of millions in investment. Iwi will be a partner with these.”

Mayor Andy Watson
Rangitikei District Council

Funding and financing constraints and Central Government policies are the biggest local authority roadblocks

“

“Our biggest problem going forward in the future is the cost of upgrading infrastructure to help facilitate growth without it impacting on our existing ratepayer base.”

Mayor Allan Sanson
Waikato District Council

When we asked respondents to identify the biggest challenges and impediments to achieving the desired outcomes for their communities, two clear themes emerged.

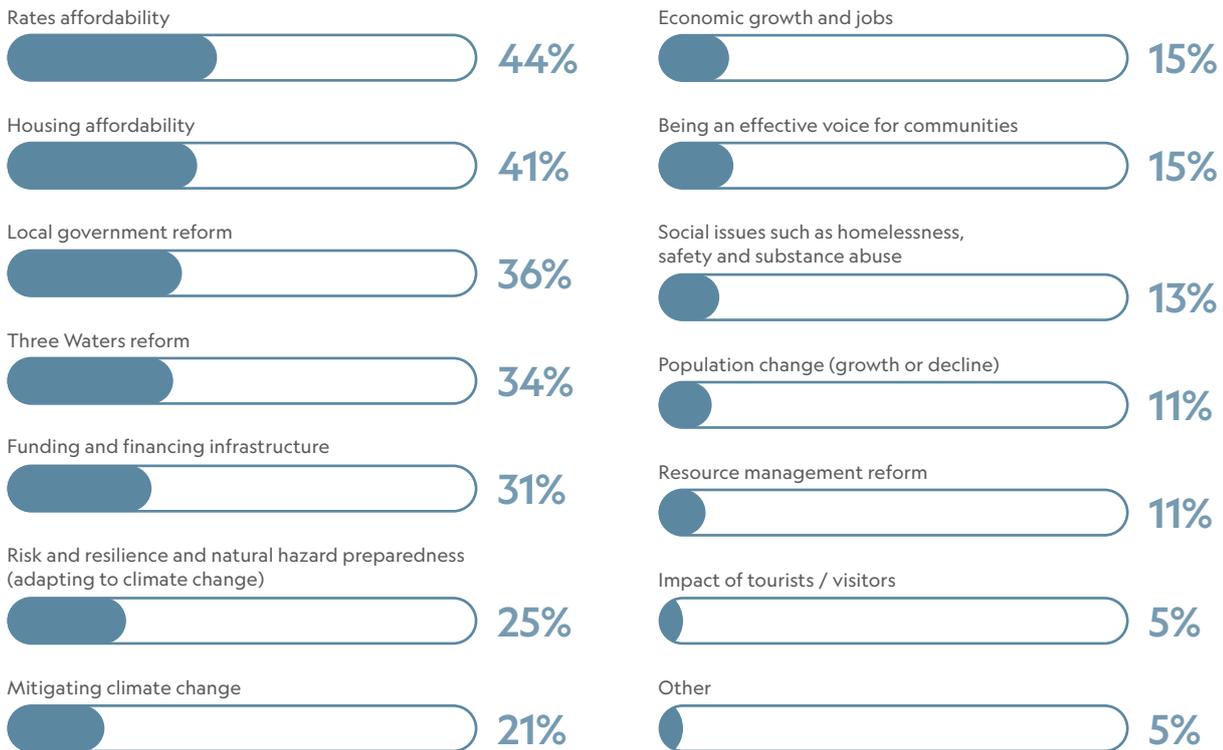
Central Government policies and decisions are overwhelmingly seen as the biggest impediment, with Local Government reform and Three Waters reform ranking among the top challenges faced by local authorities and their communities.

Funding and financing issues also stood out as a key impediment. Respondents placed a clear emphasis on the challenges of rates and housing affordability within their communities, and the related issue of finding funding solutions for much needed infrastructure.

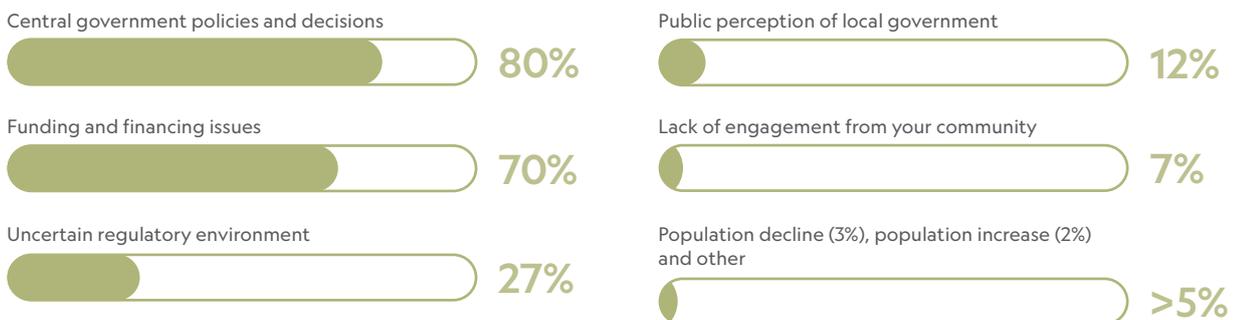
These themes are not new, and strongly mirror the key impediments and challenges identified by local authority decision makers in our previous survey. The key differences being Three Waters reform superseding the previous challenge of managing water resources, and the rise of housing affordability as a key issue.



Q3. Which of these provide the greatest challenges for your Council and your community over the next five to ten years? (Please select up to three options)



Q4. What are the biggest impediments you face in achieving the results you wish for your community? (Please select up to two options)



KEY FINDING 03

Communities rise to meet Covid challenge but impacts vary widely across regions

Respondents were given an opportunity to comment on the single biggest impact of the Covid-19 outbreak on their community.

Many told a positive message of resilience and how their community had pulled together during the pandemic – in some instances improving relationships with local Iwi.

There was a diverse range of economic impacts across different regions. Those reliant on tourism (especially international) felt it the hardest due to border closures and lockdown restrictions. However, several others reported an uptick in domestic tourism in their region, and communities that are reliant on primary industries reported faring better than expected.

Several respondents reported ongoing issues with immigration policy leading to many jobs going unfilled in their region. There were also comments that highlighted key issues exacerbated by the pandemic, including poverty issues, construction costs and housing affordability.

Q5. What is the single biggest effect that the Covid-19 pandemic has had on your community? (Comments)

"Better relationship with Iwi. The Community has become aware of its own vulnerability but very grateful we have not been affected badly."

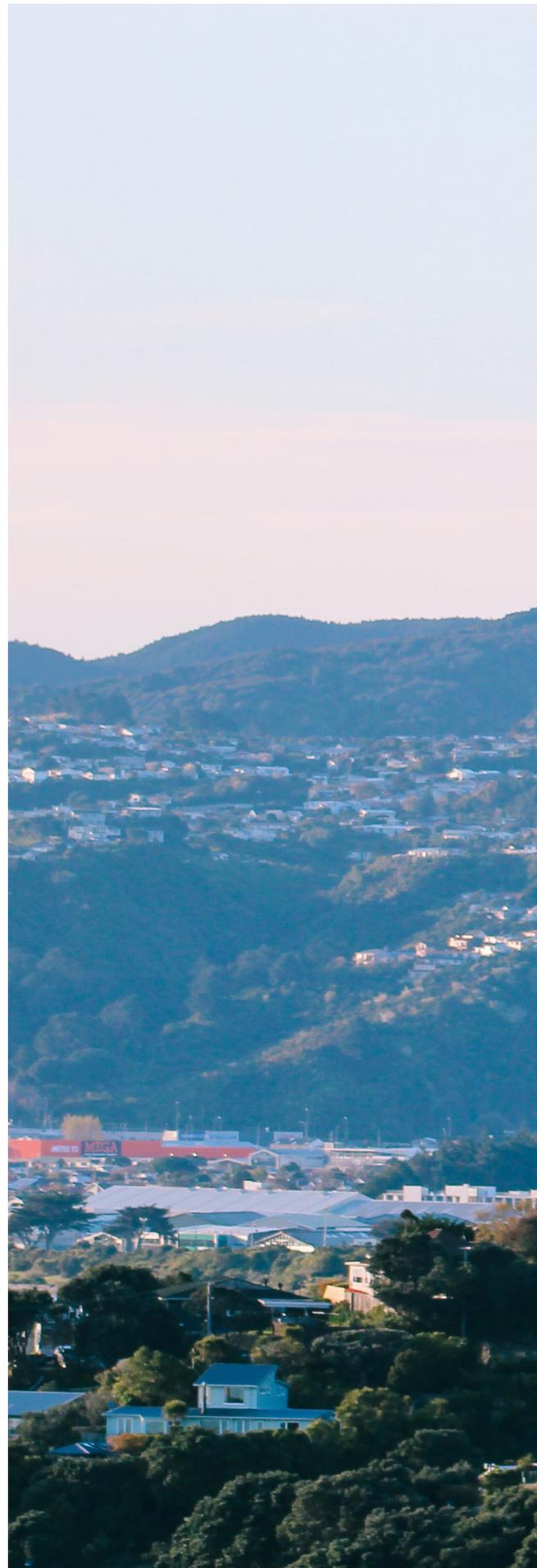
Mayor Max Baxter, Ōtorohanga District Council

"Firstly, an extraordinary collaborative and caring response to community need across our region. Existing networks were utilised and new networks created. This has been followed by an increase in anti-social behaviours post-lockdown exhibited by some sectors of our community."

Mayor Sheryl Mai, Whangārei District Council

"[The] realisation from the community that local government plays an important role in the day to day community wellbeing and was in a number of cases the only organisation able to provide immediate support."

Mayor Jim Mylchreest, Waipa District Council





Local authorities pin hopes on RMA reform as a means to improve process efficiency and effectiveness

“

“Anything that improves the efficiency and effectiveness of the process has to be a positive. The industry that has grown around the RMA process has been a millstone rather than a positive thing”.

Mayor Bernie Wanden
Horowhenua District Council

Respondents expressed a clear preference for RMA reform to primarily focus on improving processes (over changing outcomes) – with over two thirds hoping that reform will improve the efficiency and effectiveness of resource management processes.

In a distant second, “ensuring urban growth and development keeps up with population growth” was the next most hoped-for post reform outcome.

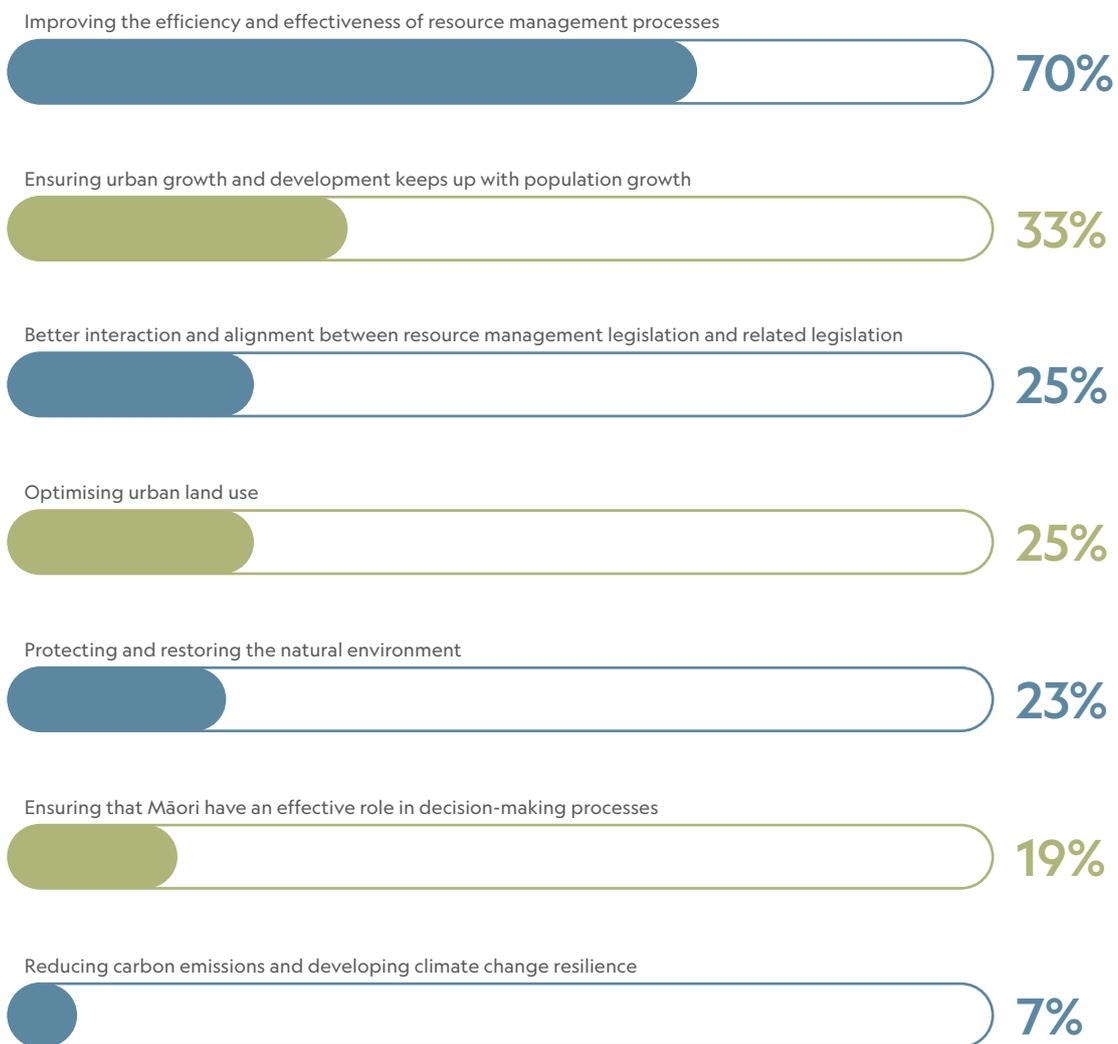
“Despite the scale of RMA reform on its way, this issue ranked well behind other ‘big picture’ opportunities and concerns such as how to improve partnerships with Iwi, local government reform, and levels of investment in infrastructure (see Key findings 1 & 2).

Nevertheless, there is a clear sense from the responses that the RMA is ‘broken’, and that reform provides an opportunity to improve efficiency, reduce complexity and compliance costs, allow for better management of urban growth and improve environmental outcomes.”



Pdraig McNamara | Partner, Simpson Grierson
Resource Management & Local Government

Q6. What are the most important issues that you hope RMA reform will address?
(Please select up to two options)



Concerns for loss of local authority influence and diminished local accountability from Three Waters reform

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“[The primary concern is a] lack of recognition of past investment by some Councils including my own, and the consequent moral hazard of cross subsidisation by our ratepayers to Councils that haven't chosen to invest appropriately in the three waters.”

Mayor Hamish McDouall
Whanganui District Council

Local government decision makers see the potential for widespread benefits to arise from the proposed reform of the Three Waters service delivery model, but many also harbour significant concerns centered around a loss of influence and local accountability.

Improved funding and financing for investment, co-ordinated planning across regions, and better oversight and health/environmental outcomes were seen as the main benefits from reform.

Weighing against these benefits are concerns, held by the majority of respondents, that reform will also bring a loss of accountability to local communities and diminished local government influence over Three Waters service delivery and infrastructure.

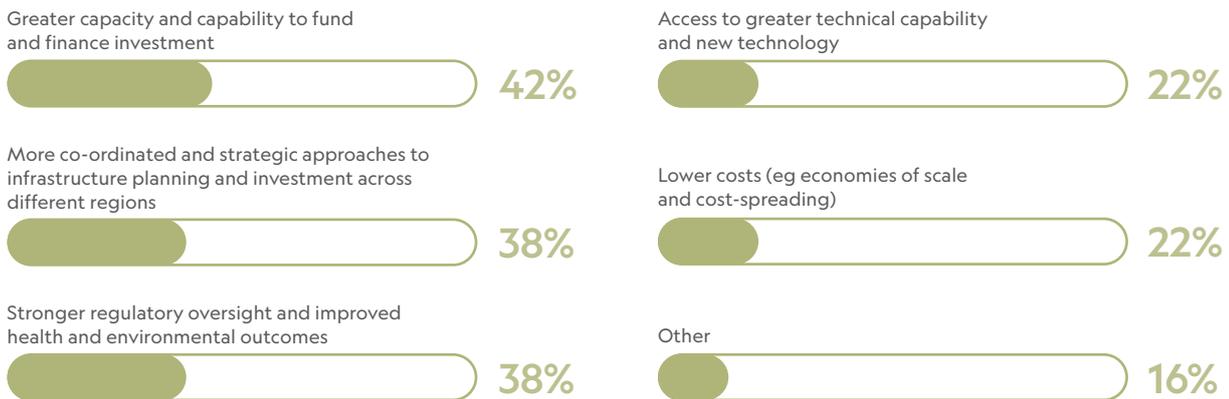
“While many Mayors and Chairs have largely accepted Central Government’s case for the benefits that should arise from Three Waters reform, there are clear concerns for the ability of local communities to influence outcomes under the proposed new service delivery model and, likewise, for the level of accountability that the proposed new entities will have to local communities.

These concerns are not surprising given the proposed level of aggregation. It will be incumbent upon Central Government to address these concerns through appropriate local representation, and rights for mana whenua, in the governance framework for the new model.”

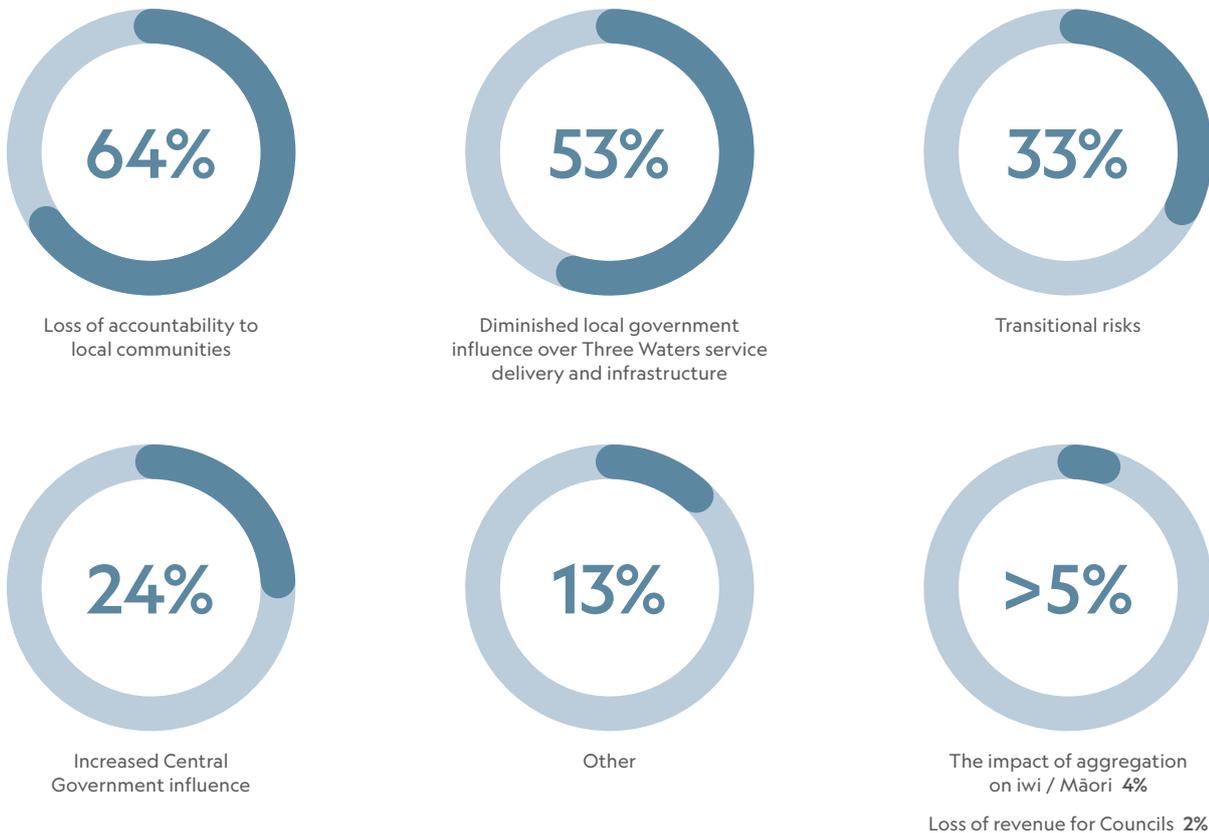


Josh Cairns | Partner, Simpson Grierson
Funding & Financing

Q7. What do you consider will be the main benefits for your community arising from Three Waters reform? (Please select up to two options)



Q8. What are your primary concerns for your community arising from Three Waters reform? (Please select up to two options)



Community wellbeing and funding reform outcomes sought from 'Future for Local Government' review

“

“The review needs to cover all aspects of Government and Local Government – should not assume that any given service should remain with Government. An alternative revenue stream is also very important.”

Mayor Andy Foster
Wellington City Council

In responding to our question under Key finding 1 (page 6), 30% of respondents selected local government reform / 'Future for Local Government' review as one of the greatest opportunities for local authorities and their communities in the next 5-10 years.

In a natural follow up to this finding, question 9 asked respondents to identify the opportunities they most want to see come out of the review. The most popular outcomes sought were “a greater focus on community wellbeing” and “rating and funding reform” – which is unsurprising given the greatest challenges and impediments identified in Key finding 2 (page 8).

“The thrust of Three Waters and RMA reform is towards more cost-effective outcomes through regionalisation and centralisation. Any local government reform should balance the scales in acknowledging that the local voice is fundamental to New Zealand democracy.

Even within our small country, places and communities are unique, with different characters and different needs. That diversity is essential to community sustainability. The reform should build on the Local Government Act 2002 concepts, and strengthen the funding and authority for genuine local diversity, the promotion of community wellbeing, and the role of mana whenua.”



Jonathan Salter | Special Counsel, Simpson Grierson
Local Government

Q9. Where are the greatest opportunities in the recently announced 'Future for Local Government' review? (Please select up to two options)



“The potential for the reform, and it should be reform of government (central and local), is for bottom up decision making and central having a clearer understanding of what the specific community’s needs are so a bespoke approach can be applied to differing communities.”

Mayor Nigel Bowen, Timaru District Council

Infrastructure funding and market forces present biggest constraints on housing affordability

“

“There must be Central and/or Local Government intervention to achieve affordable and appropriate accommodation for the bottom quartile of NZers.”

Mayor Garry Webber
Western Bay of Plenty District Council

The much publicised dilemma of housing affordability has touched almost every respondent’s community, with only four respondents indicating it was not an issue.

For most respondents, the funding and financing of infrastructure is one of the most significant constraints driving housing unaffordability. Market forces, followed by land availability/supply, were the next biggest constraints.

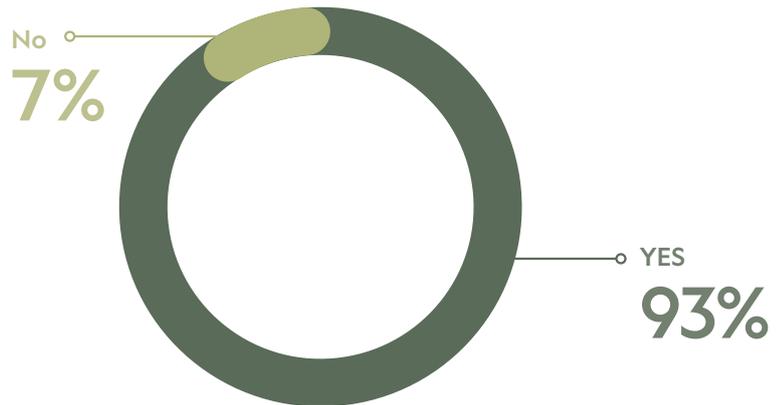
“The Government is taking steps to address the impact of market forces and the infrastructure deficit on housing and affordability but progress is too slow. Right across the country, existing infrastructure is under immense pressure from historic under investment and urban intensification, and greenfields development is slowed by funding constraints and a lack of new infrastructure.

Many local authorities have large parcels of under-utilised land that could be freed up for housing but legislative constraints make the prospect difficult. Further legislative reform, to better enable under-utilised reserve and public works land to be made available, would greatly assist local authorities to release land to benefit their communities.”

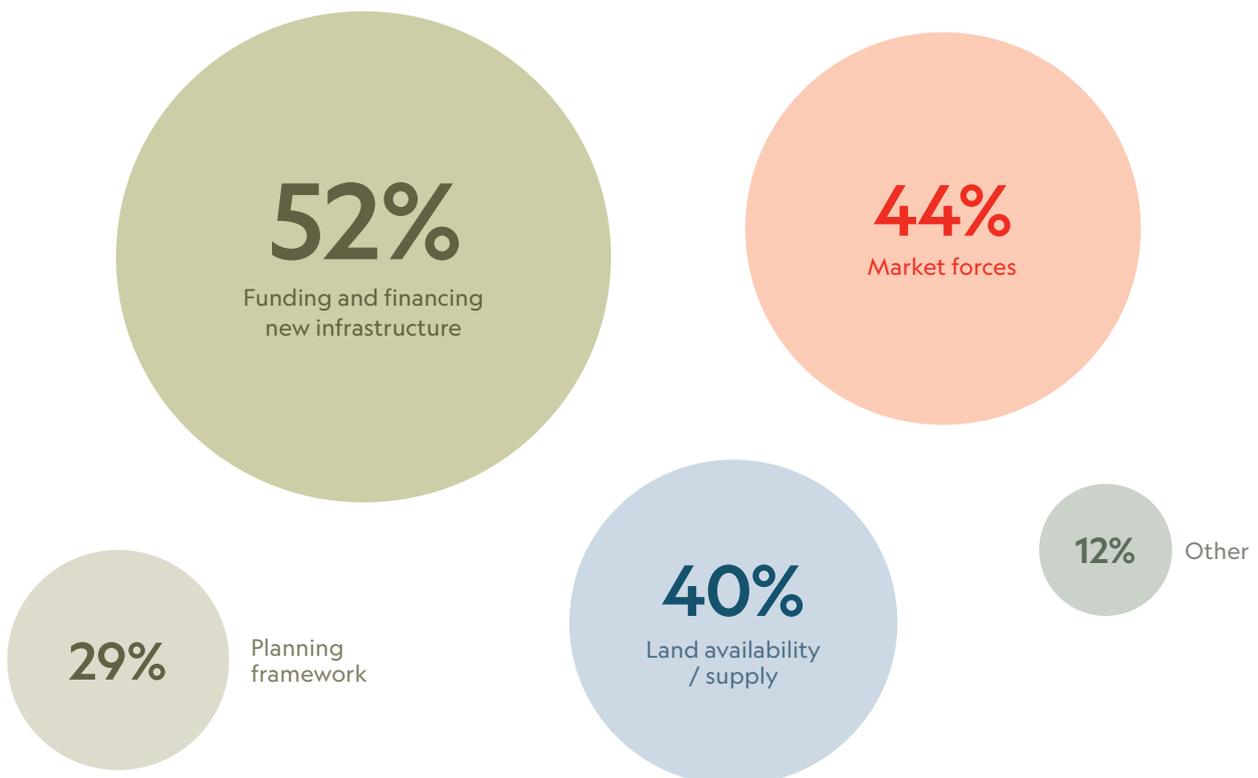


Donna Hurley | Partner, Simpson Grierson
Property

Q10. Do you consider housing, and affordability, to be an issue for your community?



Q11. If yes, what do you consider to be the most significant constraints?
(Please select up to two options)



Widespread inequality and poverty issues need a shared local/central solution

“

“It falls on both. We can use Government funding to target the problems in each community for successful outcomes. Not a one size fits all approach.”

Mayor Don Cameron
Ruapehu District Council

Most local government decision makers have observed a deepening of social issues within their communities since Covid. The most cited issue was inequality, followed by substance abuse and poverty.

Some respondents commented on unemployment doubling in their region at the start of the first Covid lockdown, and are mindful that while the national recovery is in full swing, many people are being left behind. This is only being exacerbated by the challenges of rates and housing affordability.

Almost all of the respondents saw the primary responsibility for these issues resting on Central Government, but in partnership with local government, where solutions are centrally funded and delivered locally.

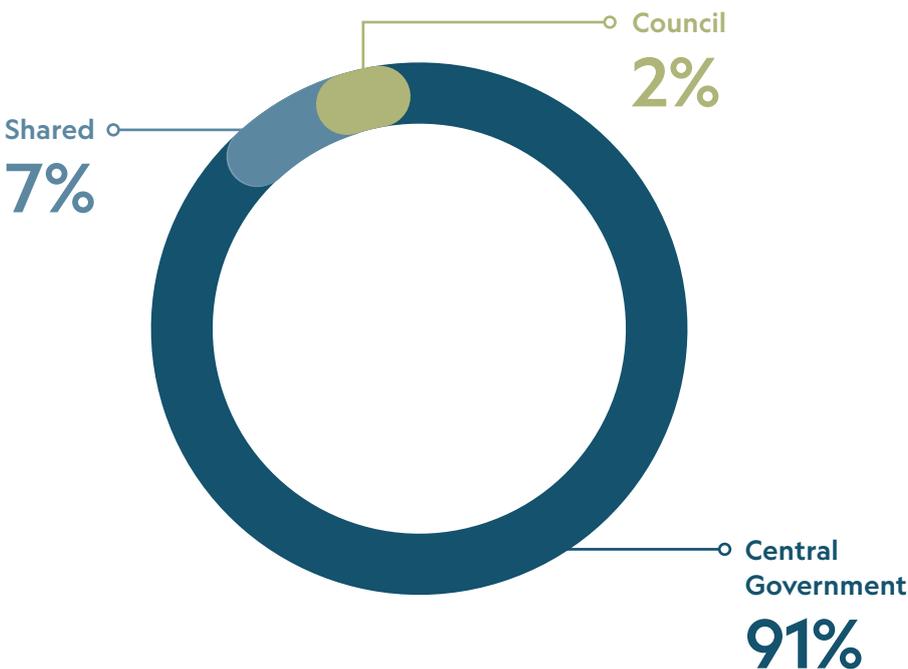
Respondents' comments acknowledged that successfully addressing these issues could not be achieved by either Central Government or local government alone. A partnership between Central Government and local government/Iwi at a community level is seen as the best way to address the needs of each region.



Q13. What are the main social issues in your district or region?
(Please select up to two options)



Q14. Do you regard primary responsibility for these issues as falling on the Council or Central Government?



Funding relief and infrastructure investment are top of the list to improve resilience and preparedness

Q12. If you could have access to one new source of funding, what would it be? (Comments)



“For Treasury to actively look at the NZTA funding stream and re-evaluate the Road User Charges and GST paid by Southlanders that isn't actually returned in any way near the totality of that paid.”

Mayor Gary Tong
Southland District Council



“Share of GST particularly on rates (tax on a tax) and development on sections. LA's and developers provide all of the services and take all of the risks and Central Government pockets the GST on every new section created.”

Jim Mylchreest
Waipā District Council

When asked to identify the biggest challenges in improving their communities' resilience and preparedness, respondents overwhelmingly pointed to financial pressure and funding issues. The clear second choice was investment in relevant infrastructure.

Neither response is surprising, and the issue of funding and financing at the local government level is a reoccurring theme throughout the survey feedback. When asked what new source of funding respondents most want access to, there was a variety of ideas but one clear favourite: GST revenue.

Several respondents commented that a share of the GST revenue generated in their districts should be returned to local government, highlighting the inability of central agencies that are delivering local services with public money, to have true place-based insight or ensure funding is used to best effect.

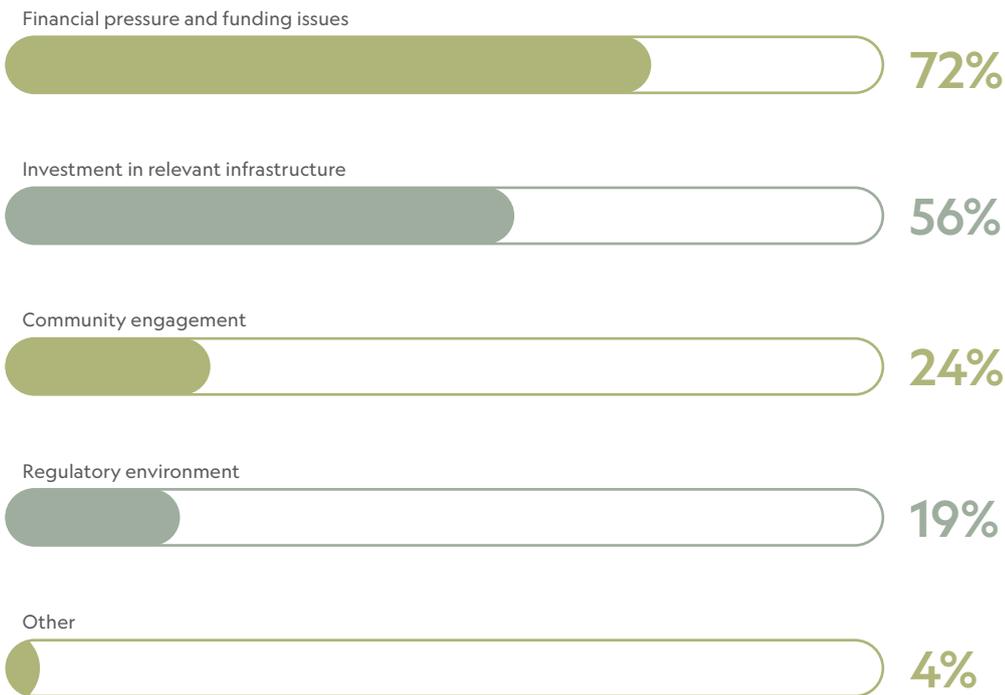
“This finding is unsurprising. Central Government has attempted to deal with these issues over the last few years through a number of discrete initiatives, including the Infrastructure Funding and Financing Act 2020 which can be used to fund environmental resilience infrastructure and the recent announcement of \$1b of the \$3.8b Housing Acceleration Fund being allocated to an Infrastructure Access Fund.

However, the survey responses send a very clear message from local government that there needs to be a more fundamental change in the way in which local authorities are able to access funding, which more closely reflects the economic activity in their respective areas, as opposed to discrete/targeted funding arrangements. A holistic funding model would enable them to respond more effectively to the increasing demands around resilience and preparedness at a local level.”



Simon Yannini | Partner, Simpson Grierson
Commercial & Infrastructure

Q15. What are the biggest challenges for your Council in improving your community resilience and preparedness? (Please select up to two options)



KEY FINDING 10

Waka Kotahi still making the most effective Central Government contribution at the local level

“

"[Waka Kotahi] have a clear model for investment - so a degree of certainty as against random grants that are politically motivated like Provincial Growth Fund."

Mayor John Robertson
Waitomo District Council

For our final question, respondents were asked which Central Government body makes the most effective contribution to local government.

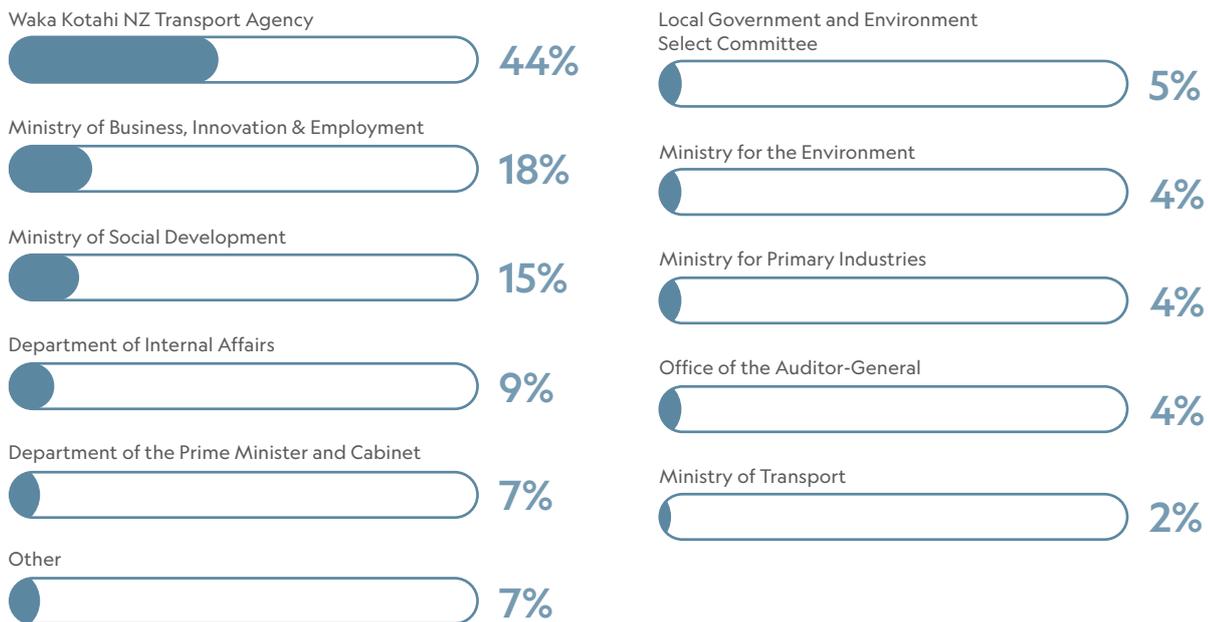
As in our previous three surveys, Waka Kotahi NZ Transport Agency came out on top. When asked why Waka Kotahi make the most positive contribution, respondents pointed to the agency's close alignment and communications with local government, support funding for TLA's, and the overall impact of the agency's operations.

The Ministry of Business, Innovation & Employment (MBIE) was again the clear second choice. Several respondents were positive about the strategic investment MBIE has made on locally developed projects, and its efforts to provide resources and policies that improve community wellbeing.

In a marked improvement from our last survey, Ministry of Social Development (MSD) was the third ranked Central Government body. Comments in support of MSD highlighted the funding and support it provides, praising their performance with job subsidies and engaging youth.



Q16. Which Central Government body makes the most effective contribution to local government? (Please select one)



Note: a number of respondents selected more than one option.

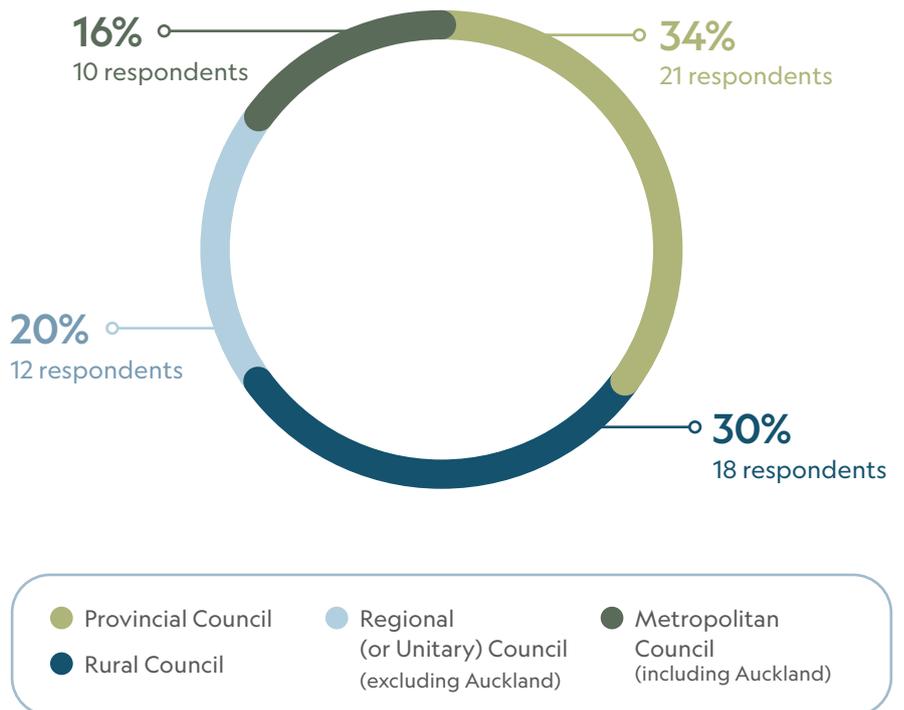


Methodology

This research draws on 61 responses from the Mayors and Chairs of local authorities across Aotearoa New Zealand. Questions in the survey were not compulsory leaving respondents to address the topics they were most knowledgeable about. The respondents were from a mix of rural, provincial, metropolitan and regional Councils.

Question	Number of responses	Question	Number of responses
1	61	10	57
2	61	11	52
3	61	12	52
4	60	13	53
5	53	14	54
6	57	15	54
7	50	16	55
8	55	17	45
9	52		

Q1. Please identify your category of Council



About LGNZ

LGNZ represents the national interests of councils in New Zealand and lead best practice in the local government sector.

Governed by our National Council, made up of 18 elected members from throughout New Zealand, our purpose is to deliver our sector's Vision: "Local democracy powering community and national success."

We provide advocacy and policy services, business support, advice and training to our members to assist them to build successful communities throughout New Zealand.



**We are.
LGNZ.**

Susan Freeman-Greene | Chief Executive
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About Simpson Grierson

Simpson Grierson is Aotearoa New Zealand's local government law firm.

Our expertise ranges from the day-to-day operation of local authorities in their statutory and political environments, to the highest level strategic developments affecting local government as a whole.

We advise most of the local authorities in New Zealand, and have extensive and long-standing networks with key policy and decision makers throughout local government.



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