



WE PRESENT.

Opportunities for a new localism

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Funding: understanding the implications of current and future policy

Dr Mike Reid
Principal Policy Advisor

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Te Kāhui Kaunihera ō Aotearoa.



5 November 2019

We believe that the lack of an automatic growth factor in rating, to take advantage of rising money incomes without raising the taxation rates, is having a detrimental effect on the development of local government

(Report of the Local Authority Finance Committees, June 1973)

What's driving change

➤ Drivers 2019

- Population growth
- Ageing population
- Unfunded mandates
- Post Treaty co-management arrangements
- Community expectations (climate change, water quality)

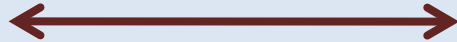
➤ Drivers 2007

- Higher standards for water etc
- Depreciation
- Unfunded mandates
- Weather tight homes
- Climate change
- visitors

The ongoing debate

Role of local government

Government



Service agency

Nature of rates

Tax

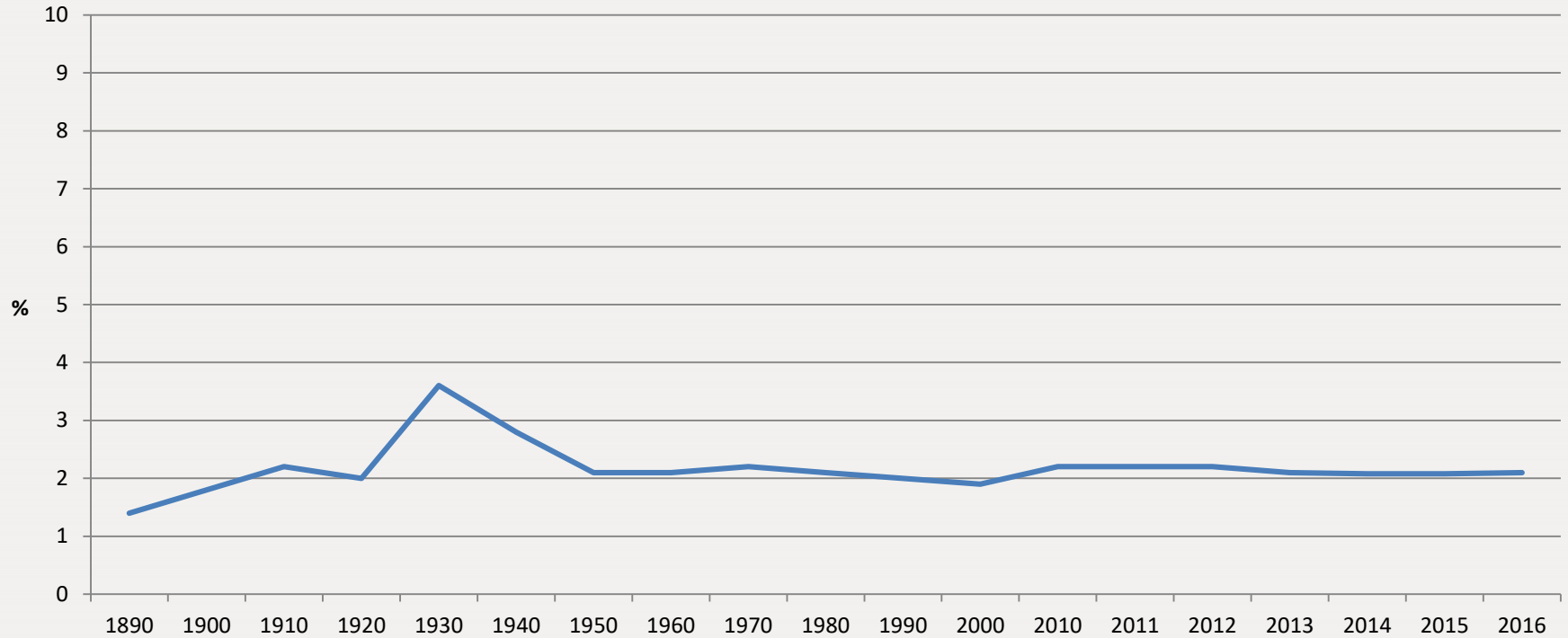


Fee for service

The current agenda

- Productivity Commission report this December
 - Status quo okay but need new tools to address new pressures e.g. growth
- Infrastructure Visitor Levy
 - Dependent on central decision-makers
- Urban development authority
 - More hype than substance?
- Special purpose vehicles (Crown Partners)
 - Great in theory

LG property tax as share of GDP



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The next agenda – well-being?

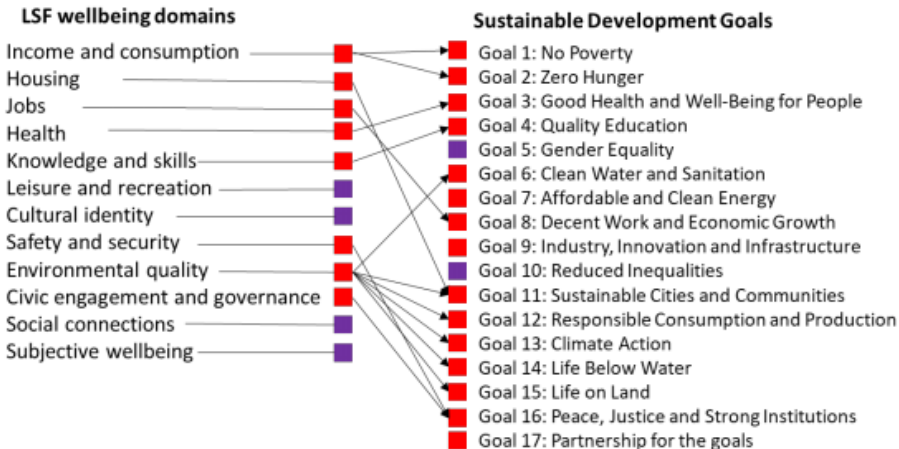
- Treasury's Living Standards Framework
- The well-being budget (2019/20)
- Indicators Aotearoa well-being indicators and measures
- Widespread support for the Sustainable Development Goals.
- New well-being purpose for local government.



Economic
[Economic standard of living](#)
[Knowledge and skills](#)
[Work](#)

Social
[Place-making with Communities](#)
[Governance](#)
[Health & Housing](#)
[Safety](#)
[Subjective wellbeing](#)
[Social connections](#)

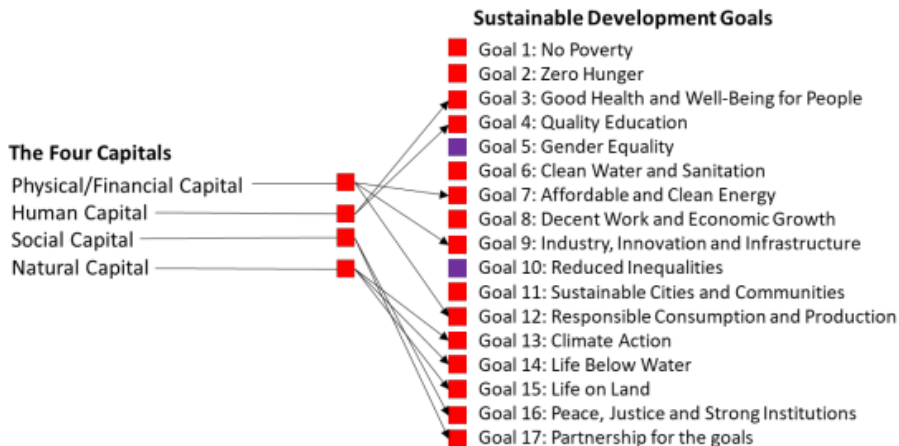
Panel A – LSF wellbeing domains to SDGs



Cultural
[Culture](#)
[Identity](#)
[Cultural identity](#)

Environmental
[Air quality](#)
[Communities resilience](#)
[Climate](#)
[Land](#)
[Ngā pūnaha hauropi](#)
[Waste](#)
[Water and sanitation](#)

Panel B – LSF four capitals to SDGs



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Embedding well-being

“The Government is committed to embed well-being into the heart of its policy making”.

However, “achieving genuine and enduring change requires a public sector and systems geared towards this new way of working (Minister of Finance).”

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Policy Shift



1. From targets to outcomes



2. From top down to bottom up



3. From representation to participation



4. From silos to working together



5. From crisis intervention to prevention



6. From recipients to co-producers



7. From public to third sector

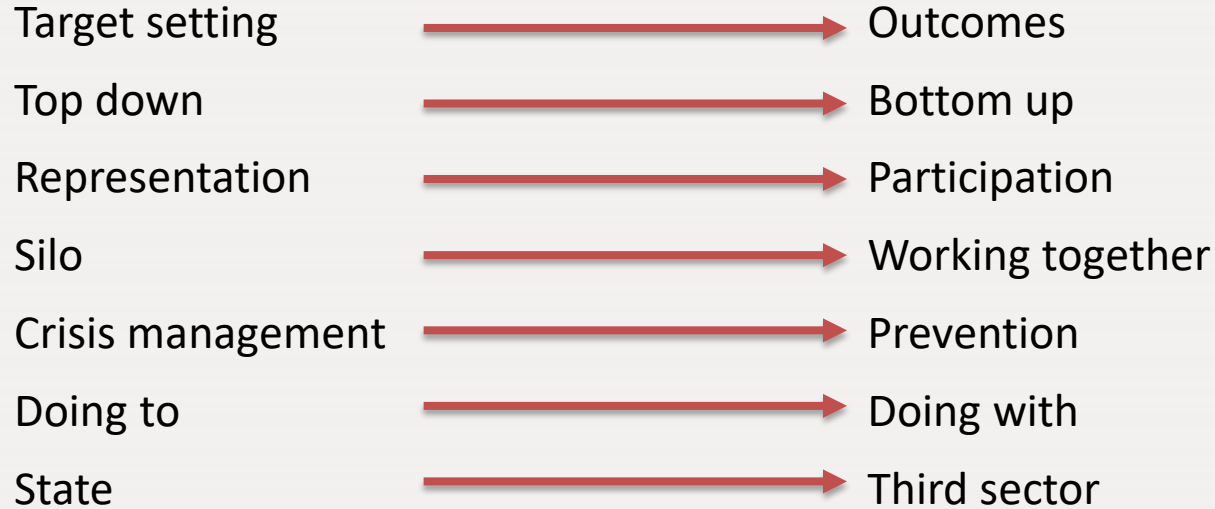
The Government's well-being priorities

- Taking mental health seriously, with emphasis on under 25s;
- Improving child welfare with emphasis on reducing child poverty and family violence;
- Supporting Māori and Pasifika aspirations, especially enhancing skills and opportunities;
- Building a productive nation, with emphasis on innovation in a digital age; and
- Transforming the economy, with emphasis on transforming to a low emissions economy.

A new model for public policy?

	Public administration	New public management	Emerging well-being approach
Aim	Welfare	Welfare	Wellbeing
Measurement	Input focus	Output focus	Outcome focus
Structure	Silo based	Silo based	Horizontal integration (Whole of government)
Management	Command & control	Command & control	Vertical integration (localism)
Service approach	Professional	Managerial	Participative
(Wallace 2019)			

From a welfare to an enabling state



Putting the citizens back in charge

Opportunities for participatory options

- Vertical – policy and plan making
 - Co producing councils plans and policies
 - Use citizens assemblies to identify community outcomes
- Horizontal - spatial
 - Area budgets over seen by community boards & neighbourhood networks

Creating the incentives

- > Political leaders
 - Increase responsiveness to citizen expectations and demands
- > Administration
 - Signals e.g. legislative triggers
 - Focus on structures



This year we introduced the four well-beings -- social, economic, environmental and cultural priorities -- into the fabric of local government.

We will now be working closely with councils and communities to power up the ways they can articulate and realise the things that matter most to them,”

Nanaia Mahuta

Minister of Local Government

August 20 19

The Local Government Act amendment 2018

The purpose of local government is:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.**

The Minister is proposing to:

- Increase local government's involvement in the **design and targeting** of public services provided by central government;
- Place more emphasis on the **ongoing relationship** between councils and communities as the basis for community participation;
- Ensure council plans **prioritise community well-being**.

What does this mean for decision-making?

➤ Well-being restored to:

- The principles (s.14)
- The long term plan
- The definition of community outcomes
- The decision-making process

➤ Prod Com recommends:

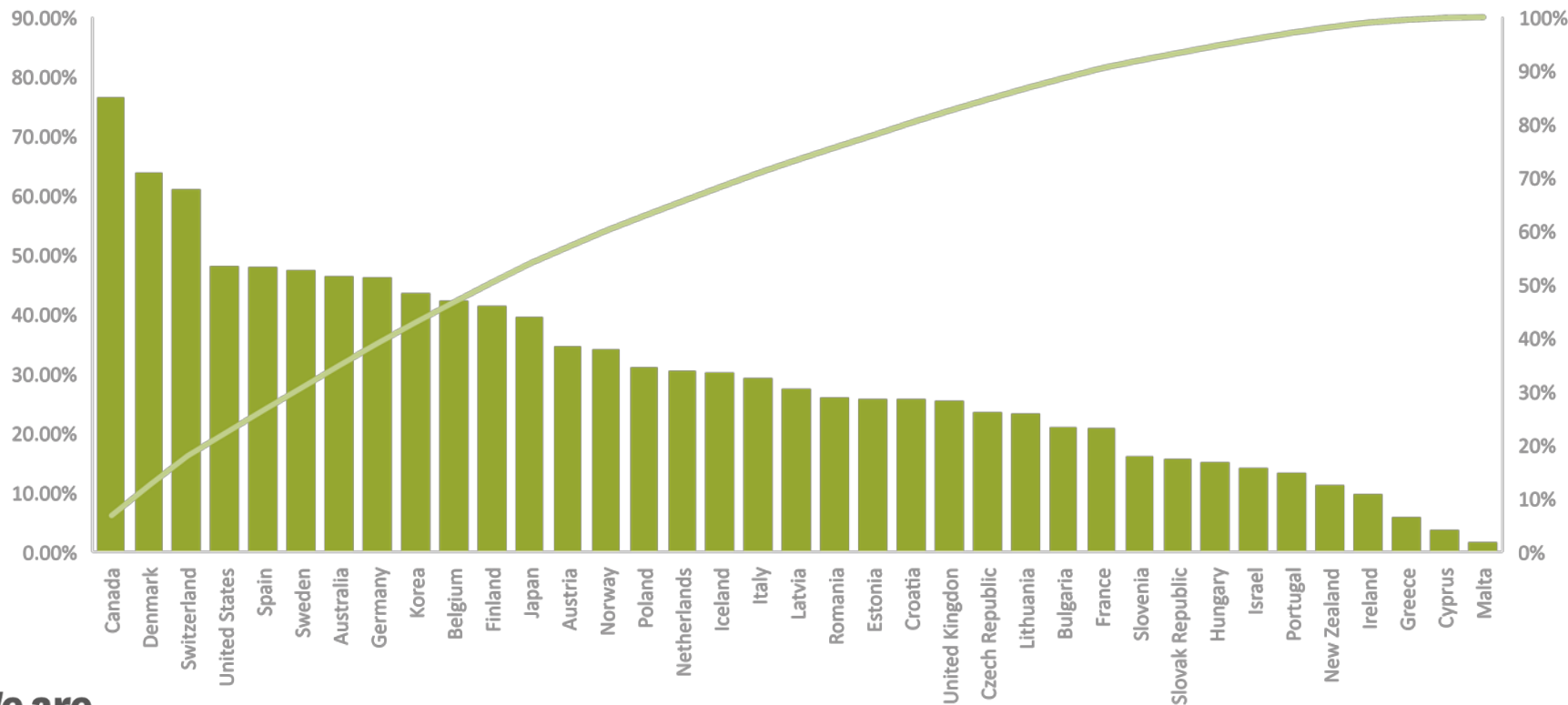
- Need for a clear strategic framework for prioritising and resource allocation
- Spatial planning to improve coordination and integration
- More emphasis on the “benefit” principle

Key questions

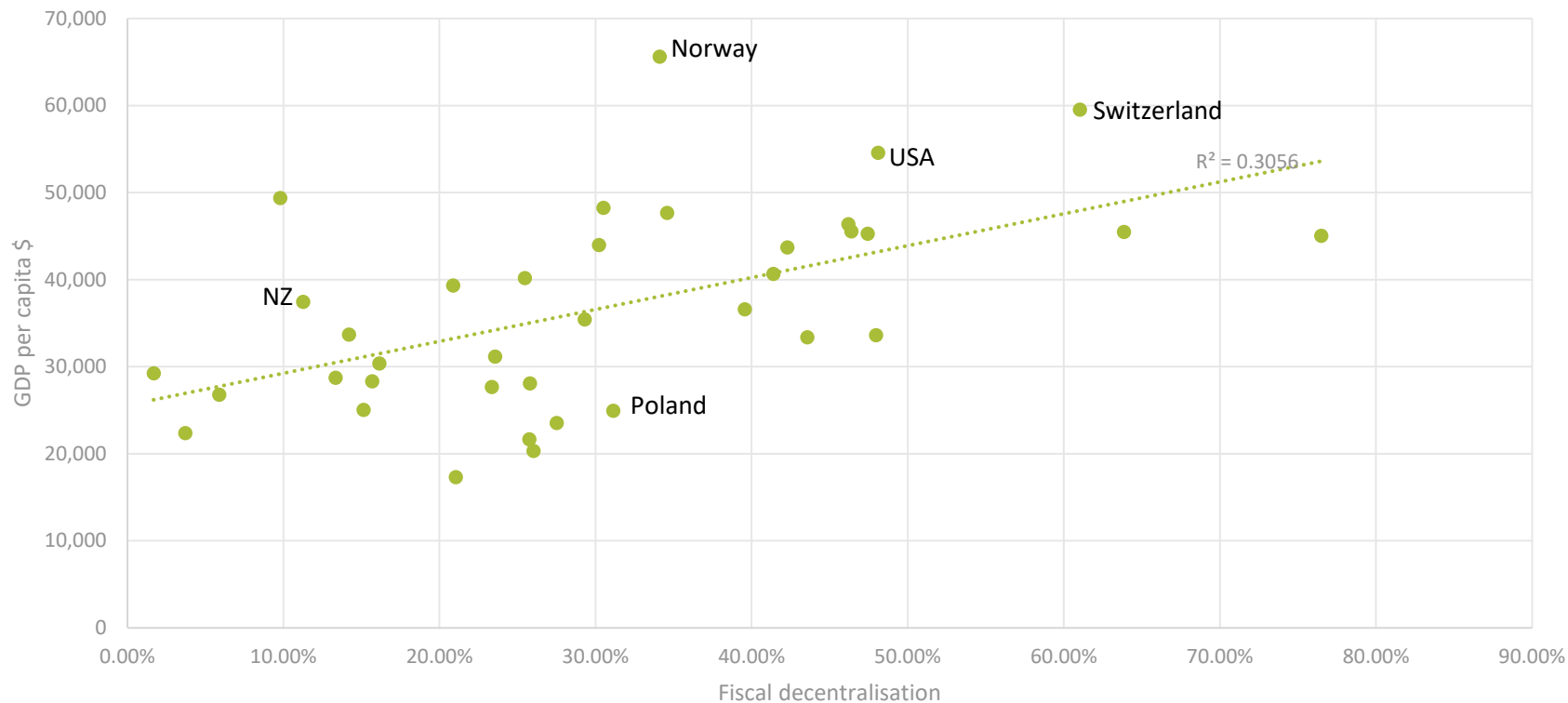
- > How are national well-being priorities translated across New Zealand's communities
- > What is the relationship between national priorities and local priorities
- > What is the opportunity for local and regional conversations about well-being priorities
- > How are well-being priorities actioned in localities and regions.

Changing the paradigm

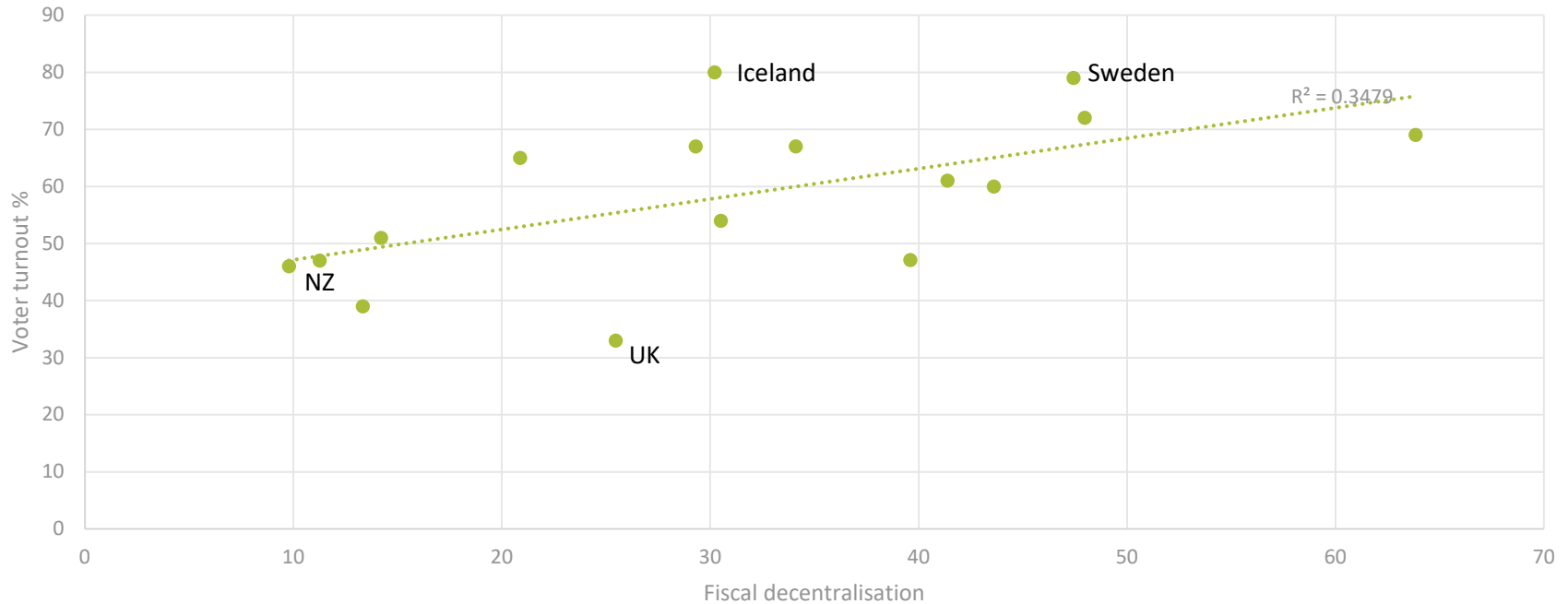
Share of public expenditure by local government



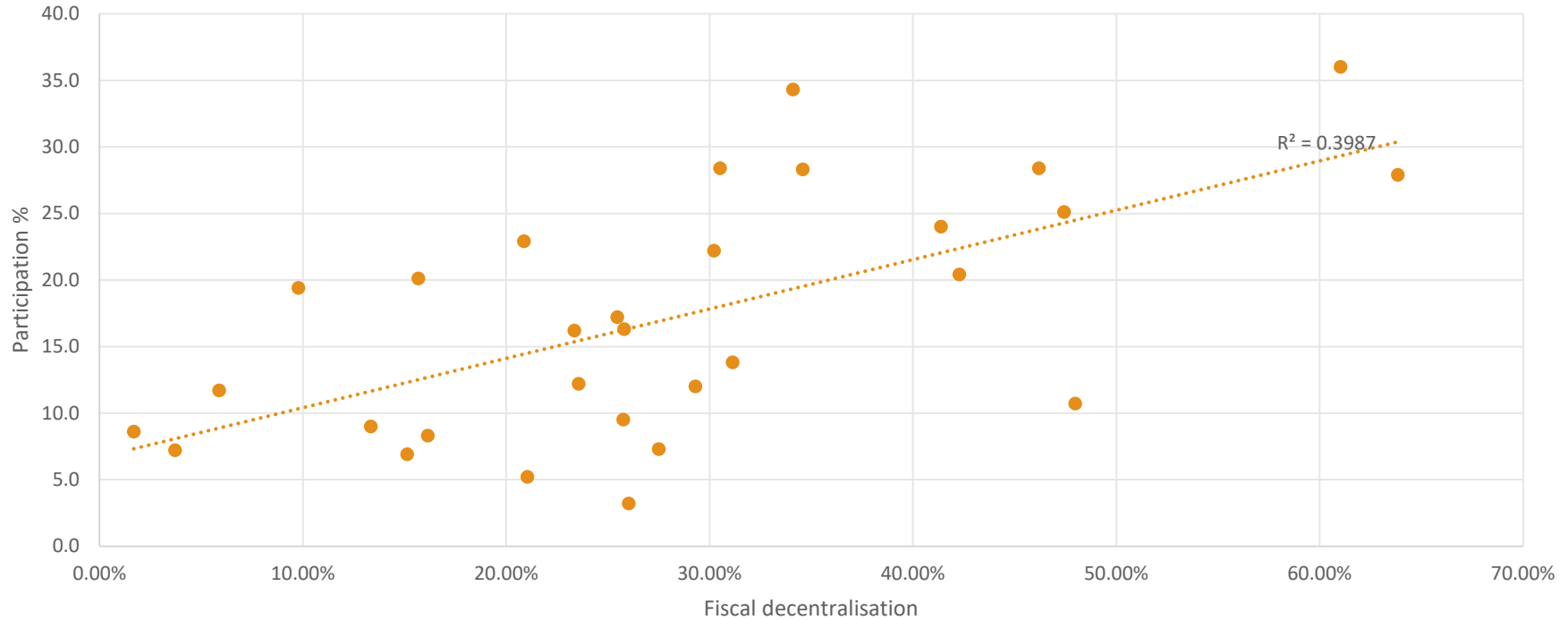
Localism and GDP per capita



Localism & local government turnout



Localism & participation in formal activities (Europe)



Perspectives

Centralists generally believe that national political leaders and administrators know best how to provide security, promote economic growth, and maintain political stability


De-centralists generally believe that the best public policies come from wide participation in public affairs & local knowledge about how best to solve problems and meet the needs of citizens.

Changing the paradigm

We need to “bring power close to ordinary people, partly by vesting more of it in local institutions that citizens can really influence, but also engaging citizens themselves in everything from healthcare to housing”

(Taking Power Back by Simon Parker).



A photograph of a busy public space, likely a harbor or festival area, with many people walking. In the background, there are large metal structures, possibly part of a ship or a large building, and a sign that says "JAW JUICE". A green rounded rectangle is overlaid on the image, containing text.

Public spaces that gather citizens together enables them to “interpret their condition, and cultivate solidarity and civic engagement”

(Michael Sandel).