



Public Service Association
Te Pūkenga Here Tikanga Mahi

Briefing to the Incoming Minister for Local Government 2020

Kawanatanga-a-Rohe, Local Government – Our priorities for reform

November 2020

Tēnā rawātu koe e te Minita o Te Kawanatanga ā Rohe. E mihi kau ana ki a koe I runga i tōu turanga o Te Kawanatanga ā Reipa. No reira, kei te hari koa kua noho koutou ko Aotearoa Tuatahi me Te Kakariki hei Te Kawanatanga i roto i te Whare Paremata. Kāti.

Congratulations

Congratulations on your appointment as Minister for Local Government. The PSA is committed to better local government services and the strengthening of local participation. We look forward to working with you to make a positive difference for New Zealanders. We would welcome the opportunity to meet with you on a regular basis. We would also like to extend an open invitation to you to meet with our Local Government Sector Committee, which meets regularly in Wellington throughout the year.

The PSA in Local Government

We have included a leaflet with information about the PSA, its purpose, strategic goals, governance and membership.

The New Zealand Public Service Association: Te Pūkenga Here Tikanga Mahi (the PSA) is the principal local government trade union, representing almost 9,000 local government employees. The PSA is one of the few organisations that has a solid overview of the local government sector, not only from the perspective of local government workers and union members, but also from a civil society perspective through its 77,000 members who work in other sectors and who are residents in every part of the country.

We have good relationships with the Society for Local Government Managers (SOLGM) and Local Government New Zealand (LGNZ)



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Our vision for Local Government

Local democracy is a cornerstone value for the PSA: vibrant communities are underpinned by strong democratic institutions that aim to support and maximise citizen participation in local decisions. We support public ownership and management of services and facilities.

As public entities, local government authorities should be exemplar employers, and provide leadership in the area of decent workplace relations.

The PSA believes that the constitutional independence of Local Government must be supported and strengthened.

Background

In 2019 the previous Labour-led government took positive steps in enhancing the Local Government Act 2002 to include the four wellbeings. The PSA believes that these changes have demonstrated a trust in local government and a commitment to improving community engagement.

The 2002 Act envisaged a central–local government partnership relationship, which is now not a partnership of equals (if it ever was). If we accept that there is a wide sphere of government which encompasses central and local government, interacting and collaborating in the interests and well-being of communities, then both direction and definition from the new government are needed to achieve this.

Positive Changes in Local Govt since 2017.

We would like to firstly acknowledge the positive changes that the 2017 Labour Government made to enhance the operational effectiveness of Local Government and the positive impacts which will have on our communities.



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- The introduction of clauses to the Local Government Act in 2019 which amended previous legislation and reinstated the Four well-beings into the Act (2002). The PSA supports the promotion of community well-being that this act reinstates and supports councils having responsibility for improving the social, economic, environmental and cultural well-being of our communities.
- The Three Waters Review and the \$761 million fund for investment in these vital services.

These changes will make a significant difference of our communities and the members the PSA represents. We encourage the government to ensure effective implementation of projects, particularly the Three Waters review where we expect the government to engage appropriately with Māori and to consider the effects of climate change on rainfall & water use patterns within its scope.

Priorities for change

This briefing outlines some key areas where we think reform is needed in local government legislation, governance and employment practices. Our priorities for change are:

1. Relationship with Māori: Repeal the mechanism in the Local Electoral Act (2001) that allows for a plebiscite to overturn a council recommendation to establish a Māori ward. We consider that this is an important part of a conversation about how to improve Māori participation and representation at the local government level, which may culminate in changes to the Local Government Act to strengthen Treaty of Waitangi-based governance approaches;
2. Coordinated sector employment relations
3. The future of work
4. Increase central government support for local government social housing activities. The benefits of in-house services are significant for our communities and this must be supported with adequate funding.
5. A review of the relationship between central and local government with a view to establishing local government as having its own constitutional status.



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6. Embark on a process to reform future funding arrangements for local government based on the options set out in the Productivity Commission report, in order to have a fairer way of funding service delivery and development

Priorities for change Explained

1. Relationship with Māori

The Government must show leadership to improve Māori representation and participation in local government. Māori are highly under-represented in local government, and current legislative frameworks do not facilitate either greater representation, or models of co-governance that reflect our Treaty of Waitangi commitments and that are truly bi-cultural. We believe there is scope for a wider debate about structures that will support substantive and meaningful Māori engagement in the democratic structures and in council decision-making.

We would like to see a review of how to improve Māori participation and representation at the local government level, which may culminate in changes to the Local Government Act to strengthen Treaty of Waitangi-based governance approaches. This would include a review of the provision in the 2001 Local Electoral Act that allows for a plebiscite to overturn the creation of Māori Ward removed from the legislation. In addition, this review should consider a shift to supporting Māori representation in recognition of their mana whenua status.

There may also be a need to strengthen the Local Government Act 2002 to embed a Treaty of Waitangi-based approach to governance.

2. Coordinated sector employment relations

The PSA wants to see terms and conditions standardised across the local government sector, and a consistent employment relations approach. This would encourage a real sense of cohesion and spirit of service and assist with local government sector career and capability development.



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In District Health Boards, where there is a tripartite Health Sector Relationship Agreement and a forum to support it, multi-employer collective agreements (MECAs) are now the rule rather than the exception and bargaining has become more efficient and effective from both the employer and employee perspectives. We would like to see a similar approach in local government, strongly supported by central government policy and guidance. Starting with a regional strategy, then building up to a national strategy, would be sensible.

Equal Pay

The Equal Pay Amendment Act puts into effect the Pay Equity Principles developed by the reconvened Joint Working Group, to implement pay equity in New Zealand workplaces where work may have been systemically undervalued. The Act aligns the pay equity process with the framework of the Employment Relations Act 2000. We look forward to a speedy resolution of claims.

Transparency and accessibility is essential to the challenge the deep inequalities faced by women, ethnic minorities and disabled people and to eliminate discrimination. We are keen to work with you to improve equal pay legislation for greater pay transparency so that all workers can be confident that they are being paid fairly, without discrimination. To that end we propose mandatory reporting by agencies and organisations of their GPG and ethnic pay gaps, annually, alongside a plan to remove gender and ethnic pay disparities identified. The PSA also seeks to work with you to identify mechanisms that ensure all workers have access to pay information in enough detail to either reassure them that they are being paid fairly or confirms their suspicion that their pay is discriminatory.

Living Wage

The PSA is active in the campaign for the living wage, and has been instrumental in the campaign in local government. While we welcome the Labour Party's commitment to ensure the Living Wage to contractors within the public service, the PSA is however concerned that there may be barriers to this within local government. We hope that the new government can encourage all councils to become Living wage accredited.



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3. The Future of Work

The PSA recognises the changing employment landscape due to climate change, and welcomes the establishment of the Future of Work Commission and the tripartite future of work forum between the government, Business NZ and the Council of Trade Unions (CTU). The PSA has played an active contributing role in this forum and is pleased with the work being completed. Local Government has a key role to play in being an exemplar employer to ensure a just transition for all New Zealanders.

The Future of Work rightly focusses on the need to create more and different jobs to grow the economy and effects all industries. However, the right balance must be struck so that work is decent and fairly paid. The current contracting model needs fundamental re-examination to support multi-year contracts and responsible contracting principles, which include secure work, decent terms and conditions, adequate and fair wages (Living Wage as a minimum), access to training and development, and fully funded contracts. Re-deployment of workers affected by transition should be promoted, including through industry-wide multi-employer pooling to match workers with new jobs.

The PSA supports flexibility in workplaces. The nature of work and employment are changing and current and future workers need to be supported to adapt to these changes. However, this must not be at the cost of decent work; flexibility should not be imposed on employees by the employer. It should be a genuine choice mutually agreed by the worker and the employer, with outcomes that are good for both parties. Many workers are relatively powerless in the face of fixed term and short term agreements and the other manifestations of insecure and precarious work that suits the employer's model of work.

We would like to see the good employer provisions of the Local Government Act to be revised to reflect preparing for future working conditions.

The PSA recommends making local government an exemplar Future of Work employer by:

- Requiring responsible contracting for jobs and contracts funded by the state

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- Boosting employment relations and human resource capability in local government
- Advancing high performance / high engagement workplace practices, with union involvement.
- Establishing common terms and conditions of service, including portability of service, in the local government
- Establishing a mechanism for sourcing work across the state sector system, so that workers whose jobs are changing can maintain employment security

4. Housing

PSA members support the public provision of quality, affordable housing as a cornerstone of healthy communities. We commend those local authorities that have retained, and in some cases expanded, their social housing responsibilities. We would like to see central government supporting local authorities to do this through the provision of low (or no) interest loans for capital expansion and the extension of the eligibility of the government's income related rent subsidy to local authorities; While we think the previous Government's Social Housing Reform Programme is deeply flawed, we recommend that eligibility for rent-related housing subsidies be extended to local authorities.

5. Keeping services in-house

Many services which were once delivered directly by local government are now delivered by Council Controlled Organisations (CCOs). They include housing, water services, infrastructure maintenance services, leisure services, tourism and economic development. The PSA believes it is a flawed model which adds costs, layers of management and puts governance at arm's length from elected representatives. Our experience is, that over time, the terms and conditions for CCO employees are sometimes driven down in comparison with the terms and conditions for workers in the parent council. Mechanisms for safeguarding terms and conditions need to be put in place from the outset, such as ensuring that CCOs are party to the collective agreement applying to the parent council.

The PSA believes that the default position should be that councils retain ownership, control and delivery of services. We would like to see a repeal of provisions to create CCOs as part of council



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amalgamations. Closer control is needed over existing CCOs, including ensuring wages, terms and conditions are consistent with the parent council.

The constitutional status of local government

Local government has an essential democratic role and its legitimacy as a tier of government should be constitutionally protected, as it is in many European Union states, and in the post-apartheid constitution of the Republic of South Africa. We call for a review of the relationship between central and local government with a view to establishing local government as having its own constitutional status.

6. Re-examine the funding base

The local government funding base is a core source of tension. Rates are a local tax which government, ratepayers and councils seek to keep as low as possible. Funding tensions arise when infrastructure investments and service improvements are required. There is a clear tension between the need for significant infrastructure upgrades in many of our urban areas and the political difficulties of raising the necessary revenue (via rates) to fund that spending. We acknowledge the Commissioning of the Productivity Commission to consider this issue, and the report produced local government funding and financing and we welcome the recommendations in this report.

The PSA believes that this is another area where a 'circuit breaker' is needed. Different funding models should be explored, and there should be a conversation about what is the fairest way of funding local government service delivery and development for households, business and central government.