

WHAT THE COALITION AGREEMENTS MEAN FOR LOCAL GOVERNMENT

Executive summary

With the release of the coalition agreements between National, New Zealand First and ACT, along with the allocation of ministerial portfolios, we now have an understanding of the key priorities of the new Government, and who has been tasked with progressing them.

There are some significant positives for local government within the new agreements and ministerial rankings, including:

- The local government portfolio being held by a senior minister within Cabinet – who also has local government experience
- A commitment to implementing city and regional deals
- Further funding for infrastructure, and a focus on developing more financing and delivery options.

The coalition agreements are not the sole determinants of government policy and should be read alongside National's eight-point commitment card, Fiscal Plan, Tax Plan, 100-day plan, and 100-point economic plan, all of which were released by National prior to the election. Helpfully, each coalition agreement outlines where these plans have been modified to account for concessions to each of the coalition partners. It's expected that an updated 100-day plan, accounting for the priorities of all parties within the coalition, will be released soon.

Looking at the coalition agreements, housing, infrastructure, environmental policy, transport, and local democracy are areas with particular relevance for local government. Perhaps the most explicit references to local government come in the area of local democracy, specifically on the use of Māori wards and constituencies, and Ngāi Tahu representation on Environment Canterbury.

The coalition partners have helped shape the incoming government's vision for resource management reform, secured a commitment to city deals, and boosted funding for regional infrastructure. In the transport space, we've seen some longstanding New Zealand First areas of focus in roading and rail agreed to, and in the environment space there are changes afoot on the indigenous biodiversity and freshwater fronts, as well as a halt to new Significant Natural Areas.

Over the coming weeks, further details will be released but for now, here is what we can say about the new Coalition Government:

Key policies and actions

Housing, infrastructure, and planning

A significant change in approach has been outlined in the coalition agreements in this area.

Repeal of the Natural and Built Environment Act and Spatial Planning Act before Christmas has been agreed, with a new regime that has “enjoyment of property rights” as a guiding principle set to replace them. Perhaps as a nod to the length of time this process will take, a fast-track consenting process will be introduced as an amendment to the current Resource Management Act, along with other initiatives to streamline planning and consenting processes.

National and ACT have agreed that National’s housing policy will include making the Medium Density Residential Standards optional for councils, and consideration of financial incentives for councils to enable more housing. ACT has also secured a commitment to exploring whether home builders could opt out of having a building consent, provided they have “long term insurance for the building work”.

A particularly exciting development for local government is the commitment to introducing “long-term city and regional infrastructure deals”, included in the agreement with ACT. This has long been signalled by the National Party as an area of interest and it’s great to see this reaffirmed within the coalition agreements. Public private partnerships, tolling, and value capture rating are all mentioned as potential aspects of these deals as well.

New Zealand First has also secured a spiritual successor to the Provincial Growth Fund in the form of a \$1.2b Regional Infrastructure Fund – its tightened scope and reduced fiscal envelope perhaps reflecting both National’s criticism of its predecessor and the tighter fiscal environment now relative to 2017.

Environment

National direction looks set for another shake up, with New Zealand First securing an “urgent review” into the implementation of the National Policy Statement on Indigenous Biodiversity to occur prior to implementation. Equally, the New Zealand First agreement includes a commitment to cease implementation of new Significant Natural Areas and seek advice on the operation of existing ones.

There’s a commitment in both agreements to replacing the National Policy Statement for Freshwater Management and National Environmental Standard for Freshwater. The main changes will include allowing for greater flexibility for district councils to meet environmental limits, and to better reflect the interests of all water users, including rebalancing Te Mana o te Wai.

Support for Farm Environment Plans, irrigation, water storage, managed aquifer recharge, and flood protection schemes are also on the cards, and a strengthening of the National Environmental Standards for Plantation Forestry to require harvesters to do more to control post-harvest slash.

Transport

Given the high degree of alignment between the three parties, it's unsurprising to see only a few mentions of transport in the coalition arrangements. However, New Zealand First has secured a commitment to building a four-lane highway alternative for the Brynderwyns and improving transport links between Auckland and Northland. A new Government Policy Statement on Land Transport will be developed and will reflect these commitments. Work will also be undertaken to progress rail links in Northland and a dry dock at Marsden Point – two longstanding New Zealand First priorities.

The agreements also mention working with Auckland Council to implement congestion charging, and reaffirm National's commitment to reversing some recently introduced speed limit reductions.

We expect that commitments in the broader infrastructure space, like the National Infrastructure Agency and the \$1.2b regional investment fund, are likely to have implications for the delivery of transport infrastructure.

Democracy

While the coalition agreements don't mention significant reform of local government, there are signals of change around Māori representation on councils, including:

- Provisions for referendum to be held on the on establishment of Māori wards and constituencies – which recently adopted Māori wards and constituencies would be subject to
- Repeal of the legislation which allowed for Ngāi Tahu to have two representatives on Environment Canterbury.

The agreements also include a commitment to support at first reading a bill extending the Parliamentary term to four years, with any final decision to be put to a referendum. To be clear, this applies only to the central government electoral term, and the agreements don't require any of the governing parties to support this beyond first reading.

Ministers, portfolios, and MPs of note

- **Simeon Brown** is the new Minister for Local Government. It's excellent to see someone ranked this high in Cabinet – and with previous local government experience – holding the portfolio. Minister Brown also holds the Transport portfolio, and we see significant benefits arising from greater alignment between the two portfolios.
- **Chris Bishop** holds the Infrastructure, RMA Reform, and Housing portfolios. The separating of RMA reform from the wider Environment portfolio marks a change in approach from the previous Government, and will ensure strong alignment with the policy programme in the Housing and Infrastructure portfolios. This includes changes to the Medium Density Residential Standards, the establishment of a new National Infrastructure Agency, and new funding and financing initiatives. With housing and infrastructure remaining difficult areas to

make gains in, Minister Bishop has a significant workload delivering a new RM system which delivers tangible benefits in reversing our housing and infrastructure deficits.

- **Mark Mitchell** takes the Emergency Management and Recovery portfolio. The addition of “Recovery” to the title and the lack of a dedicated Cyclone Recovery portfolio, again shows a change in approach to the previous Government. This hints that he’ll play a strong role in overseeing involvement in responding to the extreme weather events earlier this year, along with other Ministers with an interest in this space.
- **Todd McClay** takes the Forestry portfolio, and will have to balance the need to support an industry that is a key source of export revenue and employment with delivering action in sore-point areas like slash management and the conversion of farmland into plantation forestry – both of which compromise the industry’s social licence to operate.
- **Simon Watts** (Minister outside Cabinet) holds the Climate Change portfolio, which will again sit outside Cabinet.
- **Shane Jones** will again take on the mantle of Regional Development, and in doing so, partial responsibility for the \$1.2b Regional Infrastructure Fund, with Minister Bishop likely to be involved in the administration of the fund too. While National’s criticism of the way the Provincial Growth Fund was handled means a likely change in processes and focus for the new fund, we expect Minister Jones to maintain a strong focus on delivering key projects quickly for the regions.
- **Matt Doocey** takes on the Tourism and Hospitality portfolio, and will be tasked with ensuring tourism continues its recovery post-COVID.
- **Penny Simmonds** (Minister outside Cabinet) takes on the **Environment** portfolio. While stripped of its most visible aspect in RMA reform, this remains a key portfolio from a local government perspective and an area in which the coalition agreements include a number of commitments.

While commentators have remarked on the lack of MPs from ACT and New Zealand First in some of the traditionally senior portfolios, (relative to 2017-20), there are other ways for these parties to exert influence over the next term. We expect that a similar process of consultation between parties on “all significant policy and legislative proposals”, as in 2017-20, will be in place for the new Government as well. This means that Ministers from all parties will have to work closely with relevant spokespeople as they progress their work programmes (for example, a National Party Local Government Minister wanting to take a paper to Cabinet will have to consult with the local government spokespeople from ACT and New Zealand First beforehand).

Next steps to watch for

You can expect to see **appointment letters for Ministers** and **delegations for Associate Ministers** finalised over the coming weeks. For the latter, the Associate Climate Change, Associate Finance (x3), Associate Transport, and Associate Environment portfolios are all likely to be areas of interest for the local government sector.

The **Speech from the Throne** will be delivered on Wednesday 6 December, providing further detail on what priorities the Government will focus on initially.

Nicola Willis has promised to release her “**mini-Budget**”. This will be the first of the new Government’s efforts to make savings and find reprioritisations from within current spending, and will coincide with the Treasury’s Half-Year Economic and Fiscal Update (HYEFU).

A combined [100-day plan](#) has been agreed to, comprised of 49 actions across all parties of government. This bears resemblance to National’s own 100-day plan, released prior to the election and also contains the priority actions from the coalition agreements.

Key actions for the first 100 days, some which will occur before the end of the year, include:

- Repeal of the Natural and Built Environments Act and the Spatial Planning Act and introduce a fast-track consenting regime in the RMA
- Introduce legislation to repeal the Water Services Entities Act
- Begin work on a new GPS Land Transport reflecting the new Roads of National Significance and new public transport priorities
- Begin work on the National Infrastructure Agency
- Make any additional Orders in Council needed to speed up cyclone and flood recovery efforts
- Stop blanket speed limit reductions and start work on replacing the Land Transport Rule: Setting of Speed Limits 2022
- Withdrawal Central Government from Auckland Light Rail and *Let’s Get Wellington Moving*
- Begin to cease implementation of new Significant Natural Areas