



21 April 2023

John Luke

Official Information request made via the FYI website  
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Tēnā koe Mr Luke,

**Official Information Act request OIA 2223-0659 LUKE**

On 22 March 2023, your Official Information Act request was received by Te Tari Taiwhenua Department of Internal Affairs (the Department) and Te Arotake i te Anamata mō Ngā Kaunihera Review into the Future for Local Government (the Review).

Your request asked for the minutes taken from the Review's business reference group since its establishment.

There have been five meetings between the Panel of the Review and the business reference group since the establishment of the Review in April 2021.

The free and frank discussions held in the meetings have been recorded as notes taken by secretariat members present. The meeting notes have been appended in pages 2 to 13.

To protect the privacy of group members, information presented in the following documents has been redacted of any identifiable information.

Ngā mihi,

Martyn Pinckard  
Executive Director  
Review into the Future for Local Government



## Review into the Future for Local Government Business Reference Group meeting notes

Date: 17 August 2021

Location: Treehouse, Botanic Gardens,  
Wellington

### Discussion

#### The group shared some current perceptions of local government:

- Some say there has been a decline in respect for councils and an increase in frustration with them.
- The churn in staff including CEOs means that there is no Rangatira-to-Rangatira connection anymore.
- The group shared that the quality of talent councils can attract is decreasing. There are also entrenched people that have been at councils a long time.
- The three-year election cycle is a problem for local government (and might be a bigger problem for local government compared to central government)
- The group believed that councils are not always representative of the community, and they make decisions based on what is best for their voter base
- The structure of local government is wrong to attract the right people
- Being an elected member is not an attractive option for a businessperson, it is not paid enough, and the public scrutiny is unattractive
- If being an elected member was true commercial governance, so could still have an outside job, it would attract more people
- Councils should stick to their core activities. There was a feeling that councils are not adding value to these core activities
- Councils don't understand the role they have to provide an environment for business to grow
- There is a lot that councils do well that people take for granted – pools, libraries, parks – but the focus from the public is what they are not doing well
- Councils are playing catch up with the market – they cannot supply the infrastructure required when it is needed by the market
- Councils often don't accept innovation because they can't keep up and are risk averse.

#### What business would like to see in local government:

- Consistency of decision making within councils and between councils
- Local government as a conductor rather than the wellbeing supplier. Central government is the supplier of wellbeing and is turning local government into a delivery agency
- A stronger voice for the business community. Often business is just one of many voices and not given the prominence it deserves, especially given the rates they pay.
- Local government delivering the core services to a higher standard.
- Local clubs and churches used to be the social fabric keeping people together – there is a strong opportunity for others to take that role.



- Defined core function of local government. If councils want to do activities outside this, who should they partner with?
- Waste services can't be delivered the same way with climate change challenges.
- The Auckland amalgamation has worked. It is great for business not to have to deal with 8 councils – although Auckland Council is still not delivering in time.
- The world is speeding up. Local government needs to be able to change more quickly
- There should be a limit on elected member terms – 10 years maximum
- There was a discussion about whether it was better to take functions off local government or try and make local government more competent
- Council performance should be measured and benchmarked.
- There should be the same methodology throughout the councils for setting rates
- The transition for businesses (for example removing gas cooking in restaurants) could be locally lead. 90% of businesses are SMEs
- Local government as a service would be good if it could rapidly digitise. For example, access to Auckland libraries is great.

**Other comments:**

- Currently CCOs don't have control of their balance sheets. This holds them back.
- Is there enough talent to govern the number of councils we have now?
- Iwi don't have enough capacity to engage in all that is expected of them
- People don't understand how the rating system works. This is why they complain
- Development contributions are too high and leading to higher house prices
- Business is worrying about who will pick up the bill for climate change. This is creating uncertainty
- Procurement has become an industry. Small businesses find it too hard to supply to councils.



## Review into the Future for Local Government Business Reference Group meeting notes

Date: 10 November 2021

Location: Zoom

### Discussion

#### Outline of the next phase of the Review, from interim report to draft report

- The Group provided feedback on the interim report.
- They thought that it provided good context setting and appreciated the work that had gone into it, including reflected comments of the Group.
- There was comment that the early opportunities were more tactical than they would have liked.
- They also asked that words such as community and wellbeing are defined.
- Noted that local government doesn't understand the importance of business in creating communities.
- They felt that resilience was not emphasised enough in the report. Both business and local government need to be resilient and agile. Although not too agile as there is benefit in certainty of local government decisions.

#### Group discussion: what will business look like in 2050?

- What business looks like will be led by what society looks like. This includes where people work, how they work, where they live, the changing nature of families, religious beliefs and values, diversity and inclusion and the way in which we connect and build relationships.
- Societal changes will mean that frameworks and regulation will need to change. Tax, social support, and employment relations will all need to change. As will collaboration between businesses. These changes were not identified in the interim report.
- Our definition of community will change. Questioned whether the local community will be in competition with the online community. The local community needs a value proposition.
- The changes could also lead to rebranding, such as the head office becoming the cultural centre, but they could also drive inequity (e.g., those who have a home office compared to those who are living in multi-generational homes with many family members.)
- Markets will also influence business in 2050. Different markets require a different approach (e.g., China compared to the local market)
- Climate change was identified as a big issue. People don't understand the changes required. This will need both a carrot and stick approach from government who will need to make dramatic decisions. Increasingly, businesses will not have license to operate if not dealing with climate change. It might result in a back to the future approach where local is more important than global firms.
- The Panel asked: how much disruption is business up for? The Group thought that business was not up for as much disruption as was needed to deal with climate change. To help business we need to take them on a journey and break the change up into manageable chunks, especially as climate change is not the only disruption that business is facing and that most businesses are SMEs without resources to easily deal with large scale changes. The point was made that it is not just business that is not up for change – this is also true of regulators who need to be braver and tougher and give education and incentives.



- The Group said that climate change is always talked about as a threat. It needs to be repositioned as an opportunity. Business can't lead this conversation as its too busy and distracted but would love to be involved.
- An observation was that previously business leaders used to be more involved in the community (for example as church leaders). Now they are more likely to be solely focused on business. This is also true of local government leaders who often see this as a career.

**What shifts are needed in local government to support business?**

- Local government to use a “what will make business prosper?” lens on decisions.
- An improvement in the central/local government relationship.
- A long-term view of the future (and even better if this was shared between central and local government)
- Better advice from council officers to elected members (there was a feeling that officers are reluctant to provide advice to elected members)
- A system that guaranteed good governors instead of our current “cross our fingers and hope”
- Change the system so it allows more self-compliance and regulation
- Change the fixed mindset of council staff.
- Better clarity of who is responsible for what.
- Rules need to be set that are fair and they need to be consistently applied.
- Introduce a standardised template to show what has been considered.

**Other comments:**

- It was suggested that we should engage with MBEs small business advisory and the Future of Work forum



## Review into the Future for Local Government Business Reference Group meeting notes

Date: 25 February 2022

Location: Zoom

### Discussion

#### Introduction and re-cap from last meeting

- Progress update, including the Panel's "key shifts".
- Summary of previous meeting:
  - Conversation about business in the future and about how business needs to adapt
  - Need strong leadership
  - Number of shifts need to be made to prosper
  - Need for long term capability and capacity of local government
  - Greater flexibility needed in local government to meet needs and challenges
  - How we could have a broader engagement with business – perhaps in Auckland, Wellington and Christchurch
- Jim ran through 'why local government' and '5 key shifts' presentation.

#### Further engagement with business community

- Engaging with businesses now – not as balanced as usual due to current circumstances.
- In general, you'll find businesses know they are impacted by local government. Right now, the observation of the capacity and capability of the business community is elsewhere so timing is of the essence with these sorts of engagements.
- Those that can be involved tend to be bigger companies due to more resource. New Zealand is made up of lots of small companies.

#### "Why local government?" presentation

- No concern and were happy to see it.
- When they think about it, they think about the leadership roles for the future. Not just what we are doing now but what it means for enabling people to do things in the future.
- Would like to see 'supports thriving people and communities' include businesses. Don't overlook the role businesses play in the community.
- Role business has in enabling all the points in the diagram. Supports that businesses should be reflected in community.
- Businesses need to demand more of local government and local government needs to demand more of businesses.
- Businesspeople tend to specialise in business now and a lot of political people are professional politicians. So, you don't see the integration you use to.
- Concern about the how and not the why.
- Uphold values and protect rights – unsure about 'uphold values' – it can be difficult because whose values? Feeds into strengthening local democracy. Difficult and challenging compromise you are asking local government to solve.
- **Demographic changes, e.g. Millennials – get married later, don't go to church, don't join clubs, put their enjoyment into their employment. Do others see this trend?**



- Local government can't be all things to everyone. Interested in how a small local body is going to have the capacity and capability to meet the needs and aspirations of all stakeholders. If you create those aspirations at a high level. If you put too much on representatives and staff – can be exciting but overwhelming.
- Depends on how much you see local government as the doer or the connect/enabler of doing things. It is a big job if we assume local government must do it all. Need to look at business/initiatives and how they can lend support rather than trying to do it all themselves. Integrated leadership.
- What are the things that we really need to have a line of sight on and peel away the rest of the things? Example case study to share with Panel
- Standard stuff in a relationship i.e. heard/validated but also more thinking about business/government. But there are other needs from central and local government to enable business success:
  - Easy transactions
  - Foundations to be able to plan and operationalise

**Key shift: strengthened local democracy**

- Thoughts from a business perspective on strengthened local democracy:
  - Input - Need to think of good ways to hear business perspectives. Time poor and attitude of “you do your job and I’ll do mine” will be a challenge when hearing from business community.
  - Decision making - Can't have “for the people by the people” decisions made by people that haven't run businesses etc.
- Admirable approach but about the how – how will you achieve these things? Will be a significant challenge.
- Finding a way to engage with business – frustration of businesses is they are innovative, but it is difficult for councils to keep up with that. Councils don't have resource or skills to deal with innovation.
- Attracting the right businesspeople around the table – would really struggle to get that given the current structure of the way local government is set up. People currently sitting around the council table. Is there appetite to change that? Not necessarily changing that aspect but looking at how you partner with the right people to get that sort of input.
- Many resource consent applications are heard by independent commissioners which are heard by council.
- Differential rates – how do you factor that into thinking about strengthened local democracy bringing in a business voice? What are they getting for those rates beyond commercial activities that benefit the commercial sector? If they aren't getting those things, they are undermining strengthened local democracy. Don't feel like they are getting the benefits undermining the relationship with local government.
  - Example of Wellington.
- If a targeted or differential rate is paid but end up in a situation with roadworks outside your business impacting business. Undermined again.



- More regulatory responsibility being passed to business. More rules to meet. If you are going to consider the impact of those rules what needs to be removed.
  - NZ scores highly on business index. Often focuses on starting a business but running a business is different.
  - Example of different Easter trading laws centrally vs. locally.

#### **Key shift – Stronger focus on wellbeing**

- Putting it as more of a fundamental shift is great. When it comes to funding and equity it is interlinked. The funding shift needs to happen to enable the wellbeing shift.
- Looking from indigenous perspective – always been people, planet etc.
- Businesses already being asked by central government to help support wellbeing. Already taking care of communities and contributing to community prosperity.
- Challenge we face – talking about wellbeing we speak about it as if it is divorced from the things we need for wellbeing i.e. housing, water etc. Problem is these things haven't been delivered well. If you do these things well, you will have prosperous communities. Then look at what else you need to do to improve wellbeing.
- Balance between local and central government.
- Provision of infrastructure – underfunded and increase inequity. Need to respond properly to those with greater needs. Need resources to respond properly. Don't over think the importance of doing these things well and the other benefits it has on environment etc.
- Are we asking local government to double workload? Since they do infrastructure now but asking them to take on wellbeing as well. Why would councils be best placed to deliver wellbeing outcomes?
  - Infrastructure will be delivered in different ways i.e. 3 Waters.
- Opportunity for local government to work closely with businesses to deliver wellbeing outcomes both socially and economically.
  - Concern around business resource. Look at how we can take local government to sort this issue.
  - Social procurement models.
  - Provide social outcomes i.e. employing people in building new infrastructure.
  - Local government and businesses often worried about the same things.
- Won't be asking local government as it is now to deliver these shifts. Will look at it as changing it to enable it to deliver the shifts.

#### **Key shift - Authentic relationship with hapū/iwi/Māori**

- It is a complex eco system. Do iwi and hapū want a partnership? Ranges from transactional to wanting to go on the journey together.
- How do you deal with racism that still sits on council table? Been acknowledged but need to create safe environments i.e. Māori wards.



**Key shift – Genuine partnership between central government and local government**

- Like the idea of a genuine partnership so the local voice can be at the table in central decisions. From a business perspective if you know the region you operate in is represented well and the local needs are considered that is helpful for the business community.
- How do you change the dynamic between central and local government? Changing the nature and dynamic of the relationship but what incentives are needed to make it happen? Incentives may be different in different areas. Need examples of where this has been done well.
- Business community plays leverage role in the relationship.
- Examples of joint ventures between local government, central government and businesses working together. Asking them what works well and what needs to be improved.
  - NZ Super and Classic Homes – subdividing land.
- Examples of local and central government where it hasn't worked so well – like cost sharing arrangements. Learn lessons from what didn't work well and where the tensions were.
- Think the time is right for the sharing of risk between central and local government.

**Key shift – More equitable funding**

- Inequity having grown in recent years people feel less is feeding more.
- People up for conversation if there is genuine discussion. Taxpayers are up for conversation.
- Interested in the tension – when we were looking at the local government funding and financing act. The DIA officials that were working on it talked about whether it was a lack of funding or a lack of appetite to take on debt to fund some of these projects.
- Capability issues with making decisions. Need to work councillors through how to make those decisions and take advantages of the opportunities available to them.



## Review into the Future for Local Government Business Reference Group meeting notes

Date: 31 May 2022

Location: Zoom

### Discussion

#### Opening discussion:

- Question: where do the businesses bits come up? – the role of government within business operations, confidence, unlocking frameworks within which business can flourish. Role Business can play
- Discussion around how to respond to the tension of “get out of the way”?

#### Democracy key shift

- This plays into good business and driving greater connection to the community, business is pivoting and changing as community as changing.
- Question: Where does business and local government need to intersect in a better way?
  - Major issue is consenting – business doesn’t have any choice but to adapt, Local Government however does not have the same burning platform.
  - One of the things LG can do is to understand the motivators/demotivators of business (the way business operates, and the collective impact business is facing) – LG does not look at the whole gambit impacting business not the whole.
- Question: What is that about, is it being too bureaucratic, not living in world of reality?
  - A lack of understanding by some people making decisions and behaviour of how councils operate – this is not an easy transition. Example way Selwyn operates - integrated with their community, able to be more agile. They are a slightly newer council. How do we take lessons and learnings from those councils (and the people operating in those areas) that are enablers of business?
  - Culture and leadership in Council and knowing what you can and can’t do within a council to support business. Requires a multidiscipline approach and willing to draw together all the arms of the council. Shift from saying what you can’t do, to what you can do, and have alignment between various parts of the council.
- Question: How do we consider the tension of bigger council (economies of scale) v smaller council that is more enabling and agile for the community?
  - If focus on outcomes then size doesn’t matter. But being small is not all the answer, a lot is on the mindset and outcomes. There are some things that could be done as shared services/centralised.
  - Need the entrepreneurial public servant to be part of the story – reliance on external consultants at the moment. Need to mainstream.
  - Frustration within an organisation, so go let’s do a strategy and then do a reorganisation, but what is missed is the bit in the middle which is the operating model, processes, policies and technology.
  - Panel comment - these points are very familiar for central government



**Wellbeing key shift**

- Agree with four wellbeings. How they are defined will be problematic. But appears to be trying to be all things to all people.
- Need a good connection between central and local government to avoid people being a hinderance. Need to be clear who has responsibility for what and not tread on other people’s patches.
- Panel: we have focussed on role of LG as anchor institution as it is geographically placed and is not going anywhere.
- At the moment, where does business have the opportunity to intersect with council to set and advance priorities and who is going to contribute to that? At the moment don’t have a joined-up way for business, iwi, central and local government to come together.
- An example - Hutt City Council has accelerated consents where showing how activity accelerates wider outcomes.
- Sort of stuck on this one at a higher level. Not sure of whether sustainability needs to be called out as a separate shift. Keep coming back to – what is the flip side, what is the role of business in a community in regard to wellbeing?
- There is a range of responses from those who would have role in making great places for our employees to thrive and prosper to simply following rules.
- See three large macro challenges of which sustainability and climate change is one. These are one of the burning platforms for why change is needed. Another challenge is economic wellbeing and thriving. Need to think about the critical conditions needed in place to support this. Need an improved economy for everyone’s benefit.
- When we talk about equity we normally think about social equity, but there is an equity for people for starting business, growing business and surviving tough times.

**Genuine partnership between central government and local government:**

- Big tick for number 3
- Partnership being all the way through from strategy, planning, funding, to execution. This is an important shift.
- Challenge of operating as peers.

**Equitable funding key shift**

- Interested in seeing what could be done on revenue collected centrally and then apportioned.
- Need national consistency of tools, so they operate within a framework. More guidance.
- Challenge of operating somewhere between where you are and where we need to be.

**System key shift**

- Broader data availability – having access to the same information provides platform for better ideas whether at central or local government or by business sector.



**Reports to consider:**

- Well-being of Future Generations (Wales) Act 2015 [Well-being of Future Generations \(Wales\) Act 2015 \(legislation.gov.uk\)](https://legislation.gov.uk/ukpga/2015/7)
- Overview <https://wcva.cymru/influencing/legislation/the-wellbeing-of-future-generations-act/>
- OAG Insights into local government: 2020 <https://oag.parliament.nz/2021/local-govt/docs/local-govt.pdf>

**Review into the Future for Local Government Business Reference Group meeting notes**

**Date:** 9 March 2023

**Location:** Zoom

**Discussion on Key Elements of the Review**

- Local government restructure
  - 3-5 years is a long time – why would it take that long to undertake structural change
  - Local knowledge is important
  - Noted impacts on current structure and potential reluctance to change
- Central and local government relationship
  - Alignment on priorities important
  - Effective Economic Development Agency in Christchurch but mandate creep
  - Core role of LG and EDAs?
  - Provision of service delivery versus the right environmental settings
  - Arm’s length from council but less
  - Respect decisions at a local level
- Economic Development Agencies – prevent partnerships with business associations. Can be catalysts but not the execution arm
- Role of small business, like central government better economy delivery and partner across eco system. Need consistent funding
- Market failure need to fix this – who could provide solution?
- Roles and functions
  - National versus what plays out differently locally (Auckland lockdown and supply chain and logistics issues)
  - Co-investment – if local community part of the solution then are they willing to co-invest?
  - Local government funded, other funding and appropriate skills and capability to deliver
  - Business NZ example
- Funding:
  - Three Waters, central government costs of core infrastructure
  - Growth/tourism with shrinking rate base – should/could do it, if don’t then it is an expensive problem
  - GST component charged on rates returned?



- Climate Change:
  - Climate Change increase cost to community
  - Member comment – multi-layered approach required
    - Individuals need to take some responsibility
    - Crown also
    - Local government enable people to make decisions themselves and ensure there are clear property rights
    - Red zone – chose to occupy land they should bear all costs
    - Land use and managed retreat. They bear the costs

- Rates
  - There have been 16 reviews
  - Local with all tools and legislative support - let them choose how to deploy vis a vis other areas – more decision-making scope
  - Switzerland – income Fed and regional tax rate
  - Local authorities have own decisions – principle issues that CG need to address
  - Cost of services has to be paid by someone.
  - Engineer limited outcomes – enable councils to do that
  - Provincial Growth Fund did catalyse projects in the Far North.

- Wellbeing
  - Housing – delivery by local government. Stick to your knitting and do it really well and community resilience is much stronger. Core – enabling housing
  - Climate change – local community enabled and clear risks then maybe role for central government
  - Reality critical infrastructure no doubt leadership as they live with it. Best placed.
  - Need right level of skills and capability

Comments on final report:

- Be bold, courageous, and aspirational
  - Noting that some things get in the way
- Cyclone Recovery Task Force opportunity to be bold – unique because of cyclone
- Clear about what needs to be achieved. Design principles – LG needs to be fit for purpose, with capability and capacity, allocation of funding, and ambition for good solutions