

28 February 2022

Jim Palmer  
Chair of the Panel  
The Future for Local Government Review

Dear Jim

## **Kaikōura District Council's Draft Submission – The Future for Local Government Draft Report**

### **1.0 Introduction**

Kaikōura District covers 2,046 square kilometres of diverse landscape and is situated on the east coast of the South Island, with our territorial neighbours, the Marlborough district to the north and west, and Hurunui district to the south. We are the second smallest local authority in New Zealand with usually resident population of 4260. We have an annual rates revenue of approximately \$9 million and every additional \$90,000 of operational expenditure is equivalent to a 1% rate increase.

Kaikōura District has been heavily impacted by a number of significant events over the last few years, including the November 2016 earthquake and most recently the global pandemic of Covid 19. Despite these challenges, we have a robust financial strategy and infrastructure strategy developed for our long-term plan in 2021 that shows we are financially sustainable, with robust evidence based infrastructure investments planned over the next ten years. Kaikōura District Council consistently punches above our weight in the local government sector and has a strong resilient community. Our recent resident satisfaction survey showed an overall satisfaction rate with Council of close to 70%.

### **2.0 Our draft submission**

Given our current workload, which includes responding to the multiple reform agenda requests for feedback as well as managing business as usual activities and responses to recent severe weather events, we have been unable to complete a full submission. We requested an extension of time from the deadline of the 28<sup>th</sup> February and have been granted until the 3<sup>rd</sup> March to submit a draft. We anticipate being able to provide a fuller submission in March. In preparing this draft we have highlighted a few key issues that stand out from a Kaikōura perspective, but have not been able to respond to all of the recommendations and questions identified at this point in time.

### **3.0 Our preliminary comments**

#### **3.1 Overall draft report**

KDC supports the five key shifts that have been identified in the draft report. We also strongly support the statement that local government has a critical role to play in Aotearoa New Zealand's governance, building strong, healthy, and prosperous communities, now and into the future.

Although the panel has gone to great lengths to engage with all territorial and unitary authorities to date, we have major concerns that the opportunity for positive and aspirational change through the Review is at risk due to the current aggressive central government reform programme. KDC believes that the Review should have been undertaken and completed prior to the other reform agendas progressing beyond the point of no return.

PO Box 6, Kaikōura 7340 | 96 West End, Kaikōura (03) 319 5026 | [www.kaikoura.govt.nz](http://www.kaikoura.govt.nz) |

[kdc@kaikoura.govt.nz](mailto:kdc@kaikoura.govt.nz)  [@KaikouraDistrictCouncil](https://www.facebook.com/KaikouraDistrictCouncil) |

The current onslaught on the local government sector from the reform agenda is causing significant harm in terms of both our personnel and our relationships with central government. What could have been viewed as a genuine opportunity through the Review process is in danger of being seen as lip service (or worse) to the sector for a central government agenda. We would encourage the Panel to also advocate that the reforms programme should be slowed down or paused until this Review is completed.

We believe that to be of real value the final report and recommendations from the Panel must be compelling, specific and prioritised so that it is clear to central government what is required to address the key issues, and in particular funding challenges and the relationship between central and local government.

### **3.2 A stronger relationship between central and local government**

A genuine central and local government partnership, founded on mutual respect and trust is critical to how local government, central government and communities can best be integrated to deliver genuine wellbeing outcomes. Local and central government must see each other as equals rather than as a 'parent knows best' relationship.

In Kaikōura over the last few years we have seen how genuine relationships with central government agencies can create great outcomes for our community. This has required significant effort and the right mindset from all individuals involved. The Kaikōura earthquake response can be seen as a good example of multiple agencies working well together for a common goal.

The current reform agenda is continuing to erode trust and confidence in the relationships between the local government sector and central government. This is going to require a circuit breaker and a significant culture shift if meaningful change is going to be made.

### **3.3 A Tiriti-based partnership between Māori and local government**

KDC acknowledges the weaving of the relationship between local government and Māori throughout the draft report and the constructive discussions on a Tiriti-based partnership for local government.

We support the development of a new legislative framework for Tiriti-related provisions in the Local Government Act. However, KDC believes that it is critical that any provisions need to enable the flexibility required so that councils and hapū/iwi can lead and develop arrangements most suitable to their local context. KDC has a strong relationship with Te Runanga o Kaikōura (TRoK) as the Papatipu Runanga (Iwi Authority) and Mana Whenua in our District. In partnership with our Papatipu Runanga, we need to develop meaningful ways for getting Mana Whenua inputs into decision making without shoe horning solutions into the current local government framework.

KDC fully supports recommendation 11 for central government to provide a transitional fund to subsidise the cost of building both Māori and council capability and capacity for a Tiriti-based partnership in local governance. We understand the increased pressures that are being put on our local Papatipu Runanga from multiple agencies and organisations. To create a successful partnership considerable investment and resourcing, and a realistic transitional approach, will be required for both local government and Māori.

### **3.4 Building an equitable, sustainable funding and financing system**

The draft Report notes very clearly that the current funding system is not sufficient for the future. The continued reliance on rates, even following review and simplification, as the principle mechanism for funding local government is unlikely to address this issue.

As noted in the Report local government's share of overall tax revenue has stayed at around 2 percent of GDP over the past 70 years, despite it having a growing number of roles and responsibilities. Local government continues to have increased expectations from its communities and significant unfunded mandates from central government. Unfunded mandates from central government need to stop.

As highlighted in our introduction, KDC is the second smallest local authority in New Zealand with usually resident population of 4260. We have an annual rates revenue of approximately \$9 million and every additional \$90,000 of operational expenditure is equivalent to a 1% rate increase. Our ratepayers have felt the burden of the events of the last few years. Often our long term and annual plans have bare bones budgets focusing on the must have priorities (supported by our robust infrastructure and finance strategies) rather than any nice to haves. In recent years KDC has also needed to be resourceful in terms of securing funding via external grants to support specific initiatives or to be able to achieve some of the nice to haves.

While rates collection may be relatively straight forward, and make sense from an economist point of view, and should likely remain as one of the key funding sources, opportunities for Council's to explore other funding mechanisms should be accelerated.

KDC supports a review of the current legislation to enable new funding mechanisms, along with the redesign of the long-term plan and rating provisions to enable a more simplified and streamlined process. A review of the administrative and bureaucratic burden put on local government by the Local Government Act and various other legislation should be undertaken. Council's need to be freed up to be able to expend more energy in achieving community outcomes that on systems and process. This is particularly relevant for smaller councils who often have exactly the same process requirements as larger councils, but with less resources. The annual audit process is a prime example where there is very little value add from the extensive investment of time, cost and resource.

KDC believes that Central government agencies should pay local government rates and charges on their properties, and the charges should include development contributions where necessary. Our District has significant tracts of Department of Conservation land that currently is non-rateable, but visitors to the land still consume council services (roading, public toilets etc). Those using the central government agencies services are also consuming council services.

### **3.5 Replenishing and building on representative democracy**

KDC would welcome approaches to encourage more diverse representation at the governance level, from all sectors of our community. As noted in the report having a body of diverse elected representatives is likely to improve the quality of council decision making for the whole community by ensuring that decisions take into account the needs and preferences of people with different genders, ethnicities, socio-economic and cultural backgrounds, physical abilities and ages.

A significant handicap for small rural council's in this space relates to the remuneration for elected members. Being a part-time role with associated remuneration significantly limits the ability for candidates to put themselves forward for election to represent their community. The increased demands on time and the importance of the governance function that elected members play needs to be acknowledged and addressed via the remuneration authority.

KDC supports the discussion on page 175 in relation to the argument for extending the election cycle to four years, but believes that this should also be considered for central government. The same rationale for extending to four years for local government equally applies to central government.

KDC also supports in principle consideration of lowering of the voting age to 16, however believe that this should also be considered for central government elections. Kaikōura District is fortunate to have a strong Youth Council and KDC values their inputs. Mechanisms for strengthening Youth Council inputs into Council decision making should also be considered.

We also support the centralised administration of local electoral processes. Centralisation will enable a more consistent approach to all aspects of the election processes for our community.

### **3.6 Designing the local government system**

KDC acknowledges that to ensure the country has a fit for purpose local government system to serve our communities over the next 30 years that there will need to be changes in the current system. However, any redesign needs to give due consideration to the current and future roles and opportunities for the local government sector. It needs to also recognise the vital role that the sector currently plays for local democracy and as an enabler and facilitator of community outcomes. There is a danger for small rural councils, such as ourselves, that the current reform agenda will result in unintended consequences that prevents a deliberate and constructive redesign conversation.

Equally important will be ensuring that our communities are engaged prior to progressing with any redesign process. We have seen too much centrally driven process with the current reform agenda.

### **4.0 Conclusions**

Our draft submission provides some feedback on some of the key points from the draft report from a Kaikōura District Council perspective. As highlighted, we strongly recommend that this Review should be completed ahead of points of no return for the other reforms. The final report and recommendations from the Panel need to be compelling, specific and prioritised so that it is clear to central government what is required to address the key issues. It is important to do this once and to do it right.

Yours faithfully,



Craig Mackle  
**Mayor**  
**Kaikōura District Council**