PROJECT LOCALISM

An introduction to LGNZ’s localism initiative

We are. LGNZ.

Dr Mike Reid
Principal Policy Adviser
LGNZ
LGNZ’s localism initiative

Local government is calling for a shift in the way public decisions are made in NZ by seeking a commitment to localism.

Strengthening self-government at the local level means putting people back in charge of politics and reinvigorating our democracy.

We are calling for active programme of devolution and decentralisation.
What do we mean by localism?

Localism as we define it involves:
- Decentralising, to local governments and communities, services and related funding where a case can be made;
- Enabling councils, with agreement of their citizens, to introduce targeted funding mechanism to address local issues;
- Strengthening opportunities for citizen participation in local government (deepening democracy); and
- Strengthening local institutions to deliver the culture change necessary for local partnerships and innovation to thrive.
Background

- Signalled in our Local government manifesto prior to the 2017 General Elections
- One of four Flagship Projects in LGNZ’s 2018/19 Business Plan
- Project launched with “Position Statement” at 2018 LG conference July 2018
<table>
<thead>
<tr>
<th>Steps</th>
<th>Date</th>
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<tbody>
<tr>
<td>The Localism project launched at the LGNZ conference</td>
<td>July 2018</td>
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<tr>
<td>Localism reference group meets to review evidence for localism and</td>
<td>29 October and 3 December 2018</td>
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<td>develop outline of a localist alternative for NZ</td>
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<td>Localism Summit held to raise awareness about localism and provide</td>
<td>28 February 2019</td>
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<td>feedback</td>
<td></td>
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<td>The Localism discussion paper launched at the 2019 LGNZ Conference</td>
<td>July 2019</td>
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<tr>
<td>Analysis of submissions and preparation of final report</td>
<td>November – February 2020</td>
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<tr>
<td>Publication of LGNZ’s Localism Manifesto</td>
<td>March 2020</td>
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Discussion document based on five themes

> **Devolution** - both systematic and “contractual”

> **A buoyant tax** - Recent pressures on some councils, such as population growth and tourism, highlight the need for buoyant taxes

> **Shaping well-being** - central government’s well-being needs a strong localism to ensure local needs are addressed

> **Deepening democracy** - our localist vision the active engagement of local partners, such as Iwi/Maori, communities and business organisations and citizens directly

> **An end to cost shifting and unfunded mandates** - legislation to require governments to recognise the cost of unfunded mandates.
Why and why now?
Triggers

- Direction of government policy
  - Sense of marginalisation
  - Reform of the 3 waters
  - Ministerial intervention powers
  - Education reform
  - Housing crisis and urban development
  - Reorganisation attempts

- Failure of government policy
  - Growth of regional inequality
  - Chronic homelessness
  - Impact of “one size fits all” thinking
  - Economic performance
  - Declining trust and participation in democracy
The data
Centralism is bad for GDP
Fiscal decentralisation and local government turnout

\[ R^2 = 0.3479 \]

Voter turnout % vs. Fiscal decentralisation

- NZ
- UK
- Iceland
- Sweden
Fiscal decentralisation and trust in national government (OECD)

\[ R^2 = 0.1867 \]

<table>
<thead>
<tr>
<th>Country</th>
<th>Fiscal Decentralisation</th>
<th>Trust %</th>
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</thead>
<tbody>
<tr>
<td>Greece</td>
<td>0.00%</td>
<td>10.00%</td>
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<tr>
<td>NZ</td>
<td>10.00%</td>
<td>20.00%</td>
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<tr>
<td>Norway</td>
<td>20.00%</td>
<td>30.00%</td>
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<tr>
<td>Switzerland</td>
<td>30.00%</td>
<td>40.00%</td>
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<tr>
<td>Canada</td>
<td>40.00%</td>
<td>50.00%</td>
</tr>
<tr>
<td>Norway</td>
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<td>60.00%</td>
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<tr>
<td>Australia</td>
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<td>Korea</td>
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<td>Greece</td>
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</table>
Britain is the prisoner of a cult of centralised government that was created in the age of mass production but is increasingly irrelevant in the age of tailoring and customisation. This cult is killing innovation.

The Economist, 29 April 2017
Localism & participation in formal activities (Europe)

\[ R^2 = 0.3987 \]
Localism & participation in informal voluntary activities

\[ R^2 = 0.2159 \]

Participation %

Fiscal decentralisation

- Malta
- Switzerland

\[ R^2 = 0.2159 \]
Challenge
Pre 1840 governance in NZ Aotearoa was completely local (Iwi, Hapu and Whanau)
“Localism” underpinned the first Local Government statute:
- the inhabitants themselves are best qualified, as well as by their more intimate knowledge of local affairs, as by their direct interests therein, to provide for the wants and needs of their respective settlements.
- ... the central government would thus be deprived of the power of partiality in its legislation; while at the same time, the prosperity of the country at large, would be promoted by the honourable rivalry which would spring up among the various settlements.

(Commentary to the Municipal Corporations Act 1842)
Taxes as a share of GDP

% of GDP:
- CG Tax
- LG Tax

Year:
- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016

Values:
- CG Tax:
  - 1990: 6.3
  - 1991: 7.5
  - 1992: 6.1
  - 1993: 10.5
  - 1994: 29.4
  - 1995: 26.8
  - 1996: 25.9
  - 1997: 26.6
  - 1998: 27.7
  - 1999: 26.8
  - 2000: 27.8
  - 2001: 28.0

- LG Tax:
  - 1990: 1.4
  - 1991: 1.8
  - 1992: 2.2
  - 1993: 3.6
  - 1994: 2.8
  - 1995: 2.1
  - 1996: 2.1
  - 1997: 2.2
  - 1998: 2.1
  - 1999: 2.0
  - 2000: 2.0
  - 2001: 2.0
  - 2002: 2.0
  - 2003: 2.1
  - 2004: 2.1
  - 2005: 2.1
  - 2006: 2.1
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  - 2008: 2.1
  - 2009: 2.1
  - 2010: 2.1
  - 2011: 2.1
  - 2012: 2.1
  - 2013: 2.1
  - 2014: 2.1
  - 2015: 2.1
  - 2016: 2.1
Changing hearts and minds

> No existing lobby for institutional localism or decentralisation

- Strength of historical attitudes about local government capacity, capability and relevance;
- Interest in maintaining status quo by major sectors, from business organisations to Trade Unions and universities (localism threatens relationships with centre of power);
- Legacy of years of paternalist government;
- Proximity of Minister and Members of Parliament to local citizens.
“Count me sceptical. I’m unpersuaded the local authorities should get more power. Given the choice between the New Zealand government – of whatever stripe – and Wellington City Council, I’ll take the former any day.

Not only are they generally more competent (and regular readers will know I’m no fan of any recent government) but it is a great deal easier to monitor them and hold them to account.

Then again, perhaps I’m just a died-in-the-wool central government bureaucrat” (participant at localism symposium blog post February 2019)
Minister of Local Government

“Localism ... is not a new concept, however its reinvigoration reflects concerns in communities about their sense of powerlessness and lack of resources to address serious issues that are seen and felt at a local level.

I am not proposing we endorse a devolutionary-model. The consideration of local governance for community wellbeing will enable the Government to reach our own definition of how best to deliver at a local level and provide greater context for the Government to engage with the sector on the localism agenda” (Min. Local government Cabinet paper November 2018)
Community attitudes
Survey of community attitudes late 2018

- Is having more local services controlled and provided by local decision-makers is a good idea?
  - 30% of respondents said yes.
  - 30% of respondents said no, and
  - 40% were either neutral or unsure.
Functions supported for devolution

> When asked what functions were suitable to being controlled and provided by local authorities respondents stated:
  • vocational training 52%
  • social housing 45%
  • primary healthcare 43%
  • welfare services for people in need 43%
Reasons for and against

➢ For
  • more responsive to local needs
  • be more accountable to the locals they live amongst
  • local people would make better decisions based on greater understanding of local needs.

➢ Against
  • local governments around the country will be duplicating services especially in administration and back office support;
  • already poor communities would be further disadvantaged without the central government evening things up.
Locally controlled services will be more responsive to local needs.

Local government would be more accountable to the locals they live amongst.

Local people would make better decisions based on greater understanding of local needs.

Democracy in New Zealand would be boosted if real power is shifted back to local communities.

Local services by local government will be quicker, more targeted and save money because...

Base: All respondents (n=1000)
Local governments around the country will be duplicating services especially in administration...

Already poor communities would be further disadvantaged without the central government...

There would be the possibility of corruption as local businesses would have a more direct line to...

At a local level, extremists or cranks could more easily get control leading to decisions that could...

There will be a reduction of national standards in public service delivery across the country.

Any benefit of substantial buying power through central government will be lost.

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**Base: All respondents (n=1000)**
“...if democracy is to do with self government, the control of one’s own life and environment, then the most important area of control is the most immediate environment, the locality in which one lives.

Home and neighbourhood should take precedence over the wider and more remote units of region, state or nation.”

- Prof. Richard Mulgan, Australian National University
WE ARE.
Making New Zealand a better place.

We are. LGNZ.