



Te Tari Taiwhenua
Internal Affairs

**Briefing to the Incoming
Minister of Local Government
Hon Kieran McAnulty**

Contents | Rārangi Kōrero

| | |
|---|----|
| Introduction Kōrero Whakataki..... | 2 |
| Part One: Current work programme and strategic context Wāhanga Tuatahi: Rārangi mahi onāiane me te horopaki rautaki..... | 3 |
| Part Two: Roles and responsibilities Wāhanga Tuarua: Ngā mahi me ngā kawenga | 20 |
| Part Three: Introductory briefings Wāhanga Tuatoru: Ngā whakamārama | 25 |
| Appendix A: Central government work programmes impacting on local government Āpitihanga A: Ngā rārangi mahi a te kāwanatanga matua e whai pānga ana ki te kāwanatanga ā-rohe..... | 26 |
| Appendix B: Legislation we administer Āpitihanga B: Te ture e whakahaerehia ana e tātau..... | 27 |
| Appendix C: Appropriations Āpitihanga C: Ngā pūtea tauwhāiti | 30 |
| Appendix D: Key contacts in the Department of Internal Affairs Āpitihanga D: Ngā tino whakapā i roto i Te Tari Taiwhenua | 35 |
| Appendix E: Key stakeholders Āpitihanga E: Te hunga whai pānga hira | 36 |

Introduction | Kōrero Whakataki

Welcome to the local government portfolio.

The Minister of Local Government is responsible for the local government system. We will work with you to understand how you would like to progress your delegated areas of responsibility, and how you wish to engage with the local government sector.

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, social cohesion 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, responding to climate change, and challenges with the existing governance settings in local government. Compounding these challenges is a local government system and legislative framework that is now old and needs modernisation to be fit for purpose in today's society. In the face of these challenges, the local government sector called for an assessment of the cumulative impact of the reforms, to ensure the system remains fit for purpose. In response, the Government launched the Future for Local Government Review to explore how our system of local democracy needs to evolve over the next 30 years.

The Department is the central government lead on the local government system. There is a deep connection, reliance and interdependence between local and central government, and supporting this relationship is an important part of your role. The large-scale reforms underway have impacted relationships between local and central government.

We are actively working with local government to improve the relationship and to assist the Government delivery of policy objectives for the sector. This includes working with other central government agencies to ensure the impact of their work on local government is considered.

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



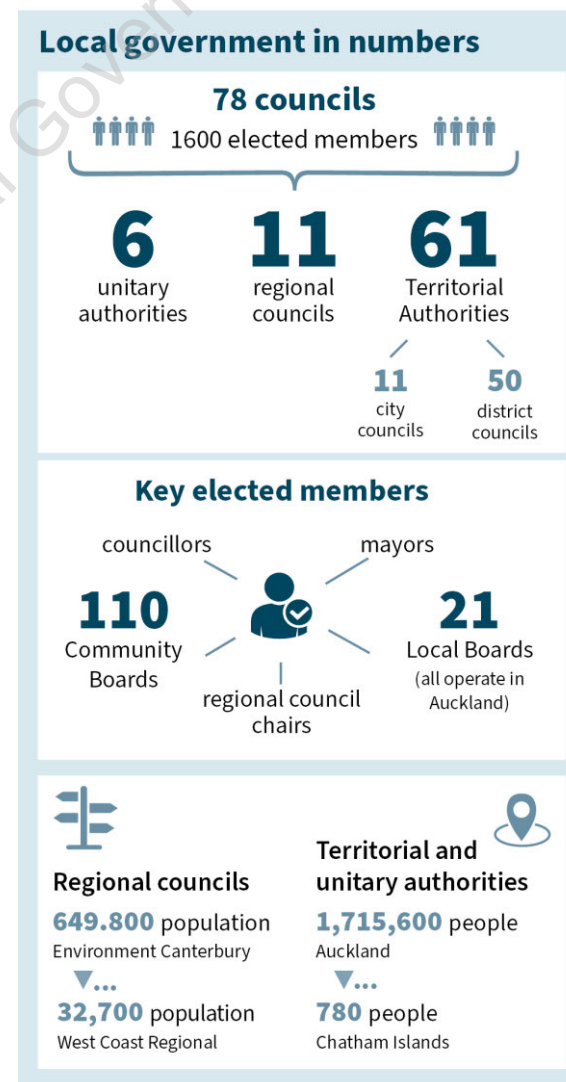
Part One: Current work programme and strategic context | Wāhanga Tuatahi: Rārangi mahi onāiane me te horopaki rautaki

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. You have an important role in ensuring the needs of local authorities are reflected in central government policy. The department supports you in this through providing consistent advice and support for the sector as it responds to the many issues facing it. This includes working alongside two key sector lead agencies – Local Government New Zealand (LGNZ) and Taituarā – Local Government Professionals Aotearoa.

Local government is facing a significant period of change, uncertainty, challenge and opportunity

3. Attached as **Appendix A** is an overview of the wide-ranging Government reforms that have implications for the local government sector. The Government has an ambitious reform agenda underway, with many of the changes affecting local government either directly or indirectly.



4. The scale of change that the sector is facing should not be underestimated and it is important to recognise that local government is under strain to deliver on the Government's wide reform programme, including those underway for the three waters and resource management systems, as well as responding to issues such as natural disasters and climate change. Identifying linkages and managing complexities across projects is integral to the overall success of the local government portfolio.
5. The evolving relationship between local government and tangata whenua is a theme across all the reforms. Iwi expectations about the role of local government as a partner under Article 2 of Te Tiriti o Waitangi/Treaty of Waitangi have grown. The development of the role for local government as a Treaty partner is a significant feature in the Future for Local Government Review's draft report.
6. Last year was election year for local government, with polls closing on 8 October 2022. This resulted in many changes in councils' elected membership, including the election of 31 new mayors (up from 26 in 2019). Mayors and new members are still coming up to speed with their responsibilities and councils are still in a forming stage. This increases the barriers to meaningful engagement with reform proposals at a critical time, with submissions on important issues such as resource management reform due in early 2023.

Local and central government need a strong working relationship based on mutual respect

7. In April 2021, in response to calls from the local government sector for a system-wide assessment of local government, the Government initiated the independent Future for Local Government review (the Review). The purpose of the Review is to identify how our system of local democracy and governance needs to evolve over the next 30 years, to improve the wellbeing of our communities and environment, and actively embody the Treaty partnership. The Review will deliver their final report to you on 19 June 2023.



8. The Review's draft report *He mata whāriki, he matawhānui*, was published in October 2022. The draft report states that the relationship between local and central government requires a reset. From their consultation with the sector, the Review stated:

“The central-local government relationship is strained with a lack of trust and confidence in both directions. Communities need and deserve collaborative and cohesive effort from both central and local government that optimises their collective strengths and resources.”
9. This finding was expected. Improving and strengthening the relationship between local and central government has been an area of focus for the Department over the past two years. It recognises that a stronger and more trusting relationship between local and central government is critical to improve wellbeing in New Zealand and for the effectiveness of the reform programme. The “central-local government relationship” is not a one-to-one relationship – it is made up of many relationships between many central government agencies and 78 local authorities and often includes relationships with iwi whose rohe often sits across local authority boundaries.
10. Steps to reinvest in the relationships between central and local government have already been taken, including:
 - a) Regular meetings between the Minister of Local Government and LGNZ; and
 - b) The visits you undertook, as Associate Minister of Local Government, to all 55 rural and provincial councils across the motu in 2022;
 - c) The Department regularly updating the sector on work underway through a quarterly newsletter;
 - d) Consistent engagement with local authorities by the Department through Partnership Directors, who have responsibility for both LGNZ zones and specific portfolios.
11. To enable a more coordinated and strategic approach to the reforms which affect local government the previous Minister of Local Government also established a Local Government Reforms Ministerial Group. The Ministerial Group and the Future for Local Government Review are discussed in more detail below.

Three waters reform will continue to require a significant focus

12. The Minister of Local Government has been leading three waters reforms since late 2017, working closely with a wider group of 'Three Waters Ministers' with related portfolio interests. You will receive a separate briefing on this topic, shortly.
13. During 2021 and early 2022, Cabinet made decisions to reform how three waters services are delivered to most New Zealanders. These decisions are now being given effect through two connected pieces of legislation, which will eventually combine into a single Act:
 - a) The Water Services Entities Act 2022 was enacted in December 2022. It creates four publicly-owned water services entities to provide safe, reliable, and efficient three waters services in place of local authorities. It sets out the ownership, governance, and accountability arrangements relating to these entities, and provides for certain transitional arrangements.
 - b) The Water Services Legislation Bill had its first reading in December 2022 and is being considered by the Finance and Expenditure Committee – with a report back date of 25 May 2023. This Bill equips the water services entities with the detailed powers and functions they need to operate.
14. An associated piece of legislation, the Water Services Economic Efficiency and Consumer Protection Bill, is also before the Finance and Expenditure Committee, with the same report back date. This Bill is led by the Minister of Commerce and Consumer Affairs. Cabinet has agreed that the Commerce Commission will be the economic regulator for the water services entities.
15. In parallel, the Department is undertaking an extensive transition work programme to ensure the water services entities are established and able to operate by the 'go live' date of 1 July 2024. This work is led by the Department's National Transition Unit and overseen by a board, who advise the Chief Executive of the Department. It involves a constructive, partnership-based approach with, and expertise and information from, local government and iwi/Māori.

16. Some Treaty settlements place obligations on local authorities that relate to their three waters infrastructure and services. Provisions in the Water Services Entities Act and the Water Services Legislation Bill are aimed at protecting Treaty settlements. Amendments to specific Treaty settlement acts may also be required to preserve the intent.
17. Extensive legal work and engagement with iwi and post-settlement governance entities is currently underway to identify necessary amendments to ensure Treaty settlements, and any other arrangements between local authorities and mana whenua, are appropriately accounted for in the establishment of the new entities.
18. The Government has also worked closely with local government, represented by LGNZ. LGNZ have had an important role coordinating sector input on reforms, facilitating representation from the sector on working groups and sharing information. In 2021, LGNZ and the Crown entered into a Heads of Agreement which outlines the commitment between parties to support the three waters service delivery reform.
19. In recognition of the impact of the three waters reforms on territorial authorities, a comprehensive financial support package is being provided. The Heads of Agreement between LGNZ and the Crown set out how financial support to help local authorities through the transition to the new system would be administered. The support package consists of \$500 million 'no worse off' funding and \$2 billion 'better off' funding. The 'better off' package is an investment by the Crown into the future for local government and community wellbeing. It is also an acknowledgement of the significance for the local government sector of transferring responsibility for water services delivery.
20. \$500 million of the total \$2 billion better off funding was made available to councils to apply for in 2022. The Department has received applications for the first tranche of better off funding from 65 of 68 eligible local authorities, totalling \$473 million. Councils have until the end of February 2023 to submit their applications.

You will have roles and interests in many aspects of the establishment work

Following the enactment of the Water Services Entities Act 2022, several critical pieces of work are underway – many of which will require your involvement.

An early priority is standing up the entity boards. During the establishment period, you will have a direct relationship with the boards, and appoint members through the Cabinet Appointments and Honours Committee.

Preparing model constitutions for the entities is also a priority for 2023. The legislation requires each entity to have a constitution containing core details relating to its governance. The first 'model' constitutions will be made by Order in Council, following engagement with territorial authority owners and mana whenua in the relevant area, and Cabinet consideration.

We are also preparing establishment water services plans for the entities, which will include all the key matters to be transferred (such as staff and assets). You can ask that these plans include any other matters you consider relevant.

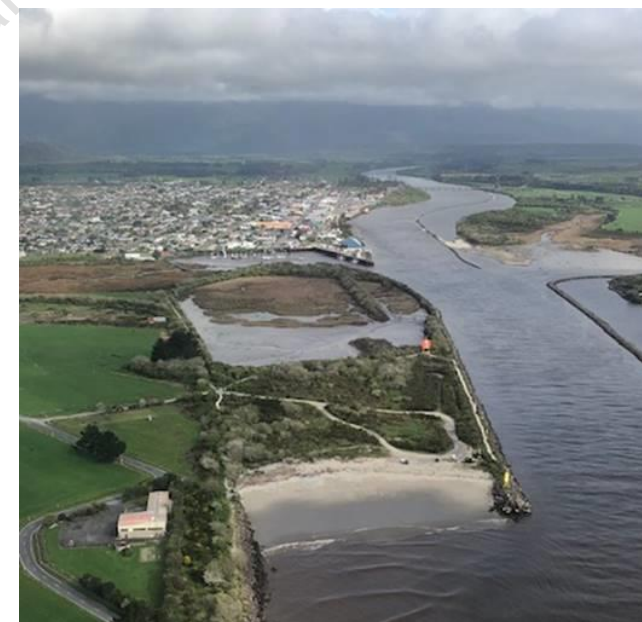
21. Earlier components of the three waters regulatory reforms are already being implemented. These comprise Taumata Arowai, the new Crown agent that became the water services regulator in 2021, and the Water Services Act 2021.
22. The Water Services Act provides the new drinking water regulatory framework that is administered and enforced by Taumata Arowai, as well as its oversight functions relating to wastewater and stormwater networks. Under the Act, all drinking water suppliers (other than domestic self-suppliers) have a duty to supply safe drinking water and meet regulatory requirements. Small, unregistered suppliers (such as rural suppliers) have several years before they have to meet all the compliance requirements.
23. The Minister of Local Government is responsible for Taumata Arowai, including for appointing members to its board and Te Puna (the Māori Advisory Group). The Department is the monitor for the purposes of the Crown Entities Act 2004 and administers associated legislation and appropriations.



Proactively released by the Minister of Local Government

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

24. Local government has consistently identified natural hazards and the effects of climate change as a critical area requiring a joined up and collaborative plan and action with central government.
25. Local government has a key role to play in building community resilience to natural hazards and climate change effects. Statutory responsibility for managing risks from natural hazards, and the effects of climate change, primarily falls on local government under the Local Government Act 2002 and the Resource Management Act 1991. The levers it has include land use and environmental planning, adaptive measures such as flood protection, and its role as a significant asset and infrastructure owner.
26. The Minister of Local Government plays a leadership role in working with local government to improve community resilience by reducing risks from natural hazards and climate change, with support from the Department. Since 2018, the Department has led a cross-government community resilience work programme, overseen by the Community Resilience Ministers' Group that was convened by you as Associate Minister of Local Government. As well as providing input to the Government's resource management and climate change reforms the Department leads work on flood resilience and reforms to the land information memorandum system.
27. After severe flood events in July 2021 and February 2022, the Department has been supporting the Buller District Council, West Coast Regional Council and the local iwi to improve the resilience of Westport to future flooding. In response to a letter of invitation from the Minister of Local Government, the councils and Ngāti Waewae submitted a proposal for government co-investment in Westport's flood resilience in June 2022. We are preparing a draft paper for you to seek Cabinet decisions in February 2023 on the Government response to the Westport proposal. Funding for the Westport proposal will be considered as part of Budget 2023.



Westport Township and Buller River

28. 9(2)(f)(iv) [REDACTED]
29. The Government has agreed to reforms to improve how land information memoranda (LIMs) communicate information on natural hazards and climate change impacts. The Local Government Official Information and Meetings Amendment Bill was introduced in November 2022 with changes to support property buyers' understanding of natural hazards and climate change risks and provide greater certainty to councils when preparing LIMs. The Bill is currently before select committee and expected to be enacted by July 2023.
30. The Government is undertaking significant reforms that will increase the resilience of communities to the impacts of natural hazard events and climate change, which are led or supported by the Minister of Local government. These include resource management system reform, three waters reform, the emergency management reforms, and implementing the first National Adaptation Plan (NAP). The Department is working with relevant agencies to ensure these reforms enable local government to take action to reduce natural hazard risk and build community resilience. Both the Department's work on improving natural hazard information in LIMs and Westport's flood resilience as a case study are key actions under the NAP.

Supporting central and local government as resource management reform legislation progresses, while looking ahead to transition and implementation

31. Three acts will replace the Resource Management Act 1991. Two bills have had their first reading in the House (the Natural and Built Environment Bill and the Spatial Planning Bill). A Climate Adaptation Bill is in development and intended to be introduced before the general election. The reforms are led by the Minister for the Environment.
32. Your role in these reforms reflects your responsibility to support the local government system. You will have a key role in ensuring that local authorities can successfully implement the reforms, including a new collaborative approach both among local authorities and between central and local government.
33. The Natural and Built Environment and Spatial Planning bills are currently being considered by the Environment Committee, and submissions close on 5 February 2023. It will be challenging for local authorities to prepare meaningful submissions in this timeframe, as council committees were unlikely to have met over the holiday period. This could further jeopardise relations between local and central government.
34. Under the new resource management system councils will continue to be the main decision-makers in the system overall, though in practice this will look different to the current system. The reforms will regionalise many planning functions leading to significant changes at the territorial authority level in terms of how planning services are delivered. The Spatial Planning Act will introduce regional spatial planning, a new function for many councils, which will help direct growth and development.
35. The reform programme also involves many changes for local government regarding governance, planning, and budgets, as well as being linked to Three Waters reform, managed retreat, and community resilience. Several regions are being identified as 'first tranches' to test out how the new system might operate in practice.
36. A key driver of the reform is to integrate planning for infrastructure provision and land use management at a regional level across both central and local government providers. A new



cooperative working relationship between central and local government will be critical to the success of resource management reform. The Department's established relationships with and knowledge of the local government sector will support you in this space.

The Future for Local Government review (the Review) is working towards recommendations for the longer-term role of local government

37. The Review was established in April 2021 to consider how our system of local democracy and governance needed to change over the next 30 years. This includes local government's role in improving the wellbeing of New Zealand communities and the environment, and how it can actively embody the Treaty partnership.
38. The Review's Terms of Reference recognise that existing fiscal challenges have been exacerbated by the impacts of COVID-19 and that the Government's reform programme could further compromise the sustainability of some local authorities' finances. Long-standing concerns about representation and governance and the local-central government relationship are also within the Review's remit. The breadth of the Review has raised expectations that the Government will respond with a work programme which considers options to address these issues and supports the sector to transition to an improved system.
39. The Panel presented its draft report to the Minister of Local Government in October 2022. Public consultation on the draft report closes on 28 February 2023.
40. The former Prime Minister made it clear that her government would not embark on further substantial reform of local government or governance unless it were sought by the sector with its broad consensus about the need for and the direction of change. The Heads of Agreement between LGNZ and the Crown in July 2021 set out the parameters of the government response to the Review. The Crown committed to working through its response to the Review in an open and transparent manner.
41. The final report is due to the Minister of Local Government and Local Government New Zealand on 19 June 2023.

The Future for Local Government Review Panel



Jim Palmer, Chair



Penny Hulse



Antoine Coffin



Gael Surgenor



Brendan Boyle

The Local Government Reforms Ministerial Group enables a more coordinated and strategic approach to reforms which affect local government

42. In mid-2022 the former Minister of Local Government convened the *Local Government Reforms Ministerial Group* in response to the significant pressure on local government due to the cumulative impact of central government reforms.
43. The purpose of the Ministerial Group is to investigate how to enable a more coordinated and strategic approach to the reforms. The Ministerial Group meets bi-monthly to consider the following objectives as set out in its terms of reference:
 - a) opportunities for greater clarity, alignment and coordination across the reforms;
 - b) risks posed by the cumulative impact of the reforms, as well as any relevant pressures on local government;
 - c) strategic and communications opportunities that may contribute to the maintenance of a positive and productive relationship between central and local government; and
 - d) any opportunities and challenges arising from the interconnectedness of the reforms for iwi/Māori.
44. As the incoming Minister of Local Government, your role as Chair of the Ministerial Group will be supported by the Department who will provide you with advice on topical issues and opportunities for Ministers to discuss. In developing this advice, the Department engages with other central government agencies representing the portfolios of the Ministerial Group members.
45. The Ministerial Group last met in early December where Panel Members of the Future for Local Government Review discussed the preliminary recommendations of their draft report. The next meeting is expected to take place in late February 2023. The Department will provide you with advice on this in due course.

Local Government Reforms Ministerial Group membership

- Minister of Local Government (Chair)
- Minister of Finance
- Minister for Māori Crown Relations: Te Arawhiti
- Minister of Housing
- Minister for the Public Service
- Minister for the Environment
- Minister of Climate Change
- Minister for Emergency Management

Three waters, resource management, and the Future for Local Government review are big issues for local government, but this is far from all that is happening

There are governance issues that will need to be considered alongside the recommendations from the Future for Local Government Review

46. The legislation relevant to the governance system of local government is a priority area for reform to catch up with modern expectations about the role of councils. Updated governance regulation is needed to support robust and transparent community representation and decision-making. This includes modernising the legislation for elected members' interests, meetings, long-term planning, and managing council and councillor dysfunction and misconduct.
47. While there are some discrete targeted electoral reforms underway (see below), the local electoral system needs a much wider overhaul. This work is currently deferred until after the Future for Local Government Review and the Independent Electoral Review are complete.

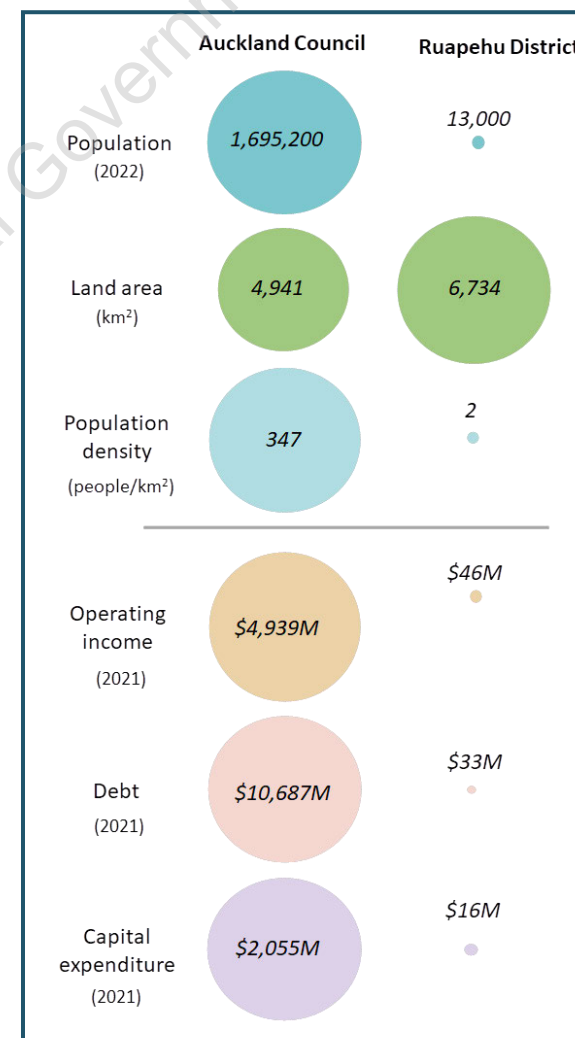
There are several discrete local electoral reform matters currently before Parliament (or about to be)

48. The Local Government Electoral Legislation Bill which, amongst other things, completes the changes to Māori wards processes, is currently awaiting second reading. This Bill will need to be passed by March 2023 to meet implementation timelines. The Government has also signalled that legislation will shortly be introduced to lower the voting age in both general and local elections.

49. The Department will also have a role in supporting two select committee inquiries this year – the Inquiry into the 2022 Local Elections and the Inquiry into the Declaration of Inconsistency on the voting age (title TBC).

Local authorities face diverse financial challenges

50. The social, economic and geographic diversity of local authorities is in turn reflected in the diversity of local authority financial capacity and challenges. However, some common themes apply to all or many local authorities.
51. After many years of low inflation, all councils are having to grapple with how they manage their finances in an environment with significant inflation. Public pressure to keep rate rises low is likely to intensify, but councils will be subject to the same, or higher inflationary pressures to their cost base as other organisations.
52. All territorial authorities will have to adapt to the financial impacts on their operations from three waters reform.
53. Ongoing storm events are challenging the financial capacity of many local authorities to provide secure road access to their communities. This occurs in both rural communities, with recent examples being Marlborough and Gisborne districts, and urban communities, for example access to Stokes Valley in Hutt City.
54. Urban councils are challenged both to supply sufficient infrastructure to support growth in housing supply, and to invest in changes needed to support climate change mitigation and adaptation, such as the provision of active and public transport. These pressures are evident in the Urban Growth Partnerships where the cost of the infrastructure required cannot be met by the traditional funding tools and where the variety of different tools, funding sources and approval processes are creating significant sequencing and coordination problems. Resolving this will be critical to achieving desired outcomes, including those from the resource management reforms.



Promoting good practice is an increasing focus for the Local Government Commission

55. The Local Government Commission (LGC) is an independent statutory body, supported by the Department. The LGC's primary role is assessing and adjudicating representation review proposals from local authorities. The LGC also has a general role of promoting good local government in New Zealand. Promoting practice for local government is an increasingly important part of their work. The current suite of reforms may provide an opportunity to review the role of the LGC in the wider stewardship of the local government sector.

Working with tangata whenua

56. The relationship between local government, Māori and the Crown is a powerful one. Some new governance arrangements between iwi and local authorities have been established through Te Tiriti o Waitangi/Treaty of Waitangi settlement processes. Beyond formal Treaty settlement arrangements, partnerships with whānau, hāpu, iwi and hāpori are an increasingly important component of regional development, decision-making and community wellbeing.
57. Councils have obligations under the Local Government Act 2002 and the Resource Management Act 1991 to work with Māori, to recognise Māori connection to te taiao (taonga and natural resources) 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 to encourage successful collaboration between whānau, hāpu, iwi and hāpori and local authorities for the benefit of communities.

The role of local government as a treaty partner and the relationship between local government and tangata whenua is integral to the wider programme of reforms

58. Supporting and enhancing the participation of whānau, hāpu, iwi and hāpori in local government issues is vital to the success of all work within the local government portfolio.
59. The Department has developed Aotearoa Reorua - Bilingual Towns and Cities, a programme that supports mana whenua and councils to partner and co-produce a bilingual rautaki (strategy) for their town/city to become a bilingual centre. This kaupapa also contributes to Maihi Karauna, the Crown's Strategy for Māori Language Revitalisation 2019 – 2023.
60. Key components of the programme include \$0.225 million of funding over two years to support each centre's participation, access to tools and case studies via the Aotearoa Reorua website, and support offered through connections with Te Reo advocates and experienced centres. Centres currently enrolled are: Rotorua, Te Wairoa, Ōtaki, Napier, Whakatāne, Tokoroa and Porirua. The next groups of centres will be determined in early 2023.
61. The Department also commissioned the development of a data portal, Tātai Aronga, to support co-governance entities and their decision-making over the natural resources that they govern. A key objective is that mana whenua and local government will enhance their relationship through the utilisation of this tool and in the context of partnership arrangements.
62. Alongside these place-based initiatives, we have worked directly with mana whenua and several councils to move into a more strategic relationship, and have undertaken a comprehensive literature review of the relationship between Māori and local government over the last 25 years.



Current local government bills

63. The table below outlines all local government portfolio and local Bills that are currently before Parliament or near to introduction.

| Bill/regulation name | Status |
|---|--|
| Water Services Legislation Bill | Currently before the Finance and Expenditure Committee, report back due by 25 May 2023 |
| Local Government Electoral Legislation Bill | Awaiting second reading |
| Local Government Official Information and Meetings Amendment Bill | Currently before the Governance and Administration Committee, report back due by 22 May 2023 |
| Rates Rebate Order in Council (Regulations) | Initial policy decisions in early February, enacted before 1 July 2023 |

64. The table below outlines Bills that are currently before Parliament or near to introduction which require significant support from the local government portfolio but are led by other agencies or local authorities.

| Bill/regulation name | Lead Minister/Local Authority | Status |
|---|---|--|
| Spatial Planning Bill | Minister for the Environment | Currently before the Environment Committee, report back due by 22 May 2023 |
| Natural and Built Environment Bill | Minister for the Environment | Currently before the Environment Committee, report back due by 22 May 2023 |
| Water Services Economic Efficiency and Consumer Protection Bill | Minister of Commerce and Consumer Affairs | Currently before the Finance and Expenditure Committee, report back due by 25 May 2023 |
| Rotorua District Council (Representation Arrangements) Bill | Rotorua District Council | Currently before the Māori Affairs Committee, report back due by 31 May 2023 |

| Bill/regulation name | Lead Minister/Local Authority | Status |
|--|-----------------------------------|---|
| New Plymouth District Council (Perpetual Investment Fund) Bill | New Plymouth District Council | Currently before the Governance and Administration Committee, report back due by 07 June 2023 |
| Statutes Amendment Bill | Associate Minister of Justice | Potential amendments must be submitted to the Ministry of Justice in February. The Department will work with the Ministry of Justice regarding possible amendments to local government related statutes. The Bill is to be introduced to the House in mid-2023. |
| Emergency Management Bill | Minister for Emergency Management | Introduction early 2023 |

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

The role of the Minister of Local Government

65. The Minister of Local Government is responsible for the overall system of local government. This includes ensuring the system performs well and is “fit-for-purpose” to meet long-term challenges. Within your delegations you will have a leadership role in central government across portfolios that impact and rely on local government.
66. 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.
67. Under Part 10 of the Local Government Act 2002 the Minister of Local Government can intervene with local authorities where they have reasonable grounds to believe there is a significant problem that the local authority is failing to adequately address.

Other roles

68. The Minister of Local Government has a range of statutory responsibilities relating to:
 - administering Crown harbours and facilities 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.



69. The Minister of Local Government is responsible for Taumata Arowai, the Water Services Regulator, which is a Crown entity. You oversee and manage the Crown's interests in, and relationships with, Taumata Arowai. This includes reviewing its performance, participating in the setting and monitoring of its strategic direction and targets, and recommending appointments to the boards.
70. You are also responsible for the legislation associated with the three waters reforms. These responsibilities are explained in a separate briefing on the reforms.

Lake Taupō/Taupō Moana

71. Under the Maritime Transport Act 1994, the Minister of Local Government is the harbour authority for Lake Taupō.
72. The Minister is empowered to appoint a Harbourmaster, with the powers of a regional council to regulate and control activities on the Lake. There is currently a Harbourmaster in place.

Administering the Rates Rebate Scheme

73. The Department administers the Rates Rebate Scheme (the Scheme) that assists some low-income homeowners to pay their rates.
74. Adjustments to the Scheme's two key settings (the maximum rebate available and the income abatement threshold) are made annually to account for the increase of the Consumer Price Index. The adjustments are made by Order in Council.
75. The Department is currently undertaking further work to assess potential issues facing the Scheme and options to address these issues.

Local Government Funding Agency

76. The Local Government Funding Agency (LGFA) was established under the Local Government Borrowing Act 2011 to raise debt on behalf of local authorities, on terms that are more favourable than if individual councils raised the debt directly. The LGFA provides an effective, cost-efficient service for local government borrowing.

Proactively released by the Minister of Local Government

77. The performance of the LGFA is monitored by the Shareholders Council, consisting of representatives of shareholding local authorities and officials from the Treasury and the Department on behalf of the shareholding Ministers (the Minister of Local Government and the Minister of Finance). The Shareholders Council provides advice to shareholders on LGFA resolutions and can commission independent reviews on aspects of the LGFA's operation as required.
78. When decisions are required, such as voting at the Annual General Meeting, the Department provides advice to the shareholding Ministers on decisions requiring the Crown's vote.

Appointing Development Contributions Commissioners

79. Development Contributions Commissioners are appointed pursuant to section 199F of the Local Government Act 2002. It is the role of Commissioners to decide on objections lodged against territorial authorities' decisions on development contributions.
80. The Minister of Local Government appoints suitable persons as approved Commissioners to the Register of Development Contributions Commissioners. There are currently 22 Commissioners. The Department provides advice on appointments when required.

Responsibilities as the Territorial Authority for Offshore Islands

81. Under section 22 of the Local Government Act 2002, the Minister of Local Government is the territorial authority for a number of offshore islands that are not included in the boundaries of an established territorial authority.
82. The Department supports the Minister of Local Government to fulfil their responsibilities as the territorial authority for offshore islands. These responsibilities include the processing of resource consent applications in accordance with the Resource Management Act 1991, participation in the Bay of Plenty Civil Defence and Emergency Management Group, and



enhancing relationships with mana whenua and residents of Motiti and Tuhua Islands in the Bay of Plenty.

The Department's role in supporting you

83. We support you as Minister of Local Government by:
 - a) providing high quality advice to inform your decisions;
 - b) providing support during the legislative process for various Bills in the House;
 - c) providing portfolio Private Secretary resource to assist you in your Ministerial office;
 - d) drafting replies to public correspondence, Official Information Act requests, parliamentary questions and media enquiries; and
 - e) assisting you in your statutory responsibilities.
84. 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:
 - a) providing advice to chief executives of territorial authorities on matters related to applications for the rebate or refund of rates; and
 - b) maintaining a National Dog Control Information Database.

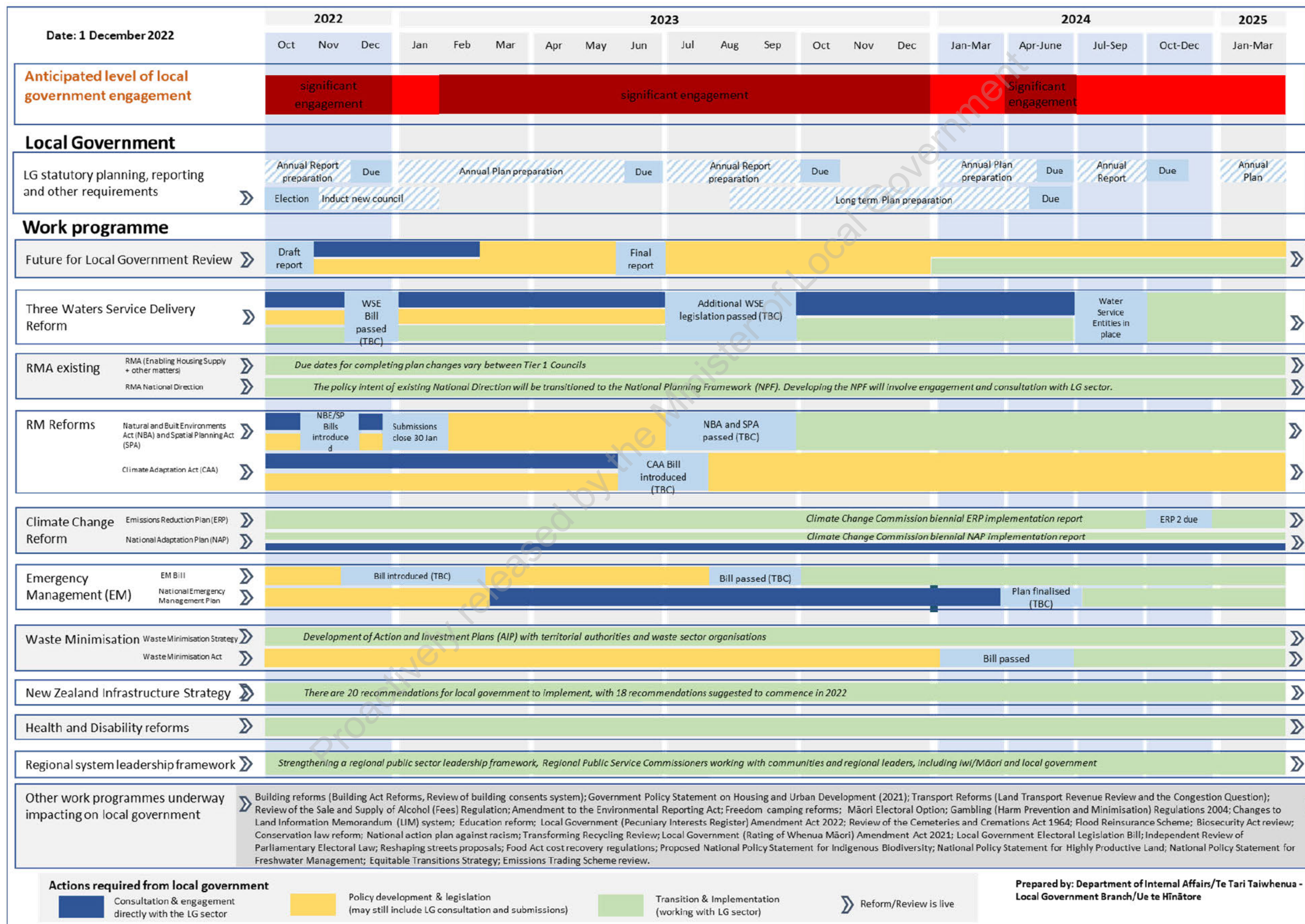
Part Three: Introductory briefings | Wāhanga Tuatoru: Ngā whakamārama

85. The following table is a list of imminent briefings that, subject to your approval, we will provide you in the next few weeks. We will work with your office on the delivery of these briefings.

| Date with Minister | Title | Detail |
|--------------------|---|---|
| February 2023 | Briefing on the three waters reforms | Comprehensive overview of all aspects of the three waters reforms, including background material, Ministerial responsibilities, and upcoming matters of interest. |
| February 2023 | Select Committee appearance for the Local Government Official Information and Meetings Amendment Bill | Material to support you in briefing the Governance and Administration Committee on changes to the Local Government Official Information and Meetings Act. |
| 9(2)(f)(iv) | | |
| | | |

Appendix A: Central government work programmes impacting on local government |

Āpitihanga A: Ngā rārangi mahi a te kāwanatanga matua e whai pānga ana ki te kāwanatanga ā-rohe



Appendix B: Legislation we administer | Āpitihanga B: Te ture e whakahaerehia ana e tātau

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

In addition, the Department administers the legislation associated with the three waters reforms, including the Taumata Arowai – the Water Services Regulator Act 2020, the Water Services Act 2021, and the Water Services Entities Act 2022. Information on this legislation, and the Minister's responsibilities, is provided in a separate briefing on the three waters reforms.

| Act | Summary of purpose | Minister's main statutory responsibilities or powers |
|--|---|--|
| Dog Control Act 1996 | 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. | The Minister may recommend regulations on breeds of dogs that may be imported or require muzzling, and organisations that may certify disability service dogs. |
| Freedom Camping Act 2011 (administered jointly with the Department of Conservation) | 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 offences. | The Minister of Conservation and the Minister of Local Government may recommend regulations prescribing the infringement fees. |

| Act | Summary of purpose | Minister's main statutory responsibilities or powers |
|---|---|--|
| Local Electoral Act 2001 | 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 review representation arrangements (with oversight from the Local Government Commission). | 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 | 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. | The Minister has various responsibilities under the Act, including using powers of assistance 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 | 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. | The Minister has no specific responsibilities under this Act. |
| Local Government (Rating) Act 2002 | 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. | The Minister has regulation-making powers relating to the rating of educational establishments. |
| Rates Rebate Act 1973 | The Rates Rebate Scheme was established under this Act to provide a subsidy to low-income homeowners on the cost of their rates. | The Minister is responsible for administering the Rates Rebate Scheme and adjusting the rebate levels (which is currently done annually in line with changes to 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
- 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

The Minister of Local Government also has a statutory responsibility under the Maritime Transport Act 1994 being the harbour authority for Lake Taupō/Taupō Moana.

Appendix C: Appropriations | Āpitiḡanga C: Ngā pūtea tauwhāiti

Vote Internal Affairs

Funding for the Local Government portfolio is appropriated within Vote Internal Affairs.

Local Government Portfolio Funding

The Minister of Local Government is responsible for all expenditure and services received under appropriations relevant to the Local Government portfolio. The Local Government portfolio appropriations for 2022/23 are \$553 million (\$115 million departmental operating and \$438 million non–departmental (operating and capital)).

Proactively released by the Minister of Local Government

Departmental operating

The Minister of Local Government is responsible for \$114.8 million of departmental operating appropriations for 2022/23.

| \$million | Departmental appropriations based on 2022 October Baseline Update ¹ |
|----------------|--|
| 84.749 | Provision of policy advice, system stewardship and leadership, and services to support Ministers to discharge their responsibilities relating to the local government portfolio This appropriation includes: <ul style="list-style-type: none"> - \$51.742 million for the Three Waters Reform Programme - \$6.065 million for the Future for Local Government Review - \$11.240 million for policy advice and ministerial support. |
| 24.932 | Department expenses incurred on managing the establishment of the water services entities that are intended to be recovered from the water services entities |
| 3.697 | Administering the local government related legislation 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 |
| 1.386 | Provision of advisory and support services to the Local Government Commission in respect of its statutory functions |
| 114.764 | Total Departmental Operating |

¹ These lines represent an output expense and categories within Multi-Category Appropriations. 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.

Non-departmental (operating and capital)

The Minister of Local Government is also responsible for non-departmental (operating and capital) appropriations.

| \$million | Non-departmental operating appropriations based on 2022 October Baseline Update |
|-----------|--|
| 250.000 | Grants to support investment into community wellbeing, placemaking, housing, and climate related initiatives |
| 62.000 | Assistance with rates for low-income residential ratepayers, as authorised by the Rates Rebate Act 1973 |
| 45.178 | Providing financial support to territorial authorities and sector organisations to enable participation and engagement in the reform of three waters service delivery |
| 28.550 | Supporting the improvement and maintenance of drinking water supplies in areas that are not urban areas ² |
| 21.097 | Grants to organisations, including councils, to assist them to strengthen water infrastructure and service delivery, including through service delivery changes ³ |
| 19.290 | Supporting Taumata Arowai in meeting its statutory responsibilities as New Zealand's water services regulator ⁴ |
| 4.373 | Contribution to the cost of the Chatham Islands Council meeting its statutory responsibilities |

² Part of the \$710 million Three Waters Infrastructure Investment and Service Delivery Reform Programme stimulus funding approved by Cabinet as part of the COVID-19 Response and Recovery (CRRF) July Package.

³ Part of the \$710 million Three Waters Infrastructure Investment and Service Delivery Reform Programme stimulus funding approved by Cabinet as part of the COVID-19 Response and Recovery (CRRF) July Package.

⁴ Funding for Taumata Arowai, the new Crown Agent Regulator for Water Services.

| \$million | Non-departmental operating appropriations based on 2022 October Baseline Update |
|----------------|--|
| 4.212 | Providing financial support to iwi/Māori to enable participation and engagement in the reform of three waters service delivery |
| 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 |
| 1.100 | Enhancing relationships between Local Government and Iwi/Māori to improve partnerships ⁵ |
| 1.030 | Depreciation and maintenance costs associated with Crown-owned assets at Lake Taupō |
| 0.221 | Assisting local authorities to deliver effective local government services associated with preventing or responding to adverse natural events or natural hazards |
| 438.551 | Total Non-Departmental Operating |

| \$million | Non-departmental capital appropriations based on 2022 October Baseline Update |
|--------------|---|
| 0.136 | Upgrading of boating facilities at Lake Taupō |
| 0.136 | Total Non-Department Capital |

⁵ Please note that this funding is recognised under the appropriation 'Miscellaneous Grants – Internal Affairs' and falls under the Internal Affairs portfolio. This appropriation is the responsibility of the Minister of Internal Affairs.

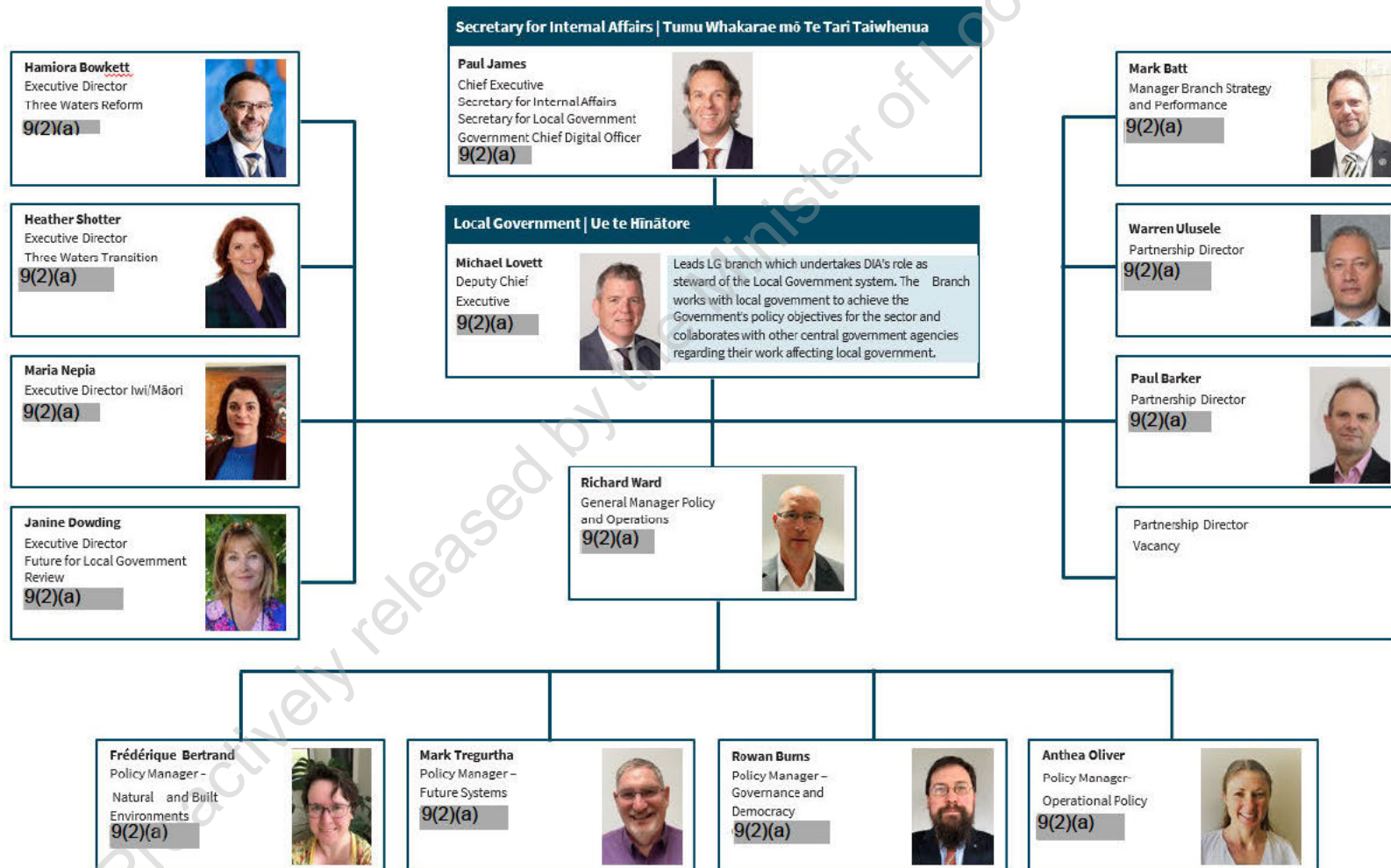
Tagged Contingencies

The following tagged operating contingencies have been agreed by Cabinet, and the Minister of Finance and the Minister of Local Government are authorised to approve drawdowns

| \$million | Tagged Operating Contingencies |
|------------------|--|
| 229.465 | Transforming Three Waters Service Delivery for New Zealanders: Transition and Implementation Expiry date: 1/02/2023 Original amount: \$296 million |
| 23.260 | Taumata Arowai, New Crown Agent Regulator for Water Services ⁶ Expiry date: 31/03/2023 Original amount: \$36.070 million |
| 750.000 | Three Waters Reform Support Package Expiry date: 1/03/2024 |
| 1,002.725 | Total Tagged Contingencies |

⁶ \$11.630 million phased in 2023/24 and \$11.630 million in 2024/25 and outyears.

Appendix D: Key contacts in the Department of Internal Affairs | Āpitihianga D: Ngā tino whakapā i roto i Te Tari Taiwhenua



Appendix E: Key stakeholders | Āpitihanga E: 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

| Organisation | Contact | Role |
|--|--------------------------------------|--|
| Local Government Funding Agency (LGFA) | Chair: Craig Stobo | 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. |
| | Chief Executive: Mark Butcher | |
| | | The Department is the Crown's delegated representative on the LGFA's Shareholders Council, which meets quarterly. From time to time the shareholding Ministers (Minister of Local Government and Minister of Finance) will be asked to vote on LGFA matters including membership and remuneration. |

| Organisation | Contact | Role |
|---|--|---|
| Local Government Commission | Chair: Brendan J Duffy ONZM, JP Chief Executive: Penny Langley | <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> <p>The Local Government Commission also has a general role of promoting good local government in New Zealand. This includes a role in promoting good practice relating to a local authority or to local government generally.</p> |
| The Office of the Auditor-General | Controller and Auditor-General: John Ryan Assistant Auditor-General, Local Government: Mark Maloney | <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) | Board Chair: Dame Karen Poutasi Chief Executive Officer: Allan Prangnell | <p>Taumata Arowai is the water services regulator for Aotearoa to provide safe and reliable drinking water and improved delivery of waste and storm water. Taumata Arowai is a Crown entity with a board appointed by the Minister of Local Government.</p> <p>Alongside the independent board is a Māori Advisory Group, Te Puna. Te Puna advises on Māori interests and knowledge as they relate to the objectives, functions and operating principles of Taumata Arowai and the Board's collective duties. Te Puna members are also appointed by the Minister of Local Government (in consultation with the Ministers with portfolio responsibilities that relate to Māori Development and Māori Crown Relations).</p> |

Local government representative stakeholders

| Organisation | Contact | Role |
|--|--|--|
| Local Government New Zealand (LGNZ) | <p>President: Stuart Crosby (Councillor, Bay of Plenty Regional Council)</p> <p>Vice President: Sam Broughton (Mayor, Selwyn District Council)</p> <p>Chief Executive: Susan Freeman-Greene</p> | <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 20 elected members from throughout New Zealand. Most local authorities are members of LGNZ, however, some have withdrawn or indicated they may withdraw due to concerns about LGNZ's position on the three waters reforms.</p> <p>A new President and Vice President will be elected at the 2023 AGM.</p> |
| Taituarā – Local Government Professionals Aotearoa | <p>President: Sanchia Jacobs (Chief Executive, Central Otago District Council)</p> <p>Vice President: Jo Miller (Chief Executive, Hutt City Council)</p> <p>Chief Executive: Karen Thomas</p> | <p>Taituarā 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.</p> |

Report number: [TWCXRFFVDW2E-1417266192-852](#)