



**Te Tari Taiwhenua**  
**Internal Affairs**

A landscape photograph of a river flowing through a forested area, with mountains in the background. The image is overlaid with a dark blue gradient and a decorative pattern of white and dark blue squares in the upper right corner.

**Briefing to the Incoming Minister of  
Local Government  
Hon Nanaia Mahuta**

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# Introduction | Kōrero Whakataki

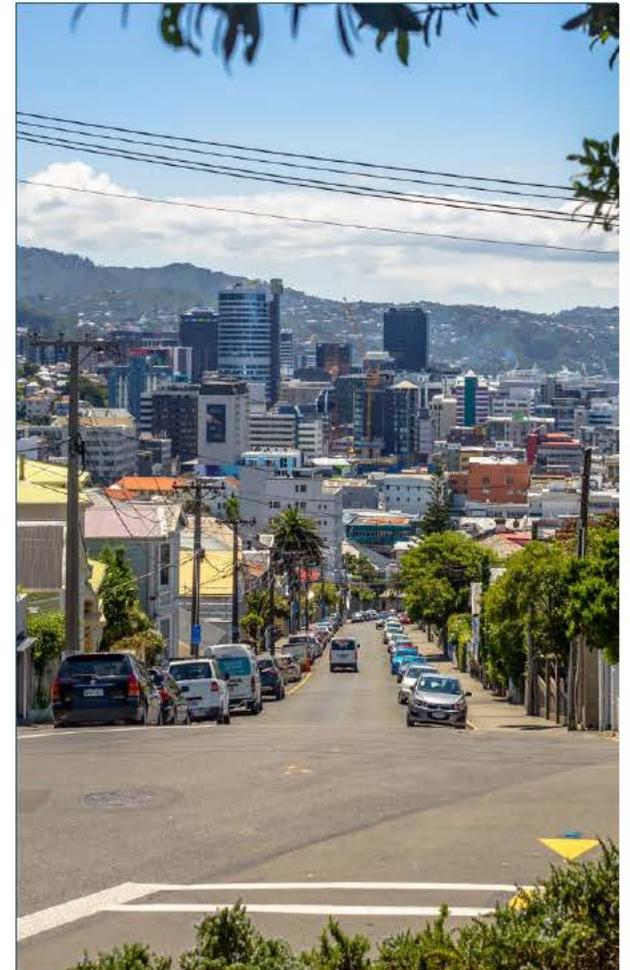
Welcome to the local government portfolio.

As the Minister of Local Government, you are responsible for the local government system. The breadth of issues covered by this portfolio reflects the wide reach and influence that local government has on the everyday lives of New Zealanders, from planning and development, providing infrastructure and community facilities, to climate change, water services and many areas in between.

It is a challenging time for local government, with the sector facing the most significant period of change in thirty years. This includes large scale reforms for the three waters system and resource management, as well as the ongoing COVID-19 response, responding to climate change, and challenges with the existing governance settings in local government. The Department of Internal Affairs (the Department) has an important role in supporting the local government sector to navigate those challenges and capitalise on opportunities.

The Department is the central government lead on the local government system. We partner with local government to achieve the Government's policy objectives for the sector and we collaborate with other central government agencies to ensure the impact of their work on local government is considered. We will work with you to understand how you would like to progress this and will seek your direction on how you wish to engage with the local government sector over the coming term.

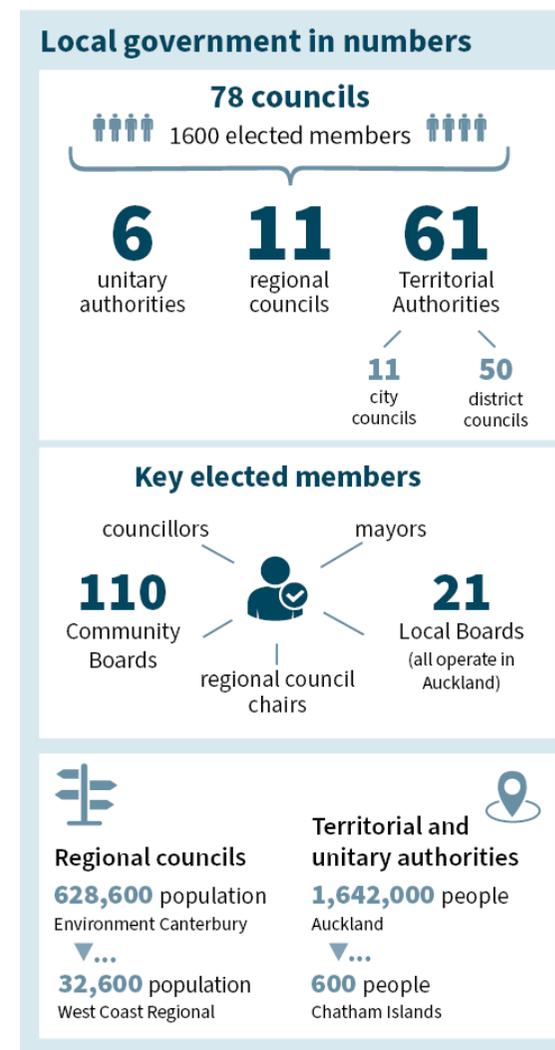
We look forward to working with you to support the delivery of your objectives for local government.



# Part One: Strategic opportunities and challenges | Wāhanga Tuatahi: Ngā whai wāhitanga rautaki me ngā whakapātaritari

## Local government is a busy and dynamic portfolio

1. Local authorities know their communities and are best placed to lead, represent and respond to the needs and interests of those communities. Councils are complex organisations with responsibilities involving roading, housing, facilities and amenities, attractions, infrastructure, planning, emergency management, and local democracy services.
2. The Department has an important role in ensuring the needs of local authorities are reflected in central government policy, and in providing consistent advice and support for the sector as they respond to the many issues they face. This includes working alongside two key sector lead agencies – Local Government New Zealand (LGNZ) and the Society of Local Government Managers (SOLGM).
3. The local government sector is facing a significant period of change, uncertainty, challenge and opportunity. The scale of change that the sector is facing should not be underestimated and it is important to recognise that local government will be under strain to deliver on the proposed reforms to the three waters system and resource management, as well as responding to issues such as COVID-19 and climate change. Identifying linkages and managing complexities across projects is integral to the overall success of the local government portfolio.



4. A local government sector that is well prepared for challenges and change moving in to the future would be a marker of success for the Department as stewards of the local government system. The role and functions of local government are likely to be impacted significantly by the various programmes of work that are underway, particularly the three waters reform. We intend to brief you in the coming weeks on this impact and on the Department's role in navigating this.

### Choices will need to be made on resourcing and prioritisation for the portfolio

5. There is an opportunity to make significant progress on priority areas for the portfolio over the coming term, most notably three waters reform and resource management, but also in strengthening community resilience and making improvements to local elections.
6. Focusing on these large and medium-scale projects, however, will put pressure on the delivery of other work programme items including reform of the Local Government Commission and other governance activities which are central to our role as the stewards of the local government system.
7. We welcome the opportunity to discuss your priorities and the final shape of the work programme for the local government portfolio with you.

### Three waters reform is the most significant project in your portfolio

8. Reforming the system for regulating and delivering drinking water, wastewater, and stormwater services (the 'three waters') is the most significant project in the portfolio. You will lead this cross-portfolio reform programme, which is of considerable interest to the local government sector as providers of the majority of New Zealand's three waters



services. These reforms are likely to have far-reaching implications for the future functions of local government.

9. The three waters reforms involve regulatory and service delivery reform, both of which are essential for addressing a range of issues and opportunities, including infrastructure investment requirements; funding, affordability, capability and capacity challenges; water security; and issues highlighted by the Inquiry into Havelock North Drinking Water.
10. Water security is an increasing issue that needs explicit consideration with climate change bringing greater variability and extremes in our climate. As a result, we are experiencing more flood and drought events, such as the recent droughts in Northland and the Hawke's Bay. Over time climate change will also result in sea level rise, which will exacerbate the existing risks to the security of New Zealand's water supply. The Hazard Risk Board<sup>1</sup> have therefore identified water security as a key national security issue. They have directed agencies to apply a water security lens across all water-related work programmes and to include an explicit principle around water security in water-related policy frameworks.
11. The three waters regulatory reforms are progressing well. Legislation has been enacted to create Taumata Arowai, the water services regulator and work to build this new Crown agent is underway within the Department. A separate Water Services Bill, containing the new regulatory framework that Taumata Arowai will administer, is awaiting its first reading. This will be a high-profile piece of legislation, which is likely to generate a significant amount of interest.
12. Central and local government are currently proceeding with a partnership-based, phased approach to service delivery reform. The initial phase has involved a \$700 million funding package to provide immediate economic stimulus as part of the response to COVID-19, maintain and improve three waters infrastructure, and encourage the local government

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<sup>1</sup> The Hazard Risk Board brings together Chief Executives from across government to focus on building a high performing and resilient national security system able to manage civil contingencies and hazard risks.

sector to support reform. This phase is an 'opt in', good faith approach with councils. Every eligible council decided to participate in this phase of the reform programme and signed the required memorandum of understanding with central government by the deadline of 31 August 2020. Funding is now being distributed to those councils, in accordance with approved delivery plans.

13. You will have a significant role in shaping the direction of the reforms and will lead parts of the engagement process. There are a number of funding pressures in the reform programme, Taumata Arowai, and with rural supplies, which we would like to discuss with you. We also note that around \$148 million of the \$700 million funding package is currently unallocated. We will provide you with a more detailed briefing on the three waters reform programme and establishment of Taumata Arowai in the coming weeks.

## COVID-19 will also have a prolonged and significant impact on the sector

14. The impact of COVID-19 on local government has been substantial – affecting funding, rating policy, statutory reporting frameworks, by-elections, public engagement, and much of the day-to-day operations of councils.
15. The Department's focus in the response to COVID-19 is on providing practical support to councils, promoting the interests of local government within other central government portfolios, and supporting coordination between local and central government. During lockdown, we undertook legislative work that enabled local authority governance to continue during that period. We have also seen an increase in the volume of significant policy projects underway in other portfolios where it will be vital to ensure the interests of, implications for, and cumulative impacts on local government are considered in decision-making.
16. After the four wellbeing domains (social, environmental, cultural and economic) were put back into the purpose of the Local Government Act 2002 in 2019, we initiated a

### *Establishment of COVID-19 Local Government Response Unit*

*Established immediately as the country went into lockdown, the Unit was tasked with ensuring councils were able to meet their legislative and regulatory requirements and continue to carry out essential services.*

*The Unit ensured effective two-way communication, the provision of guidance and keeping the Minister informed of any urgent issues.*

*The unit comprised members from the Department of Internal Affairs along with members from SOLGM, LGNZ, and NEMA.*

*A series of workstreams was also established to sit alongside the Unit to deal with any issues including essential services, governance, finance and recovery, and social wellbeing.*

programme of work to determine how we can work with local government to better promote community wellbeing. COVID-19 shifted our focus from wellbeing generally to supporting the Caring for Communities programme – a regionally-led, nationally-enabled system approach to supporting our communities that mirrors the direction of the community wellbeing work.

17. COVID-19 also highlighted issues requiring attention by the Department in our role as stewards of the local government system. For example, the pandemic demonstrated an increased demand for online services and digital solutions. Councils do not all have the same ability to fund necessary technological changes so looking for opportunities for alignment between councils and within regions will be valuable.
18. The second outbreak of COVID-19 in New Zealand has also focused the need to build more resilience and responsiveness into the legislative framework in which local government operates, both for emergency situations and more generally. Changes to emergency provisions could ensure responses to emergency situations are delivered in a coherent and timely way, rather than on an ad hoc basis. Amendments would cover issues such as automatic triggers for emergency responses and flexibility for statutory requirements under certain circumstances.
19. Implementing the Government’s fiscal stimulus packages, including support for the tourism sector, the focus on shovel ready projects, and fast-tracking infrastructure projects will continue to be a priority for the entire local government sector as the recovery from the pandemic continues.

Three waters reform and COVID-19 are having a big influence on the local government work programme, but this is far from all that is happening

20. Climate change, governance issues, funding, and resource management reform are among the significant issues that councils are facing, alongside three waters reform and



1. Flooded Whanganui River in 2015



2. Flooded Rangitata River in December 2019

responding to COVID-19. There are resourcing pressures and competing priorities arising from the scale of work underway in the local government portfolio, and we intend to discuss priorities and any associated trade-offs with you in the coming weeks.

## Improving community resilience to natural hazards and the effects of climate change is a key issue for your portfolio

21. Local government authorities have consistently identified natural hazards and the effects of climate change as a critical area requiring collaboration and support of central government. The responsibility for mitigating exposure to risks from natural hazards primarily falls on local government under several acts including the Local Government Act 2002 and the Resource Management Act 1991. As well as supporting communities throughout New Zealand to manage natural hazards and the effects of climate change, local government has significant assets and infrastructure to manage and protect from flooding and sea level rise. Central government sets the regulatory and funding arrangements for risk management and provides science for evidence-based risk management decisions.
22. The Department plays a leadership role in working with local government to improve community resilience by reducing risks from natural hazards and climate change. This work will involve the development of a national policy framework for managed retreat, as well as extending the national policy framework for flood risk to all hazards. Reforming the Land Information Memoranda system to better communicate natural hazard risk and establishing baseline data sets for flood risks will also be included in this. We will brief you on this, prior to reporting back to Cabinet, before the end of 2020.
23. For the last two years the Department has also led a cross-government community resilience work programme alongside local government, central government and science agencies. The initial focus of the programme has been on improving community resilience to flood risk, which is New Zealand's most frequent natural hazard. This work has been overseen by a ministerial group convened by the Minister of Local Government. We

### *A new funding model for flood risk management is required*

*Local government has been responsible for funding flood protection infrastructure since the 1980s. The status quo is no longer sustainable. There are several reasons for this including the need to adapt flood protection schemes to mitigate the impacts of climate change.*

*Central and local government will work in partnership to agree a revised funding model for flood protection, to be implemented over the longer-term. Issues such as the form or level of any future Crown contribution will need to be addressed as part of this work.*

would like to discuss your role alongside that of other Ministers to support the Government's priorities on the management of natural hazards and climate change adaptation.

## The governance system across local government is under increasing pressure

24. Local governance needs careful consideration to ensure it is fit-for-purpose for local authorities and can adapt to changes in roles and responsibilities over time. The legislation relevant to the governance system of local government is becoming increasingly inadequate in supporting robust and transparent community representation and decision-making. The roles and responsibilities of councils have and will continue to change. As such, governance requirements need to be updated too. This includes the Local Authorities (Members' Interests) Act 1968, obligations related to meetings and long-term planning requirements under the Local Government Act 2002, as well as the Local Government Official Information and Meetings Act 1987 requirements.
25. We also see value in prioritising a review of the governance arrangements for Auckland Council, alongside the broader review of governance requirements for local government. Auckland Council was established as the unitary authority for Auckland in 2009 and has specific legislation regarding its operation that does not apply to other local authorities. This legislation has restricted the ability of Auckland Council to adjust aspects of their governance arrangements (such as the number of councillors and boundary issues) in the way that other territorial authorities are able to do. Given that the new Auckland Council has been in place for over a decade, we consider it timely to review the settings to ensure the Council is well positioned for the future.
26. The system of funding and financing for local government, a key component of the local government governance arrangements, is under pressure with new legislation such as the Infrastructure Funding and Financing Act 2020 and the Urban Development Act 2020 creating more work and opportunities for local government. Three waters reforms are also likely to have a flow on impact on funding and financing for councils. Additionally,

the Government will be required to provide a formal response to the Productivity Commission's report on Local Government Funding and Financing. This response will encompass the work that the Department has underway to update the financial management, planning, reporting and accountability framework for local government in a manner that integrates with other Government initiatives affecting local government. We anticipate that this response will be presented for Cabinet approval by the end of 2020.

## We are in the process of delivering stage two of the reform of the Local Government Commission

27. The Local Government Commission is an independent statutory body empowered by the Local Government Act 2002. The Commission currently comprises three members, who are appointed by the Minister of Local Government. The Commission's main task is to make decisions on the structure of local government.
28. Amendments to the Local Government Act 2002 in 2019 put in place interim measures for stage one of the reforms to constrain the role of the Commission in amalgamations and large-scale reorganisations, and to create space to reshape its role. This followed a report in 2018 which found that the Commission functions in amalgamations and large-scale reorganisations were not fit-for-purpose, largely because investigations did not generally lead to meaningful change.
29. Stage two of the reform is an opportunity to take a broader look at how the institutional arrangements in the local government system can support good governance. This includes consideration of the system roles for central and local government and other bodies, such as the Ombudsman, which play a role in the local government system. Our approach aims to determine a future role for the Commission according to what will achieve the best outcome for the local government system, rather than framing it around the Commission's current functions. We are developing options for broader consultation in early 2021, with an aim to introduce any necessary legislation in 2022.

### *Local Government Commission Reviews*

*The Commission currently has three ongoing reorganisation investigations:*

*Boundary alterations between Western Bay of Plenty and Tauranga. A proposal to change the boundary at Tauriko West to facilitate residential development has been finalised and implemented. A public engagement process has led to three additional changes being considered.*

*Alterations to the boundary between Horowhenua and Palmerston North. The Commission has adopted an investigation process and is undertaking community consultation.*

*Proposed establishment of a Golden Bay Local Board in the Tasman District. Consultation and submission hearings have taken place.*

30. We understand that the Commission will be providing you with their own *Briefing for the Incoming Minister* in the coming weeks.

Low levels of civic participation and confidence in local government are an area of concern for us, and somewhere we intend to put more focus on over the coming years

31. The low participation rates of New Zealanders in local democracy is an issue for the local government portfolio. This is most visible in the voter turnout level for the last local election, which was 41.7 percent, but is also evidenced by low levels of engagement by communities in the work that councils do. This is significant when considering the intended purpose of local government in giving local communities a voice – this cannot be achieved if the community is not taking part in council activities.

**It could be timely to consider the legislative framework for local elections**

32. Local democracy is impacted by the fact that the legislation that governs local elections is no longer fit-for-purpose in a number of areas. In the nearly 20 years since the Local Electoral Act was enacted, the landscape in which elections occur has changed significantly, as have public expectations about how, when and where people can vote. The reduction in postal services and growth in online advertising and campaigning are two examples of how significantly the landscape has changed, but there are many others.
33. The devolved responsibilities for delivering local elections mean that the level of service offered to electors differs significantly across the country – particularly for aspects like accessibility support, information and educational materials, and alternatives to returning votes by post. Some local authorities have had the resources to innovate in these areas, but others have not. Public expectations set by the rules and levels of service for parliamentary elections are not met in local elections.
34. The proposed reviews of the regulatory framework for parliamentary elections, and possible changes to District Health Board elections legislation mean it is timely to

***Rates Rebate (Statutory Declaration) Amendment Act 2020***

*This amendment sought to remove the statutory declaration requirement for rates rebate applications, bringing benefits to applicants who are often elderly and/or vulnerable.*

*Local government officials worked with the Department's service innovation lab on how to facilitate an online application process - the removal of the statutory declaration was a key part of achieving that.*

*We worked with local government officials as well as SOLGM during this process. The legislation is now in effect.*

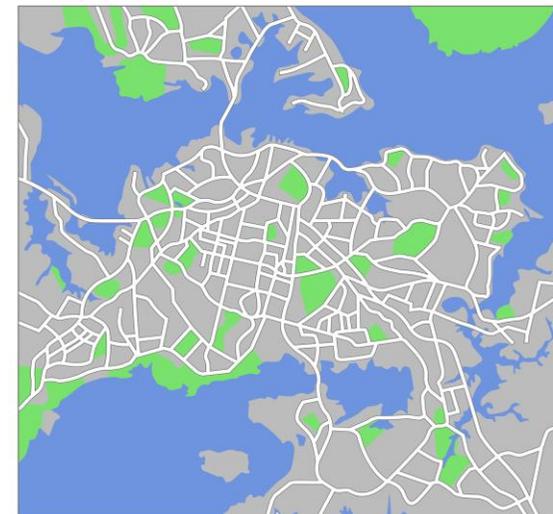
consider the nature of, and responsibilities for, local elections. There is an opportunity to establish a more robust, accessible and nationally consistent framework for local elections. We will provide you with advice early in the term on a proposed programme for local electoral reform.

**The establishment of Māori wards or constituencies is increasingly debated by local authorities**

35. Over the last term there has been an increasing amount of attention on the challenges with the current process for establishing Māori wards or constituencies, and alternative approaches to iwi/Māori involvement in local authority governance. We would like to have a discussion with you on the future of Māori representational arrangements in local government and intend to brief you on this early in the new term.

**We are working alongside other central government agencies to support the resource management reform**

36. The work of other portfolios can have a significant impact on the local government portfolio. The most substantial of these issues currently is the proposed reform of the Resource Management Act 1991, an Act which is overseen by the Ministry for the Environment. Given the extensive role of councils in planning and resource management, resource management reform will play an essential part in shaping the future of local government, and the relationship between central and local government. You may want to take a leadership role in the ministerial group that will steer the reforms, should this work proceed.



37. The Resource Management Review Panel report on a new direction for resource management in New Zealand was published in July 2020, with no Government response scheduled until after the general election. The report recommends repealing the Resource Management Act 1991 and replacing it with two Acts, a Natural and Built Environment Act and a Strategic Planning Act, as well as proposing a new Managed Retreat and Climate Change Adaptation Act. The report also recommends that planning be undertaken co-operatively by councils at a regional level, involving a spatial strategy and a combined plan (which includes the current regional policy statements, regional plans and district plans).
38. Should this reform progress, we believe that there will be a notable impact on resources at both a ministerial and departmental level. There will be both direct and indirect impacts on the Local Government Act 2002, which we will need to respond to. The Department will also need to work closely with the Ministry for the Environment to ensure your portfolio interests are reflected and integrated in this work, including the interactions with other key projects such as the three waters reforms and community resilience (particularly managed retreat and adapting to climate change). It is possible that this could involve a formal cross-agency working structure.
39. The reform would also involve significant change for local government in terms of governance, planning and budgets. It will be essential that the Department provides support to the sector to engage in the reform process, given that the extent of the proposed reform is substantial and will place pressure on local government's capacity and capability. We will keep you informed of risks and challenges as this work moves forward.

## Working with tangata whenua

40. The three-way relationship between local government, Māori and the Crown is a powerful one. New governance arrangements between iwi and local authorities have been established through the Treaty of Waitangi settlement process. Beyond formal Treaty settlement arrangements, partnerships with iwi and other Māori groups are an increasingly important component of regional development, decision-making and environmental management.
41. Councils have obligations under the Local Government Act 2002 and the Resource Management Act 1991 to work with Māori communities, to recognise Māori connection to te taiao/natural resources/taonga and to help the Crown comply with its Treaty obligations. Central government has an important role in supporting local government to understand and implement settlement agreements and encouraging successful collaboration between iwi, hapū, or other collectives/subgroups and local authorities for the benefit of communities.
42. You and the Department have responsibilities to Waikato River iwi under the Local Government Accord, part of the Waikato River Treaty settlement. This includes an annual Ministerial forum led by the Prime Minister. The Department also works with Te Arawhiti and other departments on Treaty settlement redress negotiations involving local government. Additionally, we will be working with the Ministry of Housing and Urban Development and Crown Law on the Crown's response to a Waitangi Tribunal Inquiry into Housing Policy and Services, with regard to local government and Māori housing and Māori homelessness.

## Participation of Māori communities and working with iwi and Māori continues to be an important focus in our work

43. Supporting and enhancing the participation of Māori communities in local government issues is vital to the success of all work within the local government portfolio. This work is underway across three workstreams:
  - a) capturing quantitative and qualitative data about existing Treaty settlement arrangements, including the health of the natural resource/taonga, preparing a national 'heatmap';
  - b) supporting local authorities working toward their town or city embracing bilingualism; and
  - c) addressing barriers in the local government and iwi/Māori relationship through facilitating positive jointly agreed investments/initiatives.
44. The Local Government (Rating of Whenua Māori) Amendment Bill will remain a focus over the coming months. The Bill has been reported back to the House and ideally would be passed before the end of 2020, in order to allow for a timely implementation. We consider that the primary legislation governing rates on Māori freehold land is overdue for review and will discuss further work in this area with you in the coming months.

## Part Two: Roles and responsibilities | Wāhanga Tuarua: Ngā mahi me ngā kawenga

### Your role as Minister of Local Government

45. As the Minister of Local Government, you are responsible for the system of local government overall. This includes ensuring the system performs well and is “fit-for-purpose” to meet long-term challenges. You will have a leadership role within central government across portfolios that impact and rely on local government.
46. You will lead the Government’s relationship with local government, including attending regular engagements with the sector at events such as the annual Central Government and Local Government Forum.
47. Under Part 10 of the Local Government Act 2002 you are also able to intervene with local authorities where you have reasonable grounds to believe there is a significant problem that the local authority is failing to adequately address.

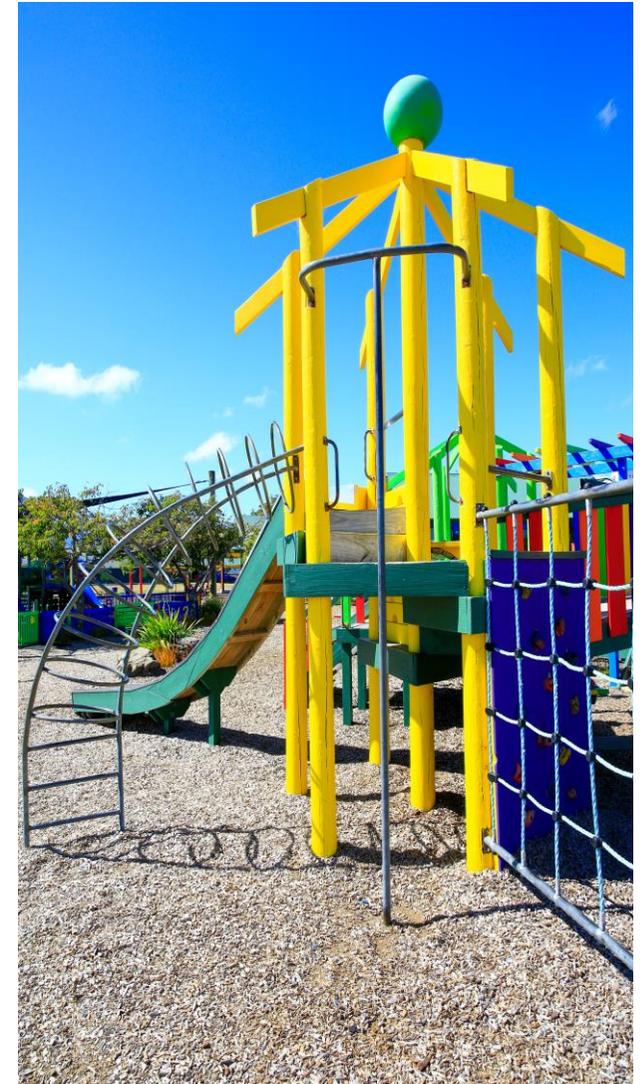
### Other roles

48. As Minister of Local Government, you have a range of statutory responsibilities relating to:
  - the administration of Crown harbours and facilities, including the disposal of the Tokaanu Marina and being the harbour authority for Lake Taupō/Taupō Moana;
  - administering the Rates Rebate Scheme;
  - being a shareholder, with the Minister of Finance, in the Local Government Funding Agency;

- appointing development contributions commissioners; and
  - appointing members of the Local Government Commission.
49. The Minister of Local Government is also the territorial authority “for any part of New Zealand that does not form part of the district of a territorial authority”. On 9 December 2019 there was a fatal eruption on Whakaari/White Island. This incident raised questions about the role and responsibilities of the Minister as the territorial authority for offshore islands and there is a case for consideration to be given to the regulatory framework that governs Whakaari/White Island and other offshore islands. We are looking at these issues and will provide you with a further briefing on this.
50. Additionally, Taumata Arowai will be a Crown agent with a responsible Minister upon its commencement later this year. Assigning Ministerial responsibilities for Taumata Arowai will be a matter for the Prime Minister. Given the leadership roles to date, it is likely that this will be included within the Local Government portfolio. If this occurs, your responsibilities will include appointing Taumata Arowai’s board and Māori Advisory Group, through the Appointment and Honours Committee process. We will provide you with a further briefing on this matter.

## The Department’s role in supporting you

51. We support you as Minister of Local Government by:
- providing high quality advice to inform your decisions;
  - providing support during the legislative process for various Bills in the House;
  - provide portfolio Private Secretary resource to assist you in your Ministerial office;
  - drafting replies to public correspondence, Official Information Act requests, parliamentary questions and media enquiries; and
  - assisting you in your statutory responsibilities.



52. The Chief Executive of the Department is also the Secretary for Local Government. The statutory responsibilities for this role sit across several pieces of legislation and include the provision of advice to chief executives of territorial authorities on matters related to applications for rebate or refund of rates, maintaining a national dog control information database, as well as having delegated authority for the administration of several offshore islands that do not form part of the district of a territorial authority.

## Portfolio funding within Vote Internal Affairs

53. As Minister of Local Government, you are responsible for \$369 million of expenditure within appropriations relevant to the Local Government portfolio. See **Appendix B** for details of the appropriations.
54. The briefing *Welcome to the Department of Internal Affairs* provides you with more information about:
- Vote Internal Affairs;
  - the Minister of Internal Affairs' role as Vote Minister and the Minister Responsible for the Department; and
  - coordinating budget planning.

## Part Three: Briefings and decisions | Wāhanga Tuatoru: Ngā whakamārama me ngā whakataunga

55. The following table is a list of briefings relevant to your portfolio that, subject to your approval, we will provide you in the coming months. We will work with your office on the delivery of these briefings.

Date with Minister	Title	Detail	Priority
November 2020	Local Government work programme	Sets out the current work programme, with the aim of facilitating a conversation with the Minister about priorities	High
November 2020	Local Government (Rating of Whenua Māori) Amendment Bill	Recommends SOP content and timeframe to enable the Bill to be passed by the end of 2020	High
November 2020	Three waters reform	Provides an overview of the three waters reform work, focusing on matters that are likely to require immediate attention	High
November 2020	The establishment of Taumata Arowai	Updates on the establishment of Taumata Arowai	High
November 2020	Advice on the reinstatement of parliamentary business	Outlines how Bills are reinstated and the policy and legislative process	High
November 2020	Budget process	Provides an overview of the appropriations and the processes for setting the Vote including Estimates, the annual Budget cycle, the links to the accountability cycle and performance reporting	High
November 2020	Consolidation of Appropriations for 2021/22	Identifies further refinements to the appropriation structure, including titles of appropriations and scope statements to be implemented for 2021/22	Medium

November 2020	Resource management reform and the Government response to the Review Panel Report	Considers the Government response to the Resource Management Review Panel Report and advises on the implications for local government	Medium
November 2020	Government response to the Justice Committee's interim report on the Inquiry into the 2019 local elections	Seeks agreement to a Government response, which is intended to be considered by Cabinet in early December, as required under Standing Orders	Medium
November 2020	Priority changes and a wider work programme for local electoral reform	Outlines a potential work programme for longer-term local electoral reform, and some priority improvements that could be made for the 2022 local election	Medium
December 2020	Phase two of the Local Government Commission Reform Programme	Provides an opportunity to take a broader look at how institutional arrangements in the local government system can support good governance	Medium
December 2020	Impact of reform programmes on the local government sector	Briefs the Minister on the direction that the local government sector is moving in and the stewardship role of the Department in that process	High
December 2020	Funding and finance	Considers the Government response to the Productivity Commission Report	Medium
December 2020	Offshore islands overview	Provides an overview of the responsibilities of the Department and the Minister with regards to offshore islands	Medium
December 2020	Community resilience	Briefs the Minister on the resilience-related work programme	Medium

## Planned bills and regulations

56. We intend to brief you shortly about the reinstatement of parliamentary business. We will work with your office to confirm your preferred approach for these bills.

Bill/regulation name	Status
Local Government (Rating of Whenua Māori) Amendment Bill	Awaiting second reading
Water Services Bill	Awaiting first reading

57. There are also bills and regulations sitting within other portfolios that will affect local government if they are reinstated.

Bill/regulation name	Portfolio	Status
Health (Fluoridation of Drinking Water) Amendment Bill	Responsible Minister: Health	Second reading
Thames-Coromandel District Council and Hauraki District Council Mangrove Management Bill	Local Bill: Hon Scott Simpson	Second reading

## Appendix A: Legislation we administer | Āpitihanganga A: Te ture e whakahaerehia ana e tātau

The following are the statutory responsibilities for the local government portfolio.

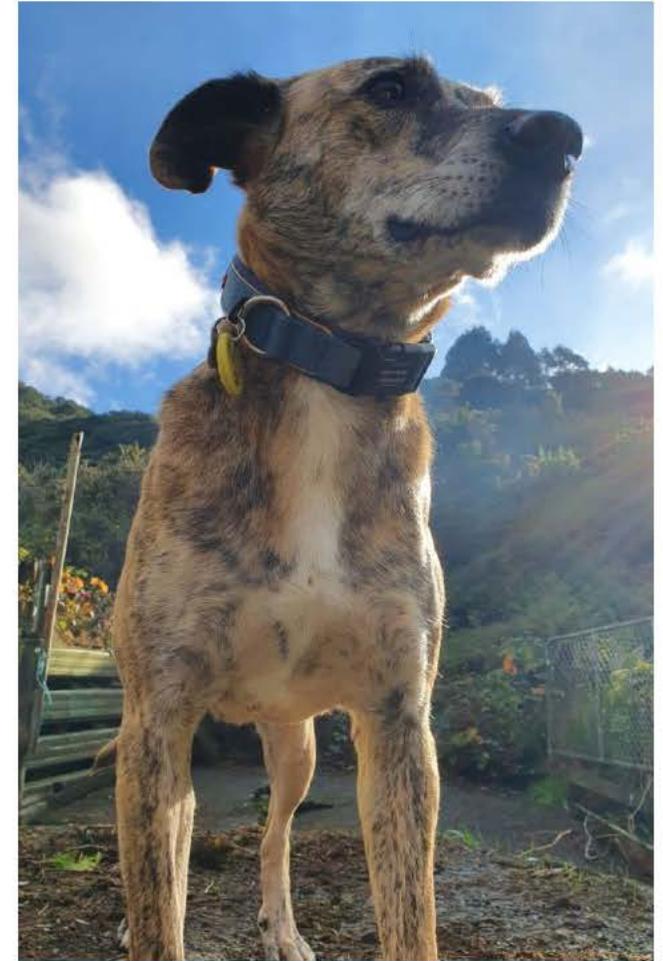
### Dog Control Act 1996

**Purpose:** This Act makes provision for the care and control of dogs. It sets out dog owners' obligations and local authorities' enforcement powers and policy responsibilities. It also regulates dangerous and menacing dogs.

**Minister's responsibilities:** The Minister may recommend regulations to add a breed or type of dog to those listed in the Act as subject to a ban on importation and muzzling. The Minister may also recommend regulations to add or remove the name of an organisation that has been authorised to certify a dog has been trained to assist a person with a disability (after consulting with the Minister for Disability Issues).

### Freedom Camping Act 2011 (administered jointly with the Department of Conservation)

**Purpose:** This Act gives local authorities and the Department of Conservation the flexibility to decide where freedom camping is prohibited or restricted. It contains a nationwide consistent infringement regime that gives local authorities and the Department of Conservation the ability to issue on-the-spot infringement notices to people or vehicles for freedom camping offence.



**Minister's responsibilities:** The Minister of Conservation and the Minister of Local Government may recommend regulations prescribing the infringement fees.

## Local Electoral Act 2001

**Purpose:** This Act governs the conduct of local elections and polls. Among other things it sets out the rights of individuals to vote, stand for election, and nominate candidates for election. The Act limits candidates' electoral expenses and includes an offence regime. It also allows local authorities to choose the electoral system and voting method for local elections and polls, and to regularly review representation arrangements (with oversight from the Local Government Commission when disputes occur).

**Ministers responsibilities:** The Minister may recommend regulations setting out various technical requirements, powers, penalties or fees for elections, or may recommend to the Governor-General that certain electoral processes be adjourned in emergency situations.

## Local Government Act 2002

**Purpose:** This Act provides the general framework and powers under which New Zealand's local authorities operate. It enables democratic and effective local government that recognises the diversity of New Zealand communities. The Act promotes accountability to communities and allows local authorities to decide which activities they undertake and the manner in which they are undertaken.

**Minister's responsibilities:** The Minister has various responsibilities under the Act, including using powers of assistance and intervention and deciding intervention measures in certain circumstances of poor council performance. The Minister is responsible for appointing development contributions commissioners. The Minister also acts as the territorial authority for several offshore islands.

## Local Government (Auckland Council) Act 2009

**Purpose:** This Act establishes the Auckland Council as the unitary authority for Auckland. Amongst other things, it establishes arrangements for the management of transport and water supply and wastewater services for Auckland and requires the Council to adopt a spatial plan for Auckland.

**Minister's responsibilities:** The Minister has no specific responsibilities under this Act.

## Local Government (Rating) Act 2002

**Purpose:** This Act promotes the purpose of local government as set out in the Local Government Act 2002 by providing local authorities with flexible powers to set, assess, and collect rates to fund local government activities. It ensures that rates are set in accordance with decisions that are made in a transparent and consultative manner, and that ratepayers are able to identify and understand their liability for rates.

**Minister's responsibilities:** The Minister has regulation making powers relating to the rating of educational establishments.

## Rates Rebate Act 1973

**Purpose:** The Rates Rebate Scheme was established under this Act to provide a subsidy to low-income homeowners on the cost of their rates.

**Minister's responsibilities:** The Minister is responsible for administering the Rates Rebate Scheme and adjusting the rebate levels (which is currently done annually in line with the consumer price index).

## Other Acts

We administer other Acts relevant to this portfolio that do not involve significant ministerial responsibilities or activities. These are the:

- Bylaws Act 1910
- Chatham Islands Council Act 1995
- Impounding Act 1955
- Local Authorities (Members' Interests) Act 1968
- Local Government Borrowing Act 2011
- Land Drainage Act 1908
- Libraries and Mechanics Institutes Act 1908
- Local Government Act 1974
- Local Government Official Information and Meetings Act 1987
- Maritime Transport Act 1994 – the Minister's statutory responsibility under this Act is being the harbour authority for Lake Taupō/Taupō Moana
- Public Authorities (Party Wall) Empowering Act 1919
- Public Bodies Contracts Act 1959
- Public Bodies Leases Act 1969
- Public Records Act 2005
- Rangitaiki Land Drainage Act 1956
- River Boards Act 1908

# Appendix B: Appropriations | Āpiti hanga B: Ngā pūtea tauwhāiti

## Vote Internal Affairs

Vote Internal Affairs Funding for the Local Government portfolio is appropriated within Vote Internal Affairs. More information about the Vote and appropriations can be found in the *Welcome to the Department of Internal Affairs* briefing.

## Local Government Portfolio Funding

As Minister of Local Government, you are responsible for all expenditure and services received under appropriations relevant to the Local Government portfolio. The Local Government portfolio appropriations are \$369 million (\$37 million departmental operating and \$332 million non-departmental (operating and capital)).

The tables on the following pages outline these appropriations based on 2020 Pre-Election Economic and Fiscal Update.

We note that \$3.333 million runs out at the end of June 2022, which was tagged for “accelerating a Local Government Reform Programme to enhance community wellbeing and strengthen local governance” (\$3.333 million per year from 2019-2020). This comes under the provision of policy advice for the local government portfolio (first line below).

## Departmental operating

You are responsible for \$37.0 million of departmental operating appropriations

\$million	Departmental appropriations based on 2020 Pre-election Economic and Fiscal Update <sup>2</sup>
31.724	Provision of policy advice, system stewardship and leadership, and services to support Ministers to discharge their portfolio responsibilities relating to local government portfolio <sup>3</sup>
3.911	Administering the Local Government related legislations and regulations, including the Rates Rebate Scheme, providing regulatory and boating services for Lake Taupō (including providing the Harbourmaster and managing the Lake Taupō Landing Reserve) and governance and management of the National Dog Control Information Database
1.394	Provision of advisory and support services to the Local Government Commission in respect of its statutory functions
<b>37.029</b>	<b>Total Departmental Operating</b>

<sup>2</sup> These lines represent an output expense and a category within a Multi-Category Appropriation. Multi-Category Appropriations are appropriations that are made up of multiple categories (which can be different types of expenditure, including output expenses, non-departmental other expenses, and non-departmental capital expenditure) that all contribute to the same overarching purpose.

<sup>3</sup> This appropriation includes \$16.325 million approved through the COVID-19 Response and Recovery Fund and limited to the 2020/21 year. \$3.105 million relates to supporting local government response and recovery, \$5.160 million for Taumata Arowai, new Crown Agent Regulator for Water Service, \$3.000 million for Taumata Arowai Establishment and Transition Costs Contingency, and \$8.060 million to support the Three Waters Infrastructure Investment and Service Delivery Reform Programme.

## Non-departmental (operating and capital)

You are also responsible for non-departmental (operating and capital) appropriations

\$million	Non-departmental operating appropriations based on 2020 Pre-election Economic and Fiscal Update
261.574	Providing grants to organisations, including councils, to assist them to strengthen water infrastructure and service delivery, including through service delivery changes <sup>4</sup>
53.500	Assistance with rates for low-income residential ratepayers, as authorised by the Rates Rebate Act 1973
8.780	Supporting Taumata Arowai in meeting its statutory responsibilities to regulate New Zealand's water supplies <sup>5</sup>
3.776	Contribution to the cost of the Chatham Islands Council meeting its statutory responsibilities
1.500	Payment to Tūwharetoa Māori Trust Board to provide for continued public access to Lake Taupō, based upon a 2007 agreement between the Crown and the Tūwharetoa Māori Trust Board and in accordance with section 10(2) of the Māori Trust Boards Act 1955

<sup>4</sup> This represents the initial draw down of Three Waters Infrastructure Investment and Service Delivery Reform Programme tagged contingency of \$710 million approved by Cabinet as part of COVID-19 Response and Recovery (CRRF) July Package. The remaining tagged contingency is \$440.366 million.

<sup>5</sup> The funding for Taumata Arowai, new Crown Agent Regulator for Water Services was approved through the COVID-19 Response and Recovery Fund and apply for the 2020/21 year only.

1.320	Assessment of applications from regions for funding to support voluntary investigations into three waters service delivery arrangements <sup>6</sup>
1.000	Enhancing relationships between Local Government and Iwi/Māori to improve partnerships <sup>7</sup>
0.774	Costs for maintaining Crown -owned assets, primarily navigational equipment, ramps, marinas and jetties, at Lake Taupō
<b>332.224</b>	<b>Total Non-Departmental Operating</b>

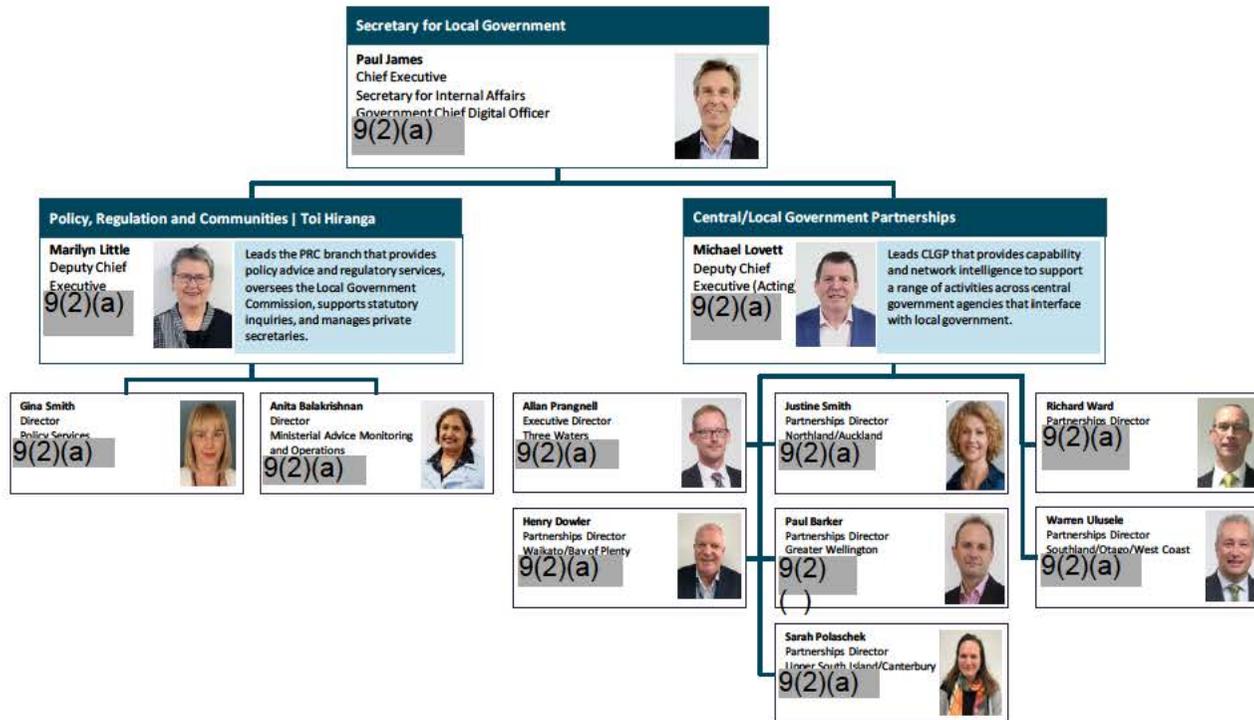
\$million	Non-departmental capital appropriations based on 2020 Pre-election Economic and Fiscal Update
0.020	Upgrading of boating facilities at Lake Taupō <sup>8</sup>
<b>0.020</b>	<b>Total Non-Department Capital</b>

<sup>6</sup> Please note that this funding is recognised under the appropriation ‘Miscellaneous Grants – Internal Affairs’ falls under the Internal Affairs portfolio. This appropriation is the responsibility of the Minister for Internal Affairs. The funding is limited to the 2020/21 year.

<sup>7</sup> Please note that this funding is recognised under the appropriation ‘Miscellaneous Grants – Internal Affairs’ falls under the Internal Affairs portfolio. This appropriation is the responsibility of the Minister for Internal Affairs.

<sup>8</sup> This funding is for the 2020/21 year only.

# Appendix C: Key contacts in the Department of Internal Affairs | Āpiti hanga C: Ngā tino whakapā i roto i Te Tari Taiwhenua



## Appendix D: Key stakeholders | Āpitihanga D: Te hunga whai pānga hira

The following tables list the key statutory bodies with a formal role in the local government system, as well as the key stakeholders in the sector. We will provide contact details to your office.

It is standard practice for us to support you in meetings with stakeholders. We will provide briefings before you meet with stakeholders including biographies and can attend meetings if you wish.

### Statutory Bodies (as described in Appendix A)

Organisation	Contact	Role
Local Government Funding Agency (LGFA)	<p><b>Chair:</b> Craig Stobo</p> <p><b>Chief Executive:</b> Mark Butcher</p>	<p>The LGFA is a Council-Controlled Organisation that operates under the Local Government Act 2002. The LGFA is owned by 30 local authorities (80%) and the Crown (20%). LGFA specialises in financing the New Zealand Local Government Sector, the primary purpose being to provide more efficient funding costs and diversified funding sources for New Zealand local authorities. The LGFA is the second largest issuer of New Zealand dollar bonds.</p> <p>The Department is the Crown's delegated representative on the LGFA's Shareholders Council, which meets quarterly. From time to time you will be asked to vote on LGFA matters including membership and remuneration.</p>

Local Government Commission	<p><b>Chair:</b> Brendan J Duffy ONZM, JP</p> <p><b>Chief Executive:</b> Penny Langley</p>	<p>The Local Government Commission is an independent statutory body that makes decisions on the structure of local authorities and their electoral representation, for fair and effective representation for communities. Before the Commission makes any recommendation for change, it must be satisfied that a new structure would promote good local government. Good local government is defined in law. It must enable democratic local decision-making by and on behalf of communities.</p>
The Office of the Auditor-General	<p><b>Controller and Auditor-General:</b> John Ryan</p> <p><b>Assistant Auditor-General, Local Government:</b> Andrea Reeves</p>	<p>The Controller and Auditor-General (the Auditor-General) is an Officer of Parliament who provides independent assurance to Parliament and the public that local authorities are operating in accordance with Parliament's intentions and accounting for their performance. The Auditor-General is independent of the executive government and Parliament in discharging the functions of the statutory office but is answerable to Parliament for the stewardship of the public resources entrusted to them. The Auditor-General's mandate and responsibilities are set out in the Public Audit Act 2001.</p>
Taumata Arowai (Water Services Regulator) Establishment Unit	<p><b>Chief Executive Officer:</b> Bill Bayfield</p>	<p>The Taumata Arowai (Water Services Regulator) Establishment Unit has been set up within the Department of Internal Affairs to carry out preliminary work towards the establishment of Taumata Arowai.</p> <p>Taumata Arowai will not become fully operational until enactment of the Water Services Bill. Until Taumata Arowai is fully operational, anticipated to be mid-2021, the Ministry of Health will remain the regulator responsible for drinking water safety.</p>

## Local government representative stakeholders

Organisation	Contact	Role
Local Government New Zealand (LGNZ)	<p><b>President:</b> Stuart Crosby (Councillor, Bay of Plenty Regional Council)</p> <p><b>Vice President:</b> Hamish McDouall, Mayor, Whanganui District Council</p> <p><b>Chief Executive:</b> Susan Freeman-Greene</p>	LGNZ represents the national interest of local authorities in New Zealand and leads best practice in the local government sector. It provides advocacy and policy services, business support, advice and training to members to assist them to build successful communities throughout New Zealand. LGNZ is governed by a National Council made up of 15 elected members from throughout New Zealand. All 78 local authorities are members of LGNZ.
Society of Local Government Managers (SOLGM)	<p><b>President:</b> Phil Wilson (Director of Governance, Auckland Council)</p> <p><b>Chief Executive:</b> Karen Thomas</p>	SOLGM is a national membership organisation for local government professionals. Its role is to promote and support professional management in local government. It focuses on providing professional leadership, promoting innovation and excellence in management practice and developing the sector's capability to enhance service delivery to local communities.
Three Waters Steering Committee	<b>Chair:</b> Brian Hanna	The Joint Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi/Māori and other water sector stakeholders on opinions and proposals.