

GALLUP®

ANZ LOCAL GOVERNMENT REPORT 2026

Local Government at a Turning Point

*Evidence and Insights From Councils
Across Australia and New Zealand*

2026 REPORT



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Message From the Director

I am proud to introduce *Local Government at a Turning Point: Evidence and Insights From Councils Across Australia and New Zealand*. The report draws on Gallup World Poll resident wellbeing research and candid interviews with 33 local government chief executives, general managers and directors from both countries. It connects the experiences of local communities and residents to key challenges faced by local government leaders. The report is an honest account of the pressures affecting the sector and of leadership's response to them.

Australia and New Zealand have often been referred to as the lucky countries. Our wellbeing (percentage classified as "thriving") is among the highest in the world; however, a shift is occurring that cannot be overlooked. While wellbeing is high compared with other countries, it is declining — and is now at its lowest point in over a decade, with 55% of the working population thriving. Something is changing, and residents are less optimistic that things will improve.

Communities in Australia and New Zealand flourish thanks to the strength of the relationships between residents and the institutions that serve them. Nowhere are those relationships more immediate, or more frequently tested, than in local government. Councils earn trust through the everyday work that makes civic life possible and through the people who continue to deliver essential services under growing pressure. In this report, we step inside council workplaces and listen to the people charged with providing public services and sustaining public confidence.

The insights captured in this report form the basis of five priorities identified for local government. Foremost among these is the need to build systems that strengthen and support organisational culture and employee engagement. For councils throughout Australia and New Zealand, this means creating workplaces where trust, psychological safety, and honest, open conversations enable employees to serve their communities consistently.

I view this report as a contribution to a larger conversation about the future of public service in Australia and New Zealand. Gallup's role in that conversation is to understand the perspectives of stakeholders and to use that understanding to help strengthen the institutions on which public life depends. We offer our findings as a starting point for the conversations councils need to have about resident wellbeing, the employee experience, and the conditions required for community trust, satisfaction and confidence to endure.

The work ahead will be demanding, and the leaders we interviewed are already showing what is possible inside their councils. Gallup's work in Australia and New Zealand continues alongside some of these leaders and the workforces they lead, helping unlock their organisations' full potential to enable them to fulfil their vital mission today and in the future.

Claire de Carteret
Managing Director, APAC

Executive Summary

Local governments in Australia and New Zealand (ANZ) are under increasing financial pressure. This situation is producing a productivity crisis as councils scramble to meet expanding obligations with fewer resources.

Australian councils manage roughly 32% of the country's public infrastructure and 75% of its roads yet receive only 3.6% of national tax revenue.¹ New Zealand councils also face growing financial constraints, with inflation-adjusted sector debt up 226% since 2009, while rate revenues have risen only 42% over the same period.²

The gap between councils' mandates and their capacity to deliver defines the challenges they face and affects how residents experience their local area. ANZ residents' satisfaction with their city or area is at its lowest point in nearly two decades, according to the Gallup World Poll. Younger residents are less satisfied than those aged 35 and older, a gap that has widened in recent years.

Residents' confidence in their local economy has also fallen: The share of ANZ adults rating economic conditions as "excellent" or "good" dropped from 69% in 2020 and 2021 to 55% in 2025, according to World Poll data.



To explore the effect that these pressures place on local government, Gallup interviewed 33 council leaders: 26 leaders in Australia and seven in New Zealand. This cohort included chief executives, general managers and directors who shared their perspectives on financial, operational, workforce and community challenges and how their councils are dealing with them.

Dedication to mission and purpose was the dominant theme that emerged during our interviews with council leaders, even as they grapple with tightening financial and operational constraints. Many leaders report that they are making progress in their capacity to deal with these pressures by investing in their organisations' people and culture. In this report, we describe how these demands are affecting local councils, identify successful approaches councils have employed, and share prioritised actions councils can take to address current and future challenges.

1 Australian Local Government Association. (2024). *2024 National State of the Assets: Technical report*. <https://alga.com.au/wp-content/uploads/2025/04/ALGA-2024-National-State-of-the-Assets-Technical-Report.pdf>

2 New Zealand Infrastructure Commission — Te Waihanga. (2024). *Is local government debt constrained?* <http://tewaihanga.govt.nz/our-work/research-insights/is-local-government-debt-constrained>

Key Findings and Insights

Four Pressures

- 1 The financial capacity crisis.** Councils are faced with the challenge of finding ways to deliver more services with fewer resources.
- 2 Governance and leadership tensions.** Council leaders are increasingly burdened by shifting responsibilities, mandates and reform agendas, from state, federal and central governments to local governments.
- 3 Talent attraction and retention challenges.** Councils are struggling to both attract new talent and retain the people they have.
- 4 Erosion of community trust.** Residents' satisfaction with their local area and their council's performance is dropping.

Four Bright Spots

- 1 Leader impact.** Most council leaders say their effectiveness has been a result of their actions and behaviours rather than the formal authority of their role.
- 2 Talent that stays.** Councils struggling to hire scarce talent have discovered that building capability by developing existing talent has been the most effective retention strategy.
- 3 Communication and recognition.** Leaders emphasise that both employee communication and recognition must be consistent, visible and reciprocal to enhance the employee experience and organisational performance.
- 4 Human-centred technology.** Leaders treat technology, including generative AI, as a deliberate choice that they encourage employees to use by making genAI tools available, allowing employees to experiment and redeploying staff to focus on higher-value work.



Five Action Priorities

Leaders revealed strategies that ANZ councils need to implement to prepare their workplaces for the future. Drawing upon these, we identified five priorities.

- 1 Equip managers to strengthen the employee experience.** Councils should invest in manager development with the same intentionality as other strategic priorities.
- 2 Close the communication and recognition loop.** Communication and recognition must be consistent and integrated into organisational culture to create a positive, continuous loop between employees and leadership.
- 3 Build a culture that promotes wellbeing.** External pressures on staff are a permanent feature of council operations, so managing them requires a workplace culture that fosters and protects employee wellbeing.
- 4 Make talent development a daily habit.** Meaningful skills and capability are built on the job when employees are given real responsibility backed by intentional manager support.
- 5 Build council readiness to adopt new technologies.** Councils should deliberately prepare their organisations to deploy genAI tools and encourage their use through experimentation and ensuring adoption moves no faster than their systems and workforce can absorb.

The gap between council mandate and capacity will not be closed by efforts taken by councils alone, since many factors are external. The councils that will thrive in the decade ahead are those that manage to maximise the full potential of their organisations for the benefit of their employees and the communities they serve.

CHAPTER 1:

Current Situation

Community wellbeing, development of the local economy, and resident quality of life are shaped, in large part, by local councils — the tier of government closest to residents. They provide and coordinate the services needed to sustain each of these fundamental elements. Councils in ANZ have continued to deliver for their communities despite limited resources and an expanding list of responsibilities. This imbalance has been acknowledged in recent national reviews of local council challenges. In Australia, a 2025 parliamentary inquiry interim report revealed that councils are increasingly relied upon to deliver services and manage infrastructure once handled by other tiers of government.³ In New Zealand, the *Future for Local Government 2023* report similarly concluded that the current system is not adequately resourced or structured to meet future community challenges⁴; the Auditor-General's 2025 review highlighted the detrimental impact this is having on council finances, infrastructure and service delivery.⁵

These growing pressures are weighing heavily on two different systems of local government. In New Zealand, local government is made up of 78 local authorities: 11 regional councils and 67 territorial authorities, including six that also exercise regional council powers as unitary authorities.⁶ Australia's local government system, by contrast, has 538 councils established and regulated mainly under state and territory legislation. While the institutional arrangements differ, councils in both countries face similar pressures. They remain highly visible to residents and are responsible for essential local infrastructure, regulation and community services. Moreover, they are increasingly expected to respond to broader social, environmental and economic challenges while working within constrained revenue and capacity.

As the demands on local government rise, public trust is one of the first things to come under strain. An OECD survey published in 2024 found trust in local government to be around 50% in Australia and 45% in New Zealand.⁷ The strain is also making its presence felt in local government performance indicators. In Victoria, the State-wide Council Performance Index has fallen from 61 in 2021 to 53 in 2025, the lowest reading since the Local Government Victoria series began in 2012.⁸ Demands that were once easily fulfilled by councils are now becoming more difficult as the scope of responsibilities expands, and this is showing up in residents' everyday experiences.

3 House of Representatives Standing Committee on Regional Development, Infrastructure and Transport, Parliament of Australia. (2025). *Interim report into local government sustainability*. https://www.aph.gov.au/Parliamentary_Business/Committees/House/Regional_Development_Infrastructure_and_Transport/Localgovernmentsustaina/Interim_Report

4 Review into the Future for Local Government. (2023). *He piki tūranga, he piki kōtuku: The future for local government* (Final report). [https://www.dia.govt.nz/diawebsite.nsf/Files/Future-for-Local-Government/\\$file/Te-Arotake-Final-report.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Future-for-Local-Government/$file/Te-Arotake-Final-report.pdf)

5 Controller and Auditor-General, Office of the Auditor-General New Zealand. (2025). *Insights into local government: 2024*. <https://ao.parliament.nz/2025/local-govt/docs/local-govt.pdf>

6 Local Government New Zealand (LGNZ) recognises six unitary authorities, including the Chatham Islands Council. However, the Local Government Commission does not classify the Chatham Islands Council as a unitary authority and therefore acknowledges only five. <https://www.lgnz.co.nz/local-government-in-nz/councils-in-aotearoa/> <https://www.lgc.govt.nz/about-us/about-local-government-in-new-zealand/>

7 OECD. (2024). *OECD survey on drivers of trust in public institutions – 2024 results: Building trust in a complex policy environment*. https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/07/oecd-survey-on-drivers-of-trust-in-public-institutions-2024-results_eeb36452/9a20554b-en.pdf

8 Department of Government Services. (2025). *2025 local government community satisfaction survey: State-wide report*. https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0025/217708/CSS-State-wide-Report.-2025.pdf

Resident satisfaction follows a similar pattern. In Victoria, the share of residents rating their council's overall performance as "very good" or "good" fell from 50% in 2021 to 38% in 2025.⁹ It's the same story across 21 New Zealand councils, where fewer than six in 10 residents, on average, believe their city or district is heading in the right direction and satisfaction with overall council performance has decreased compared with the previous survey's results.¹⁰ Considered together, these findings suggest that resident satisfaction is on the decline.

Councils are also facing growing public pressure in the form of incivility. Recent research in Australia has found that targeted disinformation and harassment of local leaders is increasing.¹¹ Digital platforms, bot networks, and AI-generated or AI-manipulated content are increasingly being used to enable this abuse. The national body representing New Zealand's councils, Local Government New Zealand (LGNZ), has issued a warning, reporting that abuse and harassment of elected members is rising, both online and in person.¹² These behaviours have direct consequences for the democratic process, serving to restrict public debate, make councillors and staff less accessible, and divert limited resources used to ensure staff safety, wellbeing and legal protection. Over time, this undermines constructive relationships between residents and local institutions.

Local government in ANZ is at a turning point. Councils are shouldering more responsibility than ever, while residents expect them to do even more, and resident trust is becoming harder to earn and sustain. The future will depend on whether councils, communities and higher tiers of government can find a way to move forward together. The chapters that follow will explore where these pressures are being felt most strongly based on residents' experiences, employees' perspectives and council workplace trends and will offer recommended actions that councils and their partners can take in response.



9 Ibid.

10 Key Research. (2025). *Councils' annual residents surveys benchmarking report 2024/2025*. https://www.mdc.govt.nz/_data/assets/pdf_file/0031/199408/Resident-Survey-Benchmark-Report-2024-25.pdf

11 Trijsburg, I. & Costello, P. (2026). *Information manipulation and harassment of local leaders: Impacts and implications*. Australian National University. <https://politicsir.cass.anu.edu.au/research/publications/information-manipulation-and-harassment-local-leaders-impacts-and>

12 Local Government New Zealand. (2025, May 1). *LGNZ releases safety guide as elected member abuse continues to rise*. <https://www.lgnz.co.nz/news/media-releases/lgnz-releases-safety-guide-as-elected-member-abuse-continues-to-rise/>

CHAPTER 2:

Residents Are Sending Warning Signals

What does it mean when most residents say they are satisfied with the place they live, yet their satisfaction has been declining steadily and now sits lower than at any point in nearly two decades? Is this sustained decline in resident satisfaction a sign that local quality of life is becoming increasingly difficult to sustain?

Residents' evaluations of the area where they live are a useful measure of community wellbeing because they translate daily lived experience into meaningful indicators of local conditions. These evaluations tell us how people experience their streets, community services and local socioeconomic environment. When residents' perceptions begin to shift in a negative direction, they raise a larger question:

Are local systems still meeting residents' expectations and helping to improve their quality of life?

When public institutions heed these signals, they learn what residents think should be prioritised and gain valuable feedback on how well existing policies, services and investments are designed, delivered and maintained over time. Most importantly, these evaluations inform broader questions about institutional performance, legitimacy and public trust. Tracked consistently, they should help us understand to what extent the places where people live also enable them to thrive.

The Gallup World Poll provides a means of reading these signals at scale. Since 2005, the World Poll has measured the attitudes and behaviours of people across more than 140 countries, representing over 95% of the global adult population and capturing people's views on wellbeing, socioeconomic conditions and daily emotions. Several questions focus specifically on how residents evaluate their local community, including:

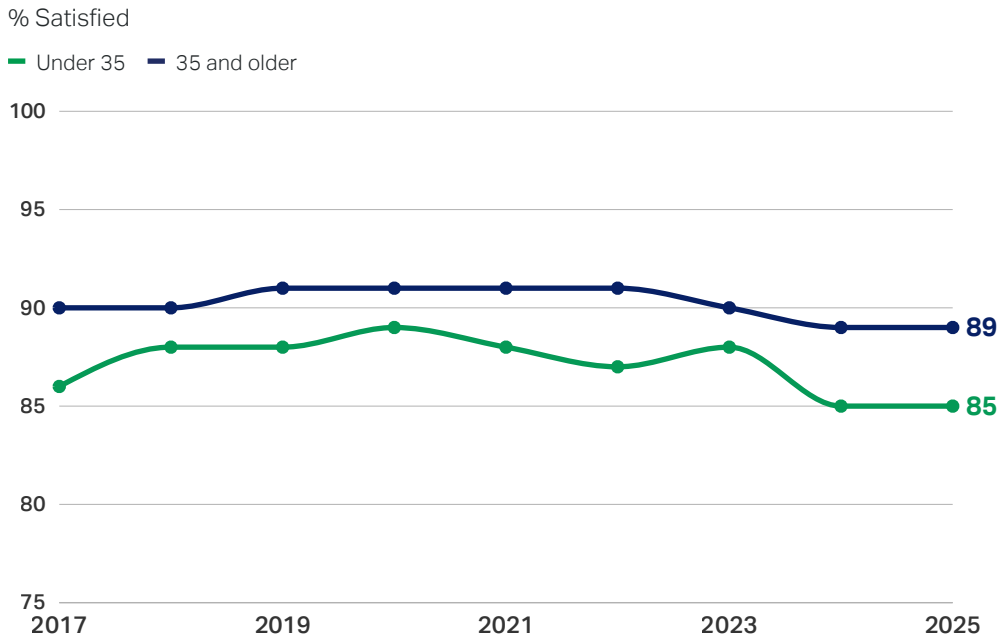
“Are you satisfied or dissatisfied with the city or area where you live?”

At first glance, the answer to this World Poll question in ANZ appears to be positive. In 2025, nearly nine in 10 residents said they are satisfied with the city or area where they live. But the historical trend tells a different story. Satisfaction has slightly declined, from 91% in 2007 to 88% in 2025. While most residents are still clearly satisfied with where they live, councils need to answer two fundamental questions: *Why has this figure declined in the past few years?* and *Is this trend a sign that the quality of local life is getting harder to sustain?*



Younger residents have become increasingly less satisfied with their local area compared with residents aged 35 and older. In recent years, the gap has widened to four percentage points, the largest in the trend. This also raises an important question: *What are younger residents experiencing in their local communities that older residents are less likely to experience?*

Satisfaction With City or Local Area, Among Residents of Australia and New Zealand, by Age



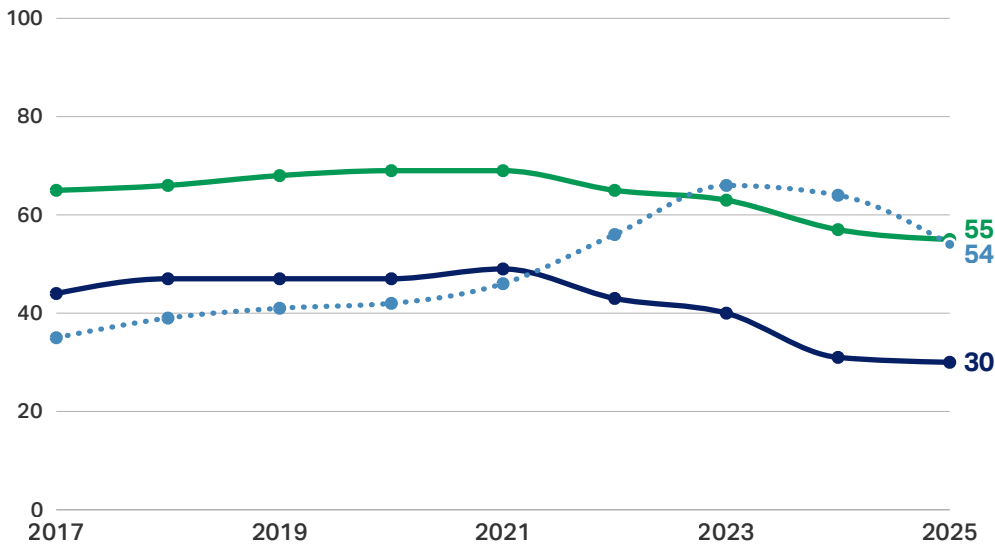
Gallup World Poll, three-year rolling averages

Part of the answer lies with the local economy. Satisfaction with a place is influenced not only by clean streets and functioning services, but also by whether residents believe it offers economic stability, opportunity, and a viable financial future. Three Gallup questions track how residents view economic life in their own specific city or area, and responses to all three have grown more negative: how they rate economic conditions today, where they see things heading, and whether it is a good time to find a job.

The percentage rating economic conditions in their city or area as excellent or good has fallen by 14 points, from a peak of 69% in 2020 and 2021 to 55% in 2025. Optimism about where the local economy is heading has declined even further. In 2021, nearly half of residents believed their local economy was “getting better.” By 2025, only 30% agreed, the lowest percentage to date. Perceptions of the local job market reflect a slightly different pattern. Residents’ views improved during the post-pandemic labour shortage, with 66% in 2023 saying it was a good time to find a job locally. But that figure has since fallen to 54%.

Economic Confidence in City or Local Area, Among Residents of Australia and New Zealand

— Local economic conditions today (% Excellent/Good) — Local economic outlook (% Getting better)
 ... Local job market (% Good time to find a job)

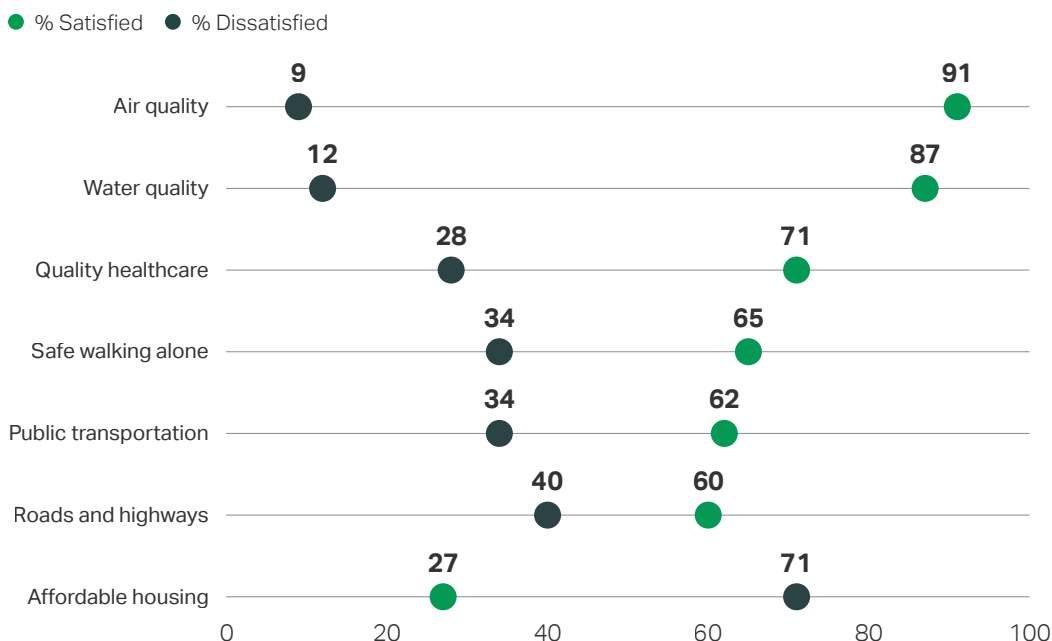


Gallup World Poll, three-year rolling averages

Residents’ assessments of specific aspects of local life indicate which conditions remain strong and which show signs of growing dissatisfaction, although the responsibility for some of these resides with other levels of government or institutions. Satisfaction is highest for basic elements of environmental quality. In ANZ, 91% of residents are satisfied with air quality, and 87% are satisfied with water quality. These are important foundations of local wellbeing, and residents continue to rate them positively. A middle band of local conditions receives slightly less positive ratings, with 71% of residents reporting satisfaction with the quality of healthcare, 65% saying they feel safe walking alone at night, 62% voicing satisfaction with public transport, and 60% indicating they are satisfied with roads and highways.

Affordable housing is the only local condition where dissatisfied residents outnumber satisfied, with 71% reporting dissatisfaction with the availability of good, affordable housing and 27% saying they are satisfied. These figures send a clear signal that most ANZ residents are no longer confident they can afford a home in the place where they live.

Satisfaction With Services in City or Local Area, Among Residents of Australia and New Zealand



Gallup World Poll, three-year rolling averages; "Safe walking alone" item uses a Yes/No scale in place of Satisfied/Dissatisfied

Emotional wellbeing offers another perspective on residents' evaluations of local life by assessing how daily life feels to them. Between 2023 and 2025, Gallup asked ANZ residents whether they experienced worry, sadness, stress or anger "a lot of the day yesterday." Across all four negative emotions asked about, a consistent pattern emerges: Residents who are dissatisfied with where they live are far more likely to report lower emotional wellbeing.

Stress is the negative emotion most frequently cited by dissatisfied residents, with 64% saying they experience daily stress, compared with 42% of satisfied residents. Worry shows a similar gap between dissatisfied (57%) and satisfied (35%) residents. Sadness follows the same pattern, at 41% versus 22%. Anger is the least frequently experienced negative emotion, but it is still more than twice as high among dissatisfied residents, at 26%, compared with just 12% of satisfied residents.

This pattern repeats itself in residents' evaluations of their local economy. Fifty-three percent of residents who rate economic conditions as "fair" or "poor" report experiencing daily stress, compared with 38% who rate conditions as "excellent" or "good." Those who say their local economy is getting worse also report higher levels of stress, worry and sadness than those who say it is getting better. Stress is especially high among this group, reported by 50% of residents who see the economy as worsening, compared with 38% of those who see it as improving.

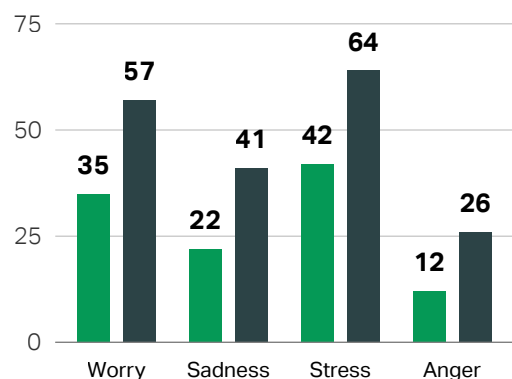
Views of the local job market tell a similar story. Among residents who say it is a bad time to find a job, 52% report daily stress, compared with 40% of those who say it is a good time to find a job. Worry is also higher, at 45% versus 33%, as is sadness, at 29% versus 20%. When residents lose confidence in local conditions, daily life feels more burdensome.

People With Negative Views of Their City or Local Economy Report Experiencing More Negative Daily Emotions

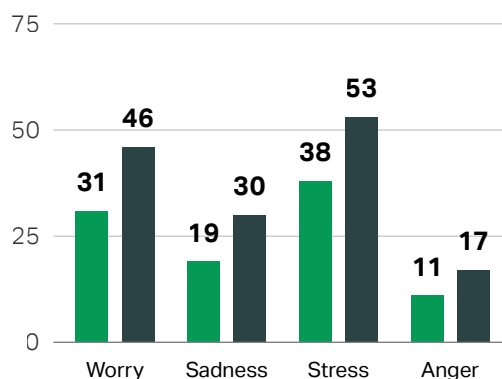
% Experiencing each emotion “a lot of the day yesterday,” by how residents evaluate local conditions

■ Positive evaluation ■ Negative evaluation

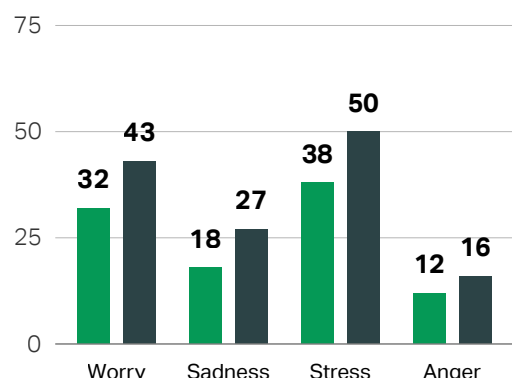
City/Local Area as a Place to Live



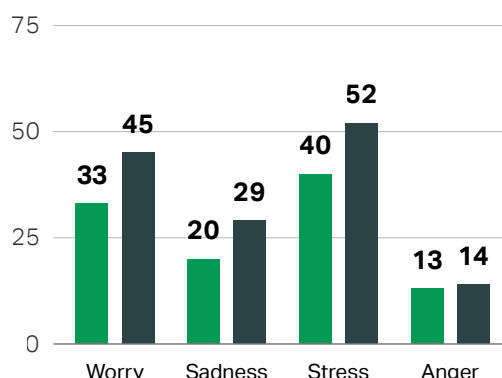
Local Economic Conditions Today



Local Economic Outlook



Local Job Market



Gallup World Poll, three-year rolling averages; among residents of Australia and New Zealand

City/Local Area as a Place to Live: Positive evaluation = Satisfied, Negative evaluation = Dissatisfied;
 Local Economic Conditions Today: Positive evaluation = Excellent/Good, Negative evaluation = Fair/Poor;
 Local Economic Outlook: Positive evaluation = Getting better, Negative evaluation = Getting worse;
 Local Job Market: Positive evaluation = Good time to find a job, Negative evaluation = Bad time to find a job

The warning signs for local councils are clear and consistent. Most residents say they are satisfied with where they live, but that satisfaction is weakening, and confidence in local economic conditions, economic outlook and housing affordability is declining. Moreover, this fading satisfaction is being felt by residents in their daily lives, with those dissatisfied reporting more stress, worry and sadness. These growing pressures can further influence relations between residents and the institutions that serve them.

The following chapters focus on the perspectives of ANZ local government council leaders. Council CEOs, general managers and directors describe the pressures they are navigating, the constraints they are operating within, and what they have learned about leading their communities and organisations through considerable change when the relationship between their residents and local government is under strain.

CHAPTER 3:

Pressures on Local Government

What is it like to work in ANZ local government at a time when communities are asking more of their councils than the latter have the resources necessary to deliver on these growing demands?

Gallup data show that local government employees in ANZ suffer from lower engagement than the broader regional workforce.¹³ Among ANZ local government organisations in Gallup’s client database, 39% of employees are engaged, compared with 48% of employees in client organisations across all sectors in Australia and New Zealand and Oceania.¹⁴ Nearly half of local government employees (48%) are not engaged — showing up for work but without much energy or commitment — compared with 42% regionally. The remaining 13% are actively disengaged — employees who deliberately undermine their coworkers and organisation — three percentage points higher than the regional figure of 10%. The general picture is one in which local governments have fewer engaged employees and more disengaged ones than the overall workforce.

This level of disengagement is not limited to local government; engagement across the broader ANZ general working population has stagnated at around one in five for the past five years, while wellbeing has declined steadily over the same period. In local government, the consequences are uniquely intense because disengagement here does not merely affect productivity or margins; it surfaces in the quality of public services, in the safety of the people who deliver them, and in the trust between councils and the communities they serve.

“ It’s not for the faint of heart, and it’s not an easy role. You’ll be held accountable for a lot of things that aren’t necessarily within the control or the remit of councils. But because we are local government, because we’re accessible, that’s where people will go to.”

CEO, AUSTRALIAN LARGE METROPOLITAN COUNCIL

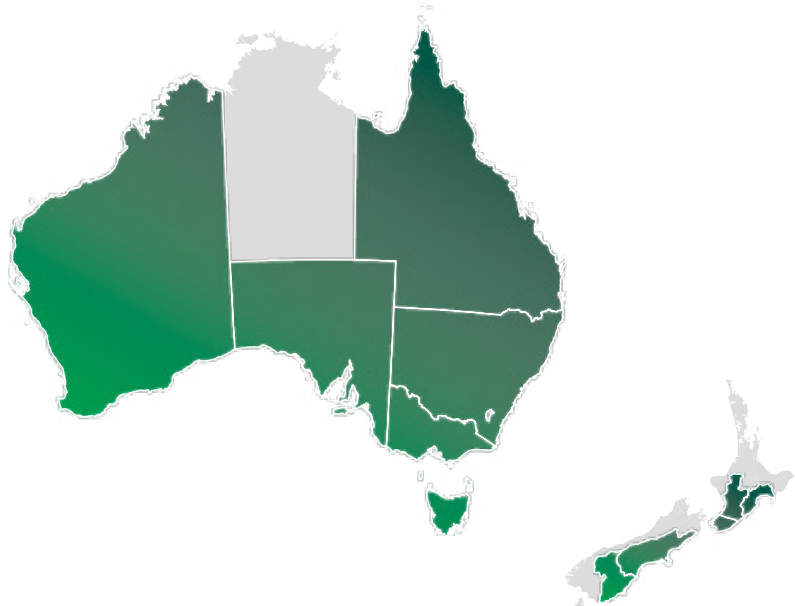
¹³ Gallup defines an engaged employee as one who is involved in and enthusiastic about their work and workplace, measured via the Q12[®] framework. The client benchmark database includes organisations using Gallup’s engagement survey across all sectors in Australia and New Zealand and Oceania.

¹⁴ Gallup’s 2025 Overall Q12 Database, Workgroup Level

To understand the challenges councils are facing and how they are grappling with them, Gallup interviewed 33 senior leaders from local government councils in ANZ. The interviews employed a semi-structured design and were conducted in two complementary phases that combined qualitative depth with comparable numerical measures. In the first phase, we posed a set of open-ended questions that addressed various workplace topics. In the second phase, we asked leaders to rate their own council on seven workplace dimensions, using a five-point scale. Transcripts from these interviews were coded and analysed to identify thematic patterns.

The local council leaders who took part in the interviews are chief executives, general managers and directors, with 26 based in Australia and seven in New Zealand. This cohort has broad sector experience, with an average of 18 years in local government and four years in their current role. Career backgrounds vary widely, with 14 having spent the bulk of their career in local government, nine in the private sector, four in other parts of the public sector, and six on mixed paths that included both. Two-thirds of the ANZ cohort are men, and one-third are women — a slightly more balanced ratio than the whole Australian sector, where women hold approximately one in four senior council leadership roles.¹⁵

These councils span a full range of location type and size, with 16 metropolitan, 14 regional and three rural; 21 are small or medium-sized organisations, and 12 are large organisations.



¹⁵ Gallup census of Australian council chief executive and general manager positions, December 2025

The Financial Capacity Crisis

When asked about the conditions under which local government councils must now operate, leaders most often brought up financial pressures and their ramifications. For the leaders we interviewed, the financial capacity crisis is the result of a structural mismatch between what councils are funded to do and what communities, regulators and higher levels of government expect them to deliver. This can leave local governments navigating difficult trade-offs in which long-term infrastructure or services investments may be deferred to safeguard day-to-day operations.

In the leader interviews, four main financial pressures emerged, with each pressure often reinforcing the others. First, leaders described a diminishing fiscal capacity while being forced to absorb population growth, regulatory expansion, and rising community demands with rigidly constrained revenue streams. Second, they emphasised the issue of systemic cost shifts away from higher tiers of government towards local councils, resulting in new legislative responsibilities being imposed without commensurate funding or consultation.

Third, councils face infrastructure decay as ageing post-war asset portfolios pass into expensive renewal cycles following decades of deferred maintenance. As a chief executive of a medium-sized regional council described it, "From '45 through to '79, we built the assets. From '80 through to today, we've milked the assets." For leaders, the current financial pressures come from both the cost of delivering today's services and the cumulative bill for yesterday's underinvestment. Fourth, leaders identified climate change adaptation as the most recent and least-funded financial pressure, as old infrastructure proves to be unsuited for increasing environmental extremes.

Ultimately, the leaders interviewed described a fundamental misalignment between what local government is expected to do and the financial resources it has to meet these expectations. They reported that this misalignment often is affecting the workforce, where vacancies can stay unfilled for long periods and remaining staff must absorb the displaced workload to ensure residents do not become aware of any service reductions. Leaders described the challenge of operating with a high degree of accountability to deliver outcomes paired with a low degree of control over the means of achieving them.

“ So, nobody has enough money to maintain the assets they have now, let alone when you put a resilience lens over it, you know, using climate modelling to look at things, like a road that used to be resheeted every five years now has to be done every three.”

CEO, AUSTRALIAN MEDIUM-SIZED METROPOLITAN COUNCIL

Governance and Leadership Tensions

Leaders also described the pressure their organisations are feeling as state, federal and central governments transfer responsibilities, mandates and reform agendas without the funding, consultation or time necessary for local councils to effectively manage this increased workload. The chief executive of a medium-sized regional council in Australia described the dynamic as “state and federal government walking away from the things they’ve always done.” Consequently, these leaders reported facing a profound asymmetry of feeling compelled to execute and deliver services they did not design while lacking adequate funding.

Legislative reforms are another element of stress, particularly in New Zealand, where leaders described the volume and pace of change as overwhelming their organisations’ capacity. One executive warned, “The pace of change ... and legislative reform ... is a dilution of local government and its ability to shape the community.” The funding gap that accompanies these reforms seems to be endemic.

The chief executive of a large regional council in New Zealand described reform mechanisms this way:

“Central government will change particular policies, and then regional government has to deliver them ... but it’s been an unfunded mandate. They tell us what we need to do from now on, but they don’t fund us for it.”

For CEOs and general managers, coping with the political environment is one of the most demanding aspects of the role. Leaders described their position as politically exposed, always visible and increasingly difficult to sustain over time. One chief executive said the role is held “month by month, at the pleasure” of the council; a director in another council said this lack of continuity makes senior leaders question whether they will ever aspire to become chief executive. This uncertainty also affects the wider workplace. When council executives are focused on managing volatile councillor relationships and responding to sudden legislative demands, their attention is diverted from operational and workplace-related issues.

Talent Attraction and Retention Challenges

While the leaders we interviewed believe they are well-equipped to tackle the challenges ahead, rating themselves a mean score of 4.4 on a five-point scale, they are markedly less confident in their council's ability to attract the talent needed today and identify the leaders it will need in the future. Two of the lowest-rated items in the leader assessment concern organisations' capacity to attract top talent and the viability of future leadership pipelines. These measures of talent attraction and leadership development capabilities, averaging scores of 3.2 and 3.4, respectively, reveal a divergence between executive readiness and systemic organisational capacity. This concern manifests itself in different ways, with some councils struggling primarily to attract new talent and others finding that retaining the people they have is the more pressing problem.

“ We find it difficult to retain workers — not necessarily to attract them, but to retain them. It surprised me how young people are not necessarily wanting to do that work. The changing nature of that work and the skill set required is something that's surprising to me.”

DIRECTOR, AUSTRALIAN
MEDIUM-SIZED REGIONAL COUNCIL

In practice, these systemic constraints continually disrupt both the acquisition of new talent and the retention of existing employees. The chief executive of a small district council in New Zealand described how these constraints play out on the operational level, remarking, “Our challenge is that a lot of that talent at the higher end, or that limited skill set, doesn't necessarily reside in our region. So, we must recruit nationally to find people.”

Retention is a separate challenge, driven partly by a generational shift in how employees think about their career. A director of business and corporate services at a large metropolitan council in Australia put it this way: “Tenure's a thing of the past, and every generation is different. I constantly have this argument with my managers, because they approach negotiation, retention, attraction as their career path, and it's not the case anymore.” The point made by this executive is that managers continue to assume that employees plan to stay and climb the ladder the way they did, but they are aware that younger workers no longer follow that script. Overall, the cumulative effect is a workforce that is doing more with less, where the people who stay carry the workload of the colleagues who were never hired or who left earlier than expected.

Erosion of Community Trust

Unfortunately, these pressures do not remain within the council’s four walls but instead affect relationships with the communities and residents they serve. Among the seven dimensions measured in the leader survey, community trust is one of the lowest-rated items, with a mean score of 3.4 out of 5, a result that echoes public opinion. Leaders described an escalation of hostility towards their staff that policies and training alone cannot mitigate. A few CEOs described resident threats, verbal abuse and even physical assault against their staff.

For some councils, this has forced them to reconfigure their frontline operations:

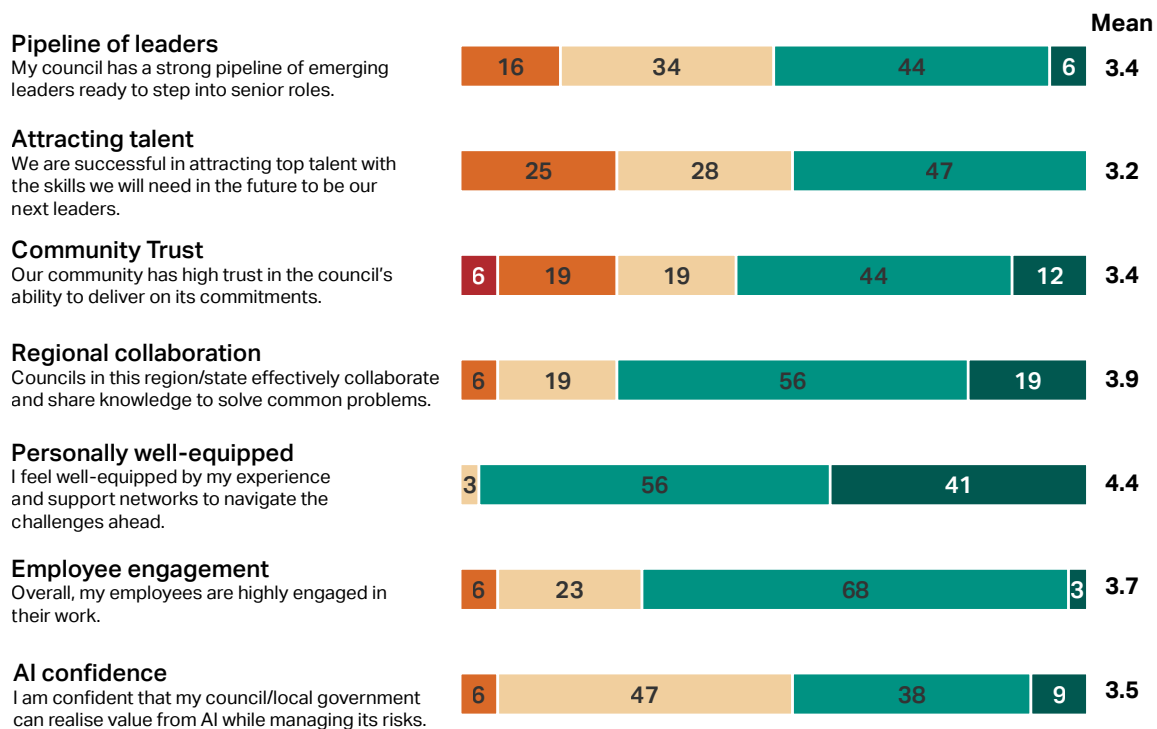
“ We have had a number of people that have come in and become quite verbally abusive, and in some cases, we have had to have security embedded into our [meetings] and [are] changing our processes and our systems now to make sure that if we are having a meeting that is open to the public, then we are providing a safe place for that to happen.”

CEO, AUSTRALIAN MEDIUM-SIZED REGIONAL COUNCIL

Interviewed leaders highlighted a profound asymmetry in public feedback, in which a well-organised minority of residents has a disproportionate influence. They noted that a coordinated cohort of critics, amplified by social media, can successfully manipulate broader public perceptions regarding services that the vast majority of residents utilise without complaint. Ultimately, councils need to manage the growing demands voiced by residents at a time when the basic conditions of civic trust seem to be deteriorating.

Council Workplace Dimension Ratings, Among Local Government Leaders in Australia and New Zealand

■ % 1 - Strongly disagree ■ % 2 - Disagree ■ % 3 - Neutral ■ % 4 - Agree ■ % 5 - Strongly agree



Gallup leadership interviews, November 2025-February 2026; n=32 (one leader did not provide ratings); 1-to-5 Likert scale

Throughout the interviews, leaders consistently identified technical skills shortages in engineering, planning, building and other regulated functions, with councils competing against state and federal governments as well as private sector employers for a small pool of candidates. For regional and rural councils, attracting candidates with these technical skills is even more difficult due to their access to a smaller local talent pool and greater distances from major urban centres. An additional factor is housing affordability, which some leaders described as an important barrier to attracting and hiring talent, with candidates accepting roles in councils only to find they cannot afford to live where they will be working.

“ I think being part of addressing the housing crisis is important, particularly in a regional context. So, if you’re going to retain and attract people into this community ... our biggest hand brake at the moment is housing supply. And we need to get our planning schemes and our structure planning right that allows for orderly development.”

CEO, AUSTRALIAN MEDIUM-SIZED REGIONAL COUNCIL

Overall, leaders describe a sector in which the responsibilities of local government are being stretched beyond the assumptions that determine its funding, workforce capacity and civic mandate. Councils remain the most visible and accessible tier of government in both Australia and New Zealand, yet leaders describe a widening gap between proximity to community needs and their ability to fulfil them. The strain is showing up in council budgets, assets, talent and recruitment pipelines, executive tenure, and frontline safety, but the longer-term impact is on community confidence. Councils are being asked to sustain residents’ confidence in public services while the systems that enable their consistent and reliable delivery are becoming more fragile.

CHAPTER 4:

Council Workplace Bright Spots

The financial, legislative and social pressures facing local government have a profound effect on the workforce. Over time, they permeate council culture and affect employee attitudes, experiences and behaviours. This cultural impact is reflected in councils' leader ratings. One of the strongest correlations revealed is between leaders' evaluations of their workforce's employee engagement and their ratings of community trust in the council. Leaders who rated their organisations highly on employee engagement also tended to give high ratings to their community's trust in the council.

“ Everything we do inside our council is designed to try and align to the purpose of enhancing our community's way of life ... every decision we're making is designed around the residents and making the lives of people who live here better every day.”

CEO, AUSTRALIAN LARGE METROPOLITAN COUNCIL

These findings do not indicate which of these factors influences the other. However, leaders we interviewed often described the vital importance of the council-community connection to each constituency. Community attitudes shape the environment in which employees work, while employees' workplace experiences also radiate outward into the community. The chief executive of a large council in Australia described this plainly: “We have a workplace in which 80% of employees are living and working in the same local government area. Every one of those people speaks to their family, they all have backyard barbecue conversations with each other, and we rely on the fact that people say, ‘The council's a great place to work.’” For this leader, employees' workplace experience shapes how the council is portrayed in everyday community life. If workforce culture and community trust are linked, how councils manage that workforce, particularly under sustained external pressures, has consequences that extend well beyond the organisation itself.

In the interviews, leaders spoke of creating operating environments and implementing practices designed to strengthen workforce culture within these constraints. Four critical success factors emerged; these are explored in detail in the sections that follow.

Leader Impact

To navigate mounting external pressures, most council leaders report that their effectiveness is based more on what they do than the formal authority of their role. Their leadership impact is anchored by four key behaviours:

ENGAGE WITH STAFF

Leaders described being physically present with their workforce on a regular basis. They make time to work alongside staff at the point of delivery of services and consider this to be an essential means of understanding what is happening inside the council. The value is in the conversation this activity produces, not the specific task.

This practice was portrayed as a way to reduce the distance between leaders and the workforce:

“ As a leadership team, we go out and do visits at the front line. The biggest risk for us is being too removed from what’s going on there. You end up with what you think is happening in your organisation, when it’s actually quite different in the manifest practice out there.”

CEO, NEW ZEALAND MEDIUM-SIZED DISTRICT COUNCIL

The chief executive of a medium-sized metropolitan council in Australia described “walking the floors” as a deliberate method for gathering insight and recalled staff “looking at me very oddly” on finding the chief executive sitting in the kitchen. A counterpart at a large metropolitan council put it more vividly:

“ I want to make sure that, at least fortnightly, I’m embedded in a frontline team. It’s not for publicity or a smiling photo in the staff newsletter. Whether I’m washing dishes or picking up rubbish behind the admin building, it’s not about the task itself. It’s about the conversations I’m having with staff while we do it.”

CEO, AUSTRALIAN LARGE METROPOLITAN COUNCIL

This executive presence among frontline workers serves two purposes. It gives leaders concrete evidence of the conditions under which council services are delivered and narrows the gap between how work is perceived by leadership and what it looks like in reality. Leaders also said that it is important and meaningful for staff to know that the most senior person in the organisation has seen their working conditions firsthand.

ACKNOWLEDGE MISTAKES OPENLY

Leaders treated the open acknowledgement of mistakes as a practical way to build psychological safety throughout the organisation. They model this behaviour themselves by admitting when they get something wrong and reinforce it by standing alongside staff who have acted in good faith when a decision does not lead to the intended result. For this behaviour to be credible, leaders said they must demonstrate it rather than merely state it.

Other leaders described the same practice as a source of strength rather than weakness. The director of a medium-sized regional council in Australia called vulnerability a “superpower,” noting “how amazingly liberating that is” when a senior leader is willing to say, “I made a mistake; let’s fix it.” or “I don’t know; let’s find out.”

This principle becomes more consequential when staff decisions lead to problematic outcomes. Leaders described psychological safety not as permission to act carelessly, but as protection for staff who have exercised sound judgement, particularly in complex or pressured circumstances.

The leaders who described this practice most credibly were those who could point not only to what they had said about a no-blame culture, but also to moments when they had visibly stood alongside a staff member while a problem was being rectified.

“ I’ve been really clear: There’s a no-blame culture here. I make mistakes. When I make a mistake, I apologise, I learn from it, and I move on. I don’t try to fudge that I’ve made a mistake, and if I need to publicly acknowledge that, I publicly acknowledge that.”

CEO, NEW ZEALAND MEDIUM-SIZED DISTRICT COUNCIL

“ If it feels right to you, back yourself and do it. And if it turns out to be rubbish, don’t worry about it. We’ll fix it. Give me a call. I’ll stand by your side. I might not be able to help you fix the actual problem ... but I will stand by your side while we get that fixed.”

CEO, AUSTRALIAN MEDIUM-SIZED REGIONAL COUNCIL

LEVERAGE EXTERNAL NETWORKS

To reinforce their effectiveness, leaders said they consistently rely on relationships outside the council. They actively cultivate networks of coaches, mentors and peer forums to serve distinct purposes. Sometimes the objective is to have these networks challenge and push them; with others, the purpose is to gain their support in fostering resilience. For many leaders, these external relationships offer them an objective perspective that their role precludes them from having. One chief executive explained this distinction:

“ I’ve got a coach, also got a mentor. The two are different. One’s about pushing me forward. One’s about making sure I sustain myself as well.”

CEO, AUSTRALIAN MEDIUM-SIZED METROPOLITAN COUNCIL

The external vantage point these networks provide was described as essential for keeping leaders grounded and effective under pressure. Peer networks serve a parallel function. The chief executive of a medium-sized regional council in New Zealand places peer forums above formal developmental training and views them as the most critical development tool at this stage of their career. Other leaders said they maintain career-long memberships in sector associations as safe spaces to test decisions away from the immediate pressures of politicians, staff and the community.

These peer networks are vital for senior executives requiring ongoing support and guidance as their career progresses. One chief executive described how the built-in mentorship of earlier career stages no longer occurs automatically:

“ The higher up you get, the more that mentorship falls away, and you’re expected to be the mentor.”

CEO, AUSTRALIAN LARGE METROPOLITAN COUNCIL

Consequently, senior leaders said they have had to personally take action to obtain career support and guidance. Ultimately, leaders who described their role as sustainable were the ones who had taken action consistently.

DEMONSTRATE COMMITMENT TO PUBLIC SERVICE

Leaders described an explicit commitment to public service as the core principle that underpins the other three key behaviours. A few leaders used the term “belief” to describe their motivation for working in local government. Most leaders said they made this commitment visible to staff and community, particularly when working under pressure. For many, this commitment is a core part of their identity. For example, one chief executive described their motivation for remaining in the public sector:

“ I’m really in the sector because I really believe in what we’re doing. I believe in local government. I believe in public service. I believe in leaving legacy for our communities to make them better places.”

CEO, NEW ZEALAND LARGE REGIONAL COUNCIL

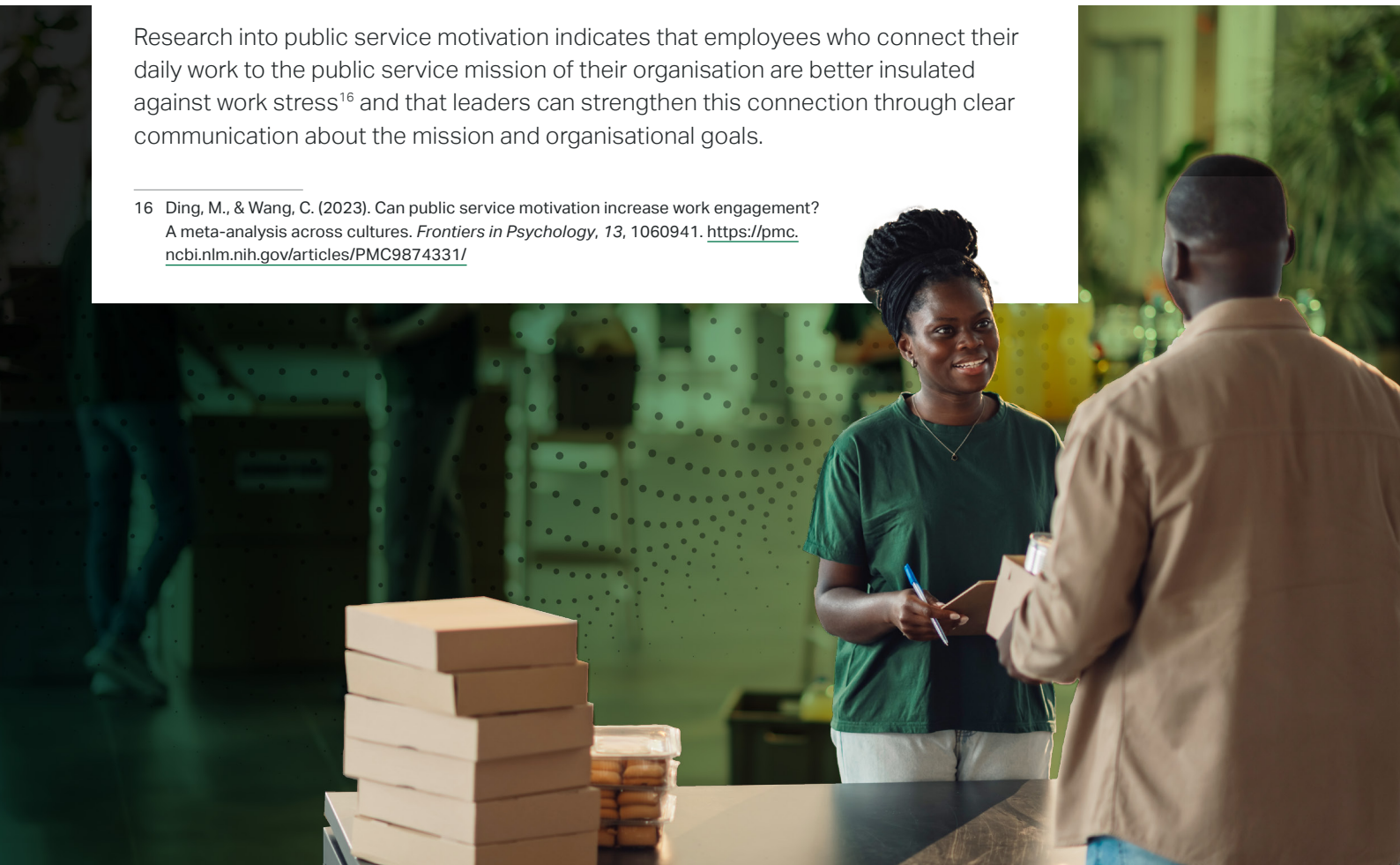
This belief has been transformed into concrete leadership practice when councils have come under attack. By actively refocusing staff on community purpose rather than political distractions, leaders have harnessed this strong sense of commitment to stabilise their organisations, as noted by an Australian CEO:

“ I really had to know my own values, why I’m here. They don’t know me. They don’t know the team and how hard we work. I was not going to be distracted. I was going to stay focused. And I’ve got a job to do and a community to serve.”

CEO, AUSTRALIAN MEDIUM-SIZED REGIONAL COUNCIL

Research into public service motivation indicates that employees who connect their daily work to the public service mission of their organisation are better insulated against work stress¹⁶ and that leaders can strengthen this connection through clear communication about the mission and organisational goals.

16 Ding, M., & Wang, C. (2023). Can public service motivation increase work engagement? A meta-analysis across cultures. *Frontiers in Psychology*, 13, 1060941. <https://pmc.ncbi.nlm.nih.gov/articles/PMC9874331/>



Talent That Stays

When councils found they could not consistently secure the talent they needed from the external labour market, most leaders said that building capability inside the organisation was their best response. Four practices were identified to make talent retention a daily leadership practice:

PUSH DECISIONS CLOSER TO THE WORK

Leaders described devolved decision-making as a key way to develop future leaders within the council. In practice, this often meant asking staff to share their personal judgements before leaders provided an answer or made a decision for them. One leader described the approach this way:

“ When they come in with a question, a problem or a request for a decision, my first response is, ‘What is your advice? What do you think we should do?’”

CEO, AUSTRALIAN LARGE METROPOLITAN COUNCIL

This question changed the nature of the exchange. Staff were no longer expected to only bring the problem; they were expected to also offer a solution. Over time, this increased decision-making visibility and gave staff experience in applying the kind of thinking expected in more senior roles. Another leader described reducing their own interventions to a small number of decisions — “captain’s calls” — that required the chief executive’s authority.

As one regional leader put it, “The only way to really identify leadership potential is to give people a go.” Leadership potential became visible when employees were trusted to make real decisions. Devolving decisions, therefore, served two purposes: **It surfaced leadership capability by giving staff decisions to make, and it enabled senior executives to focus attention on fewer decisions requiring broader authority.**

EMPOWER PEOPLE TO ACT

Once staff had begun making their own decisions, leaders described how they created space for staff to act before fully proving their readiness. Stretch assignments and acting roles were employed to test individual potential, but leaders were careful to reduce the sense of psychological risk felt by employees for trying. They made it clear that perfect performance from the beginning was not expected. What mattered most was the willingness to step forward, to stick with it and learn while performing the role. One director described the hesitation that often appeared when staff were first asked to accept the challenge:

“ I can ask someone to step up and act for one week, and they’re like, ‘Oh no, what if I make a mistake?’ I’m like, “That’s not your expectation. Having a go is the expectation.”

DIRECTOR, AUSTRALIAN LARGE METROPOLITAN COUNCIL

This framing matters because it changed employees’ perception of what an acting opportunity meant. The aim was not to require staff to perform flawlessly in their next role before being promoted; rather, it was a low-risk way to see who would embrace responsibility when it was offered. In that sense, readiness was not treated as something that had to be fully proven before an opportunity was given. Instead, opportunity was part of how readiness was developed.

HIRE FOR VALUES

External recruitment still matters, but leaders described being deliberate about what they recruit for. Several said they prioritise character, values and public service orientation ahead of technical credentials. Their reasoning was that technical skills can often be developed by the council, while the values that make work meaningful must reside within the candidate from the beginning. One leader framed this recruitment focus this way:

“ I’m after leaders, not managers ... people that are authentic, caring and aligned to your values.”

CEO, AUSTRALIAN MEDIUM-SIZED METROPOLITAN COUNCIL

Since these councils make hiring decisions based on character and values first and develop skills on the job, their development efforts are focused on unlocking individual potential. This approach also links recruitment to retention. People are more likely to stay with an employer whose values match their own and who invests in developing individual talent to transform potential into capability.

DEVELOP THE NEXT GENERATION

Once values-aligned staff have been hired and are in post, leaders view development as both an organisational discipline and a public sector obligation. One leader noted that this obligation has helped support their own career:

“ I became a deputy chief executive ... because people backed me ... the only thing I now ask is that you, as the bright young thing at the moment, is that you will keep looking out for the bright young things and to develop talent.”

CEO, NEW ZEALAND MEDIUM-SIZED DISTRICT COUNCIL

That obligation has been embedded into both structured and informal practices. One large metropolitan council described an intensive leadership development pipeline, paired with core management training, and reported that “about 90%” of participants had gone on to occupy leadership roles. Another large council used twice-yearly talent and development planning, supported by strengths-based assessment tools, to identify areas of excellence and target support for management or leadership challenges.

Leaders said that these practices make retention less dependent on winning every contest in the external labour market and help create a win-win situation for councils and employees: Staff bring their public service values, judgement and a willingness to learn; in return, leaders give them responsibility, support and a visible career path.

Communication and Recognition

To improve workplace conditions and council performance, leaders said communication and recognition have to be consistent, visible and reciprocal. Staff need to know when they should expect to hear from leaders, how decisions are determined, who receives their feedback and whether their work is acknowledged. Council leaders identified two widely used practices:

COMMUNICATE CLEARLY AND OFTEN

Leaders described communication as a discipline requiring consistency and transparency. They explain their decisions and the reasons supporting them and accept the fact that not everyone will agree. What matters is providing employees with a clear explanation, especially when the decision is a difficult one. One leader described how this works in their organisation:

“ Difficult decision, explaining why that decision’s been made, accepting that not everyone will agree ... you owe people the courtesy and the obligation to actually communicate clearly what an organisation has done. Don’t sugarcoat things; tell people the truth, and communicate regularly and often.”

CEO, NEW ZEALAND LARGE REGIONAL COUNCIL

Another leader framed the same point as a matter of frequency. It is “not just about being open to communication, but how often that communication is happening.” Councils use different channels to make this frequency visible, turning leadership communication from an ad hoc event into a predictable practice. When staff know exactly when they will next hear from executives, this predictability acts as a buffer against uncertainty, ensuring that workforce energy is spent on delivery rather than speculation.

RECOGNISE WORK IN THE MOMENT

Recognition is how employees know their organisation acknowledges their work. Leaders described two key employee recognition criteria: It must be both immediate and sufficiently formal to create a shared experience between the recognised employee and organisational management. One leader described their recognition approach:

“ We have a programme that essentially tries to catch great work in the moment. It might be as simple as a \$20 voucher for a cup of coffee, or a quick but direct acknowledgement for the extra effort they put in.”

CEO, NEW ZEALAND MEDIUM-SIZED DISTRICT COUNCIL

Other councils use large annual events to recognise staff. In one metropolitan council, staff awards had grown to over 400 nominations for 13 awards by the third year. The impact of these awards extended well beyond the event by boosting peer-to-peer recognition volume. Good work is being acknowledged by senior leaders and colleagues alike. When sustained over time, recognition can transform collaboration throughout the organisation.

Human-Centred Technology

Leaders primarily spoke about technology, especially AI, as a solution rather than an issue or problem. Budget constraints, labour shortages and rising community expectations were often described as challenges that councils must manage. Technology, in contrast, was portrayed by leaders as something that offered them choices such as which digital tools to adopt, which processes to redesign, or where they could redeploy staff to increase focus on high-priority work. Four technology practices were identified:

PARTNER PEOPLE WITH AI

Leaders described AI as a tool that supports people rather than replaces them and as a partnership that enables people and technology to do what they do best. The clearest distinction leaders made was between routine tasks that could be handled by technology and more complex work that requires human judgement. One leader described it this way:

“ It’s not going to replace our thinking, but it could replace some of our mundane duties ... and we can spend more time in that creative, innovative space.”

CEO, AUSTRALIAN LARGE METROPOLITAN COUNCIL

The goal is to complement human judgement and experience with technology and tools that allow people to focus on what is most important.

ALLOW STAFF TO EXPERIMENT

In organisations where AI adoption is already underway, leaders said they generally avoid heavy-handed mandates. Leaders said they have made tools available, observed how staff use them, and allowed employee confidence to build through experimentation, practice and peer learning.

One leader described making generative AI tools available across the organisation without requiring formal training:

“ You’ve got Copilot, we’ll assess the usage and see where we go from there ... and it’s gone viral.”

CEO, AUSTRALIAN LARGE METROPOLITAN COUNCIL

Another leader explained why making AI use compulsory was not the right approach. Staff who used the technology would work more productively, and this visible improvement made a more effective case to encourage others than a directive from above.

This makes AI adoption a social process rather than a purely technical one. Leaders observed that staff were more likely to trust a tool when they could see colleagues using it to do daily work. The leader’s role was to encourage experimentation, reduce the friction of getting started and allow usage to spread throughout the organisation.

REDEPLOY STAFF

Leaders understood that productivity gains from AI would immediately raise an uncomfortable workforce question: What happens to the people whose routine tasks are reduced? Several leaders mentioned that genAI deployment is a means of increasing workforce capacity and not an employee redundancy strategy. One leader who made that commitment stated:

“ I’m not going backwards in staff, and people aren’t losing jobs. They’re just redeploying to the hands-on environment, the front-facing service environment, and the rate payers should hopefully get a better experience.”

CEO, AUSTRALIAN LARGE METROPOLITAN COUNCIL

Here, technology-driven efficiencies do not aim to shrink the workforce but to shift staff time and council resources towards work that residents value most: service delivery, problem resolution and community improvement.

EXERCISE CAUTION

Leader optimism about genAI tools was not unqualified. Even those who saw its potential identified areas where caution was necessary: use of resident data, career paths for junior staff and the pace at which the workforce could absorb change. One leader identified data risk as the central concern:

“ We’re being extremely cautious because of the way in which data and information can bleed from your place to somewhere else. And if you think about councils and the data we hold ... information on people and properties and the way they’re living their life.”

CEO, NEW ZEALAND MEDIUM-SIZED DISTRICT COUNCIL

Another leader highlighted a different risk: the detrimental impact on junior staff’s professional development due to the automation of entry-level work by genAI. If genAI is used to perform this type of work too quickly, it could weaken the talent pipeline that is essential for councils to develop much-needed future experts. These areas of caution are not signs of resistance to technology; rather, they are essential safeguards to ensure AI adoption does not move faster than the council’s systems and workforce can support its use.

Based on these interviews, a human-centred approach to technology adoption ensures that AI and other digital applications are fit for purpose and help employees accomplish their work more efficiently. GenAI has the potential to reduce routine workload, improve council responsiveness and free staff to perform more valuable work. But leaders were careful to stress the importance of protecting the things that technology should not replace — professional experience and judgement, resident trust, and the human relationships on which local government depends.

CHAPTER 5:

Council Action Priorities

Building upon the success factors described in the previous chapter, we have identified five local government council priorities. These priorities emerged from our discussions with council leaders about the connection between workplace practices and the outcomes their organisations are striving to achieve. They should be understood as specific areas where leaders believe councils can act with the greatest practical effect. They also reflect the realities of operating with limited financial resources, rising service expectations and a workforce with a strong connection to its community.

PRIORITY 1

Equip Managers to Strengthen the Employee Experience

The importance of the manager's role came up repeatedly in all of the success factor discussions with leaders, supporting the view that managers are essential to ensuring executive decisions about council priorities remain the focus of employees' daily experience. Managers are the cornerstone for allocating tasks, explaining strategic decisions and ensuring their teams' workloads are sustainable; they are the means of translating organisational commitments into specific objectives that employees can understand to accomplish in their work.

Leaders described the manager role as a particularly demanding one in local government. The behaviours leaders attributed to effective managers are both practical and recurrent. These managers explain difficult decisions in a language that staff can easily understand, offer timely recognition for good work, act to mitigate workload pressure before it becomes a safety concern, support staff by allowing them to stretch themselves and make mistakes, share team feedback with senior leaders that incites them to take action, and explain the reasons behind strategic decisions and the impact they will have on team priorities and the daily workplace experience.

Several leaders identified the importance of investing in manager development with the same intentionality as other strategic priorities — ultimately, to improve their managers' ability to coach, mentor, develop and communicate effectively with their staff. Leaders also identified the elements necessary for managers to do these things effectively: well-defined priorities, the authority to act, clear issue escalation, and executive support with complex or difficult decisions.

PRIORITY 2

Close the Communication and Recognition Loop

When communication and recognition are practised consistently and integrated into organisational culture, they form a positive, continuous loop that clarifies the “why” behind decisions, validates employee contributions and demonstrates that feedback matters. Leaders emphasised the link between this loop and talent retention. Because councils often cannot compete for talent based on salary, workplace culture can serve as an employment differentiator. Although council staff may stay due to their dedication to the shared purpose and impact of their work, these are abstract concepts that must be supported by an engaged workplace culture. Consistent communication and recognition provide daily, tangible proof that work is acknowledged, feedback is heard and their contribution matters. Reinforcing this communication and recognition loop requires a deliberate, visible structure. Staff need to understand how to access information and share details of their workplace experience, and they need to know when they can expect to receive feedback.

Ultimately, managers are necessary to close this loop at the team level.

While executive leaders set the broader strategic direction, managers must translate that strategy into daily work. They are the ones who share feedback upwards, explain to their teams what will change (and why certain things won't or can't change) and recognise employee achievements in the moment. To be meaningful, recognition must be highly specific and describe the efforts the employee made, the challenges that were faced and the value of the recognised work to **the organisation**.



PRIORITY 3

Build a Culture That Promotes Wellbeing

Successful wellbeing strategies are integrated into workforce planning and prioritisation rather than siloed HR initiatives. This integration is essential because local government work is often accompanied by significant workforce pressures. Demands from residents, politicians and regulatory authorities often result in frontline staff being subject to stress and conflict. These pressures are a permanent feature of council operations, so managing them successfully demands a workplace culture that fosters and protects employee wellbeing.

Empowering managers and staff to call out dangerous workload levels requires more than just giving them permission to speak; it requires a well-defined process for deciding what work should be deferred, redistributed or stopped altogether. If every work order is labelled urgent, leaders' messaging about creating a supportive workplace quickly loses credibility. Conversely, if leaders act to adjust priorities when resource capacity is limited, employees perceive that wellbeing is a reality and not merely a slogan.

While the tools available to enhance workplace wellbeing vary by council size and resources, the underlying principle is the same. Promoting wellbeing requires councils to manage the entire workplace ecosystem. This means ensuring that workloads are balanced along with delivering manager capability, positive team working conditions and reduced psychosocial hazards. Ultimately, creating a supportive workplace culture means no longer treating employee stress as an inevitable byproduct of council activities and integrating wellbeing strategies into team management and operations.

PRIORITY 4

Make Talent Development a Daily Habit

Several leaders described talent development as an essential, ongoing operational imperative. Meaningful skills and capability are built on the job when employees are given real responsibility backed by intentional manager support. To grow talent effectively, employees need managers who set clear expectations, provide regular coaching, and adjust capacity to enable employees to learn and improve. Whether accomplished through role-play or stretch assignments, development must be treated as a critical component of work design; otherwise, it can place unsustainable pressure on employees already performing a very demanding job.

This focus on internal talent development is driven by the strategic urgency felt by local governments due to acute talent shortages in specialised fields. With external recruitment for these roles becoming increasingly difficult in some regions, councils might be able to develop these specialised capabilities internally. This requires rigorous succession planning to identify which roles demand significant institutional knowledge or extended periods of supervised practice and which can be cultivated through structured, on-the-job mentoring. By hiring candidates with a strong public service orientation and actively building their technical capabilities on the job, councils can transform recruitment into a sustainable talent retention strategy.

PRIORITY 5

Build Council Readiness to Adopt New Technologies

Although council leaders view generative AI and emerging digital technologies as critical tools for increasing organisational capacity and reducing the time to perform routine tasks, their optimism is tempered. They recognise that before asking technology to shoulder more of the workload, councils must rigorously prepare both work design and the workforce. Issuing a general statement about technology delivering greater efficiency is insufficient. Rather, employees need to understand exactly why a tool is being adopted, how it will benefit them, how their roles will change and how the time saved will be utilised. This requires managers to translate high-level tech strategies into practical realities and establish clear boundaries that allow staff to experiment safely while keeping human judgement central to decision-making.

This preparation must also address two critical operational risks: reduced public trust and disruption of traditional learning pathways. Because councils house highly sensitive community information, technology decisions carry with them a profound public trust dimension and require non-negotiable rules for data access and records management. Simultaneously, automating routine tasks — such as document checking and basic correspondence — eliminates many of the foundational responsibilities that junior staff have traditionally performed to build up their professional knowledge and experience. To prevent a capability gap, councils must proactively redesign early employee career development by replacing routine, task-based learning with structured case reviews, job shadowing and supervised exposure to complex decision-making.

One benefit of genAI for both councils and employees is its potential to free staff to allocate significantly more of their time and attention to performing human-centred work that is of value to communities and residents. Rather than replace staff, targeted deployment of genAI tools can reduce time spent on administrative tasks or paperwork and increase time interacting with residents and other key stakeholders.

Finally, efficiencies achieved through technology must be managed intentionally with transparent redeployment strategies. Leaders plan to allocate time savings to high-demand, resident-focused services, but this commitment will only be credible if the transition is made clearly visible to staff well before such efficiencies are realised. To achieve this in a responsible manner — particularly for smaller local councils lacking specialist IT capabilities — the broader sector must work together. Shared frameworks for data classification, procurement and acceptable use standards can reduce duplicated efforts and ensure that technology adoption enhances public service without compromising workforce trust.

CHAPTER 6:

Research Methodology and Participant Summary

Research Methodology

This study draws on three sources of evidence:

- 1 Gallup data for Australia and New Zealand**, drawn from the Gallup World Poll and Gallup's *State of the Global Workplace* report.
- 2 In-depth interviews** with 33 senior local government leaders from Australia and New Zealand, including chief executives, general managers and directors.
- 3 Structured leadership ratings**, collected during the in-depth interviews. Leaders rated their level of agreement with seven statements about workplace conditions within their organisations and their relationships with the communities they serve. Ratings were based on a 1-to-5 Likert scale.

The leadership interviews were conducted by videoconference between November 2025 and February 2026. The duration of each was approximately 60 minutes. The interviews used a semi-structured format, allowing participants to describe, in their own words, the workforce pressures facing their councils and the practices they had developed in response to them.

Participation was voluntary, and informed consent was obtained from all contributors. Participants were briefed in advance on the broad research topic and the interview format but did not receive the specific questions ahead of time. Interviews were recorded with participants' consent and subsequently transcribed and analysed thematically.

The analysis focused on identifying recurring themes across the interviews, including both challenges faced by councils and factors that contributed to success. To test the robustness of the distinction between challenges and success factors, the research team applied multiple emotional frameworks to examine the emotions expressed across coded theme segments. This analysis supported the differentiation between the two theme categories: the three most frequently expressed emotions in challenge-coded segments were negative, while the three most frequently expressed emotions in success-factor segments were positive.

Every effort has been made to reflect participants' views accurately. Minor edits may have been made to quoted material for readability, meaning precise wording may differ slightly from the original transcript. To protect confidentiality, quotes are presented without naming the individual speaker or council. Each quote is identified only by role and council type and size.

Research Participant Summary

The research sought to represent the diversity of local government leadership across Australia and New Zealand. Interviews were conducted with senior leaders from councils across multiple states and regions. Deliberate effort was made to include a range of council sizes and contexts.

Across the 33 interviews, 26 leaders were from Australia, and seven were from New Zealand. Approximately two-thirds of participants were men, and one-third were women.

Australian participants came from six states:

State	Participants
Queensland	8
New South Wales	7
Western Australia	5
Tasmania	2
Victoria	2
South Australia	2

New Zealand participants came from five regions:

Region	Participants
Canterbury	2
Wellington	2
Hawke's Bay	1
Manawatū-Whanganui	1
Otago	1

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