TARARUA
DISTRICT COUNCIL

Audit and Risk Committee

Notice of Meeting

A workshop briefing session of the Audit and Risk Committee will be held in the Council Chamber, 26 Gordon Street, Dannevirke on **Tuesday 19 October 2021** commencing at **1.00pm**.

Bryan Nicholson
Chief Executive

Agenda

1.   Present

2.   Apologies

3.   Notification of Items Not on the Agenda

4.   Approval of Notes   3

   Recommendation

   That the minutes of the Audit and Risk Committee meeting held on 17 August 2021 (as circulated) be confirmed as a true and accurate record of the meeting.

5.   Matters Arising from the Notes not otherwise dealt with in the Agenda

6.   Reports

6.1   Health and Safety   7

6.2   Risk Management   13

6.3   2020/2021 Annual Report Audit Timeline   93

7.   Closure

Note: This workshop briefing session meeting is being held solely for the purpose of information and discussion, and no resolutions or decisions shall be made.

Audit and Risk Committee

Minutes of a meeting of the Audit and Risk Committee held in the Council Chamber, 26 Gordon Street, Dannevirke on Tuesday 17 August 2021 commencing at 2.55pm.

1.   Present

Mr K Ross (Chairperson), Her Worship the Mayor - Mrs T H Collis, Crs E L Peeti-Webber (Deputy Mayor), A K Franklin, S A Hull, P A Johns, K A Sutherland, R A Treder and S M Wards.

In Attendance

Mr B Nicholson	-	Chief Executive
Mr R Taylor	-	Manager - Democracy Services
Mr R Suppiah	-	Group Manager - Corporate
Ms S Lowe	-	Group Manager - People and Capability
Mr C Chapman	-	Group Manager - Infrastructure
Ms T Love	-	Group Manager - Operations
Mr A Gosney	-	Project Management Office Lead
Mr C McKay	-	Finance Manager
Ms S Smith	-	Health and Safety Coordinator
Mrs S Walshe	-	Senior Financial Accountant

2.   Apologies

2.1   *That an apology be sustained from Cr Carole Isaacson for non-attendance at the meeting.*

Hull/Franklin   *Carried*

3.   Notification of Items Not on the Agenda

3.1   Nil

4.   Confirmation of Minutes

4.1   *That the minutes of the Audit and Risk Committee meeting held on 22 June 2021 (as circulated) be confirmed as a true and accurate record of the meeting.*

Ross/Johns   *Carried*

5. **Any Matters Arising from the Minutes not otherwise dealt with in the Agenda**

5.1   Nil

6.   Reports

6.1   **Council Performance for the 2020/2021 Financial Year Ending 30 June 2021**

6.1.1   Senior Financial Accountant Sarah Walshe indicated Audit New Zealand are facing resourcing issues which has had an impact on the proposed date of Council's final audit.

6.1.2   Given that situation there is a possibility that Council will not be able to meet the statutory deadline of 31 December for the adoption of the 2020/2021 Annual Report.

6.1.3   The consequences of not adopting the Annual Report by the statutory deadline are that Council will be required to include a disclosure stating the deadline will not be met.

6.1.4   Council will be named in the Office of the Auditor-General report to cabinet that it failed to meet the statutory deadline.

6.1.5   There is no impact on the opinion that the auditors will provide to Council for the Annual Report.

6.1.6   These circumstances are beyond Council's control, and wording included in the Annual Report should acknowledge what has happened is through no fault of the Council.

6.1.7   The Audit and Risk Committee at its next meeting on 19 October 2021 will discuss the preferred approach to take regarding that matter, and in the meantime staff shall continue to engage with Audit New Zealand regarding possible available options for consideration.

6.1.8   Senior Financial Accountant Sarah Walshe spoke on operating variances to budgets for revenue and expenditure relating to favourable or unfavourable results regarding the overall outcome for that activity.

6.1.9   Finance Manager Cameron McKay outlined Council's external debt position that comprises $42 million of core borrowing and $2 million of pre-funding, resulting in the total amount being $44 million as at 30 June 2021.

6.1.10   The annual swap valuation showed a significant improvement to -$970,000, a favourable gain of $1,304,000. This has been achieved as the higher fixed rate swaps approach maturity and have been replaced with swaps at significantly lower rates.

6.1.11   Finance Manager Cameron McKay elaborated on the outcome of service performance measures results that Council achieved 74% compared to 70% last year.

6.1.12   Project Management Office Lead Adam Gosney explained the approach taken to manage the delivery of the capital expenditure programme, and elaborated on the end of financial year results for specific projects.

6.1.13   As at the end of June 2021, and from a total budget of $34.1 million for the 2020/2021 financial year the sum of $24.03 million was spent on the capital programme.

6.1.14   Of the 153 individual projects identified within the Annual Plan there have been 62 projects completed. A total of 66 projects remain to be completed (30 of these are spend only if required projects predominantly relating to roading and footpaths which are in the process of being finalised as part of the Annual Report process).

6.1.15   *That the report from the Senior Financial Accountant dated 10 August 2021 concerning Council performance for the 2020/2021 financial year ending 30 June 2021 (as circulated) be received and noted.*

          Ross/Hull   *Carried*

6.2   **Risk Management**

6.2.1   *That the report from the Group Manager - People and Capability dated 10 August 2021 concerning risk management (as circulated) be received, and*

          That the proposed changes to the risk framework and updates to the risk register items regarding climate change, significant natural disaster, and failure to attract and retain suitable skilled staff are noted.

          Johns/Hull   *Carried*

6.3   **Health and Safety**

6.3.1   *That the report from the Health and Safety Coordinator dated 10 August 2021 concerning health and safety (as circulated) be received, and*

          That the Audit and Risk Committee note the following regarding the focus on health and safety matters and this update:

          - *Council's performance in the resourcing criteria under the leadership category in the Health and Safety Regional Group SafePlus Assessment Review and Project Summary Report was acknowledged and commended.*
          - *The water and wastewater areas were audited in July by an external third-party auditor from IMPAC, with an action plan and recommendations to follow from that process.*

- ***The Health and Safety Committee continue to work through the annual hazard identification audit, policy and procedure reviews, any health and safety issues that arise and current hazards, near misses and incidents.***
- ***Council will move to the SiteWise contractor pre-qualification management system.***
- ***No high-risk hazard investigations have taken place for this reporting period.***

Collis/Sutherland   ***Carried***

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 4.11pm.

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Chairperson

Report

Date	:	12 October 2021
To	:	Chairperson and Committee Members Audit and Risk Committee
From	:	Sharron Smith Health & Safety Coordinator
Subject	:	**Health and Safety**
Item No	:	**6.1**

## 1.	Recommendation

1.1	*That the report from the Health & Safety Coordinator dated 04 October 2021 concerning Health and Safety (as circulated) be received, and*

1.2	*That the Audit and Risk Committee note the following with regard to the focus on health and safety matters and this update:*

- *Council's health and safety representatives will be attending the regional health and safety representatives forum 2021 in Palmerston North held on 17 November 2021.*

- *Safe365 health, safety and wellbeing software is being rolled out to all Council staff by the end of November 2021.*

- *New health and safety representatives have been assigned to the membership of the health and safety committee.*

- *Council's health and safety response plans continue to be reviewed and updated regarding Covid-19 to reflect the changing requirements of Government's direction in respect of the pandemic.*

- *The SiteWise contractor management system is being implemented for use by contractors engaged by Council.*

- *A wellness programme for Council staff is under way, with initiatives for 2022 to be invited for the next staff wellness calendar.*

- *Details from the incident register are provided for this reporting period.*

2.   Reason for the Report

2.1   To provide an update to the Audit and Risk Committee on health and safety matters.

3.   Health and Safety Regional Group

3.1   The Regional Health and Safety Representative Forum will be held on Wednesday, 17 November 2021 in Palmerston North. All Health and Safety representatives (HSR) within the MWLASS, have been invited to attend along with management and senior leaders in local government. The forum looks at "what makes a great Health and Safety representative" and what the critical skills and attitudes are to make their role as an HSR successful. There will also be a guest appearance from the SafePlus Auditor Jeena Murphy from Working Wise. This forum is a great opportunity to learn from a fantastic line up of presenters as well as the chance for HSRs to connect with likeminded people from across the region who care about their colleague's health, safety and wellbeing.

4.   Continual Improvement

4.1   **Safe365** is the new health, safety and wellbeing software which will be rolled out and initiated to all staff by the end of November 2021. Safe365 will enable Council to assess, improve and monitor the organisation's health, safety and wellbeing capabilities, culture, performance and engagement. The smartphone app enables engaging more readily with staff, providing improvements in simplifying the reporting of incidents, hazards and near misses. Safe365 will also provide a number of tools to help continual improvement in compliance and due diligence, with its ability to run visual reports that highlight priority areas of development to ensure Council meet the legislation and further enhance employee safety. Notification of implementation timeline will go out to all staff over the next couple of weeks.

5.   Health and Safety Committee

5.1   The Health and Safety Committee have two newly appointed Health and Safety representative's (HSR's), Alanis Peacock and Tyler-Ray Jensen. Alanis will be representing the projects team and Tyler-Ray has been appointed HSR of the Finance and Records teams. Sam McIntosh will continue as an HSR within the building and planning teams.

5.2   The Health and Safety Committee will continue to work through the Annual Hazard Identification Audit within each area once the district returns to Alert level 1.

5.3   The committee will be putting together a Wellness calendar for the 2022 year. A call for calendar items will go out to all staff this month.

5.4   Staff will get the opportunity to have a say in what they feel they would like to see next year as part of the 2022 wellness programme.

6.   COVID-19 Health and Safety Plan

6.1   Following the COVID-19 Delta variant outbreak, staff have updated the Council's health and safety response plans to reflect the changing requirements of Central Government. These will continue to be monitored and any changes updated and shared with all staff. Key in current requirements is the use of face masks and contact tracing. Management is encouraging vaccinations amongst Council staff and ensuring it keeps up to date with any changes to mandatory vaccination groups.

7.   Contractor Management

7.1   The first batch of letters went out last week to contractors advising of Council's switch to SiteWise. All new contractors will be directed to SiteWise from this point forward. A SiteWise training session has been setup for all Contractor Managers and will also cover the roles and obligations of Contractor Managers within Council.

7.2   A list of exemption criteria has been pulled together to ensure appropriate consideration is given to all factors, such as low-cost contracts, difficult to service contracts, and remote sites. If the contractor ticks all the boxes within the exemption criteria, they will then be approved to undergo a Health and Safety Pre-qualification assessment by Council directly and placed into the SiteWise database as exempt.

8.   Wellness Programme

8.1   The Health and Safety Committee have rolled out another wellness challenge which commenced on 1st October 2021. The **Te Araroa Pathway challenge** is a 3,000km long virtual walk. This runs the length of New Zealand from Cape Reinga to Bluff. Staff have registered as individuals or as teams of three. Each day, staff will submit proof of the kilometres they've walked, ran, or swam. The kilometres are then tallied up and marked off on the New Zealand map so that staff can see where they are at in the country. Staff have estimated that this should take just over two months to complete. There are around 8 – 10 teams registered and approximately 6-8 individuals participating on their own. The aim is to get people out of the workplace and in the fresh air participating in exercise which is good for the mind, body, and soul.

8.2   Staff are currently kayaking the Puhoi River just above Auckland.

8.3   An email will soon go out to all staff this month calling for their ideas and suggestions for wellness initiatives for the 2022 wellness calendar. The calendar will then be put together by the Health and Safety Committee and then put onto Loki for staff to view and schedule and participate in over the 2022 year.

9.   Incident Register

2021/22 INJURIES/ILLNESSES

Legend:
- Fatalities
- Lost time Injuries
- Restricted Work
- Medical
- First Aid
- No Treatment
- Hosptialisation
- Property Damage
- Threatening Behaviour

Month	Value
JUN-22	
MAY-22	
APR-22	
MAR-22	
FEB-22	
JAN-22	
DEC-21	
NOV-21	
OCT-21	
SEP-21	1
AUG-21	1, 2
JUL-21	2

2021/22 DEPARTMENT

Legend:
- Chief Executive - Elected Members
- Chief Executive - Executive
- Infrastructure Group - 3 Waters
- Infrastructure Group - Facilities
- Tararua Alliance
- Operations Group - Customer Services
- Operations Group - District Libraries
- Operations Group - Programmes and Projects
- Operations Group - Regulatory Services
- People and Capability - Emergency Management
- People and Capability - Human Resources
- People and Capability - Risk Office
- Economic and Community Development
- Corporate Group - Democracy Services
- Corporate Group - Finance
- Corporate Group - IT
- Corporate Group - Procurement
- Corporate Group - Records
- Corporate Group - Revenue
- Third Party

Month	Value
JUN-22	
MAY-22	
APR-22	
MAR-22	
FEB-22	
JAN-22	
DEC-21	
NOV-21	
OCT-21	
SEP-21	1
AUG-21	1, 1
JUL-21	2

2021/22 EVENT TYPE

■ Notifiable ■ Event ■ Near Miss

Month	Notifiable	Event	Near Miss
JUN-22			
MAY-22			
APR-22			
MAR-22			
FEB-22			
JAN-22			
DEC-21			
NOV-21			
OCT-21			
SEP-21		1	
AUG-21		2	1
JUL-21	1	1	

Attachments

Nil.

Report

Date	:	12 October 2021
To	:	Chairperson and Committee Members Audit and Risk Committee
From	:	Sandy Lowe Group Manager - People and Capability
Subject	:	**Risk Management**
Item No	:	**6.2**

1. Recommendation

1.1 *That the report from the Group Manager - People and Capability dated 12 October 2021 concerning Risk Management (as circulated) be received, and*

1.2 *That the Audit and Risk Committee note the following update on the management of strategic risks at Council:*

- *Options for risk management software are being investigated.*

- *A recruitment process is under way to appoint a Risk and Assurance Advisor.*

- *The review and update of the risk management framework has been delayed pending the appointment of a staff member to undertake the above position.*

- *The risk regarding Government's future of local government review and three waters reform have been reviewed and signed off.*

- *The emergency management team is prepared to respond in the event of a Covid-19 localised outbreak and the potential for a drought this summer.*

2. Reason for the Report

2.1 To provide an update to the Audit and Risk Committee on the management of strategic risks at Council.

3. Resourcing

3.1 In my previous report, I discussed software that Council are investigating for risk management. Hastings District Council have kindly offered to share their experience of the software having been users for over five years. Staff are meeting with them on 15 October 2021.

3.2 At the time of writing this report, the Risk and Assurance Advisor role remains vacant. The recruitment process is still under way.

4. Framework

4.1 The review and update to the Risk Management Framework has been delayed. There are two significant updates suggested to the assessment process, as outlined in my previous report. With the recruitment of a new lead in risk management on the horizon, staff are postponing this review until this vacancy is filled.

5. Updates to Risk

5.1 The risk of "Future of Local Government Review" has been reviewed and signed off. The Interim report has been released in early October for review. The interim report (attached) reflects the results of the initial scoping and engagement with local government. Webinars are being held to go through the interim report on 14 and 15 October.

5.2 Throughout 2022 Department of Internal Affairs (DIA) will be completing phase two, broader public engagement, with a draft findings and recommendations report due to the Minister of Local Government by 30 September 2022. Additional discussion with councils is planned for March 2022.

5.3 The third phase will involve formal consultation about the draft recommendations. DIA plans deliver the final report in April 2023.

5.4 At this stage, treatment measures are limited to Council ensuring active engagement in the review process.

5.5 The risk of 3 Waters reform has been reviewed and signed off. Mayor and councillors have been kept up to date and involved with planning through workshop discussions via the Works Liaison Committee during August and September. Morrison Low has completed analysis of DIA assumptions on proposed reform financial benefits which was reported to Council. Reports have been made to Council with information on Government's proposed model, estimated implications, and outstanding questions and concerns.

5.6 In September, Council made a submission to Hon Nanaia Mahuta, DIA and LGNZ regarding the outstanding questions and concerns. Staff are expecting further information be released or updates to the proposal as result of submissions received.

5.7   Media articles and early community engagement has been completed, including discussion with some local groups interested in the reform programme. Further community engagement is planned between now and the end of November, however further information from Central Government will enable a more informed process.

5.8   Currently the opt in/out decision is set to be made in December.

6.   Emergency Management

6.1   With the increase in spread of COVID-19 Council's emergency management team is planning for a localised outbreak. Any response would be led by the Ministry of Health, with Ministry of Social Development providing the primary welfare support. Civil Defence would be supporting any response required and, if needed, would through the district controller activate the Emergency Operations Centre to support the outbreak.

6.2   The COVID-19 response group has arranged to meet to begin this planning and will set a frequency going forward to ensure ongoing updates and regular discussion keeps staff informed of impacts to Council and the district's communities.

6.3   With the upcoming summer months, the potential for drought is also being considered. Staff are planning messaging to the district's communities on resilience and preparation and are in regular contact with Tararua Rural Support Trust. Staff are jointly arranging a meeting with Tararua Rural Support Trust, Federated Farmers, Dairy NZ, and NZ Beef and Lamb representatives to discuss the current situation, concerns and resilience ideas.

6.4   Business continuity and organisational plans are in place in preparation for this.

Attachments

1⇩.   Strategic Risk Register - October 2021 - Up to date version available in promapp
2⇩.   Te Arotake - Future of Local Government Interim report - October 2021

Risk Register

R00051

RESIDUAL	20.0 HIGH
INHERENT	20.0

STRATEGIC/CORPORATE RISKS, ENVIRONMENTAL, REDUCE, SUSTAINABLE ENVIRONMENT

Climate Change

Climate change increases weather events and drought and also forecasts sea levels rising, impacting the 3 waters, roading, migration, and emergency repair costs. This may result in legislative changes.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	6/6/2019 11:49:20 AM
LIKELIHOOD	Highly likely
SEVERITY	Major
RESIDUAL LIKELIHOOD	Highly likely
RESIDUAL SEVERITY	Major

TREATMENT MC00048

SIGNOFF(S):	Peter Wimsett
DUE DATE:	01 Feb 2022
FREQUENCY:	The first Day of every 6 months

Monitoring advice from central government and experts.
Renewing in line with industry best standard (i.e. earthquake strengthening).
Flexibility in the Long Term Plan to reprioritise levels of service.
Maintaining depreciation reserve.
Emergency reserves.
Discretionary assistance from Central Government (60-40).
Insurance.
Maintain strong balance sheet, ensuring the ability to borrow or cash in assets.
Consideration of climate change impacts in future planning e.g. water treatment and storage, asset protection, renewable energy initiatives, connectivity.
Infrastructure Strategy and Growth Strategy.

Opportunities:
1. Define a point where we are no longer able to manage the effects of Climate Change
2. Determine alternate water supplies for at risk supply areas. Note the three waters reform and Taumata Arowai funding opportunities to achieve greater resilience and a new LTP intention to look for secondary water sources (particularly bore sources)
3. Determine alternate roading routes for at risk routes.
4. District Plan identification of safe sites for building i.e. lower risk of flood
5. Stormwater review
6. Man-made lakes for water source - drinking & fire response.

TARARUA DISTRICT COUNCIL

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STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL

Resource Management Act (1991) Reform

Repeal and replacement of the RMA potentially resulting in:

Impact on our District Plan review process

Financial and resourcing impacts to our organisation

Increased potential for Local Government consolidation

RESIDUAL 16.0 HIGH		
INHERENT 16.0		
R00090		

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	11/12/2020 11:05:51 AM
LIKELIHOOD	Likely
SEVERITY	Major
RESIDUAL LIKELIHOOD	Likely
RESIDUAL SEVERITY	Major

TREATMENT MC00082

Monitoring Central Government announcements and direction in relation to RMA reform.

Allocating resource to manage the technical and political submissions.

Consideration of this reform in any decision making regarding the District Plan review.

Related risks - Future of Local Government

SIGNOFF(S):	Craig Lunn
DUE DATE:	12 Nov 2021
FREQUENCY:	12th day of every 3 months

STRATEGIC/CORPORATE RISKS., ENVIRONMENTAL, REDUCE, SUSTAINABLE ENVIRONMENT

R00054

RESIDUAL	15.0 HIGH
INHERENT	15.0

Significant Natural Disaster

A geological or meteorological event or events that significantly impact on the community and Council ability to deliver essential services (for example the three waters and roading), and/or significantly impacts on Council's ability to lead the response to the disaster while maintaining services. Climate change is increasing the frequency and severity of meteorological events.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	6/7/2019 11:57:57 AM
LIKELIHOOD	Quite possible
SEVERITY	Catastrophic
RESIDUAL LIKELIHOOD	Quite possible
RESIDUAL SEVERITY	Catastrophic

TREATMENT MC00051

Manage exposure to natural hazards through the RMA and District Plan.
Maintain financial capacity and insurance to mitigate exposure to moderate events.
Develop understanding of natural hazards e.g. Horizons - flood mapping, GNS - fault mapping, East Coast LAB - Hikurangi fault maximum credible scenario modelling.
Maintain strong relationships with partner organisations through groups such as the Manawatu Whanganui Civil Defence Emergency Management Group, and the Regional Lifelines Group.
Train staff to national standards in emergency management response.
Provide leadership in developing community resilience to natural disasters e.g. involvement with community development, involvement with social sector agencies.
Maintain business continuity plans for Council essential services.

Opportunities:
Ensure consideration of natural disaster risk across all Council operations and departments to improve organisational resilience, e.g. risk, asset and project planning for critical failures in relation to natural disaster.
Develop processes for how we use and share natural hazard research. For example liquifaction and fault avoidance zone research results in the District Plan, LIM's, and asset, and emergency plans.
Suppliment regional Civil Defence Emergency Management plans with District level response and recovery plans in collaboration with the Tararua Emergency Management Committee and Tararua Lifelines Group.

SIGNOFF(S):	Sandy Lowe
DUE DATE:	01 Jun 2022
FREQUENCY:	The first Day of every 12 months

STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE

RESIDUAL	15.0 HIGH
INHERENT	20.0
	R00049

Three Waters Reform Programme

3 waters service delivery transferred by government potentially resulting in:

Poor outcomes for our communities
- local priorities deferred or delayed due to regional priorities
- reduced levels or service or capital investment
- accountability for ratepayers spend
- loss of localisation

Financial risk
- loss of revenue/funding
- a loss of ownership
- stranded overheads - 3 waters currently contribute 10% of the overhead costs resulting in increased in rates or downsizing and restructuring of the organisation.

Loss of control and expertise
- capability and capacity during an EOC event
- ability to comment, lobby or affect change in water policy
- loss of integration with council documents (economic plan).
- Growth may not be supported by infrastructure.
- loss of control of risks

Damage to council reputation
- culmination of previous impacts would be worsened by poor change management.

Tranche 2 requirements unknown - Dependency on full and complete information including impacts on local authorities.

OWNER	Portfolio Managers: Group Manager - People & Capability, Risk Administrator
CREATED	6/4/2019 4:54:27 PM
LIKELIHOOD	Highly likely
SEVERITY	Major
RESIDUAL LIKELIHOOD	Highly likely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00046

Ongoing:
- Staff and elected member engagement with Local Government NZ (LGNZ) webinars re. government's proposed reform
- Staff engagement with Department of Internal Affairs (DIA) re. transition planning (if proposed reform proceeds)
- Staff engagement with Council staff included in proposed Entity C
- Review of information released by government
- Workshop discussion via Works Liaison Committee meeting

Planned:
- Engagement with community

Completed:
- Submission to Hon Nanaia Mahuta, DIA and LGNZ re. outstanding questions and concerns.
- Report to Council with information on Government's proposed model, estimated implications and outstanding questions and concerns
- Media articles and early community engagement.
- Discussion with some local groups interested in the reform programme.
- Workshop discussions via Works Liaison Committee during August and September.
- Morrison Low analysis of DIA assumptions on proposed reform financial benefits
- Strategic planning for multiple submissions to Government Select Committees is underway as of March 2020 alongside SOLGM and LGNZ.
- Lobbying for consideration of key issues to accountability for rates spend.
- Involvement in regional discussion around allocation of funding for regional distribution.
- Preparation for signing MOU due 31st August 2020.
- Prioritising the project workplan for three waters in preparation for funding agreements with Central Government and development of delivery plan.
- Delivery plan conditionally approved - this component of strategic risk will now move into project risk for delivery
- DIA request for information complete - risk of resource capacity to deliver requirements
- Weekly webinar sessions on RFI

SIGNOFF(S):	Chris Chapman
DUE DATE:	01 Nov 2021
FREQUENCY:	The first Day of every month

STRATEGIC/CORPORATE RISKS, PEOPLE RISKS, PROSPEROUS ECONOMY

RESIDUAL	12.0 MEDIUM
INHERENT	15.0

R00046

Failure to attract and retain suitable skilled staff

Failure to attract and retain suitable skilled staff as demand for skilled staff increases nationally impacting the attractiveness of current remuneration and benefits packages.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	5/14/2019 4:33:09 PM
LIKELIHOOD	Highly likely
SEVERITY	Moderate
RESIDUAL LIKELIHOOD	Likely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00042

SIGNOFF(S):	Sandy Lowe
DUE DATE:	01 Aug 2022
FREQUENCY:	The first Day of every 12 months

Tararua District Council aims to be an employer of choice by providing;

A supportive and safe culture – Council Values, Wellness framework.

Flexible working options

Options for growth and development – training, upskilling, transfer, promotion. Utilising the performance development system to aid in discussions and for staff to consider career pathways, enhancing current roles and provide constructive feedback and communication. Cadetships considered for hard to fill roles - nationally.

Competitive remuneration – based on job sizing, performance and industry demand.

Succession planning and cross-skilling staff where possible.

Vacancies – advertising promotes Tararua District to attract more specialised skill sets, targeting local population and local government industry. Staff networking encourages others to consider working for TDC. Skills and team fit considered during interview process.

Mediation and dispute resolution.

Feedback from staff through staff survey and exit interviews enables continual improvement through our organisational plan.

Opportunities;

Introduction of a flexible working policy.

Review of staff benefits to ensure we are in line with other territorial authorities.

Realigning organisational values.

Review advertising of vacancies to ensure we appear attractive and are targeting the right mediums / future staff, including social media targeted advertising.

Consideration of accommodation for new staff moving to the district.

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, PEOPLE RISKS, REDUCE

RESIDUAL	12.0 MEDIUM
INHERENT	20.0

R00047

Health and safety notifiable event

Council fails to manage its health and safety risks / meet its responsibilities under the HSWA Act resulting in injury or death to staff/contractor. Legal impacts, stress and pressure, wellbeing of staff, personal liability of CE, and potential for business interruption.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	5/15/2019 9:31:25 AM
LIKELIHOOD	Likely
SEVERITY	Catastrophic
RESIDUAL LIKELIHOOD	Quite possible
RESIDUAL SEVERITY	Major

TREATMENT MC00043

Health and Safety Risk Register complete and up-to-date.

Health and Safety Committee meet on monthly basis. Representatives chosen to maximise representation of all areas of work.

Incident investigation, hazard identification, contractor management processes all in place.

Keeping abreast of emerging health and safety issues nationally through worksafe, safeguard, MWLASS regional H&S group, NZISM and others. Engagement of consultants/technical experts when needed.

Reporting to Council, Executive Leadership Team, Audit & Risk Committee to ensure they are meeting due diligence requirements.

Staff are inducted to processes and their rights and responsibilities under the HSWA (2015) Stand in the gap ethos implemented through staff induction and reiterated ongoing culture.

Additional engagement with staff on risk management with scenario based testing of controls.

Definition, focus and management specific to defined critical risks - see critical risks video and bowtie posters.

Crisis Management Plan specific to notifiable events published.

Opportunities:

Testing of crisis management plan.
Proactive auditing of tasks, worksites and contractors.
Additional engagement with Officers in ensuring due diligence

SIGNOFF(S):	Sandy Lowe
DUE DATE:	01 Feb 2022
FREQUENCY:	The first Day of every 6 months

R00048

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, GOVERNANCE AND REPUTATION

RESIDUAL 12.0 MEDIUM

INHERENT 16.0

Failure to maintain and strengthen Iwi and Maori Partnerships

Failure to manage Council relationships with Iwi partners and Māori and meet Memorandum of Partnership objectives, resulting in reduced input from Iwi partners and Māori into decisions, weakening social, cultural, economic and environmental outcomes.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	5/28/2019 10:40:03 AM
LIKELIHOOD	Likely
SEVERITY	Major
RESIDUAL LIKELIHOOD	Likely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00044

Continued liaison with Iwi partners and Māori, ensuring respect to the Treaty of Waitangi and our Memorandum of Partnerships, including close engagement of critical decisions and matters of interest.

Working with Iwi partners to help fulfil treaty settlement funding and related matters.

Combination of ad-hoc and scheduled hui and koha for Iwi partners and other Māori relationship building including the newly formed Iwi TDC committee.

Memorandum of Partnerships with both Ngāti Kahungunu ki Tamaki nui-a Rua and Rangitāne o Tamaki Nui-ā-Rua.

Representation review to include a Māori ward ensuring representation at the council table.

Opportunities: Joint project central to Iwi partners and Māori outcomes and objectives. Cultural recognition within the way we're working and formalised staff inductions i.e. stronger use of Te Reo Māori and Tikanga Māori. Definition of Council matters of interest and levels of engagement. Mapping of sites of cultural significance.

SIGNOFF(S):	Bryan Nicholson
DUE DATE:	01 Nov 2021
FREQUENCY:	The first Day of every 6 months

R00052

STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE

RESIDUAL 12.0 MEDIUM

INHERENT 25.0

Non-compliance with statutory requirements

Failure to comply with statutory requirements such as the drinking water standards, consent conditions, or other regulatory legislation, which could lead to a number of outcomes including but not limited to; illness, injury or death, political conflict, an increase in capital and operating costs, rework, government enquiry/review, failure to achieve public outcomes, exceeding our authority i.e. enforcing expired bylaws, reputational damage and flow on economic effects to the public and businesses.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	6/6/2019 2:41:02 PM
LIKELIHOOD	Highly likely
SEVERITY	Catastrophic
RESIDUAL LIKELIHOOD	Quite possible
RESIDUAL SEVERITY	Major

TREATMENT MC00049

Monitoring compliance requirements/changes.

Engaging external experts to provide advice/audits for high risk / high interest areas.

Capital investment and increased operating budget.

Reporting on compliance to Council and Government agencies.

Ensuring good relationships with Government agencies and other Councils.

Submissions to proposed legislative change. Delgations, warrants.

Project planning to ensure compliance is considered through design to delivery.

Opportunities:
Creation of standard operating procedures (SOPs) that are monitored and audited for high risk areas. Improve current processes to ensure staff knowledge and competency.

SIGNOFF(S):	Craig Lunn
DUE DATE:	01 Feb 2022
FREQUENCY:	The first Day of every 6 months

STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, GOVERNANCE AND REPUTATION, REDUCE

Compliance cost increases

Actions by the Manawatu-Whanganui Regional Council (MWRC), Central Government and Iwi/legal increase costs for Council to meet service delivery.

R00053

RESIDUAL	12.0	MEDIUM
INHERENT	20.0	

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	6/6/2019 3:07:17 PM
LIKELIHOOD	Highly likely
SEVERITY	Major
RESIDUAL LIKELIHOOD	Likely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00050

Keep **MWRC** informed of any consent changes. Plan in advance of consent deadlines, procuring expert advice to guide Council's consenting strategy.

Advocating **MWRC and Central Government** policy settings change.

Submissions to proposed legislative change.

Advocating for change in the Local Government funding model.

Applications for supplementary funding and development contributions.

Futureproofing at design stage looking to update processes and technology.

17A review for efficiency and economy.

Fees and changes reviewed to ensure appropriate funding.

Monitoring and working with local government bodies for proposed legislative changes e.g. three waters reform

Opportunities:

Operational management supported by standard operating procedures that are monitored and audited for high risk areas.

SIGNOFF(S):	Chris Chapman
DUE DATE:	01 Feb 2022
FREQUENCY:	The first Day of every 6 months

RESIDUAL
12.0
MEDIUM

INHERENT
20.0

R00041

STRATEGIC/CORPORATE RISKS, ENVIRONMENTAL, GREAT LIFESTYLE

Human Disease Pandemic

Human disease pandemic impacting on capacity or loss of operational staff affecting levels of services, including cemeteries, customer services and communications, resulting in economic downturn, reduced export income from education and tourism and concerns for wellbeing/mental health.

OWNER	Portfolio Managers: Group Manager - People & Capability, Risk Administrator
CREATED	4/30/2019 11:01:43 AM
LIKELIHOOD	Likely
SEVERITY	Catastrophic
RESIDUAL LIKELIHOOD	Likely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00038

Complete resurgence plans and adjust Business Continuity Plans for adjustments to the national actions plan, including use of face masks at different levels.

Review all business continuity plans to adjust these to the expert-based projected severity of the virus, bacteria or other pathogen.

Consider MoH, NEMA, SOLGM, LGNZ and other expert advisories of response processes for critical council functions.

Determine community wellbeing issues and Council leadership and functional role in response and recovery.

IT facilities to enable relevant staff to work from home.

Maintaining a healthy balance sheet.

Flexibility within the LTP to enable change to service levels i.e., essential services only, suspension of face to face public services (swimming pool, library).

The ability to use Council facilities for emergency public health or quarantine.

Reducing contamination and transfer of disease through masks, gloves and antibacterial solution - Comms plan to educate staff and public.

Opportunities:
no touch taps/handwash etc.
create comms templates to enable faster response.
create an emergency mental health plan.
consider this risk within our business continuity planning.
stock pile resources for essential services i.e fuel stores, chlorine gas.

SIGNOFF(S):	Sandy Lowe
DUE DATE:	10 Jan 2022
FREQUENCY:	10th day of every 3 months

R00042

RESIDUAL	12.0 MEDIUM
INHERENT	12.0

STRATEGIC/CORPORATE RISKS, ENVIRONMENTAL, PROSPEROUS ECONOMY

Agriculture Biosecurity Risk

A breach in biosecurity that results in a significant impact to any of agriculture, forestry, food safety, the natural environmet, or economy in Tararua.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	4/30/2019 11:18:27 AM
LIKELIHOOD	Quite possible
SEVERITY	Major
RESIDUAL LIKELIHOOD	Quite possible
RESIDUAL SEVERITY	Major

TREATMENT MC00039

Maintain relationship with government (MPI) and local, regional planning through Horizons Regional Council, Manawatu Whanganui Civil Defence Emergency Managment Group, and the MW Rural Coordination Group.

Maintain flexibility within the LTP to reallocate Council resources to focus on a social response and an increased investment in economic development.

Opportunities:
Supplement regional response planning with District level response plans working with the Tararua Emergency Management Committee, and local rural professionals.
Include biosecurity risk in regulatory and animal control emergency plans, and other business continuity plans.

SIGNOFF(S):	Sandy Lowe
DUE DATE:	01 Aug 2022
FREQUENCY:	1st day of every 12 months

R00043

RESIDUAL	12.0 MEDIUM
INHERENT	15.0

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, GOVERNANCE AND REPUTATION, REDUCE

Lack of clarity and understanding regarding the roles and responsibilities in governance and management.

Lack of clarity in the divergence between governance and operations resulting in potential risks to compromise the decision making process and jeopardise the effectiveness of the organisations structure and cause disruption to organised priorities.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	5/7/2019 2:37:24 PM
LIKELIHOOD	Highly likely
SEVERITY	Moderate
RESIDUAL LIKELIHOOD	Likely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00040

Annual assessment of working relationship between Council and Senior Leadership Team through the Chief Executive review.
Council induction tailored to each intake to:
*review and confirm the structure, roles and responsibilities,
*have input from the existing and incoming councillors and Exec.
*include governance overviews of emerging issues, high profile/risk projects, roles and responsibilities / governance and operations (Clarity to the Portfolio system, to create governance buy in), access to management and staff, key activities and timeframes e.g. long-term plan, annual plan; annual report etc.

Opportunities:
Ongoing performance development planning with members

SIGNOFF(S):	Raj Suppiah
DUE DATE:	19 Oct 2022
FREQUENCY:	The fourth Wednesday of every 36 months

R00056

RESIDUAL	12.0 MEDIUM
INHERENT	12.0

STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL

Failure to enable growth – District Growth is not supported by the District Plan, Infrastructure capacity and availability of funding

Resulting in failure to meet Council's LTP strategies, funding challenges ie rating base, higher rates increases – affordability issues, defer renewals and replacement of assets, ratepayers submit applications to build in permitted zones but are unable to do so due to lack of services and stymied district growth due to inability to take advantage of potential growth opportunities

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	7/8/2019 4:25:56 PM
LIKELIHOOD	Quite possible
SEVERITY	Major
RESIDUAL LIKELIHOOD	Quite possible
RESIDUAL SEVERITY	Major

TREATMENT MC00053

Council is undertaking a growth study to establish where growth can happen across the district. The first stage is to understand where existing infrastructure can cope with growth.

District Plan is due to be reviewed by 2022.

Opportunities:
Develop a growth Strategy that informs/give directions to other strategies – create better alignment to Council's vision

Amendments to District Plan

Proactive planning to prepare for a growth scenario.

Align and anticipate Government priorities and funding, while advocating for opportunities that align our Vision

SIGNOFF(S):	Mark Maxwell
DUE DATE:	01 Jan 2022
FREQUENCY:	The first Day of every 3 months

R00044

RESIDUAL	10.0 MEDIUM
INHERENT	15.0

STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE

The technical or structural failure of one or more critical infrastructure assets

The technical or structural failure of one or more critical infrastructure assets affecting delivery of key services to our communities. Potentially impacting Council financially, reputationally and wellbeing of staff and public.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	5/9/2019 4:59:52 PM
LIKELIHOOD	Quite possible
SEVERITY	Catastrophic
RESIDUAL LIKELIHOOD	Unlikely
RESIDUAL SEVERITY	Catastrophic

TREATMENT MC00045

Robust Asset Management Plans.

Condition ratings on assets with expected life of asset to help determine replacement before failure.

Monitoring processes in place, scada, drone inspections.

Customer CRMs & asset repair forms, recognising patters of small failures which may indicate deterioration.

Major parts that are difficult or timely to source are kept in stock.

Infrastructure Strategy.

Opportunities: Determine and record which specific infrastructure assets are 'critical'.

Emergency Response plan for disaster recovery. Monitoring and portable generators available for each pump station.

SIGNOFF(S):	Chris Chapman
DUE DATE:	01 Feb 2022
FREQUENCY:	The first Day of every 6 months

R00036

STRATEGIC/CORPORATE RISKS, PROSPEROUS ECONOMY

Increasing proportion of fully retired residents

Changes in Council service design due to an increasing proportion of fully retired residents

INHERENT	10.0
RESIDUAL	10.0 MEDIUM

OWNER: Portfolio Managers: Group Manager - People & Capability, Risk Administrator
CREATED 4/3/2019 8:44:29 AM
LIKELIHOOD Highly likely
SEVERITY Minor
RESIDUAL LIKELIHOOD Highly likely
RESIDUAL SEVERITY Minor

TREATMENT MC00033
Pensioner Housing Investment
Increasing of safety including CCTV
Economic Development Plan to consider service design

Opportunities: Elderly Strategy. Encourage older workforce. Review of service design. Consider accommodation alternatives to pensioner housing (Abbeyfield)

SIGNOFF(S): Mark Maxwell
DUE DATE: 01 Apr 2022
FREQUENCY: The first Day of every 12 months

R00039

STRATEGIC/CORPORATE RISKS, LEGISLATIVE, COMPLIANCE AND CONTROL, PROSPEROUS ECONOMY

Significant variation to population

A significant increase or decrease to the population impacting on housing, skilled workers, infrastructure, service design, lifestyle, social change and political pressure. This could result in a change in Council revenue sources, demand for council services and/or capital and operating expenditure which could reduce our resilience.

INHERENT	9.0
RESIDUAL	9.0 MEDIUM

OWNER: Portfolio Managers: Group Manager - People & Capability, Risk Administrator
CREATED 4/3/2019 11:26:31 AM
LIKELIHOOD Quite possible
SEVERITY Moderate
RESIDUAL LIKELIHOOD Quite possible
RESIDUAL SEVERITY Moderate

TREATMENT MC00036
Monitor population trends with a view to review / change the Economic Development Plan and/or Long Term Plan if significant population trend changes occur. Initiated investigation into the three waters networks to determine capacity available for growth - this flows into the asset management plans (LTP).

Opportunities: District Plan review. Development/Financial Contributions. Lobby for additional Government services e.g. housing.

SIGNOFF(S): Mark Maxwell
DUE DATE: 01 Jan 2022
FREQUENCY: The first Day of every 6 months

RESIDUAL 9.0 MEDIUM

INHERENT 9.0

R00058

STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL

Inability to fund 3 waters increased renewals

Inability to fund 3 waters increased renewals impacting our ability to meet agreed service levels, increased renewals impacting our ability to meet agreed service levels, regulatory standards, Council's LTP strategies potentially resulting in forced amalgamations, deferral of renewals and replacement of assets, with the potential for of flow on effects to public health

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	7/8/2019 4:38:22 PM
LIKELIHOOD	Quite possible
SEVERITY	Moderate
RESIDUAL LIKELIHOOD	Quite possible
RESIDUAL SEVERITY	Moderate

TREATMENT MC00055

Data quality improvement programme
Better forecast renewals – based on risk, service levels and asset condition/performance
Increase maturity of Asset Management Plans
Appropriately funded depreciation renewals.

Opportunities:
Data quality and strategic approach to renewals

SIGNOFF(S):	Raj Suppiah
DUE DATE:	01 Jan 2022
FREQUENCY:	The first Day of every 6 months

RESIDUAL 8.0 MEDIUM

INHERENT 8.0

R00050

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, GOVERNANCE AND REPUTATION

The Future of Local Government Review

The future of LG review being completed in isolation of other reforms underway, creating uncertainty in the changing landscape of services council provide, that may impact or conflict with current planning.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	6/5/2019 4:04:27 PM
LIKELIHOOD	Likely
SEVERITY	Minor
RESIDUAL LIKELIHOOD	Likely
RESIDUAL SEVERITY	Minor

TREATMENT MC00047

Actively engaging with Central Government in the review process. Involvement in early sounding workshops. Review of Interim Report.

SIGNOFF(S):	Bryan Nicholson
DUE DATE:	10 Aug 2022
FREQUENCY:	10th day of every 12 months

R00040

RESIDUAL
6.0
MEDIUM

INHERENT
8.0

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL

Failure to engage and communicate with our communities effectively

Reputational impacts led by a lack of communication and understanding across Council and our communities, resulting in a lack of community buy in, effecting our ability to deliver best results and creating a negative view of Council from both the media and the community.

OWNER	Mark Maxwell
CREATED	4/16/2019 10:55:59 AM
LIKELIHOOD	Likely
SEVERITY	Minor
RESIDUAL LIKELIHOOD	Quite possible
RESIDUAL SEVERITY	Minor

TREATMENT MC00037

Communications plans for all major projects and for all issues which carry a high level of public interest as determined by the significance and engagement policy and through feedback from Councillors and the community.

Customer feedback gathered through surveys influence service areas.

Creating opportunities for community engagement through social media and (opportunity) other technological avenues (apps).

Opportunities:
Future proof communication with public through development of an online publication (Buzz It)

SIGNOFF(S): Mark Maxwell
DUE DATE: 01 Apr 2022
FREQUENCY: 1st day of every 6 months

R00037

RESIDUAL
6.0
MEDIUM

INHERENT
12.0

STRATEGIC/CORPORATE RISKS, LEGISLATIVE, COMPLIANCE AND CONTROL, PROSPEROUS ECONOMY

Atypical Global Depression

Significant global economic depression affecting NZ and the Tararua District. Affecting our ability to fund Council services through rates, which could disrupt our current service design and reduce or remove credit lines. This could also lead to community unrest and increased political pressure.

Note that COVID-19 Government intervention for employment subsidy, quantitative easing and other significant measures have moderated the effects of the COVID-19 event.

Tararua District is one of the least impacted districts in New Zealand due to the economic focus on diary and meat produce.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	4/3/2019 9:58:10 AM
LIKELIHOOD	Quite possible
SEVERITY	Major
RESIDUAL LIKELIHOOD	Unlikely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00034

Monitoring of any significant international economic instability and review LTP with the flexibility to alter or defer plans and/or projects, specifically the Financial and Economic Strategies to ensure a healthy balance sheet is maintained and rate increases are moderate. Love local campaign has been initiated to encourage economic stimulus locally. Applying for additional Government funding for infrastructure improvements projects, increasing local employment opportunities creating economic stimulus.

Opportunities:
Consider Council projects that could be developed as 'work schemes' in the event of severe unemployment / community unrest.

SIGNOFF(S): Raj Suppiah
DUE DATE: 01 Dec 2021
FREQUENCY: The first Day of every 2 months

R00038

RESIDUAL	6.0 MEDIUM
INHERENT	8.0

STRATEGIC/CORPORATE RISKS, LEGISLATIVE, COMPLIANCE AND CONTROL, PROSPEROUS ECONOMY

Typical Severe Recession

Significant economic downturn affecting NZ and the Tararua District. Affecting our current ability to fund Council services through rates, which could disrupt our current service design and reduce or remove credit lines. This could also lead to increased political pressure and significant resistance to any cutbacks.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	4/3/2019 11:09:49 AM
LIKELIHOOD	Unlikely
SEVERITY	Major
RESIDUAL LIKELIHOOD	Unlikely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00035

Monitor economic indicators and review LTP with the flexibility to alter or defer plans and/or projects, specifically the Financial and Economic Strategies to ensure a healthy balance sheet is maintained and rate increases are reduced. Identify the level of capex that Council can handle under current business as usual.

Opportunities: Buy Local. Model interest rate increases as part of business case development.

SIGNOFF(S):	Raj Suppiah
DUE DATE:	01 Nov 2021
FREQUENCY:	The first Day of every 3 months

R00045

RESIDUAL	6.0 MEDIUM
INHERENT	15.0

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL

Significant IT Failure that disrupts the organisations ability to provide agreed levels of service

IT Failure that disrupts the organisations ability to provide agreed levels of service and restrict the ability for Council functions to perform. This could be caused through physical damage to a site, or through data corruption with either malicious intent or accidentally.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	5/14/2019 3:48:46 PM
LIKELIHOOD	Quite possible
SEVERITY	Catastrophic
RESIDUAL LIKELIHOOD	Unlikely
RESIDUAL SEVERITY	Moderate

TREATMENT MC00041

Refer to contractual IT Alliance agreement and Disaster Recovery Plan.
Disaster Recovery Sites - back ups daily at Pahiatua Office.
Cyber-liability insurance arrangements are in place.
Ability to recover data to points in time going back up to 7 years.
Policies & procedures in place to lockdown access as required only.
Firewall & authentication protocols.
Penetration testing.

Opportunities:
A full security audit.

SIGNOFF(S):	Raj Suppiah
DUE DATE:	01 Nov 2021
FREQUENCY:	The first Day of every 6 months

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Printed: 11 Oct 2021 07:49:47 by Sandy Lowe for Tararua District Council

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R00055

INHERENT		
12.0		

RESIDUAL		
4.0		
LOW		

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL

Failure to develop and understand our relationship with our key stakeholders

Resulting in a loss of public confidence in Council and inability to achieve outcomes where stakeholder input is required.

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	7/8/2019 4:21:10 PM
LIKELIHOOD	Quite possible
SEVERITY	Major
RESIDUAL LIKELIHOOD	Unlikely
RESIDUAL SEVERITY	Minor

TREATMENT MC00052

Ongoing monitoring and proactive management of key stakeholder relationships
Implementation of communications plans to ensure relationships are maintained

SIGNOFF(S):	Tina Love
DUE DATE:	10 Feb 2022
FREQUENCY:	10th day of every 6 months

R00059

INHERENT		
9.0		

RESIDUAL		
4.0		
LOW		

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL

A major discretionary project is undertaken despite community opposition and/or failure to consider the expectations of the community

Community opposition and expectations are not considered resulting in reduced ratepayer confidence in Council and political backlash

OWNER	Portfolio Managers: Group Manager - People & Capability,Risk Administrator
CREATED	7/8/2019 4:41:22 PM
LIKELIHOOD	Quite possible
SEVERITY	Moderate
RESIDUAL LIKELIHOOD	Unlikely
RESIDUAL SEVERITY	Minor

TREATMENT MC00056

Consultation requirements for major projects to ensure early signals of public opinion are available to shape project direction.
Increased communication on key projects via multiple channels to help public awareness and understanding.
Development of communications plan and/or one pager
Build increased awareness of Council of consequences of working outside of community expectations.
Impact analysis undertaken, benefits realisation plan developed

SIGNOFF(S):	Tina Love
DUE DATE:	10 Aug 2022
FREQUENCY:	10th day of every 12 months

R00057

INHERENT	12.0	
RESIDUAL	4.0	LOW

STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE

Failure to deliver major infrastructure project(s)

Failure to deliver major infrastructure project(s) resulting in failure to meet agreed service levels, regulatory standards, Council's LTP strategies and community expectations – reputational impacts

OWNER	Portfolio Managers: Group Manager - People & Capability, Risk Administrator
CREATED	7/8/2019 4:32:46 PM
LIKELIHOOD	Quite possible
SEVERITY	Major
RESIDUAL LIKELIHOOD	Unlikely
RESIDUAL SEVERITY	Minor

TREATMENT MC00054

Established Project team continue to drive and increase project management principles and capability.
Improved project governance through establishment of Steering Committees
Improved project governance oversight via Works Liaison committee and Council.
Improved project management disciplines/methodology.
Increased focus on risk management
Established structure for projects to allow for additional capacity for high-risk projects.
Culture re-organised to allow for proactive planning and scoping of future projects.
Increased collaboration with all teams to ensure information sharing and proactive risk management

Opportunities:
Increase delivery opportunities through contractor resource when in-house resource at capacity - ongoing
Education and mentoring to staff on project methodologies - ongoing
Development of cheat sheets for staff who need additional guidance - drafted
Go to project site via intranet for staff to access templates, guidance etc - in progress

SIGNOFF(S):	Tina Love
DUE DATE:	01 Dec 2021
FREQUENCY:	The first Day of every 2 months

The Future for Local Government Review provides an opportunity to rethink local governance for the future.

It is an opportunity to look beyond fixed structures and roles, to design a system of local governance that is built on relationships; is agile, flexible and sustainable enough to meet future challenges, even those that are large and unpredictable; has the right mix of scale and community voice; harnesses the collective strength of government, iwi, business, communities and others; maximises common benefit and wellbeing; and creates the conditions in which communities can thrive into future generations.

Over the next 30 years, New Zealand will change a great deal.

The country will have a larger, more diverse population. Technology will change the way people live, work, move around, do business, and relate to each other. Climate change will require us to adapt and reshape our economy and lives. The Treaty of Waitangi partnership will move into a new phase with increasing focus on enduring, mutually beneficial relationships.

Much else is likely to change in ways that cannot yet be predicted.

All of these trends have implications for New Zealanders' quality of life, for the places and communities we live in, and for the ways in which those places and communities are governed.

Change can create challenge, and also opportunity. It invites us to ask: how might things be done better, in order to build trust in local democracy and improve New Zealanders' wellbeing and prosperity?

About this report

The title draws inspiration from Pacific traditions about the importance of communal gathering places, in particular marae ātea (ceremonial spaces) and ahurewa (ritual spaces) where important activities and discussions are undertaken.

'Ārewa ake te Kaupapa' can be literally translated as 'raising the platform'.

'Kaupapa' is often used in Aotearoa to reflect a platform for, or topic of, discussion, though it also has associations with the body of a korowai (feather cloak). The raising of the kaupapa can reflect the purpose of the mahi (work).

In these ways, the title alludes both to the place-making and community building functions of local government, and to the place of this report as a foundation for future discussion.

The Future for Local Government Review is an independent Ministerial review established in April 2021 to consider how New Zealand's system of local democracy and governance will need to evolve over the next 30 years, in order to improve the wellbeing of New Zealanders, and actively embody the Treaty partnership.

This interim report sets out the broad direction and priority questions for the review, in order to support engagement about the future of local governance and democracy. This work will lead to a further report with draft recommendations in 2022.

Contents

Introduction

The Future for Local Government Review was established in April 2021 by the Minister of Local Government. Its overall purpose is to consider how New Zealand's system of local democracy and governance will need to evolve over the next 30 years in order to improve the wellbeing of New Zealanders, and actively embody the Treaty partnership.

This report is the beginning of a conversation about how that might occur. Over the next 12 months there will be many opportunities for public input about what creates wellbeing for communities, and how local governance might operate to support wellbeing.

Why review local governance?

The system of local governance and democracy is under review for several reasons.

Local government responsibilities and demands have increased greatly since the 1989 reorganisation and the Local Government Act 2002, resulting in significant funding and capability challenges. Over the next 30 years those pressures will increase further as local authorities respond to complex issues such as the local impacts of climate change.

Planned resource management and three waters reforms also call into question the broader functions and roles of local government, while other reforms in health and education have implications for local governance and wellbeing.

The relationship between local government and Māori is being re-examined, as the country moves towards a new phase in the Treaty of Waitangi relationship.

Although most New Zealanders enjoy good quality of life, existing governance structures – including local and central government – are not delivering wellbeing for all. Many issues that are felt at a local level, such as poverty and inequity, and environmental degradation, can be expected to worsen if not addressed in a coordinated manner.

This review provides an opportunity to address all of these issues and ensure that the system of local governance is fit for the future. More broadly, it is an opportunity to consider how local democracy and governance might change in order to maximise wellbeing and prosperity for all communities.

Local government and local governance

Our terms of reference ask us to consider the future of local governance in New Zealand.

Local *government*, in the context of this review, refers to the local authority structures established by statute.

Local governance refers more broadly to the system by which communities are governed – in essence,

who makes decisions, how they are made, and who the decision-makers are accountable to.

In any place or community, local governance can involve many decision-makers including central government, local authorities, iwi, hapū and Māori organisations, business and community organisations, and others.

What are we reviewing?

This review is taking a broad look at New Zealand's system of local democracy and governance.

In that context, we are considering the functions, roles, and structures of local government; relationships between local government, central government, iwi, Māori, businesses, communities, and other organisations that contribute to local wellbeing; how the local governance system might authentically embody the Treaty partnership; whether current funding arrangements are sustainable, equitable, and maximise wellbeing; and what might need to change so that local government and its leaders most effectively reflect and respond to the communities they serve.

In accordance with our terms of reference, we are not reviewing the Government's planned resource management or three waters reforms, but we will consider the implications of those and other policy decisions for the local government sector.

Similarly, we will consider the implications of recent public sector reforms, Climate Change Commission advice, Productivity Commission recommendations, Waitangi Tribunal recommendations, and reports on local government elections and financing.

Ārewa ake te Kaupapa   07

A three-stage review

The Future for Local Government Review is an independent, two-year Ministerial review.

The review panel comprises: Jim Palmer (chair), Penny Hulse, Gael Surgenor, Antoine Coffin, and Brendan Boyle. John Ombler served as a panel member from April to July 2021.

The review process is taking place in three stages, and will involve engagement with local and central government, iwi, the business sector, community organisations, young people, and the wider public. The three stages are as follows.

The review process

2021 ● **Early soundings**

This first stage has involved initial scoping and early engagement with some (mainly local government) organisations to help us take a future-focused look at the local governance system and identify priority questions and lines of inquiry. This interim report reflects the results of that work, and signals our broad lines of inquiry for the next stage.

2022 ○ **Broader engagement**

The next stage of our review will involve a broader public engagement about the future of local governance and democracy in New Zealand, alongside research and policy development. After completing that work, we will report to the Minister of Local Government with draft findings and recommendations. Under our terms of reference, that report is due by 30 September 2022.

2023 ○ **Formal consultation and final report**

The third stage will involve formal consultation about our draft recommendations. We will consider public submissions, before we deliver our final report in April 2023.

Why does this review matter?

Effective local governance is essential to New Zealanders' lives and wellbeing. Local authorities play a critical role in the country's system of democracy, providing for people's voices to be heard in the leadership of their communities and the delivery of local services and assets.

Local authorities also help create the environments we live in. Their activities determine the extent to which communities' basic needs such as clean air and water are met. They influence the places and homes we live in, the strength and cohesion of our communities, how we move from place to place, our health and safety, how prosperous we are, how we spend our time, the health of our democracy, the strength of Te Tiriti relationships, and our sense of shared identity.

The big issues facing New Zealand are all experienced at a local level. Inequity, climate change, employment and economic participation, housing, racism and discrimination, environmental harm, and challenges with physical and mental health and many other issues play out at local and sub-national levels, and solutions require local action.

Ineffective local governance can create or exacerbate challenges. Effective local governance can create the conditions in which communities prosper and thrive.

"Local government is one of the most important institutions our species has created for expanding human wellbeing."
Professor Paul Dalziel[1]

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1   Future for Local Government Canterbury Mayoral Forum Workshop: May 2021

Priority issues

This review is an opportunity to rethink local governance, to find new approaches that can meet the challenges of the future and create conditions in which communities will prosper and thrive.

Successive reviews into aspects of local governance have found that some local authorities face significant financial and capability challenges; relationships and partnerships are not as strong as they could be; and the system as a whole is not set up to deliver the best outcomes for local communities.

Over the next 30 years these challenges are likely to grow and become more complex. The local governance system of the future will need to prepare for and respond to climate change, emerging technology, changing demographics and community expectations, earthquakes, floods, pandemics, social and economic inequities, and more.

This review is an invitation to look beyond existing structures

It is an opportunity to create a system in which the many organisations that contribute to local wellbeing can work together to more effectively address challenges and deliver shared goals and aspirations, now and into future generations.

It is an opportunity to consider how roles and responsibilities can best align with inherent strengths and capabilities, and to build a system that is agile and flexible, reflects local voices, embodies partnership under Te Tiriti o Waitangi, and delivers better lives for all of this country's diverse communities.

Planned reforms to resource management and three waters provide some indication of a possible future for local governance. But those reforms address only some of the issues facing communities, and provide only one possible direction for reform.

What we have heard so far

During this initial phase of the review we have met with representatives of local and central government, some iwi, business groups, central government representatives, experts in relevant disciplines, and others. These initial soundings have helped us to shape our priority issues and broad lines of inquiry. During this initial phase of engagement several themes have emerged.

Ārewa ake te Kaupapa   10

With respect to the current system, we heard:

▸ The current system of local government is under pressure – some local authorities face significant funding and capacity issues, and all face onerous compliance requirements.

▸ The relationship between local and central government is characterised by misunderstanding and mistrust. It needs work to build trust, so both can maximise their contributions to local wellbeing.

▸ Current arrangements place too many consultation and engagement demands on iwi and Māori without improving Māori wellbeing.

▸ Current arrangements do not ensure that diverse communities are adequately represented or involved in decision-making. As a result, local authority decisions do not effectively represent all community interests.

▸ Current approaches to local governance are not fully meeting business sector needs, or effectively fostering innovation at a local level.

With respect to future systems of local governance, we heard:

▸ New and better systems of local governance are needed, in order to address challenges in the current system and maximise wellbeing.

▸ Any reforms should build on existing and inherent strengths, including local knowledge and the place-making role of local authorities.

▸ Local voice and community leadership will continue to be important, even if some functions are delivered at a larger scale.

▸ One size does not fit all – any new local authority structures should be tailored to meet the needs of diverse communities and circumstances.

▸ The system of local governance should foster innovation at a local level by businesses, community organisations and other partners.

▸ In a reshaped system of local governance, iwi and local authorities can be stronger partners – by working together at local and iwi rohe levels they can boost shared prosperity and wellbeing.

▸ New approaches to funding and financing mechanisms will be needed to ensure local authorities are viable and sustainable, and to improve equity.

▸ Changes to representation and electoral arrangements should be considered in order to strengthen local democracy, decision-making, and leadership.

Ārewa ake te Kaupapa   11

Priority questions

In designing the most effective system of local governance for
New Zealand's future, several key questions will need to be considered:

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

2   **What are the future functions, roles and essential features of New Zealand's system of local government?**

3   **How might a system of local governance embody authentic partnership under Te Tiriti o Waitangi, creating conditions for shared prosperity and wellbeing?**

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

5   **What should change in local governance funding and financing to ensure viability and sustainability, fairness and equity, and maximum wellbeing?**

In coming months, we will engage with communities and organisations
around the country about these questions as we consider how the
future system of local governance might most effectively create
conditions that maximise wellbeing and prosperity.

Local government at a glance

New Zealand has 78 local authorities who are responsible for democratic local decision-making and community wellbeing.

These local authorities vary widely in territory, population and capacity – from large urban authorities, such as Auckland Council, to district councils serving small town or rural populations.

11 Regional Councils

Regional councils are primarily focused on the physical and natural environments within their boundaries. They have power to make by-laws over regional forests, parks, reserves, recreation grounds, and water supply, and have statutory responsibilities for environmental regulation, resource management planning, land and maritime transport, regional biosecurity, and other environmental activities. Regional councils can take on other functions, but only with the agreement of the territorial authorities in their region.

61 Territorial Local Authorities (not including unitary authorities)

Territorial local authorities include district and city councils which have broad functions relating to local wellbeing. They own and manage local infrastructure such as roads, drinking water, wastewater, and stormwater networks, local parks, libraries, and sport and community facilities. Typically, they also undertake economic and community development functions, run community events and programmes, and support community organisations.

They have significant regulatory functions relating to land use, building, food safety, liquor control, and other matters, and they have power to make by-laws over matters of public health and safety, public nuisance, and offensive behaviour.

In some cases, investments and infrastructure assets are managed through council-controlled organisations. Such structures seek to create separation between the political bodies and entities dedicated to furthering their shareholders' objectives and investment returns.

Ārewa ake te Kaupapa   13

6 — Unitary Authorities (including Auckland Council)

New Zealand's six unitary authorities are responsible for both regional council and territorial authority functions. The unitary authorities are Auckland, Gisborne, Marlborough, Nelson, Tasman, and Chatham Islands.

Auckland Council is Australasia's largest local authority, with a population exceeding 1.7 million (about one third of New Zealand's population).

Auckland has 21 local boards, several of which serve populations that exceed 100,000. The Independent Māori Statutory Board assists the Auckland Council by promoting issues of significance to mana whenua and mataawaka, and monitoring the Council's compliance with statutory provisions referring to the Treaty of Waitangi.[2]

110 — Community Boards

Many of New Zealand's territorial authorities have community boards which represent the interests of particular communities and advocate on their behalf. They have been established for a range of reasons, and vary in size, functions, delegations, and geographical coverage.

$11.8 billion — Annual Operating Spending (June 2020 Year)

The local government sector is large. Total expenditure represents about 4.8% of New Zealand's GDP, and total rates income represents about 2.6% of GDP.[3]

The sector has more than 1600 elected members and 25,000 full-time equivalent staff. Many others, such as iwi, contractors, volunteers, businesses and community organisations also contribute to local government activity.

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2   Auckland Council Act 2009, section 81

3   Statistics New Zealand (2021), Local Authority Statistics March 2021; Statistics NZ (2020), Gross Domestic Product June 2020

Ārewa ake te Kaupapa   14

Local Authorities by Population

Statistics NZ Sub-national Population Estimates June 2020

Largest

Auckland

1.7m

Median

Horowhenua

36,000

Smallest

Chathams

760

Local Authorities by Land Area (km²)

Statistics NZ Land Area by Territorial Authority 2020

Largest

Southland

29,600km²

Median

Whāngārei

2,700km²

Smallest

Kawerau

24km²

Local authorities range greatly in size, land area, financial capacity, and by many other measures – from Auckland, serving a population of 1.7 million, with an annual operating budget of $4.4 billion, to the Chatham Islands, serving a population of 760, with an annual operating budget of $8 million.[4]

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4   Operational expenditure: Auckland Council Annual Report 2019/20; Chatham Islands Council Annual Report 2019/20.

The context for change

New Zealand's current local government structures deliver significant value to their communities, but they are under pressure.

Even though wellbeing is a statutory purpose of local government, local authorities do not possess all of the levers they need to maximise wellbeing in their communities. They operate in a framework that does not encourage collaboration or innovation, or authentically embody Te Tiriti o Waitangi. Some local authorities are facing significant financial and capacity challenges.

Local authorities are striving to create communities that are thriving and prosperous, to protect the delicate balance of natural ecosystems, to build towns and cities that people love, to support social cohesion, to reflect identity and create belonging, to provide leadership and coordination, and to effectively manage community assets and services. If they are to fulfil these roles with maximum effect, now and into the future, change will be needed.

The wellbeing dimension

The future wellbeing of New Zealand communities depends at least in part on effective local governance. Under the Local Government Act 2002, one of the purposes of local government is to promote social, economic, environmental and cultural wellbeing in local communities.

This review is being conducted to determine how local authorities might need to evolve in order to deliver on that purpose over the next 30 years.

Under current local governance arrangements, local authorities make significant contributions to local wellbeing, but neither they nor central government on their own can address the most significant wellbeing issues facing local communities, or to address all of the challenges that might emerge in the future.

A more collaborative approach will be necessary in future to meet these challenges and create conditions in which communities can thrive over the next three decades.

Current local government contributions to wellbeing

Local authorities contribute to wellbeing in their communities in many ways, most visibly by creating and sustaining the environments in which people live, work, do business, and connect with each other.

The vast bulk of local government spending is focused on infrastructure, the environment, and facilities and services – including roading and transport services, drinking water and wastewater, waste management, planning and urban development, natural and ecological enhancement, and provision of parks, gardens, sports fields, and facilities such as libraries, and community and recreation centres.[5]

These facilities and services play critical roles in local wellbeing. They provide for basic needs; keep people healthy and safe; allow people to move around and connect with each other; enable work and business activity; support family, neighbourhood and community connections; and create environments in which people can exercise and relax. An attractive, well-functioning physical and natural environment can lift mood, reflect identity, create a sense of belonging, and attract skills, tourism and commerce.

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[5]   Productivity Commission (2019), Local Government Funding and Financing, pp 32-33, 43-44

Some local authorities also support wellbeing in other ways – for example, through economic development and tourism promotion, housing and homelessness programmes, and community building activities or partnerships.

While local government creates an environment and conditions, much of what contributes to local wellbeing depends on the actions of others – including central government, businesses and industries, iwi and Māori organisations, non-government organisations, and communities.

To address challenges and create thriving communities, aligned and coordinated action will be needed.

What do we mean by 'wellbeing'?

Although the Local Government Act provides that local authorities are responsible for social, economic, cultural and environmental wellbeing, none of these terms is defined.

There are many perspectives on what 'wellbeing' means, and many frameworks for understanding and measuring wellbeing. When we use the term, we intend it to be understood broadly, to include everything that makes a good life, not only for individuals, but also for their whānau and families, their neighbourhoods and communities, and for future generations.

This includes, among other things, living in a clean and healthy environment, having basic needs met, being physically safe and secure, experiencing connection with others and a sense of belonging, being able to participate and contribute, being

able to express yourself and your identity, experiencing yourself as valued and valuable, and having opportunities to prosper and live to your full potential.

In many cultures, these dimensions are understood in collective or communal terms, or through the lens of ancestral connections with the human, natural and spiritual worlds. For some, wellbeing will depend on ability to nurture and care for those connections – for example (in Te Ao Māori) by exercising kaitiakitanga, manaakitanga, and rangatiratanga.

All elements of wellbeing are interconnected – influencing one will have impacts on others, and influencing the wellbeing of one person will have impacts on their relatives and those they are connected to.

Current challenges to local wellbeing

By global standards New Zealand is an affluent nation with high wellbeing. Even after the impacts of Covid-19, many New Zealanders continue to live comfortable and relatively prosperous lives.

In global surveys, New Zealand and its cities consistently rank among the highest in the world for happiness and overall quality of life.[6] And in surveys of New Zealand cities, the vast majority of residents see their city or local area as a great place to live, and have positive views of their overall quality of life and their family/whānau wellbeing.[7]

But that broad picture masks some major challenges and inequities in the economic, social, cultural, and environmental wellbeing of New Zealanders and New Zealand communities. Some examples follow, all of which involve wellbeing challenges that are felt at a local level and can be influenced at least to some degree by local governance.

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6   New Zealand ranked 14th in the world in the 2020 United Nations' Human Development Index, and 9th in the 2021 World Happiness Report. In Mercer's annual Quality of Living Survey, Auckland and Wellington consistently rank among the world's most liveable cities.

7   Quality of Life in New Zealand's Largest Cities Survey 2020

Climate change

Impacts of climate change are already being felt in many New Zealand communities – through rising average temperatures, increasing frequency of severe storms and flooding in some parts of the country, and increasing incidence of droughts and wildfires in other places. These impacts reduce economic output and impose significant costs on local communities.

Environmental degradation

New Zealand faces significant environmental challenges. Many indigenous species are threatened, indigenous habitats are declining, and pollution of the environment is growing. Many of the country's lakes and rivers are polluted due to runoff from urban areas, farms, and forestry.[8]

Economic performance

New Zealand was once among the world's most prosperous nations. But since the 1960s, relative incomes have been declining, and average incomes are now below the OECD average. This is despite relatively high levels of employment and education.[9]

Poverty and Inequity

Wellbeing and prosperity are not shared equitably among New Zealand communities. Just over 129,000 children live in households that experience material hardship, which means they cannot afford basic needs.[10] Māori are, on average, more likely to experience social and economic deprivation, as are people from New Zealand's Pacific communities.[11] There are also significant inequities across age, gender, family type, and region.[12]

Housing

New Zealand house prices have been rising steadily since the early 1990s. While property owners have grown wealthier, others have been shut out of home ownership while facing housing insecurity and steadily growing rental costs. Overcrowding is an increasing issue, and nearly 1% of New Zealanders are homeless or otherwise severely housing deprived.[13] Rates of home ownership are now at their lowest level since the 1950s.[14]

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8   Ministry for the Environment (2020), Our Freshwater 2020
9   OECD Better Life Index (2021): New Zealand
10   Statistics New Zealand (2021), Child Poverty Statistics: Year ended 30 June 2020
11   Statistics New Zealand (2021), Child Poverty Statistics: Year ended 30 June 2020; Te Puni Kōkiri (2019), An Indigenous Approach to the Living Standards Framework, pp 4, 33-36
12   New Zealand Treasury (2020), Living standards Framework Dashboard: Multidimensional Wellbeing
13   Statistics New Zealand (2021): Housing in Aotearoa: 2020, pp 12, 101-103
14   Ibid

Health

Most New Zealanders regard their health as relatively good, and life expectancy is above the OECD average.[15] But 30% of adults are obese, and many New Zealanders face health challenges such as heart disease, diabetes, and cancer.[16] There are significant inequalities in health outcomes (including longevity), and some people cannot afford basic health care.[17]

Mental Wellbeing

Many New Zealanders have experience of mental distress, ranging from everyday stresses and anxieties to acute episodes of depression and other severe mental wellbeing challenges. Experience of poor mental health is becoming significantly more common among young New Zealanders.[18] Social connections, exercise, new experiences, and opportunities to give can all be significant factors in supporting mental wellbeing.[19]

Some of these issues have local causes, and all have local impacts on environmental, cultural, social and economic wellbeing. There is considerable variance from place to place, particularly for material deprivation.

New Zealand's local authorities have statutory responsibility for promoting wellbeing, but they don't control all of the policy and other settings necessary to address these issues. For example, with respect to housing, local authorities' planning and infrastructure decisions can influence supply of land but they have limited influence on demand factors such as population growth, changes in household composition, and incentives to invest in housing.[20]

Similarly, local authorities can create environments that are attractive to skilled staff, businesses and investors, and tourism, but they cannot control the broader market and regulatory forces that determine national economic performance and prosperity. The environments created by local authorities can also support healthy lifestyles, social connections, and mental wellbeing, but local authorities have little involvement in other aspects of public or community health.

Effective responses to these issues will require coordinated or at least aligned action at national, sub-national, regional, and local or community levels, involving central and local government, and also iwi, the business community, community organisations, and others. Though there are exceptions, current responses to these issues do not typically take this 'ecosystem' approach, but rather focus on single issue responses at national or local level.

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15   OECD Better Life Index (2021): New Zealand

16   Ministry of Health (2021), New Zealand Health Survey 2019/20

17   Ministry of Health (2019), Wai 2575 Māori Health Trends Report; Ministry of Health (2021), New Zealand Health Survey 2019/20

18   Government Inquiry into Mental Health and Addiction (2018), He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction; Richelle Menzies and others (2020), Youth Mental Health in Aotearoa New Zealand: Greater Urgency Required

19   Government Inquiry into Mental Health and Addiction (2018), He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction; Mental Health Foundation (2021), Five ways to mental wellbeing

20   Productivity Commission (2012), Housing Affordability Inquiry; Tax Working Group (2018), Future of Tax: interim Report; Welfare Expert Advisory Group (2019), Whakamana Tangata: Restoring Dignity to Social Security in New Zealand

Future trends and local wellbeing

Over the 30-year timeframe of this review, some future trends can be discerned, though long-term impacts on local wellbeing are not necessarily predictable.

Impacts of climate change mitigation and adaptation

Existing forecasts tell us that the impacts of climate change are likely to become more severe, with increased risk and severity of floods, droughts, wildfires and extreme weather events. On those forecasts, coastal inundation will create risks to tens of thousands of homes and buildings, as well as to roads, airports and rail networks. The economic, social, and cultural costs of adaptation are likely to be high.[21]

New Zealand communities also face a major economic and social transition as we implement mitigation measures and adapt to a low carbon future. The Climate Change Commission has laid out a pathway which includes (among other things) reducing emissions from transport, energy, building, agriculture and waste; strengthening market incentives; and enabling emissions reductions through changes to urban form and infrastructure.

The Commission has noted that there are potential long-term economic benefits from innovation, and nearer term health and environmental benefits from insulating homes, shifting transport modes and reducing air pollution. But the transition will also impose costs, particularly to people working in high emissions industries, and people living in places that are directly affected by climate change. People who experience material deprivation have less capacity to cope with environmental risks such as climate change and natural hazards.[22]

But these forecasts do not factor in all potential impacts of or responses to climate change. Impacts could worsen or lessen depending on many factors including political and economic decisions at a global scale. Under more severe global scenarios, food and water scarcity could drive mass population movement with unpredictable but significant implications for countries like New Zealand.

Natural hazards and other shocks

Many parts of New Zealand are susceptible to hazards including earthquakes, floods, wildfires, and risks associated with volcanic eruption. These events can have severe and ongoing impacts including loss of life, impacts on property and livelihood, and ongoing stress. While the timing of such events is not necessarily predictable, the risks are known and can be prepared for.

Likewise, recent experiences have shown the risks and impacts on local wellbeing of pandemics and economic shocks arising from global events.

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21   Ministry for the Environment (2018), Climate Change Projections for New Zealand, p 13
22   Massey University Environmental Health Intelligence New Zealand (2021), Socioeconomic deprivation profile

Impacts of demographic change

New Zealand's population is projected to grow to about 6.2 million by 2048, and to become increasingly diverse. Growth is projected across most regions, but is forecast to be highest in Auckland and Waikato – regions that already face significant pressures on infrastructure, housing, and their environments. Some regions with relatively high levels of socio-economic deprivation are forecast to grow, including parts of South Auckland.[23] Conversely, in some regions there is a possibility of population loss.[24]

New Zealand's population is forecast to age significantly, particularly for New Zealanders of European descent. This has potential implications for housing and the built environment, health and disability services, economic performance, financing of national and local services, and overall wellbeing.[25]

New Zealand's population is already very diverse with many cultures, languages, and countries of origin. In the next 30 years that diversity will increase. For example, by 2043, people from New Zealand's Asian communities are forecast to make up 26% of the population, Māori 21%, and Pacific communities 11%.[26] As the century progresses these more youthful populations will provide increasing shares of New Zealand's labour force and tax revenue. Supporting these communities to thrive therefore has major implications for New Zealand's long-term wellbeing. Conversely, without appropriate support, existing disparities might worsen.[27]

160+ Number of ethnic or cultural identities among New Zealand people.

Statistics NZ Ethnic group summaries

Impacts of science and technology

Changes in science and technology will likely have significant impacts on future wellbeing – including where, how, and whether we work; how we travel; how energy is generated and used; how we communicate and connect with others; how we entertain ourselves; how we learn and earn; how people shop and do business; how we maintain health; how we feed ourselves; and much more.[28]

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23   Statistics New Zealand (2020), National population projections 2020(base)-2073; New Zealand Deprivation Index

24   Statistics New Zealand (2020), National population projections 2020(base)-2073

25   Treasury (2019), The economic and fiscal impacts of our ageing population; Natalie Jackson (2019), The implications of our ageing population;

26   Statistics New Zealand (2021), Population projected to become more ethnically diverse; Statistics New Zealand (2021), Subnational population projects 2018(base)-2048

27   Te Puni Kōkiri (2019), An Indigenous Approach to the Living Standards Framework, p 4

28   For discussions about technological change and how it might impact people's lives, see New Zealand Productivity

While some future trends are difficult to foresee, others are clearly discernible. There will very likely be much greater use of renewable energy, with potentially significant implications for energy networks. The vehicles of the future are not only likely to be fuelled from renewable sources but also self-driving, with implications for future design and delivery of transport networks.[29]

The long-term trend is towards even greater digital connectivity and rapid advances in computing power – including further advancements in augmented and virtual reality, artificial intelligence, the internet of things, and brain-computer interface. These changes are likely to have significant impacts on many areas of life, including how we work, do business, shop, access services, and engage with one another.[30]

What are the implications for local governance?

In order to maximise social, economic, environmental and cultural wellbeing now and into future generations, new approaches to local governance will be needed. Conventional approaches and techniques for policy-making are not responsive enough for an increasingly fast paced, complex environment where societal values are rapidly evolving and new challenges regularly arise.

Under the current system, local authorities hold few of the levers that drive wellbeing and prosperity in their communities. Many of those levers are held by central government, the business sector, iwi, or others. Future responses will require new approaches that bring together the many organisations that contribute to local wellbeing, to align and coordinate their responses to wellbeing issues.

Other reviews have already drawn this conclusion, in respect of particular issues. The Climate Change Commission placed particular emphasis on the need for partnerships between local and central government, iwi and Māori, the business community, communities and others, in order to manage the transition to a low carbon future and adapt to climate change impacts.[31]

Recent social policy reviews have emphasised the importance of coordination at a community level in responding to issues such as child poverty, health, mental health, welfare dependency, and crime. Consistently, these reviews have pointed out that social issues are interconnected, and have argued that responses should be led by communities.[32]

The Productivity Commission has also referred to the need for a closer relationship between central and local government, involving agreed principles for the relationship and a 'genuine co-design approach'

Commission. (2020). Technological change and the future of work: Final report; OECD. (2019), OECD employment outlook 2019: The future of work; McGuiness Institute (2021). Mission Aotearoa: Mapping our future, Discussion Paper 2021/01

29   Ministry of Transport (2018). Public Transport 2045: A working paper on urban transport in the shared mobility era

30   McKinsey & Company (2021). The top trends in tech (www.mckinsey.com)

31   Climate Change Commission (2020), Ināia Tonu Nei, p 225

32   Welfare Expert Advisory Group (2019), Whakamana Tangata: Restoring Dignity to Social Security in New Zealand; Government Inquiry into Mental Health and Addiction (2018), He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction; Department of Prime Minister and Cabinet (2019), National Engagement on New Zealand's First Child Youth Wellbeing Strategy; Te Uepū Hāpai i te Ora Safe and Effective Justice Advisory Group (2020): Turuki! Turuki: Transforming our criminal justice system

when central government is developing regulations that local authorities will have to implement.[33]

Recent public sector reforms have aimed at breaking down siloes and creating a unified public service which responds to social, economic, environmental and cultural challenges in an integrated way. As yet, those reforms have not taken account of the full potential of local government in developing co-ordinated responses to community wellbeing, though they are aiming to build a stronger central government presence and relationships at regional levels.[34]

"Central government needs to work closely with local government to deliver low emission outcomes."
Climate Change Commission[35]

The need for agile, sustainable, and anticipatory approaches

Some of the issues that will influence future wellbeing in New Zealand communities can be foreseen and planned for. The Climate Change Commission has emphasised the importance of coordinated planning for the transition to a low carbon economy, and for adaptation measures including managed retreat from coastal areas.[36] Transition planning is also possible for future urban growth or decline, to take account of matters such as future housing and infrastructure needs, and workforce and skills requirements. It is important to prepare for earthquakes, floods, pandemics, eruptions, and economic shocks, even though it is not possible to know when and where they might strike, or how severe they might be.

As well as planning and preparing for foreseeable trends and events, a future system of local governance will need the agility and capacity to respond to what cannot be foreseen, drawing on the capabilities of local authorities, central government, and others as needed, and adapting as new challenges and issues arise. While major reforms are sometimes needed, a more agile and adaptive approach is preferable in an increasingly complex and fast-paced world. A future system of local governance will also need capacity to gather and effectively analyse wellbeing data at national and community levels, and to anticipate and share knowledge about future trends. The Living Standards Framework and He Ara Waiora provide ways of understanding and measuring wellbeing, as do other frameworks such as Te Whare Tapa Whā, Pacific Fonua and Fonofale models, and United Nations Sustainable Development Goals. The OECD's anticipatory innovation governance model also provides one possible approach to understanding and responding to new trends as they are emerging.[37]

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33   Productivity Commission (2021), Insights into Local Government, p 29
34   Te Kawa Mataaho Public Sector Commission (2020), Public Service Reforms
35   Climate Change Commission (2020), Ināia Tonu Nei, p 226
36   Climate Change Commission (2020), Ināia Tonu Nei, p 226, 230-231
37   OECD (2021), Anticipatory Innovation Governance: What it is, how it works, and why we need it more than ever before

Challenges to local government

The current system of local government is under pressure. Even without planned reforms, the local government sector was facing significant pressures, which were raising questions about structures, roles, funding, and relationships.

Since the 1989 reorganisation, and since the Local Government Act 2002 was enacted, local government and the environment within which it operates has changed greatly. Local authorities have greater responsibilities. They must meet higher regulatory and community standards, and more complex engagement, decision-making and accountability requirements. They must respond to rapid evolution of technology. And they are also required to deal with increasingly complex social, cultural, economic, and environmental issues.

Some local authorities are experiencing significant funding and financing pressures. Many face capacity constraints, and many see their relationship with central government as strained or virtually non-existent at a national level. These pressures constrain local and central government in their ability to support thriving communities.

The main pressures on local government

The local-central government relationship

One of the most common themes in our early engagement has been that the local-central relationship needs work. This partly reflects statutory, structural and financing issues, which are discussed below, but it also reflects a culture of mistrust between central and local government.

At governance, management and staffing levels there is little cross-pollination between central and local government, and much mutual misunderstanding about respective roles.

The Productivity Commission has reported that central government "needs to substantially increase its understanding of the local government sector", and that central government fails to acknowledge local authorities' independence, frequently treating them as agents of central government who can be expected to unquestioningly implement national policies.[38]

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38   Productivity Commission (2021), Insights into Local Government, pp 14-15

Existing structures can contribute to the lack of mutual understanding. It is difficult for central government to effectively engage with 78 local authorities, and equally difficult for those authorities to engage with and respond to the 30 or more government agencies.

Varying capacity and capability

Local authorities vary a great deal in size and scale, from Auckland Council with an annual budget exceeding $4.4 billion to small rural councils with a few dozen staff and budgets in the low millions.[39]

Even for smaller local authorities, responsibilities include management of large infrastructure, financial management, governance, land use planning, environmental impact assessment, economic modelling, and engagement with diverse communities.

To carry out their roles, local authorities require not only financial capacity, but also the ability to attract and retain the necessary skills and competencies among elected members and staff. One common theme of recent reviews is that some local authorities (in particular those serving smaller populations) lack the capacity and capability to carry out all of these functions effectively, and can struggle to attract and retain the necessary staff.[40] We heard similar concerns in some of our early engagement. On occasions local authorities have attempted to address these issues by proposing amalgamation with neighbouring authorities, but these proposals have not won community support.

Financial pressures

Local authorities are under constant pressure to manage growing demand while maintaining rates at levels that are politically acceptable to their communities.[41]

Local authorities face varying demands. Some have rapidly growing populations or demand from tourism, while others are responsible for large geographic areas and have small and shrinking populations. Cost pressures also arise from community demands, age and quality of existing infrastructure, and threats from earthquakes and other hazards. Local authorities' ability to manage these pressures can be hampered by regular headlines about rates increases and negative perceptions about their financial management.[42] This fails to reflect a reality that council spending has increased broadly in line with household incomes and has continued to mainly focus on services that are seen as the traditional domain of local government, such as transport, drinking water and wastewater, planning, and local facilities.[43]

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39   Auckland Council Annual Report 2019/20; Chatham Islands Council Annual Report 2019/20.
40   Resource Management Review Panel (2020), New Directions for Resource Management in New Zealand; Review of the Three Waters Infrastructure Services (2017), Initial key findings
41   Productivity Commission (2019), Local Government Funding and Financing; Review of the Three Waters Infrastructure Services (2017), Initial key findings
42   Local Government New Zealand (2015), A Survey of New Zealanders' Perceptions of Local Government
43   Productivity Commission (2019), Local Government Funding and Financing, pp 32-33, 42-43

The combination of cost pressures and community perceptions has meant that necessary infrastructure upgrades have not always been carried out, and that towns and cities have not developed new infrastructure to accommodate growth.[44] Delays in funding infrastructure can limit business activity, contribute to growth in house prices, and have other negative impacts.

The 'unfunded mandate'

One source of cost pressures is the so-called 'unfunded mandate', in which central government imposes obligations or transfers responsibilities to local authorities without means to fund those activities.[45]

This includes costs arising from new health or environmental standards, such as those requiring drinking water treatment or stormwater and wastewater network upgrades, or earthquake strengthening of buildings. It also includes pressures that arise when central government delegates regulatory enforcement responsibilities to local authorities without providing means for them to recover their costs.

Overlapping and conflicting responsibilities

Local authorities have responsibilities under numerous Acts of Parliament, all with differing objectives and processes. Alongside a general (but undefined) responsibility for social, economic, environmental and culture wellbeing, they are charged with managing land use planning, food safety, building, and much else.

Many of these Acts impose distinct consultation and engagement requirements, including the highly prescriptive requirements in the Local Government Act. Altogether, in the view of the Productivity Commission, the sector operates under "a complex web of legislation which is poorly integrated, hard to administer, and not delivering the intended outcomes".[46]

This statutory complexity is reflected in on-the-ground relationships. In order to advance wellbeing in their communities, local authorities deal with many government agencies, each with their own structures and objectives. Many agencies have regional structures which do not align with regional or local authority boundaries, or iwi rohe.

For some of their functions local authorities are autonomous and directly accountable to their communities; for others they have little or no discretion and are accountable to central government. More broadly, the Local Government Act provides for powers of Ministerial intervention in local government under some circumstances.

Some see this 'dual accountability' system as raising questions about local government autonomy, and about the constitutional relationship between local and central government.[47]

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44   Productivity Commission (2019), Local Government Funding and Financing, pp 41-42
45   Productivity Commission (2019), Local Government Funding and Financing, pp 6-7, 201; Local Government NZ (2020), Local Government Funding and Financing, pp 4-5; David Shand (2019), Local Government Role and Autonomy: some additional perspectives (The Policy Observatory, Auckland University of Technology), p 8
46   Productivity Commission (2019), Local Government Insights, p 13
47   For example, Local Government NZ (2017), LGNZ's plan for a prosperous and vibrant New Zealand, p 34. Mike Reid (2018), Saving local democracy: an agenda for the new government, Auckland University of Technology, p 17

"Local government is not an 'agent of central government', and central government should stop approaching things in this way."
Productivity Commission[48]

Representation and engagement

Most New Zealanders neither vote in local elections nor take part in local authority decision-making. Participation in local elections has declined in the last two decades to just over 40%.[49] Elected councils are not fully representative of their communities, and do not always possess the range of experience needed to provide effective governance. Despite some improvements in recent elections, Māori remain under-represented.[50]

Very few people take part in formal consultation processes, and those who do are skewed towards older people with property interests.[51] In some areas, iwi and Māori have raised concerns about lack of involvement in decisions that affect their rights of tino rangatiratanga and kaitiakitanga. Current arrangements do not deliver on the full potential of the Treaty partnership.

Overall levels of public satisfaction are low: in one 2019 survey of five major cities, only 30% said they were confident in council decision-making, and only 31% believed the public had influence on council decisions.[52]

While some local authorities go to considerable lengths to engage with their communities, the overall evidence is that local decision-making is not as democratic as it could be, that some sectors of the community cannot make their voices heard, and that decisions may not be as representative or effective as they could be.

Impacts of climate change on local authorities

Several emerging trends are likely to increase pressures on local authorities, and, in particular, to challenge their financial sustainability.

The Climate Change Commission has warned that cost pressures are likely to grow as local authorities respond to climate change. Demand on stormwater networks will increase, and rising sea levels will threaten buildings and infrastructure (such as roads and water networks) in low lying coastal areas. In its view, local authorities will need central government funding to manage this transition.[53]

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48   Productivity Commission (2019), Local Government Insights, p 29
49   Department of Internal Affairs, Local Authority Election Statistics 2019; Local Government New Zealand, Final voter turnout 2019; Jack Vowles (2021), Local Government's Māori Representation Gap
50   Vowles (2021), Local Government's Māori Representation Gap
51   Productivity Commission (2019), Local Government Funding and Financing, pp 93, 113, 118
52   Quality of Life Survey 2020
53   Climate Change Commission (2021), Ināia Tonu Nei, pp 230-231; Productivity Commission (2019), Local Government Funding and Financing, pp p 227

The Commission has also emphasised the importance of central and local government pursuing the same climate objectives – which requires a closer and more effective working relationship, statutory alignment, clarity around roles, and central government supporting local authorities and building capacity where needed.

Information and Communications Technology

The local government sector is also likely to face major challenges in managing future information technology requirements. Local authorities are complex organisations which manage multiple databases and information systems, and engage with their communities online in numerous ways.

In coming years there will be considerable demand on the sector to align systems, digitise records, manage increasingly complex cybersecurity issues, and develop systems that provide customers and residents the best and most seamless online services. This can be expected to impose significant costs and demands on local authorities, including those which already face staffing and capacity constraints.

Local government reforms since 1989

Since a major reorganisation in 1989, the local government sector has been through several further reforms which have included changes of purpose and introduction of numerous new consultation and financial requirements.

1989	Number of local authorities and special purpose boards reduced from 800+ to 87
1992	Regional council responsibilities focused on environment and transport
2002	Local Government Act introduces power of general competence, and local government charged with promoting social, environmental, economic and cultural wellbeing
2010	Auckland Council and local boards established
2012	Statutory purpose of local government amended to narrow the focus of local government activity
2019	Statutory purpose of local government broadened to cover the four wellbeings.

What are the implications of proposed reforms?

The government has a significant reform agenda across several policy areas, including resource management, three waters, health, education and other sectors, all of which have significant local implications.

The resource management and three waters reforms have particular impacts on local government. The reviews that preceded the resource management and three waters reforms highlighted significant challenges facing the local government sector, including issues with capacity, capability, and misalignment.

The Resource Management Review Panel found that the current system is too complex, involving too many agencies which serve different constituencies and have conflicting responsibilities. It found that the current system fails to adequately provide for Māori interests or values, and does not provide incentives for good decision-making. It also found that some local authorities lack the capacity and capability to manage complex planning and compliance roles.[54]

Similarly, a 2017 review of three waters found that many local authorities were struggling to meet regulatory responsibilities, with the result that 20% of New Zealand's drinking water supplies did not meet required standards. Some local authorities also lacked the capability and financial capacity to maintain and upgrade large water infrastructure assets, and made trade-offs between affordability, resilience, and public safety.[55]

The question of scale

Both reviews sought to address these issues by transferring responsibilities from local authorities to sub-national bodies. The three waters reforms, if implemented as planned, will transfer management of water assets to multi-region bodies. A new layer of national regulatory oversight has already been established.

The resource management reforms propose to transfer planning and regulatory responsibilities to regional levels. The Resource Management Act Review Panel expressed a clear preference for local government "rationalisation along regional lines", which, in its view, would bring improved efficiency, economies from pooling of resources, and better coordination.[56]

These reforms, if implemented as planned, will have significant implications for all local authorities, and could threaten the financial sustainability of some.

While these reforms propose to transfer functions to sub-national bodies, other reviews have emphasised the importance of local voice in responding to health and social issues. Reviews of mental health, welfare, crime reduction, and child and youth wellbeing have all called for power to be transferred to communities so they can tailor services to their needs.

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54   Resource Management Review Panel (2020), p 6
55   Review of the Three Waters Infrastructure Services (2017), Initial key findings for discussion with the Minister of Local Government
56   Resource Management Review Panel (2020), p 6

Planned health reforms highlight the tensions that must be balanced in determining how to allocate services to national, sub-national or local levels. The reforms involve establishment of Health New Zealand and a new Māori health authority in place of regional health boards, with the aim of improving quality of care and national consistency. They also involve the establishment of a new national public health agency within Health NZ.

Yet the reforms also promise that communities, including iwi and Māori, will have greater roles in shaping and designing primary health services to meet their needs. Local authorities already have responsibilities for community engagement and planning, and already play important roles in community health through many of their roles – from provision of recreation facilities to regulation of alcohol sales. Their roles should be considered in the design of community health services.

Implementation of the planned reforms

Implementation of the resource management and three waters reforms will impose significant pressure on local authorities, and will have implications for many aspects of their operations including leadership and culture, financial viability, information systems, and much more.

It is vital that local authorities are supported through the transition period, to ensure, for example, that they have sufficient capability to manage the necessary changes and any new responsibilities.

It is also important that there is coordination between the various reform programmes, including this review. Coordination is needed to ensure that:

▸ reforms (especially in resource management) do not close down options before there has been adequate time for broad consideration about the future structures and functions of local government;

▸ reform programmes do not place unnecessary pressures on local authorities, or on other partners such as iwi which will be heavily involved in new three waters and resource management systems; and

▸ reforms leverage existing strengths from local government reform – for example, by building on existing contributions of local government to public health, and by creating opportunities for local government to support community-led design of local health services.

What are the implications for local governance?

Any redesigned system of local governance will need to address current and emerging pressures, and take account of the impacts of planned reforms. Addressing these pressures will mean:

▸ Taking steps to break down mistrust between local and central government, and instead building a culture based on mutual respect and collaboration, consistent with a spirit of unified public service.

▸ Designing the system to allocate local government functions and roles at the most appropriate scale, whether that is community, town or city, sub-national, or national levels, while providing flexibility and supporting collaborative approaches, and acknowledging that local authorities may still vary in scale.

▸ Ensuring the statutory and policy framework clearly defines functions, roles and expected wellbeing impacts; aligns objectives; simplifies processes and responsibilities; and provides clear direction and accountability for all agencies involved in local governance and service delivery.

▸ Improving alignment of boundaries for agencies involved in sub-national or local governance, including central and local government, and iwi rohe.

▸ Ensuring that all local authorities have sufficient capability and financial capacity to carry out the roles and functions allocated to them. This might involve central government providing some services to support effective local governance. It might also involve funding or other support for local authorities to address major challenges such as climate change, or to implement national policy priorities.

▸ Seeking representation and engagement arrangements that more effectively reflect all interests and communities including iwi/Māori, provide voice for those whose interests are currently under-represented, and support effective governance and decision-making.

▸ Exploring new approaches to local democracy that have potential to build public trust and confidence, and support all communities to be involved in decision-making and have their interests represented.

Te Tiriti o Waitangi at a local level

How can New Zealand's system of local governance most effectively embody the Te Tiriti o Waitangi partnership? One of the purposes of this review is to identify ways in which local government can actively embody Te Tiriti o Waitangi / the Treaty of Waitangi partnership over the next 30 years.

The partnership is likely to evolve a great deal in that time, as New Zealand's population changes, the country moves beyond settlement of historical grievances, and iwi become increasingly influential over wellbeing and economic development within their rohe.

In a fully functioning Treaty relationship, local government and iwi are natural partners: both are intimately concerned with wellbeing of people and places, and both have intergenerational responsibilities. With new approaches, they can become powerful allies in creating conditions for mutual benefit and shared prosperity that endure into the future.

The Treaty partnership

On one level, Te Tiriti o Waitangi was an agreement to share authority in Aotearoa. It recognised the existing rights of iwi and hapū to manage their own affairs, including full authority over environmental, social, cultural, and economic relationships. And it recognised the Crown's right to govern for the benefit of all New Zealanders.[57]

On other levels, Te Tiriti was about relationships, and about expectations of prosperity. It was an agreement to establish new relationships, or deepen existing ones, in ways that would create conditions for commerce, trade, and sharing of knowledge and ideas, to the benefit of Māori and non-Māori alike.[58]

Through much of New Zealand's history, the Treaty relationship has not lived up to that original promise. Instead, the government progressively asserted authority over Māori communities, undermining their systems and institutions of self-government, transferring land and other resources out of Māori hands, denying Māori economic opportunities, and leaving a legacy of entrenched inequality.[59]

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57   Waitangi Tribunal (2011), Ko Aotearoa Tēnei (2011), Te Taumata Tuarua, vol 1, pp xxiv-xxv, 17; Waitangi Tribunal (2018), Te Mana Whatu Ahuru, Part I, p 181; Waitangi Tribunal, He Maunga Rongo (2008), vol 1, pp 166, 173

58   Waitangi Tribunal (2018), Te Mana Whatu Ahuru, part 1, pp 180-181, 182-183

59   Waitangi Tribunal, Te Mana Whatu Ahuru (2018), Part I, pp 190-191; Waitangi Tribunal, Te Urewera (2017), vol 1, p 140; Belich, Making Peoples: A History of the New Zealanders, pp 277-278; John Williams, Politics of the

Local authorities are a significant part of this colonial story. As the non-Māori population grew and expanded after 1840, local councils and boards followed. Many of their responsibilities overlapped with Māori rights and responsibilities in relation to land, rivers, harbours, fisheries and other parts of the environment.

These early local authorities were dominated by non-Māori, and typically showed little interest in Māori rights or views. Alongside the activities of land court and land purchase agents, rating and local taxes became a means of dispossessing hapū of their lands and economic base.[60] The Waitangi Tribunal has found that the Crown's devolution of powers to local authorities without appropriate safeguards harmed Māori communities and was in breach of rights under Te Tiriti.[61]

For long periods in New Zealand's history Māori communities have sought to maintain self-governing institutions at hapū, iwi and national levels, even as local authorities and government institutions were exerting authority. In the early and mid-20th century, the government recognised Māori Councils with rights of local self-government including by-law making powers.[62] Those councils continue to operate today, alongside iwi authorities and other Māori organisations.

Much has changed in the last 50 years, including establishment of the Waitangi Tribunal, incorporation of Treaty principles into numerous statutes, settlement of most historical claims, and increased political representation.

Māori-owned businesses form a major and rapidly growing part of New Zealand's economy, producing an estimated $17 billion in GDP in 2018. Much of this business activity is generated by self-employed Māori businesspeople or Māori-owned small and medium enterprises.[63]

Māori labour force participation is also increasing at a far faster rate than the rest of the population, in part reflecting a much younger demographic profile.[64]

Many iwi operate major business operations which provide employment in their rohe and also support initiatives in education, training, housing, the environment, marae development, and much more.[65]

Changes to the political system since the 1990s have resulted in significant increases in Māori representation and influence, particularly at a national level.

Nonetheless, at national and local levels, the partnership remains well short of what was originally agreed, both in terms of Māori rights and in terms of expectations of mutual benefit, equity, and shared prosperity.

New Zealand Maori 1891-1909

60 Waitangi Tribunal, Te Mana Whatu Ahuru (2019), Part IV, chapter 19.1; Waitangi Tribunal, The Wairarapa ki Tararua Report, p 888]; Waitangi Tribunal (2008), He Maunga Rongo, p 1405

61 Ibid

62 These events are described in several Waitangi Tribunal reports; in Aroha Harris and others (2015), Tangata Whenua: A History; Vincent O'Malley (1998), Agents of Autonomy; and John A Williams (1968), Politics of the New Zealand Maori. Twentieth century laws providing for some degree of local self government by Māori communities Include the Maori Councils Act 1900; Maori Social and Economic Advancement Act 1945; and Maori Community Development Act 1962

63 BERL (2018), Te Ōhanga Māori 2018: The Māori Economy 2018, pp 14-15, 17

64 Ibid, pp 13, 21

65 For example, see Waikato Tainui Annual Report 2019/20

For example, Māori continue to experience considerably higher levels of social and economic deprivation than non-Māori;[66] and to experience far greater levels of racism and discrimination.[67]

Te Taiao (the natural environment), for which hapū throughout New Zealand have kaitiaki responsibilities, is also in a poor state. Many species are endangered, rivers and waterways are polluted, and greenhouse gas emissions have risen steadily in recent decades.[68]

Local government and Māori

At a local government level, the Treaty relationship still falls short of meeting Māori aspirations and expectations. Current statutory and institutional arrangements do not provide for adequate Māori representation or input into decision-making, or for sufficient protection of Māori rights, interests, and wellbeing.[69]

Māori representation

Over the course of New Zealand's history, local authority representation and decision-making has been dominated by non-Māori voices. Despite recent improvements, there is evidence that Māori remain under-represented on a population basis.[70]

Since 2001, local authorities have had the power to establish Māori wards or constituencies, but most attempts to do so have been overturned. A law change in 2021 leaves decisions about wards and constituencies in the hands of local authorities.

As a result, more than 30 local authorities are now planning to introduce Māori wards to increase representation and ensure a Māori voice in local decision-making. The Waitangi Tribunal has recommended that all local authorities have provision for Māori representation.[71]

Tino rangatiratanga and local authority decision-making

Te Tiriti provides for hapū, iwi and Māori to exercise tino rangatiratanga (full authority) in relation to their own affairs.[72] It encompasses rights to manage relationships in accordance with tikanga (Māori law and norms), and therefore in accordance with values such as manaakitanga (care for people), and kaitiakitanga (care for the natural and physical worlds).[73]

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66   Te Puni Kōkiri (2019), An Indigenous Approach to the Living Standards Framework; Te Uepū Safe and Effective Justice Advisory Panel, Turuki! Turuki! Transforming New Zealand's Criminal Justice System

67   Cherryl Smith, Rāwiri Tinirau and others (2021), Whakatika: A Survey of Māori Experiences of Racism; Jagadish Thakur (2021), Aotearoa-New Zealand Public Responses to Covid-19, Massey University; Human Rights Commission/Nielsen Research (2021), Te Kaikiri me te Whakatoihara i Aotearoa i te Urutā Covid-19: Experiences of Racism and Xenophobia in New Zealand during Covid-19

68   Te Puni Kōkiri (2019), An Indigenous Approach to the Living Standards Framework

69   Waitangi Tribunal (2008), He Maunga Rongo, pp 1575, 1591; Waitangi Tribunal (2018), Te Mana Whatu Ahuru, part IV, chapter 19.1; Waitangi Tribunal (2010) The Wairarapa ki Tararua Report, pp 897, 1062

70   Jack Vowles (2021), Local Government's Māori Representation Gap

71   Waitangi Tribunal (2010) The Wairarapa ki Tararua Report, chapter 15.11.2

72   Waitangi Tribunal (2018), Te Mana Whatu Ahuru, part I, pp 155-156, 187-189

73   Waitangi Tribunal (2018), Te Mana Whatu Ahuru, part I, pp 34-39, 156-158; Waitangi Tribunal, Ko Aotearoa Tēnei (2011), Te Taumata Tuarua, pp 22-23

Current statutory provisions applying to local government – including the Local Government Act, Resource Management Act, the Land Transport Management Act and other statutes – do not provide for the exercise of tino rangatiratanga or application of tikanga to local decision-making. Rather, most provide for local authorities to consult and engage with Māori while balancing tino rangatiratanga alongside other interests.[74]

Co-governance arrangements have emerged in recent decades, but usually in the context of Tiriti settlements, and then in relation to specific geographical features such as the Whanganui and Waikato Rivers.

At times, local authorities and iwi have adopted other mechanisms for iwi input into decision-making, including relationship agreements, and iwi representation on committees. Again, these have often applied to resource management, though there are some examples of broader council-iwi partnerships to create regional plans and pursue wellbeing initiatives.

In our early engagement with iwi, we heard that local government currently does things that iwi and Māori could do. Current arrangements limited Māori autonomy, which also limited the ability of iwi and Māori to take steps that would secure wellbeing for future generations.

Planned reforms to resource management and three waters create much stronger statutory obligations to give effect to Te Tiriti, along with provisions for joint decision-making and statutory protection for Te Mana o te Wai (the health and mauri of fresh water) and Te Oranga o te Taiao (the health of the natural environment). If implemented as currently planned, these reforms will apply specifically to water and resource management, rather than the whole local government system.

Consultation demands on iwi and Māori

In practice, consultation and engagement obligations can impose significant burdens on iwi without necessarily leading to better outcomes for Māori, or effectively responding to Māori concerns. In our early engagement we heard that the government and local government sectors needed to be more 'joined up' in their relationships with iwi and Māori.

The Waitangi Tribunal has recommended that the government should fund capacity building among iwi and Māori to ensure they are able to participate in council decision-making. It has also recommended "concentration of functions in fewer local authorities, so the burden of Māori having to form effective relationships with many different bodies is lessened".[75]

While the planned reforms to resource management and three waters appear to strengthen Treaty rights, they will also increase the demand on iwi and Māori communities.

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74   Waitangi Tribunal (2008), He Maunga Rongo, pp 1575, 1591; Waitangi Tribunal (2010) The Wairarapa ki Tararua Report, pp 897, 1062
75   Waitangi Tribunal (2010) The Wairarapa ki Tararua Report, pp 1062-1063

"Current generations are only able
to plant seeds for future generations."
Quote from iwi engagement

Relationships and cultural competence

Iwi representatives and Māori have told us that some local authorities are unable to form effective partnerships, because councillors and staff lack the necessary cultural competence, or lack understanding of Te Tiriti and New Zealand's history.

We also heard that local governance structures can create barriers to long-term relationships. The nature of political cycles can mean that relationships form but are not sustained across time, and that policies or agreements are not always followed through to implementation.

The place of local government in Te Tiriti partnerships

Under current laws, local government is not regarded as a partner in the Treaty relationship.[76] Yet local authorities are creatures of statute, and, in many respects, they act on behalf of central government. During our early engagement, some iwi representatives told us that they see central and local government as "one and the same", especially when they are carrying out delegated functions.

The Waitangi Tribunal has found that any statute that devolves powers or functions to local authorities must impose clear Treaty obligations and ensure that those obligations are met.[77]

What are the implications for local governance?

Any future local governance arrangements will need to give authentic expression to the Te Tiriti relationship at a local level, and also support iwi and Māori aspirations for the wellbeing and prosperity of their people, and the health of the natural environment. Among other things, this could mean:

▶ Considering how the statutory framework for local governance might recognise and give effect to tino rangatiratanga, and incorporate Te Ao Māori values and principles.[78]

▶ Clarifying the place of local government in the Te Tiriti partnership.

▶ Considering structures and mechanisms for partnership and shared decision-making over matters that are significant to Treaty rights and iwi and Māori wellbeing.

▶ Creating opportunities for local authorities and iwi / Maori to collaborate in order to advance wellbeing in their communities.

▶ Providing for community-led and 'by Māori for Māori' approaches to address social and economic development.

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76   Local Government Act 1977, section 4; Waitangi Tribunal (2010) The Wairarapa ki Tararua Report, p 891
77   Waitangi Tribunal (2011) Ko Aotearoa Tēnei, Te Taumata Tuatahi, p 110
78   Waitangi Tribunal (2018), Te Mana Whatu Ahuru, part IV, chapters 21.5.4, 21.7

- Ensuring that iwi and Māori have sufficient representation in any local governance structures to protect their rights and advance their aspirations.
- Taking steps to increase the capacity of iwi and Māori to share in local authority decision-making.
- Recognising that one size does not fit all – iwi, hapū, Māori organisations and rōpū (groups) vary in size, capacity, territories, and interests and aspirations.
- Taking account of iwi and Māori rights and interests when determining local authority structures and boundaries.
- Training and upskilling local authority elected members and staff to ensure that local authorities provide a culturally safe and respectful environment for Māori.[79]

79   Waitangi Tribunal (2010), The Wairarapa ki Tararua Report, pp 1062-1063

Where to from here?

The Future for Local Government Review provides an opportunity to rethink local governance for the future.

It is an opportunity to look beyond fixed structures and roles, to design a system of local governance that is built on relationships; is agile, flexible and sustainable enough to meet future challenges, even those that are large and unpredictable; has the right mix of scale and community voice; harnesses the collective strength of government, iwi, business, communities and others; maximises common benefit and wellbeing; and creates the conditions in which communities can thrive into future generations.

Rethinking local governance

How might a future system of local governance more effectively contribute to community wellbeing? Many organisations contribute to local governance and wellbeing.

Local authorities create the spaces in which people live their lives. They shape the conditions in which people live, work, relax, play, and do business, and their services determine whether local environments are healthy, safe, easy to navigate, and attractive; and whether they create conditions in which people and communities can thrive.

Local authorities also represent their communities and reflect local voices. Because of their place-based focus, they can 'see across' issues that affect their communities and locations.

Businesses and industry provide employment and incomes, and access to goods and services including food, clothing, homes, and utilities. Their activities are of fundamental importance to wellbeing in their communities, and of particular importance to the wellbeing of their employees.

Business activity also plays a central role in creating the environment and atmosphere in town and city centres. Businesses build new communities and homes.

Iwi, hapū and Māori play vital and growing roles in advancing wellbeing within their rohe. Some iwi are major employers, and play critical roles in supporting education and training, housing, environmental restoration, and other activities that support wellbeing.

Some are leaders or partners in the governance and management of rivers, waterways, and other environmental features. Iwi, hapū and Māori bring knowledge, perspectives and values that support care for people and places, and healthy balance in all relationships.

Community organisations play many roles in their communities – connecting people for shared activities such as sport and recreation or artistic expression, providing vital support services during times of need, uniting communities to address common causes, and creating opportunities to contribute and experience a sense of meaning and purpose.

Family, whānau, friends and relatives, and neighbours all play critical roles in personal, social and cultural wellbeing.

Central government activities are of critical importance to local communities – providing schooling, health care, transport, income support, policing, and much more.

Communities thrive when all of these organisations play their roles to maximum effect. Current and future challenges – climate change, housing, mental health, or responses to technological change – cannot be addressed by individual agencies, but only through new and collaborative approaches.

Any future system of local governance will need to move beyond existing structures and siloes, and consider governance as a shared endeavour in which many players contribute and deserve a voice.

This will require new, more flexible ways of organising, and new ways of relating, in order to build trust, and act in common cause.

New approaches to collaboration

Our early soundings, and other research, suggests there is considerable interest in the local government sector for pursuing new and collaborative approaches in order to maximise wellbeing.

We have heard that local leaders want to play greater roles in dealing with pressing issues such as climate change and social deprivation in their communities, by building more effective partnerships in which central and local government, iwi, businesses, community groups and residents all collaborate to identify priorities and implement solutions.

International research suggests that collaborative approaches can be more effective than conventional responses to complex and rapidly evolving policy issues. 'Mission-led' approaches, for example, can allow communities (with sufficient funding and support) to find innovative and effective solutions that central government agencies would not have considered.[80]

Building on these approaches, the Organisation for Economic Cooperation and Development has championed 'anticipatory innovation governance', which encourages continuous local adaptation and experimentation as a means of addressing complex policy problems as they are emerging, and, in particular, as a means of addressing issues that are too complex or evolve too quickly for orthodox policy responses.[81]

Research also suggests that collaborative approaches are most effective when they are supported by 'anchor' or 'backbone' partners who bring others together and guide action. Other key enablers include influential leaders and champions, adequate and sustainable funding sources, and consensus on urgency for change and direction of travel.[82]

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80   Mariana Mazzucatto and Georgia Gould (2021), Mission-Driven Localities (Project Syndicate)

81   OECD (2021), Anticipatory Innovation Governance: What it is, how it works, and why we need it more than ever before

82   Government Inquiry into Mental Health and Addiction (2018), He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction, p 120

Within the right framework and sufficient support, local authorities can be well placed to play cornerstone or anchor partner roles, because of their broad view across places and communities. Similarly, iwi and Māori, or community organisations, might choose to play such roles.

Collaborative approaches are already emerging in New Zealand, even in a local governance environment that is not conducive to supporting it. Local authorities, iwi, community organisations, central government and businesses are finding ways to work together, share decision-making, and try new approaches to resolve challenging issues.

Some examples include:

▸ Iwi and community leadership of integrated planning approaches which bring whole communities together to determine future goals and priorities – for example, Te Tauihu Intergenerational Strategy and the Waikato Wellbeing Project

▸ Pacific Skills Shift, a partnership between MBIE, Auckland Council (UpTempo), Auckland Unlimited, and Pacific non-government organisation The Cause Collective supporting Pacific people to gain job skills and micro credentials to help them move into higher quality and more sustainable employment

▸ Social procurement that leverages local authorities' purchasing power for positive social and economic outcomes, for example, through the supplier diversity intermediary Amotai which supports fair inclusion of Māori and Pacific-owned businesses in public sector supply chains

▸ Integrated approaches that take advantage of place-based redevelopment projects to also advance economic development, civic innovation and social connectedness

▸ Iwi led wellbeing initiatives that bring together local authorities, business, and communities to tackle pressing social issues such as housing deprivation and crime – for example, the Ruapehu Whānau Wellbeing Initiative

▸ Collaborative business/council/government projects to create jobs in rural areas

▸ Co-design and participatory democracy approaches to development of council strategies, policies and programmes.

These collaborative approaches have typically relied on highly motivated local leadership, and on willing support partners – hence the involvement of iwi in many projects. While such 'green shoots' initiatives have emerged in New Zealand, not all are sustainable in the current operating environment. Leadership, shared vision, culture, relationships, and sustainable funding are all likely to be important ingredients in a more adaptive and collaborative system of local governance.[83]

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83   Government Inquiry into Mental Health and Addiction (2018), He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction, p 120

The future for local governance

This review is an opportunity to step outside existing structures and systems, and consider what wellbeing might look like for New Zealand communities in the future, and how that best might be delivered.

It is an opportunity to look beyond local government and consider local governance, encompassing all organisations with rights and responsibilities to guide their communities.

It is an opportunity for local and central government to build mutual understanding and trust, and find new ways to align objectives and collaborate on the basis of shared commitment to public service.

It is an opportunity to consider how New Zealand's business sector can innovate together with local government to contribute to local wellbeing.

It is an opportunity for New Zealand's system of local governance to embody Treaty partnership and draw on the strengths of all cultures to find uniquely New Zealand ways of working together and making decisions that advance the wellbeing of present and future generations.

It is an opportunity for communities to lead in creating solutions that meet their needs.

Our early engagement suggests a strong interest in new approaches, along with a commonly held view that change should build on existing and inherent strengths, and enhance connections between communities and governance.

There is common agreement that local authorities have a vital and continuing role to play in creating the conditions in which communities can thrive. But that role is likely to change. Planned reforms have raised questions about local authority functions and structures, and have therefore created an opportunity to innovate.

We have an open mind about future local authority functions, structures, and boundaries. We do, however, see local governance as an ecosystem with many contributors and moving parts, which is likely to be most effective when there is collaboration for common purpose.

Any redesigned system is likely to have certain key features:

▸ It will be built on open and respectful relationships.

▸ It will be aligned – the organisations involved in creating local wellbeing will have shared missions and will operate in an environment that supports collaboration.

▸ It will be effective and sustainable – the organisations involved will have sufficient funding, capability, and support to carry out their missions.

▸ Functions and roles will be allocated at the right scale, reflecting inherent strengths and capabilities, taking account of the subsidiarity principle, and acknowledging that one size does not fit all.

▸ It will be flexible and agile, capable of scaling up or down and transferring functions as new challenges emerge.

▸ It will build on Te Ao Māori and mātauranga Māori, and embody genuine Treaty partnership based on shared wellbeing for future generations.

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- It will be inclusive – providing for diverse voices to be heard, and all with interests in local wellbeing to participate in decision-making.
- It will be fair – taking account of all needs and interests, delivering benefits for whole communities, and protecting the interests of future generations.
- It will be transparent and accountable – decision-makers will be answerable to their communities.

Over the next year we will be seeking the views of communities, iwi, business, local authorities, government agencies and others on how such a system might be designed.

Priority questions

What are the broad themes that will guide our engagement and work on the future for local governance and democracy? Over the next year we will be engaging with New Zealand communities and organisations over the future of local governance and democracy.

This will include engagement with the local government sector, business and industry, iwi and Māori, youth, communities, and central government.

The following broad themes reflect our terms of reference, and will provide a foundation for our engagement and future work.

In broad terms – and consistent with our terms of reference – we expect to consider what the future system of local governance might look like, and then to consider related questions about functions, representation arrangements, funding, and so on.

We intend these priority questions to open conversations about the future system of local governance, and how it might most effectively create the conditions in which New Zealand communities can thrive even while addressing the significant changes and challenges that are likely to arise in future.

We are open to hearing about other possible lines of inquiry or emphasis as we continue our engagement.

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

The future wellbeing of New Zealand communities will depend on the actions of many people and organisations – including individuals and their whānau, businesses, iwi and Māori organisations, community organisations, local and central government, and many others.

In line with numerous other recent reviews, we see greater coordination, alignment and collaboration between these various players as essential in order to advance common goals such as shared prosperity, environmental health, and resilience to future shocks and challenges.

We also see considerable potential for that coordination and alignment to occur through community-led and place-based approaches. Current approaches are all too often disjointed and misaligned, and fail to take full advantage of strengths of the various players involved, including local authorities, iwi and Māori organisations, businesses,

and community groups. New approaches will be necessary to meet the complex challenges that are likely to arise in future.

During the next phase of our review, we will be considering what might be required to create a system of local governance that is fit for the future, and can adapt to future challenges and create conditions in which communities and businesses can thrive.

We expect this to have implications for every aspect of the local governance system. We will be asking, for example, what might be needed to create a system in which all players can effectively work together towards common goals, and how the system might genuinely embody the Treaty partnership. We will also be asking what the answers to these questions might mean for local governance structures; functions and roles; funding and financing mechanisms; lines of accountability; mechanisms for community representation and involvement in decision-making; and planning and decision-making processes.

Just as importantly, we expect to explore questions about culture and leadership, and how relationships are fostered. For example, what conditions might be needed to build trust and mutual understanding between the many organisations that contribute to local governance and wellbeing? And what conditions might be needed to create more effective working relationships between government and business, local and central government, local government and iwi/Māori, and local government and communities? In particular, what will be needed to rebuild trust between local and central government, and build more effective working relationships that contribute to common objectives and reflect a shared spirit of public service?

We are also interested in exploring other themes – for example, what might be needed to support agility, flexibility and responsiveness across the local governance system, so new challenges can be addressed in a coordinated and effective manner, and at appropriate scale; what conditions might best support innovation and purposeful experimentation so solutions can be tailored for local circumstances and then learnings shared across the whole system; and what roles might businesses, community organisations, local authorities and others play in supporting innovation.

In broader terms: what systemic changes are needed so local governance can best create conditions that maximise social, economic, cultural and environmental wellbeing?

2 What are the future functions, roles and essential features of New Zealand's system of local government?

Within a future system of local governance, local authorities will continue to play an important part in creating conditions for local wellbeing. But that does not mean existing local authority structures, functions, roles, and boundaries will necessarily be the best fit for the future.

In broad terms, as discussed above, this review will need to consider how local government might best complement and align with other organisations that contribute to community wellbeing. Within the local government system, we will also have to consider the best structures, and best allocation of functions and roles so that local authorities can maximise their contributions to community wellbeing and adapt to meet future challenges.

This will require determination of which current functions should be retained and which should not; what new functions and roles local government should take on (for example, in housing, health or other social service provision); whether any functions or roles would be better carried out by central government, iwi, or communities; or others; and how these matters might evolve over time.

It will also require consideration of the scale at which any functions might be carried out, the relationships between different functions, what scope there is for shared or collaborative approaches and for flexible approaches that can adapt as circumstances change, and how allowance might be made for the diversity of New Zealand's communities and local authority structures.

Existing reviews and reform programmes have variously prioritised economies of scale and scope, sub-national and regional coordination, national equity and standards, capacity and capability, rights under Te Tiriti o Waitangi, and community-led design and delivery as factors in determining the appropriate scale at which functions should sit.

Determining appropriate structures, and allocation of functions and roles, will require careful balancing of these and potentially other criteria, along with acknowledgement that New Zealand's communities are very diverse, and that one size will not fit all. It is important that existing reform programmes leave room for these matters to be appropriately considered across the local governance system as a whole.

In practice, most issues are likely to require a mix of national, sub-national and local or community action, and the challenge will therefore be to allocate responsibilities in ways that take advantage of inherent strengths, while also ensuring alignment and collaboration across the whole system.

One important element of a future system of local government will be the statutory framework, including the purpose and responsibilities of local government, accountability arrangements, and clarity about the relationship between central and local government.

Also important will be the roles of national organisations that support local governance (such as the Local Government Commission, the Local Government Financing Agency, and the Department of Internal Affairs); as well as the national or shared support services available to local government, for example, through information systems, financing mechanisms, training and advocacy, and innovation and learning.

3 How might a system of local governance embody authentic partnership under Te Tiriti o Waitangi, creating conditions for shared prosperity and wellbeing?

Te Tiriti o Waitangi can be viewed as an agreement to share authority in New Zealand, as a guarantee of Māori rights, and as an agreement to found a relationship based on expectations of shared benefit and prosperity. To embody partnership under Te Tiriti, a future system of local governance would need to respond to all three levels.

How the partnership might evolve necessarily depends on the aspirations of hapū, iwi and Māori, and on their future relationships with central government. It can also be expected to evolve over time, as the Māori population and economy grows.

Within the framework of a fully functioning Treaty relationship, we see local government and iwi as having potential to operate as natural partners. Both are intimately concerned with places and communities, both have potential to exercise significant influence on local wellbeing, and both – with new approaches – might therefore become powerful allies in creating conditions for mutual benefit and shared prosperity.

During the next year we will be engaging with iwi and Māori organisations, and seeking to understand how the partnership might evolve at a local level. We expect to hear about and consider many elements of the relationship including how tino rangatiratanga might be exercised at a local level over matters affecting the wellbeing of Māori communities and rohe (territories); how the responsibilities of iwi / Māori and local authorities might co-exist; what future partnership or co-governance arrangements might develop; how relationships between iwi / Māori and local authorities might most effectively be managed; how capacity might be built and resourced in iwi and Māori organisations to support effective engagement with local authorities; and how statutory processes for engagement and iwi / Māori involvement in decision-making might be aligned and be made more coherent so they do not create unnecessary burdens on iwi and Māori, or on local government.

We would also expect to hear about and consider matters such as how Māori communities and interests can most effectively be represented on local authorities and in local authority decision-making; how Māori rights, interests and values (such as manaakitanga and kaitiakitanga) can most effectively be protected in local authority decision-making; how Māori members might be effectively supported to fulfil their roles as elected representatives; and how all local authorities might ensure that they build sufficient cultural competence to provide culturally safe and respectful working environments for Māori members and staff.

Most broadly, we would expect to consider what scope there is for iwi / Māori and local authorities to work together in order to meet shared objectives for prosperity, environmental health, equity and equality, and social and cultural wellbeing.

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

Within a future system of local governance, we expect local authorities to continue to play an important role in leading and reflecting the views of their communities.

At this stage of our deliberation we have an open mind about future local authority structures, and about representation and governance arrangements. Scale, functions and roles might all be important considerations in determining those arrangements.

Whatever arrangements we ultimately recommend for local authorities, we expect leadership to play an important role. Leadership and coordination will be important in the long term, and during the transitional period in which resource management and three waters reforms are being implemented.

With respect to local democracy and governance, we expect to pursue four broad themes:

▶ how the system of local democracy can provide for more effective and meaningful community involvement in decision-making, given current low levels of trust, confidence and involvement;

▶ how the system can ensure that all communities and interests (including Māori, Pacific and Asian peoples, younger people, and renters) are more fairly and equitably represented in local authority decision-making and leadership;

▶ how the system can provide for effective leadership and governance, including stewardship over assets and finances; and

▶ how confidence and trust in the system can be rebuilt.

These broad themes are not particular to local governance in New Zealand, but rather are common to governance arrangements across the country and internationally.

Addressing these broad themes will require consideration of the implications of demographic change and diversity, and economic trends such as changing patterns of property ownership. It will also require consideration of the potential impacts of new technology on citizen participation and engagement, and potentially on the operation of future elections – bearing in mind that the available technologies are likely to change a great deal over 30 years.

We will consider whether there are potential benefits to be gained from new models of community engagement and participation, including active citizenship approaches, and participatory or deliberative models; And, if so, when and how those options might be effective, and what conditions would be required to make them effective.

We will give broad consideration to local authority electoral arrangements, including the recommendations made by Parliament's Justice Committee in its 2016 and 2019 reports concerning the local electoral system and the operation of local elections.

5 What should change in local governance funding and financing to ensure viability and sustainability, fairness and equity, and maximum wellbeing?

Local authorities vary considerably in financial strength. Many face financial pressures – some arising from growth, some from having small populations with high per capita asset costs, and some from central government decisions that impose additional costs without commensurate funding.

Any future system of local governance is likely to face greater tests – from climate change adaptation, future infrastructure and information technology requirements, and shocks such as disasters, pandemics, and global recessions.

Future local authorities will need to be designed and sized in a manner that ensures financial viability and sustainability, including sufficient capacity or support to absorb shocks and respond to local challenges, while also continuing to contribute to community-led governance and local well-being. They will also need to be adaptive, resilient, and wise stewards of community assets.

These factors will all contribute to our consideration of the future shape of the local governance system, including the appropriate functions and roles of local authorities at different scales.

Having addressed functions and roles, we will then be concerned with ensuring that local authorities have the right mix of funding and financing tools available to meet their responsibilities in the long term.

This will include principled consideration of the mechanisms available, including rating, user charges, taxes and other sources. It will also include consideration of funding and financing sources. This might include consideration of when local authorities' funding obligations should be shared across local government, or with other partners; and when central government co-funding of local government activity might be justified – as recommended by the Productivity and Climate Change Commissions for large challenges or shocks, and for local services with national benefits.

More broadly, the next phase of our review is likely to include high level consideration of the principled basis on which funding decisions are made, including appropriate balance of the beneficiary and exacerbator pays principles alongside others such as efficiency, transparency, equity, and impacts on local government autonomy.

We are interested in the place of equity in this mix, including inter-generational equity, and horizontal equity within and between communities including matters such as ability to pay. We are also interested in how benefits are determined and allocated; and in the incentives created by funding decisions and the resulting impacts on prosperity and wellbeing.

Future local authorities will continue to require appropriate mechanisms for financial planning and accountability. We see scope to consider whether transparency and accountability can be assured in more flexible and meaningful ways than at present.

Finally, we reiterate that we see local authorities as one part of a future system of local governance, alongside other partners such as iwi and Māori organisations, businesses, community organisations, and many others. There are broad questions to be answered about how central and local government funding might most effectively be used within that system to maximise overall prosperity and wellbeing. Other reviews have advocated for local communities to be resourced and supported to design and develop their own initiatives, especially for disadvantaged communities where current programmes and services are not achieving significant impact.

Our decision-making principles

The following principles will guide our responses to these priority questions and engagement.

How we will approach our work

We will seek to:

‣ Be bold, looking beyond traditional responses and instead address the systemic or root causes of issues with local governance.

‣ Build open, honest and respectful relationships.

‣ Base recommendations on high-quality analysis and insights, informed by evidence including the lived experiences of the people we engage with.

‣ Use strengths-based thinking, which acknowledges and builds on inherent strengths and capabilities, and considers appropriate scale and scope relative to these strengths.

‣ Be inclusive, providing for diverse voices to be heard.

Principles to shape the system change

We will pursue ideas that:

‣ Maximise positive impact at a system level.

‣ Draw on the strengths of the existing system of local government and democracy.

‣ Strengthen conditions to enable iwi/Māori and other partners to take action with local government.

‣ Build greater resilience, supporting local government to adapt to future challenges so they can create the conditions in which their communities can thrive.

‣ Are inclusive and equitable, delivering benefits for whole communities, and protecting the interests of future generations.

‣ Draw on Te Ao Māori and mātauranga Māori.

‣ Provide a clear, sustainable and affordable pathway.

Early opportunities

What early opportunities are there to build on existing strengths and address current challenges in a context of reform? During the coming year we will be engaging widely to seek input on New Zealand's future system of local governance.

We expect that to lead to broad recommendations for reform, applying to structures, functions, and many other elements of the system. It is important that this work takes place in a broad and coordinated manner that takes account of the whole local governance system.

Nonetheless, we see opportunities for immediate steps that can benefit the local governance system and local communities while paving the way for future reform. These include opportunities to build capacity and trust among partners in local governance, to strengthen innovation across the local governance system, and to leverage existing local government strengths.

We also see it as important that existing reform programmes take place in a coordinated and aligned manner that take account of potential implications for future local governance reforms.

Resource management reforms

Planned resource management reforms provide for the establishment of new regional governance and decision-making structures for spatial planning and natural and built environment planning. We acknowledge the need for central government to press ahead with resource management reforms, and see potential for significant benefits from spatial planning approaches that bring central government, local government, and iwi together and support collaborative action. However, we caution that any new structures should be transitional, since we believe that local government reform will see new structures recommended.

The transitional arrangements must be designed with appropriate political accountability and funding mechanisms in place for plan-making, approval, legal defence, and implementation and enforcement, a strong role for iwi and hapū in decision-making, along with sufficient space for diverse local community voices and views in decision-making processes.

It will take a number of years and considerable staff and planning resources to prepare a new regional plan that incorporates all existing regional and district plans. This will require technical staff expertise and considerable effort from the political representatives and iwi involved. Capacity is not currently present at either a regional or local level, nor with iwi. Collaboration and partnership will be required to deliver the

plans, and the structures adopted should build on the learnings from the operation of regional land transport committees and the emerging urban growth partnership models.

Until this review is completed and decisions made about future local governance structures, we consider that regional and unitary councils will be best placed to host their regions' Regional Spatial Committees (that includes representatives of territorial authorities, Iwi and central government) and a Natural and Built Environment Committees. To fund the region's share of these processes, there will need to be agreement among the respective parties.

Health reforms

Central government cannot solve some of our key public health issues alone – for example, obesity, mental illness, pandemics, and misuse of substances. Greater coordination and collaboration will be required between central and local government, health providers and consumers, iwi and others.

The planned health sector reforms have a significant local component which provides an early opportunity for greater local government involvement, in order to provide for strong community voice and participation.

The reforms aim to achieve national consistency in health care and public health, while also ensuring that primary and community services are tailored to local needs. Locality networks (including health providers and consumers) and iwi-Māori partnership boards will have input into design and decision-making about local services.

Local authorities currently play significant roles in public health, through activities that support healthy lifestyles (such as recreation and sports facilities, parks and reserves, active transport networks, and land use and place-making functions); mitigate harm (for example, through regulation of alcohol, gambling, food safety, and hazardous substances); support social cohesion (for example, through provision of community facilities and programmes). Some local authorities already partner with central government on programmes to promote active communities.

Local authorities are therefore well placed to support community participation in design of and decision-making about locality networks, and more broadly to work with central government in shaping a public health system that leverages existing local authority contributions and takes account of community aspirations and needs. One option is to establish a joint central-local government steering committee which could have input into the design of public health services and locality networks.

Supporting digital capability and capacity

Independent local authority investment decisions have created an environment of dispersed information and communications technology (ICT) systems, with little or no regard to interoperability or sharing of applications or platforms. This is true of both the back office or enterprise systems as well as any customer-facing applications. We are concerned that the proliferation of systems and the lack of

interoperability is impacting effectiveness and efficiency, and might also be a barrier to future integration opportunities, both data and otherwise. The different timetables of local authority ICT investment mean that combined investment does not occur.

In coming years, local authority ICT systems are likely to require significant investment to support the transition to new three waters and resource management systems, ensure better data security, and meet growing community expectations. This is likely to include a need for significant digitisation of council information. In addition, effective responses to climate change will require councils to capture and share data at levels beyond current capacities. Current systems of data collection, storage, security and retrieval vary widely and in many cases are not fit to manage for future demands. This exposes local authorities, and the whole country, to significant risks and unnecessary costs.

Central government has recognised the benefits of joined-up investment in systems and capabilities for information-sharing, digital identity and security, and to establish stronger evidence bases for decision-making and prioritisation. Opportunities exist to extend this across the wider system to local government. Adopting shared systems approaches at national or sub-national levels could take advantage of scale, increase efficiency, align and strengthen systems, address digital inequities across the country, and meet future needs. Apart from the potential cost benefits, we see gains in effectiveness and in presenting a unified view both to, and for, the citizen.

We note that any system change must be matched by appropriate governance mechanisms and incentives for individual agencies to work collectively.

Future investment in enterprise systems should be made with regard to an accepted standard ICT architecture across local government so that over time there is alignment of systems - ideally a common architecture will enable maximum flexibility across local and central government and enable decisions about function and form to be independent of any ICT system constraints.

Central government is currently facing this issue as part of the health and vocational education reforms - there is an opportunity to learn from and potentially leverage off, any future investment decisions that seek to create a unified ICT environment for these sectors. Few existing local authorities have the funding and leverage to justify significant investment in new systems. Therefore, this should be explored in a partnership funding model between central and local government to find the 'investment sweet-spot' where both effectiveness and efficiency can be balanced. Similarly, there will be lessons to learn from Auckland Council's ICT rationalisation process on what is needed to achieve large scale, complex but vital system change.

In the short term, there should at the very least be an initial stocktake of existing systems and preparation of a roadmap for transition together with an appropriate business case. In addition, there is an opportunity for local government to work with the Government Chief Digital Officer (Department of Internal Affairs) to identify common opportunities and possible co-investment.

Supporting new and collaborative approaches to local wellbeing

Some local authorities are already experimenting with collaborative, community-led approaches to local wellbeing.

Working alongside iwi, community organisations, businesses, and others, they have (among other things) sought to address issues such as housing deprivation, sustainable employment, and supplier diversity, or to develop shared visions for future development. Collaborative approaches of this nature can uncover new, locally-led solutions to complex policy problems, which can then be shared across the local governance system.

Such approaches do not need to wait for major systemic, structural or legislative change. Rather, they can develop now. Effective and innovative leadership is a key ingredient, alongside clarity of vision, sustainable resourcing, and sufficient willingness and incentive to experiment.

We see potential to stimulate locally-led collaboration and innovation of this nature by leveraging a portion of the planned three waters transitional funding. Current criteria would need to be broadened for this purpose.

In addition to the potential for direct benefits and learnings from such projects, there is potential to build community and local governance capability to adapt as new challenges emerge; to build stronger relationships between local government, business, iwi and other partners to support innovation and wellbeing goals; and to develop a culture that enables and encourages innovation – all of which are likely to be important ingredients in an agile system of local governance that can meet the needs of future generations.

Iwi capability and capacity building

Iwi and hapū participation in local government processes, structures and functions is essential, yet current approaches place great strain on their ability to participate effectively at the level required.

There are numerous statutory provisions requiring local government engagement with tangata whenua (including iwi authorities) and Māori. These provisions differ from statute to statute, and operate in isolation from one another, creating engagement processes that are demanding and disjointed, even when for iwi the interconnections are clear.

Planned reforms (including resource management, three waters, and Māori wards) will further increase the roles of iwi and hapū in local authority representation, governance, decision-making and participation, adding to existing demands.

We see a need to address the capacity of iwi and Māori organisations to take part in these engagement processes. This will require dialogue between central government, local government, iwi and Māori, with a view to developing a national framework for capacity building. This framework could map out what would be required for iwi to exercise rangatiratanga in their relationships with local government, and options to enable and appropriately resource this, including capacity and capability building.

Issues to consider would include where a larger role for iwi might be desirable and how this can be supported, and where the right interface might be with central and local government.

Māori wards

At the 2022 local elections there will be a significant influx of councillors representing Māori wards. To ensure they are supported and can maximise their contributions, several steps would be helpful, both within councils and across the local government system.

At a council level, further training is needed to lift the cultural competence and knowledge of elected members and staff well beyond current levels, and to support a culturally safe, respectful and effective working environment for new elected members. A national support network could help to ensure that new councillors can share experiences and are effectively supported by their peers. National support may be needed so local authorities can build the competence and knowledge they need to work effectively with hapū, iwi and Māori organisations.

At present there is no single organisation with responsibility for providing that national support, or more broadly for overseeing local authorities' relationships with iwi and Māori or building bridges between local government and Māori.

While relationships will necessarily differ from place to place, we see potential for benefit from national support. Possible options include Te Maruata (the Māori Committee of Local Government NZ), Te Arawhiti – The Office for Crown-Māori Relations, or another provider.

Local government impact statements

A common view among local authorities is that central government regularly imposes costs or obligations on communities without adequate consideration of the impacts. More broadly, we have heard that the local-central relationships are characterised by mutual misunderstanding.

As one element of a more collaborative and trusting working relationship, central and local government could build on existing regulatory impact statements, by jointly developing local government impact statements that assess the impacts of government decisions on local authorities.

Joint development of these statements could:

▶   increase transparency about the impacts of new regulatory requirements, and about cumulative impacts;

▶   build trust and mutual understanding between central and local decision-makers;

▶   create potential for dialogue about how local government might contribute to solutions, and about innovative approaches that could achieve desired outcomes without imposing unfunded cost burdens on local authorities.

As part of our broader work programme, we will be considering how trust can be built between local and central government, and how the two sectors can work together more effectively and with greater alignment of purpose.

Our approach to engagement

We'll be actively seeking a diverse range of views as we develop our recommendations for the future of local governance and democracy. In the coming months we will be engaging widely about the future of local governance and democracy. We want to understand the issues, and hear a diverse range of perspectives that stretch our thinking about what is possible.

We want to hear about people's hopes for the future of their communities and how their local places can be enhanced to improve their wellbeing, as well as their ideas about how decisions should be made, how they can participate more easily in local democracy, and how local services are delivered.

We will be engaging with iwi and Māori, community leaders and groups, business people, young people and a wide range of other diverse communities in our cities, towns and rural areas, as well as those who are already part of the local government system.

Local governance and democracy affects everyone, so it's important to us that everyone can have a say.

Alongside our research and policy work, the voices and experiences we hear will inform us as we develop options and recommendations for our draft report to the Minister of Local Government in 2022.

Our commitment

We want to hear from a diverse range of voices. We will be open to what we hear. We're ready to be challenged and to engage in hard conversations.

We'll use innovative approaches to ensure that our engagement processes are accessible, actively seek out new or less frequently heard voices, and do not impose undue pressure on diverse communities, including iwi and Māori.

Our engagement programme

Our engagement programme will include online and in-person workshops and wānanga, webinars, online surveys and crowd sourcing opportunities, stakeholder conversations, and local government meetings, so that we encourage widespread participation.

▸ September 2021 to April 2022 will be a time for broad exploratory kōrero about our priority questions through wānanga, workshops and online, with a range of groups and communities.

▸ In early 2022 we'll release an online tool to help people share ideas and views.

▸ In March/April 2022 we will also connect with local authorities to share our thoughts and get feedback on key ideas and opportunities.

▸ From April to August 2022 we will be focused on testing and refining key ideas and approaches for the future for local governance and democracy.

Our programme will evolve over the year. We'll need to be flexible and try to use digital channels, work with existing networks and draw on the innovative engagement approaches of others, as we manage the challenges of changing Covid-19 Alert Levels.

After this initial phase of engagement we will be preparing a draft report for the Minister of Local Government, containing options and recommendations. The draft report is currently due by 30 September 2022. We will then undertake formal consultation and receive submissions before completing our final report to the Minister in April 2023.

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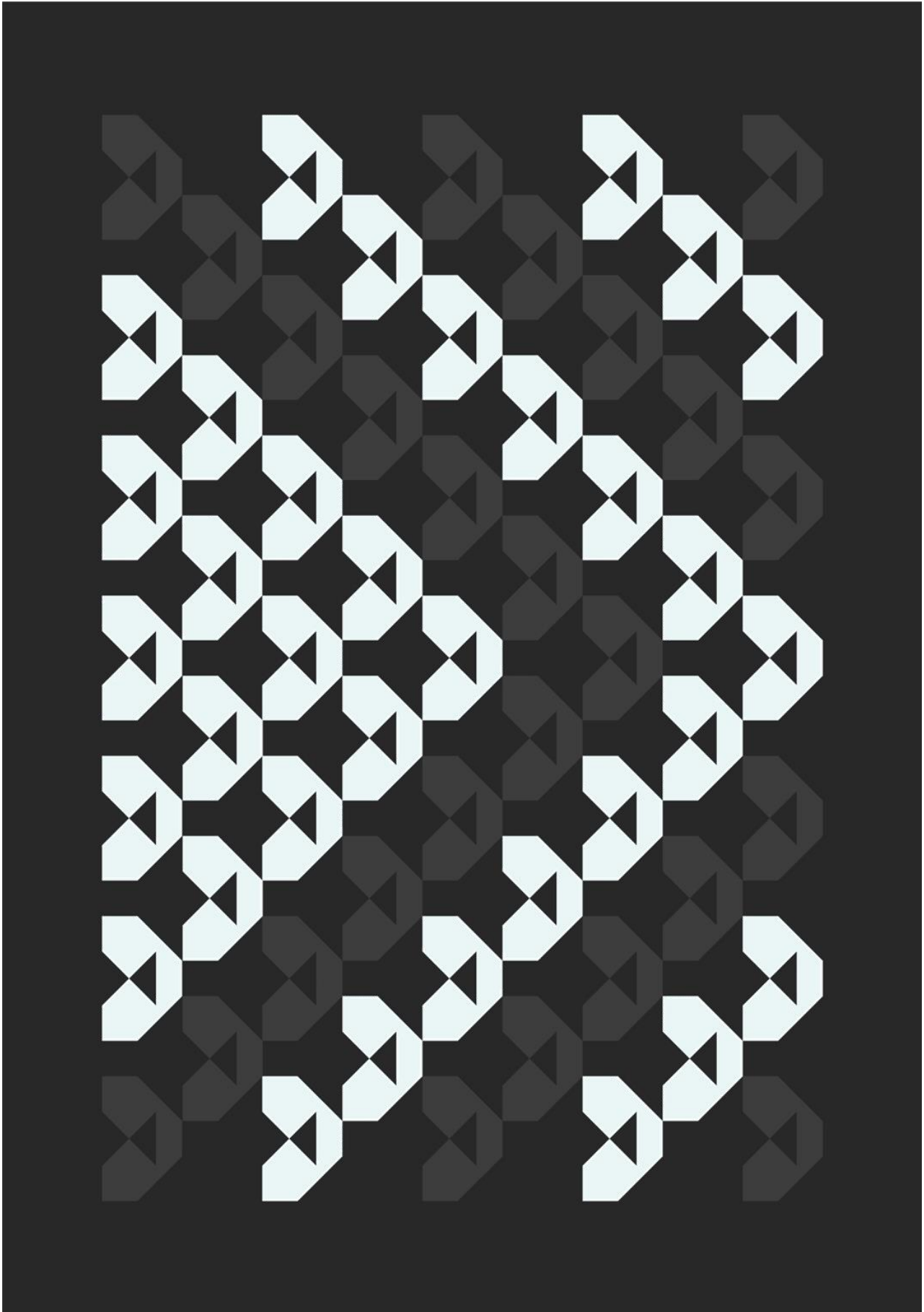
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Report

Date	:	12 October 2021
To	:	Chairperson and Committee Members Audit and Risk Committee
From	:	Sarah Walshe Senior Financial Accountant
Subject	:	**2020/2021 Annual Report Audit Timeline**
Item No	:	**6.3**

1. Recommendation

1.1 *That the report from the Senior Financial Accountant dated 11 October 2021 concerning the 2020/2021 Annual Report Audit Timeline (as circulated) be received, and*

1.2 *That the Audit and Risk Committee note the timeline for completing the audit places challenges in completing this process prior to the end of the year when Council closes, and given these circumstances supports management's recommendation to adopt the 2020/2021 Annual Report at the first Council meeting in January 2022 to enable the necessary work to be undertaken and accepts this intention falls outside the statutory timeframe.*

2. Reason for the Report

2.1 To provide the Audit and Risk Committee with an update on the 2020/2021 Annual Report and Audit Timeline and the impact of this on statutory reporting requirements.

3. Annual Report Update

3.1 The 2020/2021 Annual Report is progressing well, despite the interruption that lockdowns posed on the team, staff are hoping to be in a position of having a completed Annual Report ready for the auditors in the next week.

4. Audit Timeline

4.1 Council's year end audit is scheduled to begin on the 15th November 2021, starting with 3 weeks onsite.

4.2 This will be followed by a review process offsite with Council looking to receive misstatements schedule from Audit NZ by 10th December. In general, a further week is required for management to review and update the Annual Report for these misstatements.

4.3 Audit NZ reviews these and provides clearance approximately by 17th December.

5. Summary Annual Report

5.1 The Summary Annual Report must be prepared, audited and made publicly available within 30 days of adopting the Annual Report. Historically this is completed once the Annual Report has received clearance from Audit NZ as Council restates information in this document for the Summary.

5.2 Based with the timeline above, this would coincide with the Christmas shutdown, leaving just 10 business days to complete. Staff also have extended leave booked already for this period to reduce high outstanding leave balances.

6. Timeline Option Analysis

6.1 With the proposed timeline, and the possibility that things might not go to plan, management is recommending to Council that it to adopt the Annual Report, and the Annual Report Summary at the first Council meeting in January, this would mean Council would not be adopting the Annual Report by the 31 December 2021 statutory deadline.

6.2 Consequences of not adopting the Annual Report by the statutory deadline would be the inclusion of disclosure in the Annual Report stating that Council did not meet the statutory deadline.

6.3 Council would also be named in the Officer of the Auditor-General (OAG) report to cabinet that Council failed to meet the statutory deadline.

6.4 There is no impact on the opinion that Audit NZ will be providing Council for the Annual Report.

6.5 To meet the statutory deadlines, would require an extraordinary in the week of Christmas and potentially requiring staff to work through the Christmas shutdown period to finalise the publications. These dates would still be dependent upon a smooth audit and Audit NZ completing their work within the proposed scheduled received to date. This option is not favoured by management, recognising the need for elected members and staff to take leave after an extended busy period.

Attachments

Nil.