

Reinvigorating local democracy: Summary

A summary of the discussion paper, July 2019



Introduction

LGNZ is calling for a shift in the way public decisions are made by seeking a commitment to localism. Instead of relying on central government to decide what is good for our communities it is time to empower communities themselves to make such decisions.

This means strengthening local self-government, putting people back in charge of politics and reinvigorating our democracy. We are seeking an active programme of devolution and decentralisation that:

- promotes collaboration between local and central government to address the deep seated issues facing communities;
- creates a legislative framework that allows those councils which wish and have the capability to undertake responsibilities currently undertaken by central government;
- promotes a “place based” approach that brings together councils and government agencies along with iwi/Maori and local organisations to jointly address local issues;
- implements new and innovative mechanisms through which citizens can participate in making decisions about their towns, cities and communities.

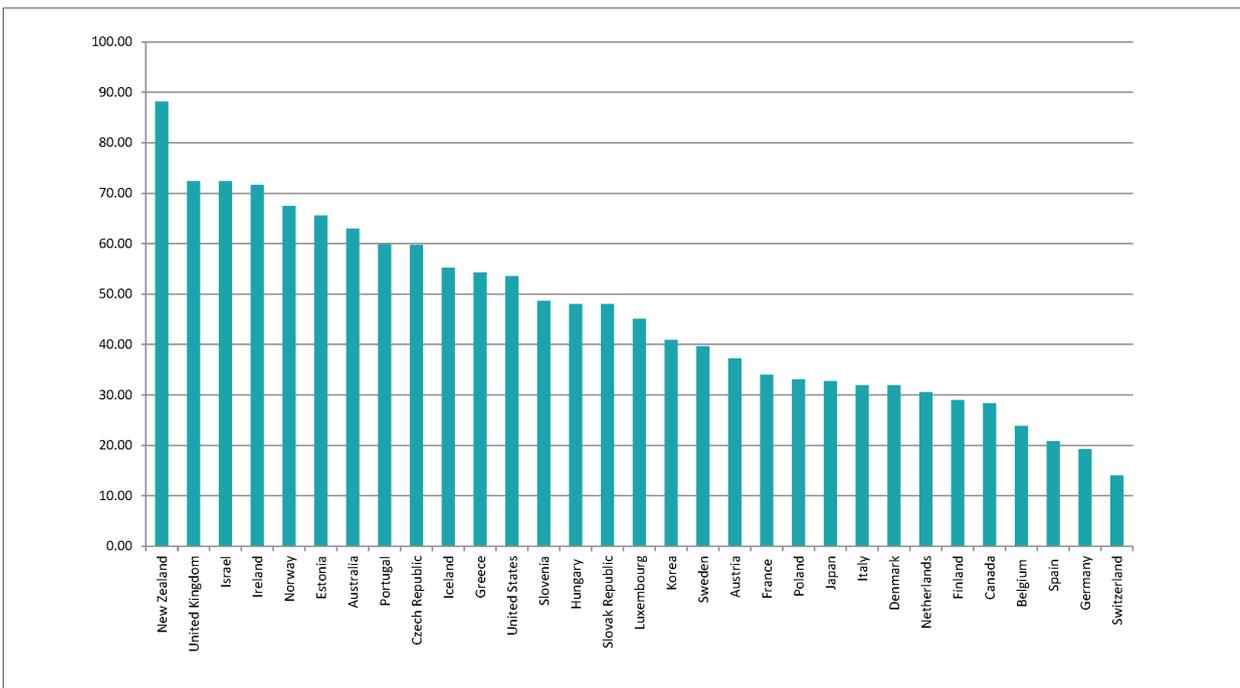
The case for localism

New Zealand is a successful democratic nation that is widely respected for the quality of its governance, its record on human rights and its citizens’ quality of life. Yet we can do better.

Societies that devolve decision-making to local and regional orders of government tend, as a result, to be more successful. This is because decisions on local and regional matters are being made in those localities or regions rather than at the centre, where knowledge about localities is limited, and incentives are not always well aligned with the interests of sub-national communities. As figure 1 highlights, central government in NZ allocates virtually 90 per cent of all public expenditure, in comparison to Switzerland, where the opposite is true.

As the Institute for Public Policy (2014) recently noted, the idea that either a government programme or private contract can solve complex social problems on its own is a false promise. Over reliance on such methods tends to neglect the agency and insights of the people themselves, leaving huge amounts of talent and resources – in all walks of life and in all parts of society – wastefully untapped.

Figure 1: Central government expenditure as a % of total government expenditure



Source: OECD 2016

Our proposals for comment

Ministers already have enough on their plate when faced with the needs of the nation as a whole – it is in nobody’s interest for central government to be micro-managing our towns, cities and regions, yet, as local discretion in some policy areas declines, this is occurring at an increasing rate.

New Zealand’s future social and economic performance needs our towns, cities and regions to thrive. For this to occur we need to harness the disruptive benefits that result from empowering citizens and communities. The key elements of our plan for empowering citizens and communities and improving New Zealand’s social and economic performance are summarised below:

- *Devolution*: decisions about services that benefit local communities should be made at the level of government that is as close to those communities as practicable, and with the active participation of those communities in the decision-making process. This should be a gradual process beginning with the transfer of functions and funding to areas that have both the will and capability to undertake them;
- *A buoyant tax*: councils rely on property taxes to pay for public services like amenities and much of their infrastructure. Recent pressures on some councils, such as population and visitor growth, cannot be addressed through rates alone. A buoyant tax that grows as the economy grows is essential.
- *Improving well-being*: central government’s commitment to inter-generational well-being is welcome but begs the question - how will local well-being should be defined? It needs to be complemented by a localist approach that enables communities to define their own well-being needs and agree priorities, in collaboration with local partners, including iwi/Maori.
- *Deepening democracy*: our localist vision cannot work without the active engagement of citizens and communities. This is vital for two reasons. In the first place citizen participation goes some way to addressing feelings of disempowerment and marginalisation. In the second place localism only works if local governments are responsive to local needs and preferences.
- *An end to cost shifting and unfunded mandates*: cost shifting and unfunded mandates occur where central government requires councils to take on new responsibilities, or adopt new processes, without the necessary funding. Legislation is required to ensure that costs are not shifted on to councils without adequate compensation.

Where to from here?

LGNZ is seeking the views of all New Zealanders on our proposals to empower citizens and communities. Your feedback on the Localism Discussion Document, which can be accessed at www.lgnz.co.nz/localism, will assist us develop a localism manifesto to feed into the lead up to the 2020 parliamentary elections. Copies of submissions will also be available on the localism page.

For more information on LGNZ’s decentralisation and localism project go to www.localism.nz or contact:

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How to make a submission

Please send your comments and feedback by **15 December 2019** to mike.reid@lgnz.co.nz or send to:

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< We are promoting localism because we believe it is not only common sense but is vital for the good government of New Zealand (Dave Cull). >



We are. LGNZ.

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We are.

Ashburton. Gisborne. Kaikōura. Otago. Southland Region. Waimate.
Auckland. Gore. Kaipara. Otorohanga. Stratford. Waipa.
Bay of Plenty. Greater Wellington. Kāpiti Coast. Palmerston North. Taranaki. Wairoa.
Buller. Grey. Kawerau. Porirua. Tararua. Waitaki.
Canterbury. Hamilton. Mackenzie. Queenstown- Lakes. Tasman. Waitomo.
Carterton. Hastings. Manawatu. Rotorua Lakes. Tauranga. Wellington.
Central. Hauraki. Marlborough. Ruapehu. Thames- Coromandel. West Coast.
Hawke's Bay. Hawke's Bay Region. Matamata-Piako. Selwyn. Timaru. Western Bay of Plenty.
Central Otago. Horizons. Napier. Nelson. Upper Hutt. Westland.
Chatham Islands. Horowhenua. New Plymouth. South Taranaki. Waikato District. Whakatāne.
Christchurch. Hurunui. Northland. South Waikato. Waikato Region. Whanganui.
Clutha. Hutt City. Ōpōtiki. South Wairarapa. Waimakariri. Whangarei.
Dunedin. Invercargill. Far North.

LGNZ.