

# REPORT SUMMARY



## Making Local Government Work

Nick Clark

Local government in New Zealand suffers from a fundamental flaw that undermines its effectiveness. While citizens elect mayors and councillors to lead their communities, these representatives lack real power to govern. Instead, actual authority lies with unelected officials, often operating out of public sight.

Most New Zealanders would be surprised to learn that when they vote for a mayor, they are choosing someone with remarkably limited powers. While mayors can appoint deputy mayors and establish committees, councils can remove deputy mayors and discharge committees. Meanwhile, unelected chief executives control council operations, staff appointments, and even the flow of information to elected members.

This democratic void - the gap between voter expectations and reality - explains the dysfunction visible across the country:

- Wellington City Council requires a Crown Observer to address mounting problems while basic infrastructure fails.
- Carterton District Council attempted to exclude an elected representative from key decisions for expressing views consistent with her election platform.
- At Waitomo, a mayor who campaigned for a rates freeze faced complaints for publishing his personal views ahead of a council vote.
- Gore District Council saw relationships deteriorate until both mayor and chief executive faced calls to resign.

The consequences extend beyond governance failures. Council spending continues to spiral, with local authority rates increasing by 12.2% in the year to September 2024 - the largest rise since 1991. The forecast for 2024/25 is even worse, with average increases of 15%.

While the government aims to get councils "back to basics", these reforms will struggle without addressing the fundamental problem: the systematic favouring of administrative control over democratic accountability. Unlike corporate boards, which can seek independent advice, elected representatives must rely on information filtered through the very bureaucracy they are meant to oversee.

The system actively constrains democratic oversight. Over half of councillors report that codes of conduct are weaponised against them, impeding their ability to speak freely or effectively represent their constituents. Even accessing basic information proves challenging, with councillors often struggling to obtain data needed for informed decision-making.

However, international experience shows a better way is possible. The German state of North Rhine-Westphalia (NRW) faced similar challenges with a system inherited from British administrators. In the 1990s, NRW transformed its governance by combining the roles of mayor and chief executive. Twenty-five years later, these reforms enjoy broad support, having delivered the clarity and accountability that the previous structure lacked.

Drawing on this international experience and New Zealand's context, we present five approaches to reform:

### **1. The NRW Model: Combining Mayor and Chief Executive Roles**

This proven reform aligns authority with democratic accountability while maintaining professional standards through clear frameworks and strong checks and balances. NRW's success demonstrates that transformative change is both possible and practical.

### **2. Direct Voter Control of Major Projects**

Communities could vote directly on significant council decisions, particularly major spending projects. Modern online voting systems make this practical and affordable, with councils providing clear information about proposals and their costs.

### **3. Extending Auckland's Mayoral Office Model**

Auckland uniquely has legislation enabling a mayoral office with staff who report to the mayor rather than the chief executive. This successful model could extend to other councils, with support teams scaled to council size.

### **4. Strengthening Democratic Oversight Powers**

Elected representatives could gain powers similar to company directors, who have clear authority to oversee management and make key decisions. This would strengthen their ability to oversee council operations while maintaining appropriate separation between governance and operations.

### **5. Reforming Information Access and Conduct Rules**

Current arrangements often prevent elected representatives from accessing basic information or speaking freely. Reforms could establish clear rights to information, protect legitimate democratic debate, and prevent misuse of conduct rules to silence elected members.

Critics might worry that stronger democratic oversight threatens professional administration. However, international experience shows that proper governance structures and clear role definitions can prevent inappropriate interference while enabling effective oversight.

The democratic void in local government cannot be fixed by technical changes or new performance metrics imposed from Wellington. Every year without reform means more dysfunction, more wasteful spending, and more frustrated democratic mandates.

NRW's experience proves that transformative reform is possible. The question is not whether New Zealand's local government needs democratic reform, but whether we have the political will to achieve it. By giving elected representatives real power to govern, we can create a local government system that truly serves its communities.

## **ABOUT THE AUTHOR**

**Nick Clark** is a Senior Fellow at the New Zealand Initiative, focusing on local government, resource management, and economic policy.

Nick brings 30 years experience in policy and advocacy inside and outside of government. He comes to us from 19 years at Federated Farmers, where he was its National Policy Manager. As well as managing a team of policy advisors, Nick led Federated Farmers' work on economic policy, including on fiscal policy, tax policy, monetary policy, banking policy, competition policy, and overseas investment policy.

He also worked extensively on local government policy issues and has been the administrator of the Local Government Business Forum, a grouping of national business organisations with an interest in local government policy issues and Treasury.