

**Government Response to
Report of the Justice Committee
on
Inquiry into the 2019 Local Elections and Liquor Licensing Trust Elections, and
Recent Energy Trust Elections**

Presented to the House of Representatives

In accordance with Standing Order 256

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Introduction

1. The Government welcomes the Justice Committee's report on its Inquiry into the 2019 Local Elections and Liquor Licensing Trust Elections, and Recent Energy Trust Elections.
2. The Government has carefully considered the Justice Committee's recommendations and presents this response in accordance with Standing Order 256.

Background

3. The Inquiry into the 2019 Local Elections and Liquor Licensing Trust Elections, and Recent Energy Trust Elections was initiated by the Justice Committee in December 2019.
4. At the close of the previous (52nd) Parliament, the Justice Committee presented an interim report with preliminary recommendations for local elections and a recommendation that the Justice Committee of the 53rd Parliament consider the issues in more detail. The Government responded to that report in February 2021.
5. In its final report, the Justice Committee makes 10 recommendations for local elections, alcohol licensing trust boundaries, and energy trust elections. The report repeats key themes from the Justice Committee's interim report and the report of the Inquiry into the 2017 General Election and 2016 Local Elections. This includes support for centralising local government elections and aligning local election rules with the rules for Parliamentary elections.

Overarching comments on the Government response

6. The Government thanks the Justice Committee for considering these issues and presenting its report to the House of Representatives.
7. Two significant reviews are underway that are relevant to some of the Justice Committee's recommendations. An independent review of parliamentary electoral law is underway and due to present its recommendations to the Minister of Justice by late-2023. Local government is also under review by the Ministerial review into the Future for Local Government. Local representation and governance arrangements are in scope of this review's terms of reference. The Future for Local Government Review is due to present its final report in April 2023. The results of these reviews could have implications for the Justice Committee's recommendations.

Centralising local elections

8. The Justice Committee's report makes several recommendations about centralising local elections and the Government responds to them as one.

Recommendation 1: We recommend that the Government:

- *make the Electoral Commission responsible for leading and co-ordinating triennial, nationwide campaigns to encourage and support people standing for and voting in local elections, using the same imagery and branding as the publicity campaigns for national elections*
- *fund such campaigns by a mixture of levies on local authorities (consistent with the average amount spent by local authorities per voter in 2019) and central government funding.*

Recommendation 3: *As a minimum, we recommend that the Government make the Electoral Commission responsible for the oversight of local elections, including the regulation of election service providers.*

Recommendation 9: *We recommend that the Government consider requiring a single national organisation, such as the Electoral Commission, to investigate and resolve complaints about conduct in local elections.*

9. The Government agrees to consider these recommendations after the independent review of parliamentary electoral law and the Future for Local Government Review. These recommendations represent significant changes to the operation of local elections and would need to be carefully worked through.

Aligning the rules for parliamentary and local elections

Recommendation 2: *We recommend that the Government review the Local Electoral Act 2001 to ensure it is fit-for-purpose and aligns with legislation regarding parliamentary elections, after it has completed its review of the Electoral Act 1993.*

10. The Government agrees that consistent rules between parliamentary and local elections can make it easier for electors to engage in local elections. As the Justice Committee recognises in its report, consideration is best sequenced after the independent review of parliamentary electoral law. The Government agrees to consider this recommendation after this review, and the Future for Local Government Review, have been completed.

Aligning foreign donation rules in parliamentary and local elections

Recommendation 4: *We recommend that the Government align local authority elections with the legislation and regulations that apply to general elections regarding foreign donations and disclosures.*

11. The Government agrees to consider aligning local election foreign donation rules with the rules for foreign donations in parliamentary elections after the independent review of parliamentary electoral law.

Guidelines for local authority staff

Recommendation 8 – part: *We recommend that the Government produce new guidelines for local authority staff about the management of public communications during the election period.*

12. The Government notes that Taituarā — Local Government Professionals Aotearoa and Local Government New Zealand have developed their own guidance for communications in the local government pre-election period (reviewed by the Department of Internal Affairs and the Office of the Auditor-General). The Government will not progress this recommendation but will continue to monitor the issue.

Consultation on an electoral system for all local elections

Recommendation 6: *We recommend that the Government consult widely with local authority voters on which electoral system should be used for all local elections.*

13. The Government agrees to consider electoral systems after the Future for Local Government Review.

Intelligence agency support for local authorities

Recommendation 5: *We recommend that the Government consider increasing the intelligence agencies' resources so that they are able to provide greater support to the local government sector.*

14. The Government will take this recommendation into consideration when determining agency resources. As noted in the Government response to the Justice Committee's report on its Inquiry into the 2017 General Election and 2016 Local Elections, work is already underway to raise awareness in the local government sector of foreign interference risks.

Accountability of local government chief executives

Recommendation 8 – part: *We recommend that the Government consider making local government chief executives responsible to an external, independent body.*

15. The Government agrees to consider the accountability arrangements for local government chief executives after the Future for Local Government Review. The Government notes that the local government model differs from central government agencies, where chief executives are employed by, and are accountable to, the Public Service Commissioner. In local government, chief executives are employed by the council (the elected members). Any changes to the accountability lines for chief executives, to include a new line of accountability to an external body, would require careful consideration of the employment relationship and accountabilities under the Local Government Act 2002.

Energy trust elections

Recommendation 7: *We recommend that the Government give consideration to the legislative framework within which energy trusts operate, with a particular focus on whether it is appropriate for their elections to be governed by trust deed, and how greater public control and oversight of energy trust elections could be achieved.*

16. The Government does not consider that making legislative changes, to regulate energy trust election processes, is a priority issue at this time. The Government notes that regulation making powers in the Electricity Industries Act 2010 already provide a mechanism to improve transparency and public oversight of energy trust elections, if required.

Alcohol licensing trust boundaries

Recommendation 10: *We recommend that the Government ensure that, where possible, the boundaries of alcohol licensing trusts:*

- *are aligned with local government areas*
- *match the areas that trusts are active in.*

17. The Government notes the Local Government Commission's intent to review all licensing trust boundaries before the 2022 election to align with meshblock boundaries and is interested in the outcome of this review.
18. The Government considers it would be beneficial to review the Sale and Supply of Alcohol Act 2012. The issues raised by the Justice Committee regarding local licensing trust boundaries, that are not resolved by the Local Government Commission's intended review, could be considered in this context. However, the scope and timing of such a review is yet to be determined.

Conclusion

19. Many of the Justice Committee's recommendations represent fundamental changes to the structure of local government elections and organisation. It is prudent to wait until the two independent reviews conclude before considering these changes to local democracy because of the potential for reform arising from the reviews.
20. The Future for Local Government Review is undertaking a holistic look at our system of local democracy, and representation and governance are highlighted as in scope in the Review's terms of reference. The Justice Committee's recommendations should be considered in the context of the Review panel's relevant recommendations.
21. The Government agrees that it is best that aspects of local electoral rules, such as electoral finance and advertising provisions, are closely aligned with parliamentary electoral rules. While the Government agrees with alignment, it is not prudent to progress amendments to local electoral rules for alignment when reform of parliamentary electoral rules could follow from the independent review of parliamentary electoral law.

22. The Government agrees to consider many of the Justice Committee's recommendations at an appropriate time after the conclusion of the independent review of parliamentary electoral law and the Future for Local Government Review.