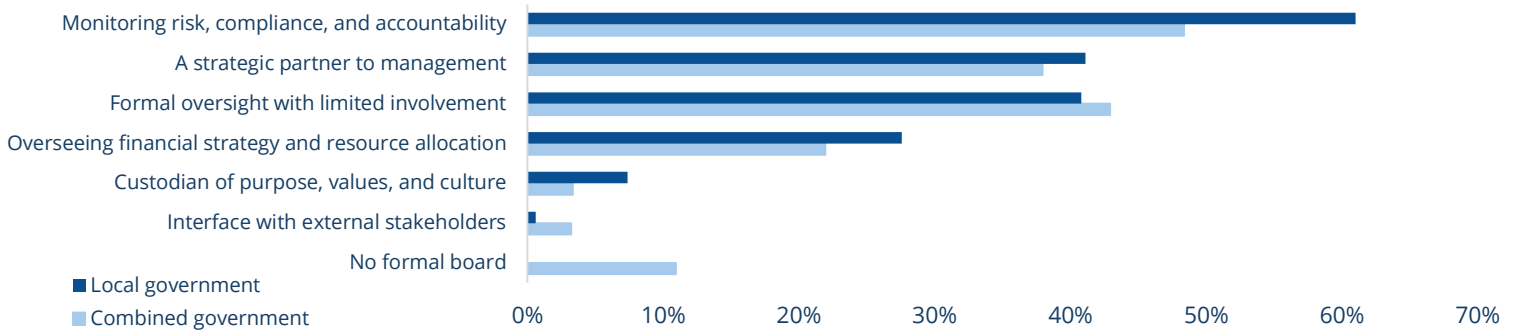


Local government: 15 CEOs

Section 1: Purpose-led Governance and Board Leadership

Primary Purpose of Board



Local Government CEOs (CEOs) most frequently identify their board's primary purpose as monitoring risk, compliance, and accountability (61%), followed by a strategic partner to management (41%). CEOs could select up to two roles, as boards may have more than one primary purpose (total selections >100%). Local government CEOs were more likely than combined government CEOs to report monitoring risk, compliance, and accountability as their board's primary purpose.

Board and management alignment



Alignment between board and management roles is important for governance because it underpins clear decision rights, accountability, and effective oversight. While there is generally some alignment, no local government CEOs reported that the roles are completely aligned. This suggests local governments may face role ambiguity or boundary overlap and provides an opportunity to improve role clarity and strengthen governance effectiveness.

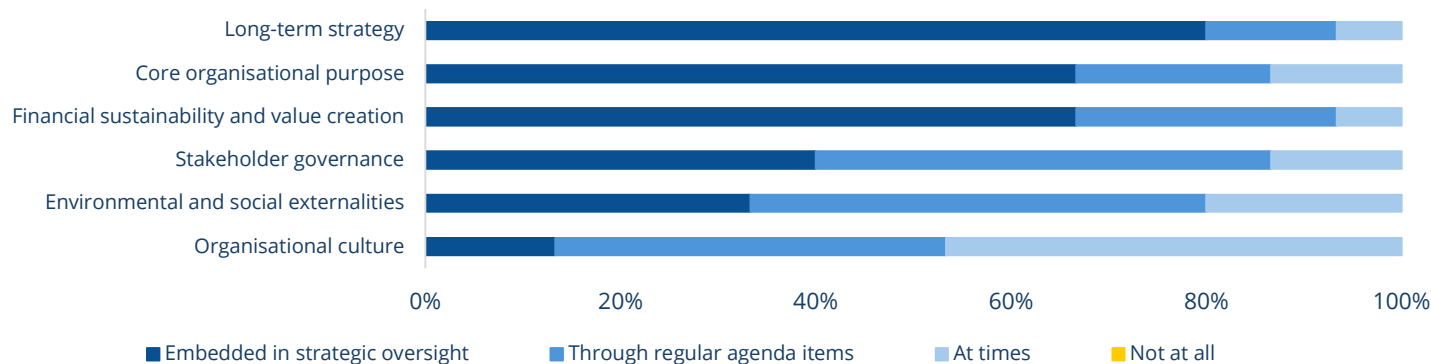
Board structure and composition for effective governance



Boards most commonly report that their structure ensures integrated financial and non-financial reporting (53%) and aligns composition to reflect stakeholder experience and perspectives (47%). In contrast, fewer report that their board structure oversees performance metrics on culture (13%) and ensures culture aligns with strategy and purpose (7%), highlighting an opportunity to strengthen how board structures support broader organisational priorities. Local government CEOs are 13 percentage points less likely to report that their board fully oversees performance metrics on culture.

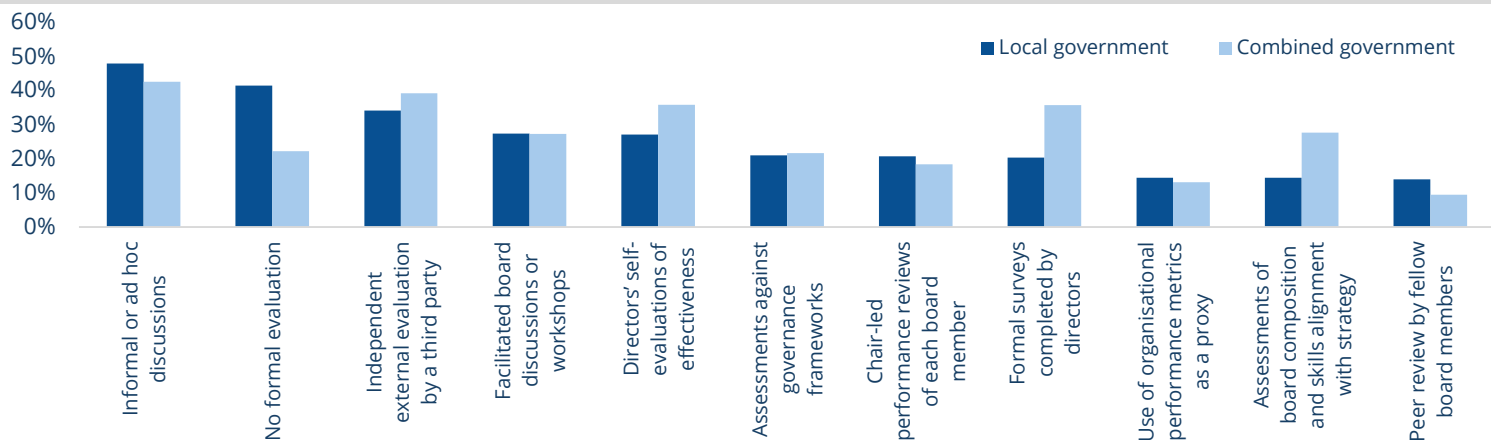
Local government: 15 CEOs

Extent of formal board oversight across key areas



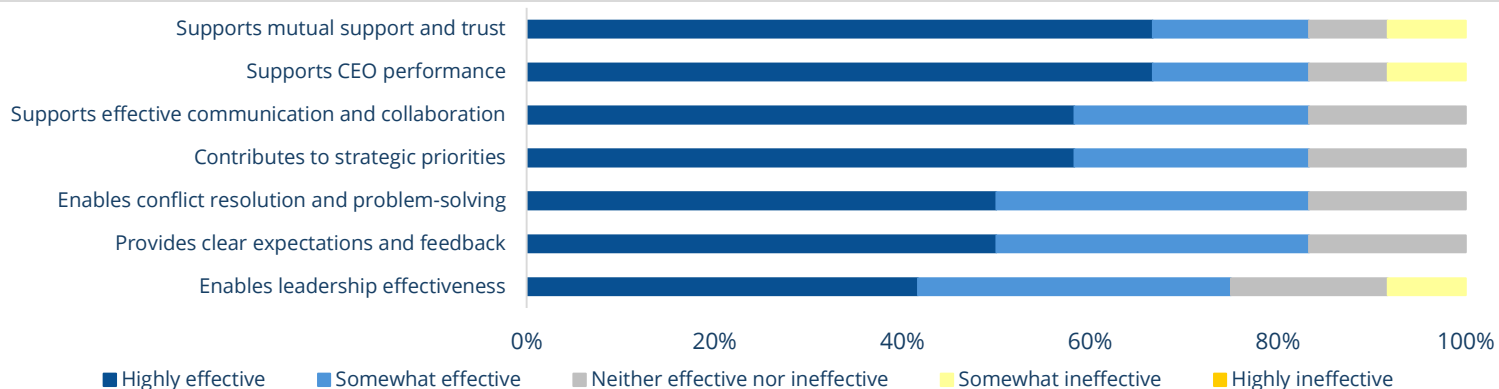
Many boards embed oversight of long-term strategy (80%), core organisational purpose (67%), and financial sustainability and value creation (67%) within strategic oversight. However, fewer boards embed stakeholder governance (40%), environmental and social externalities (33%), and organisational culture (13%), highlighting an opportunity for organisations to more consistently integrate factors that influence strategy, risk, and long-term value. Local government CEOs are more likely to report that their board embeds financial sustainability and value creation into strategic oversight.

Board methods of evaluating own governance and oversight effectiveness



While organisations routinely evaluate management and organisational performance, board governance itself is often assessed more informally. With 48% relying on informal or ad hoc discussions and 42% using no formal evaluation, many boards have an opportunity to strengthen oversight and better enable organisational performance by adopting more formal, objective evaluation methods. Local government CEOs are more likely to rely on no formal evaluation.

Effectiveness of CEO-chair relationship



The CEO-Chair relationship is central to governance, sitting at the interface between board and management and shaping oversight, communication, and strategic alignment. CEO-Chair relationships are generally strong: 67% of CEOs rated the chair "highly effectively" 'supports mutual support and trust', followed by 'supports CEO performance' (67%), and 'supports effective communication and collaboration' (58%). The lower ratings for 'provides clear expectations and feedback' and 'enables leadership effectiveness' indicate opportunities to strengthen these relationships to enhance the CEO's ability to lead optimally.

Local government: 15 CEOs

Board effectiveness in enabling organisational purpose



Even some of the strongest boards have room for improvement: 40% of CEOs rate their board as 'highly effective' in supporting effective stakeholder engagement and accountability, followed by 27% in supporting oversight of compliance and organisational risks, and 27% in supporting long-term orientation. More than 60% of boards are not highly effective in enabling organisational purpose in these factors; if these are not addressed, they risk leaving value on the table. Local government CEOs are less likely than combined government CEOs to rate highly on 'supporting oversight of compliance and organisational risks' in enabling organisational purpose.

Areas the board could more effectively support and enable leadership

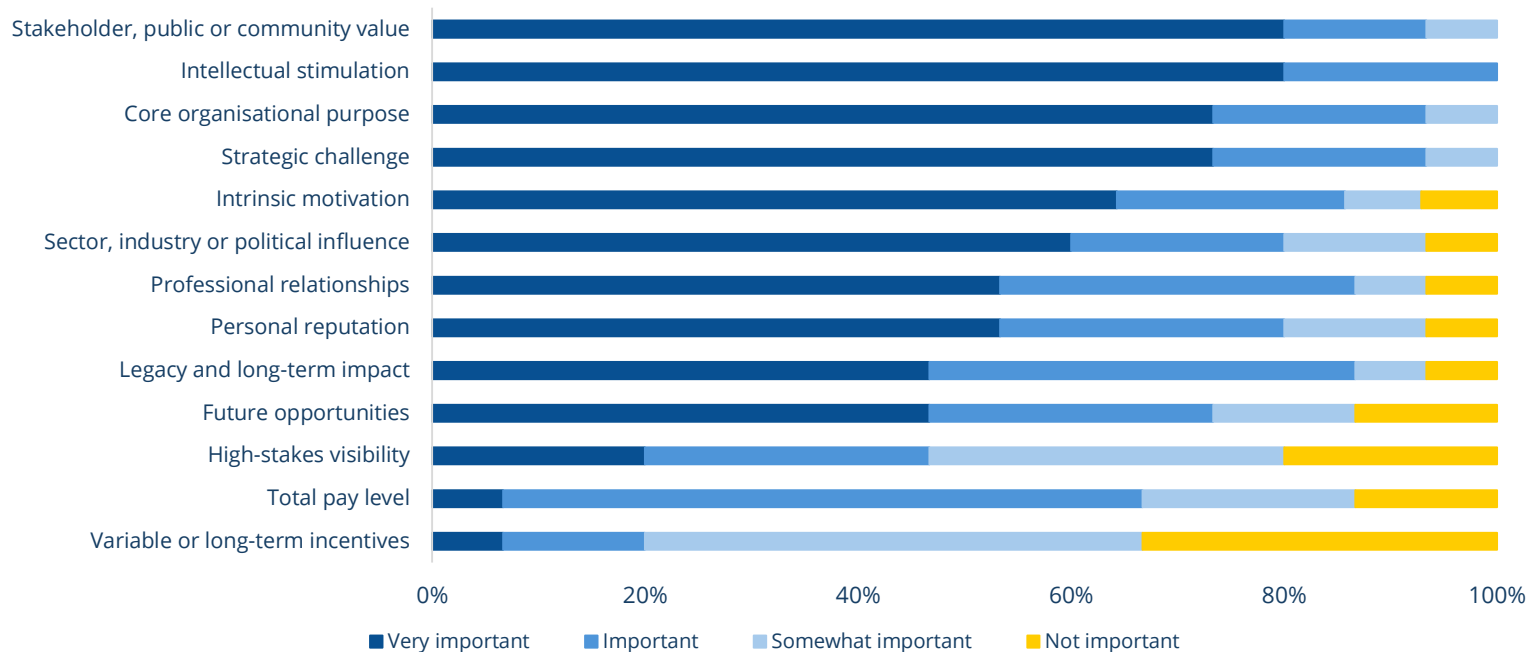


CEOs view board effectiveness as an important contributor to organisational performance. CEOs identify that boards could more effectively support and enable leadership, with 87% highlighting improved focus on long-term rather than short-term concerns, 67% more frequent reflection on board effectiveness, and 60% greater willingness to take the right level of strategic risk. Local government CEOs are 25 percentage points more likely than combined government CEOs to identify a need for improved focus on long-term rather than short-term concerns to enable organisational purpose.

Local government: 15 CEOs

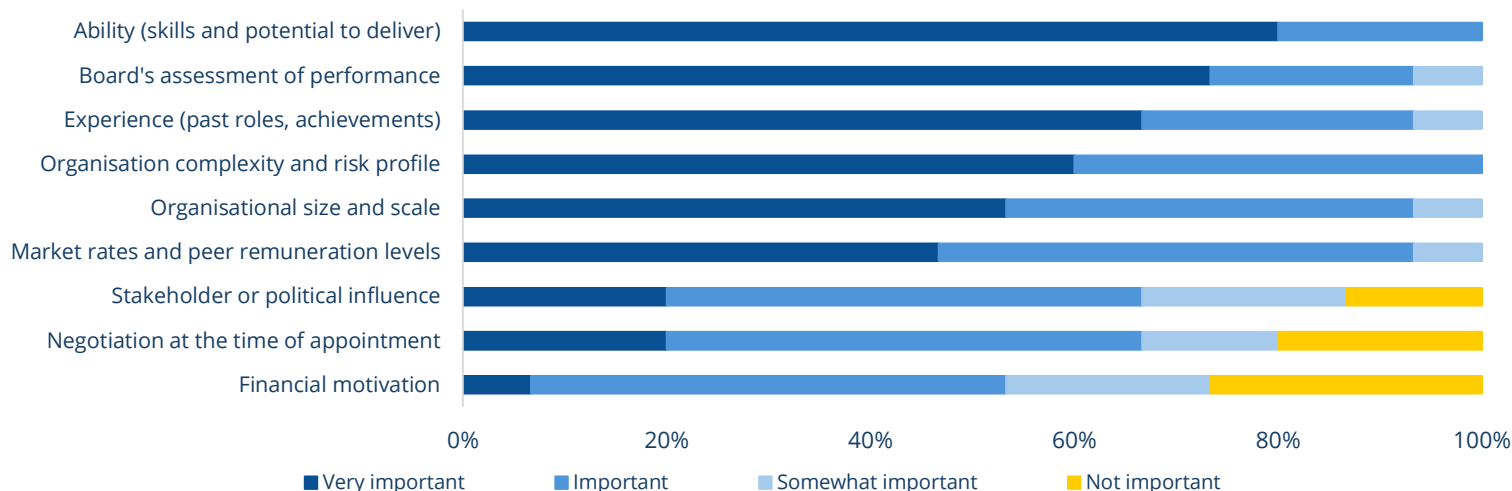
Section 2: CEO Personal Motivation, Values, and Alignment

Personal CEO motivations



CEO motivation is an important issue that has not been studied directly by asking CEOs. Attracting and retaining the right CEO is an important governance issue. The existing literature does not directly measure CEO motivation, instead inferring it from incentive structures (such as compensation design), observed CEO behaviour (e.g. risk-taking or earnings management), and governance outcomes (e.g., pay-performance sensitivity or compensation levels). CEO responses suggest that intrinsic and purpose-driven motivations rank highest, followed by reputation-related motivations, while financial or visibility-related factors are least prominent. Specifically, 80% of CEOs rated stakeholder, public or community value as very important, followed by intellectual stimulation (80%), and core organisational purpose (73%), whereas only 7% rated total pay level and 7% rated variable or long-term incentives as very important motivators.

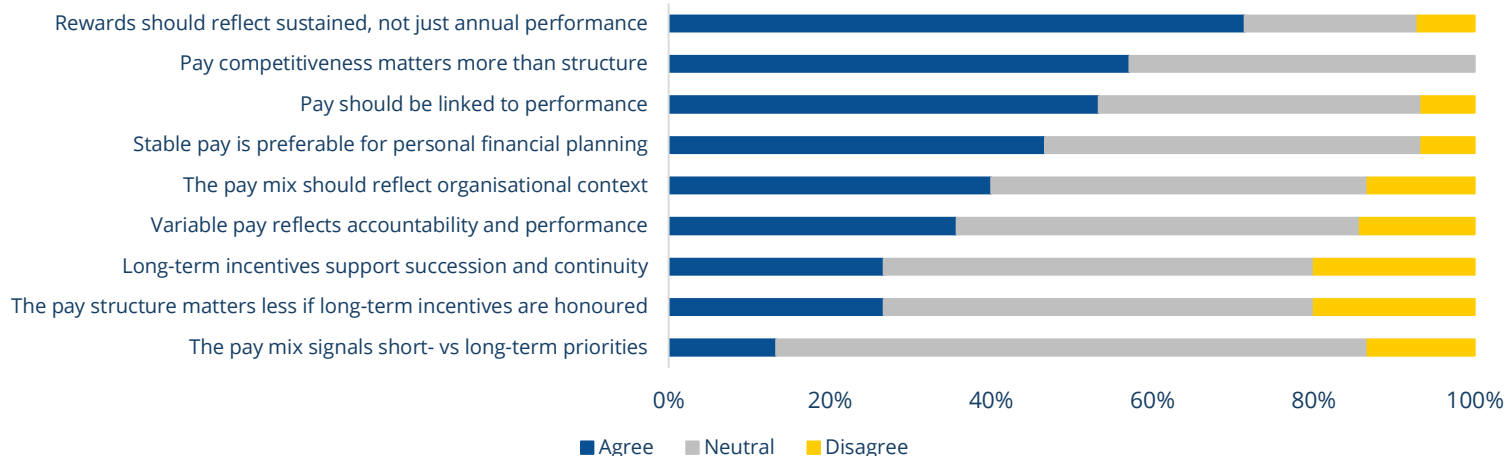
Key factors CEOs view as determinants of their pay



While the literature emphasises market benchmarks, managerial bargaining power, and incentive alignment, CEOs instead view pay as primarily driven by perceived individual ability and board judgment, with relatively little importance placed on negotiation or financial motivation. Specifically, 80% rating ability (skills and potential to deliver), 73% board's assessment of performance and 67% experience (past roles, achievements) as very important determinants of pay, compared with 20% for stakeholder or political influence, 20% for negotiation at the time of appointment and 7% for financial motivation. CEOs view remuneration as recognition of the strategic value they are expected to create and the risks they assume in delivering organisational outcomes. Local government CEOs are 22 percentage points more likely than combined government CEOs to consider the ability (skills and potential to deliver) as a key determinant.

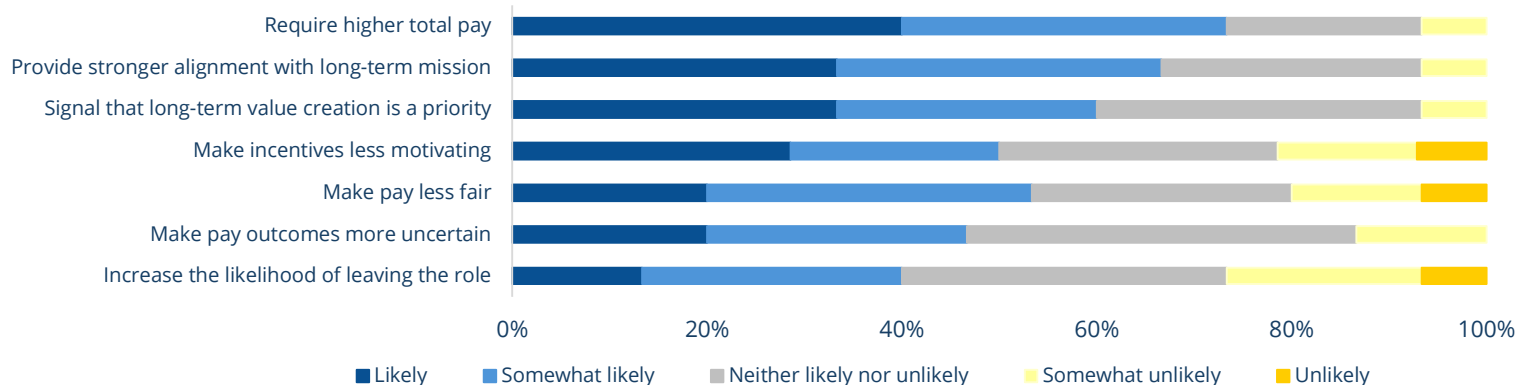
Local government: 15 CEOs

CEO's views on fixed and variable pay



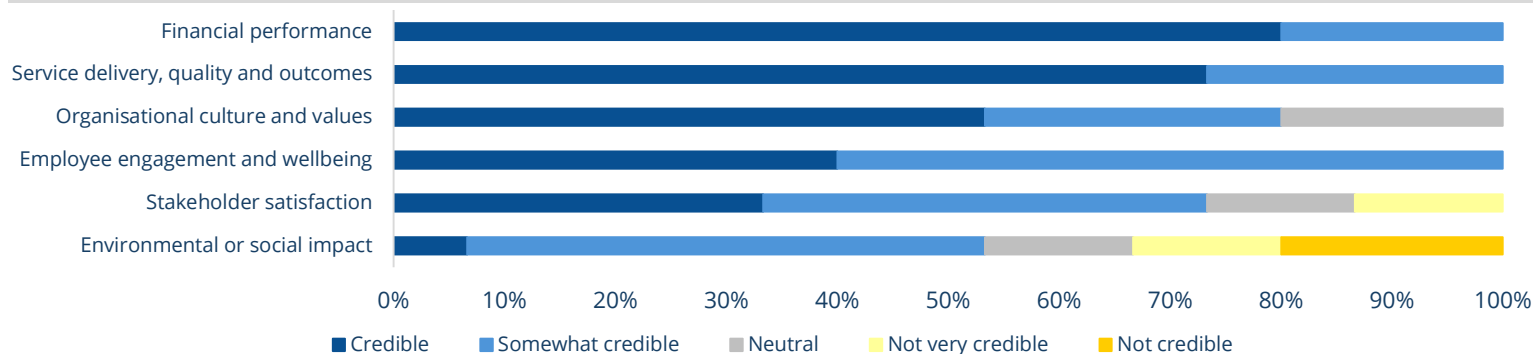
Most CEOs agree that 'rewards should reflect sustained, not just annual performance' (71%), that 'pay competitiveness matters more than structure' (57%), and that 'pay should be linked to performance' (53%), indicating comfort with variable-based pay structures. CEO responses show limited evidence of self-interested, short-term or rent-extractive behaviour as assumed in the academic literature. Local government CEOs are 24 percentage points less likely than combined government CEOs to agree that the pay mix signals short- vs long-term priorities.

CEO perspective on the impact of current incentives being made longer-term



Most local government CEOs agree that longer-term incentives tend to 'require higher total pay' (73%) and 'provide stronger alignment with long-term mission' (67%). Local government CEOs are most neutral that they 'increase the likelihood of leaving the role' and 'make pay outcomes more uncertain'.

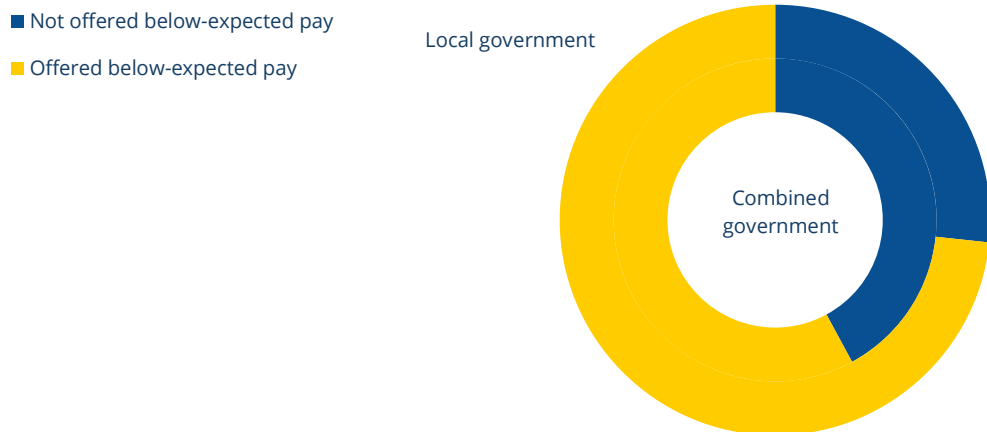
CEO's views on the credibility of pay-linked KPIs for their own performance



CEOs believe that pay-linked KPIs are most credible for 'financial performance' (80%) and 'service delivery, quality and outcomes' (73%), moderately credible for 'employee engagement and wellbeing' (40%) and 'organisational culture and values' (53%), and least credible for 'stakeholder satisfaction' (33%) and 'environmental or social impact' (7%). Many see these measures as somewhat credible, with very few rating any measure as not credible. Local government CEOs are 10 percentage points less likely than combined government CEOs to agree that environmental or social impact are a credible and fair way to assess CEO performance.

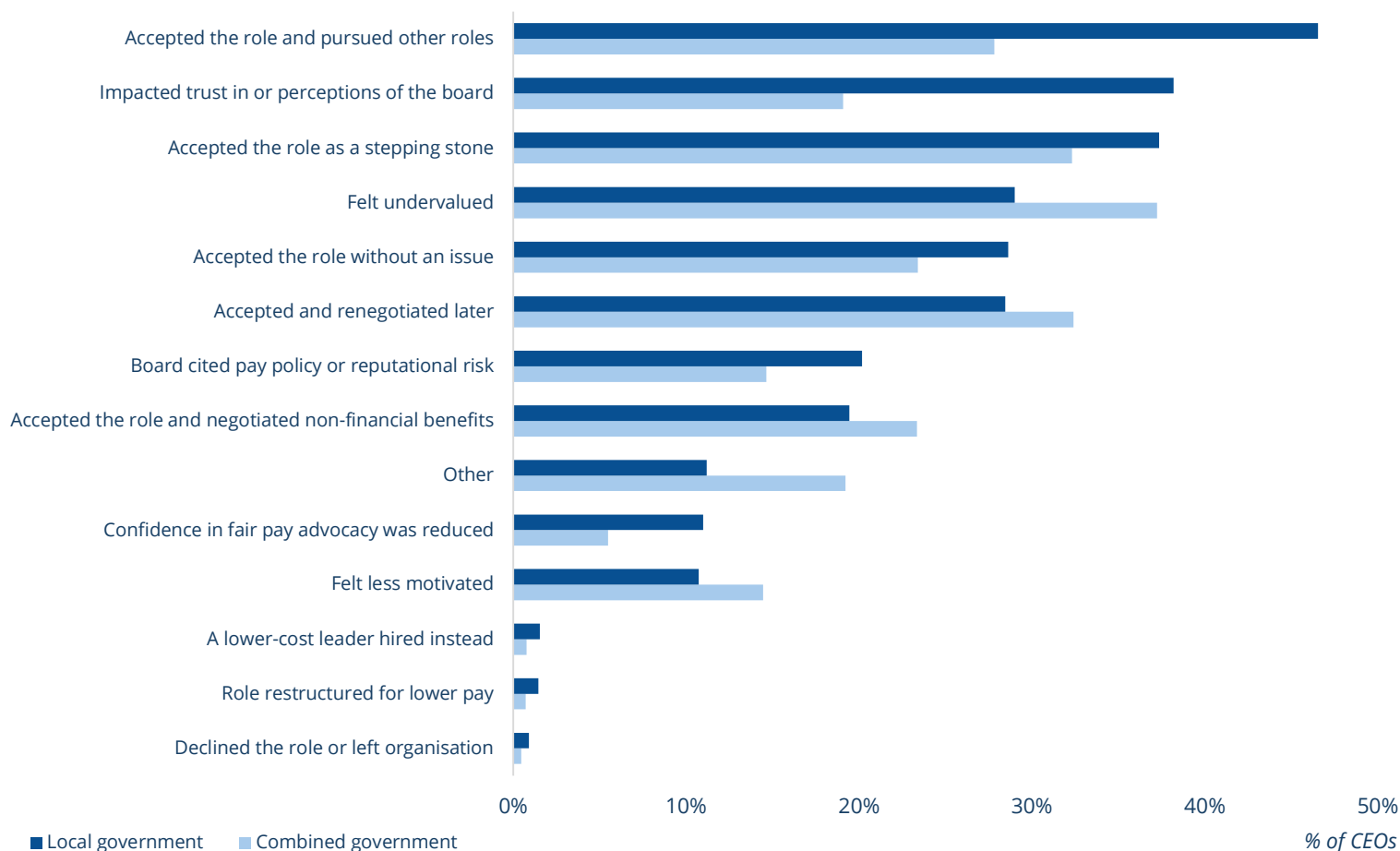
Local government: 15 CEOs

CEOs offered below-expected remuneration during their time in leadership



A key governance signal is potential misalignment between CEO remuneration and candidate expectations, creating attraction, retention, and leadership continuity risk. During their time in leadership, 73% of CEOs reported experiencing total pay offers below what they felt was appropriate, often leading to career-management responses, whereas 27% did not. CEOs in local government were 15 percentage points more likely than combined government to have been offered below-expected pay.

Leader consequences of lower-than-expected pay offers

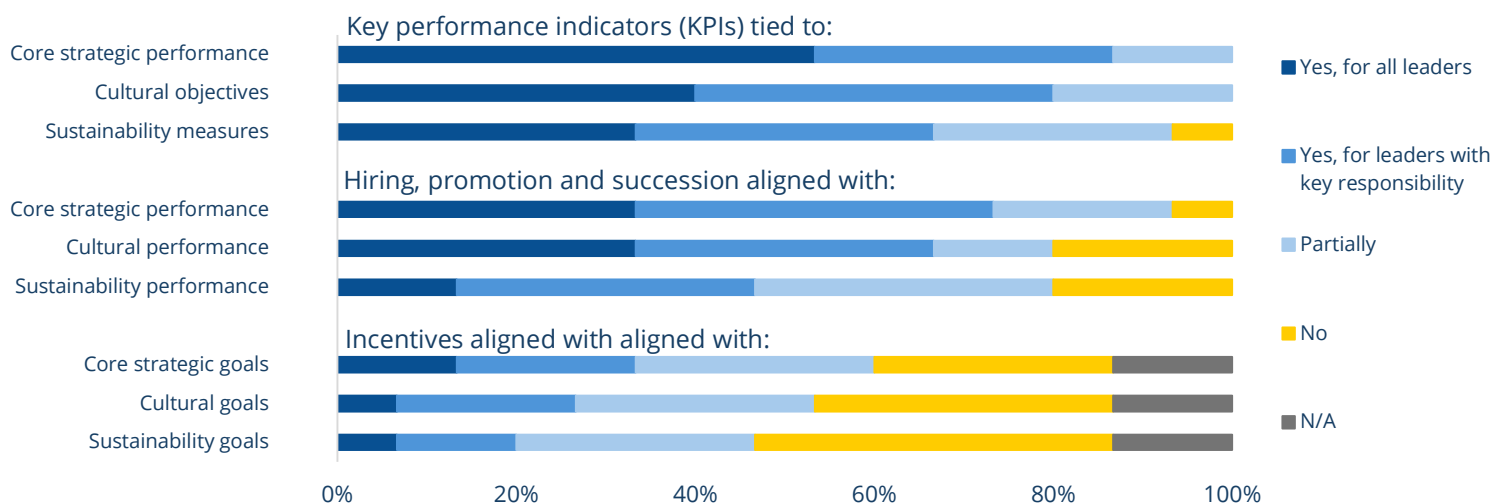


Boards risk weaker leadership quality, poorer strategic continuity, and reduced ability to attract and retain capable CEOs when pay is set below appropriate market levels. The most common responses for CEOs who received lower than expected pay offers included that they accepted the role and pursued other roles (47%) and impacted trust in or perceptions of the board (38%), highlighting that executives often respond to perceived underpayment by managing their career trajectory around it, with potential implications for longer-term commitment and board-CEO alignment. CEOs in local government were 19 percentage points more likely than combined government to have impacted trust in or perceptions of the board.

Local government: 15 CEOs

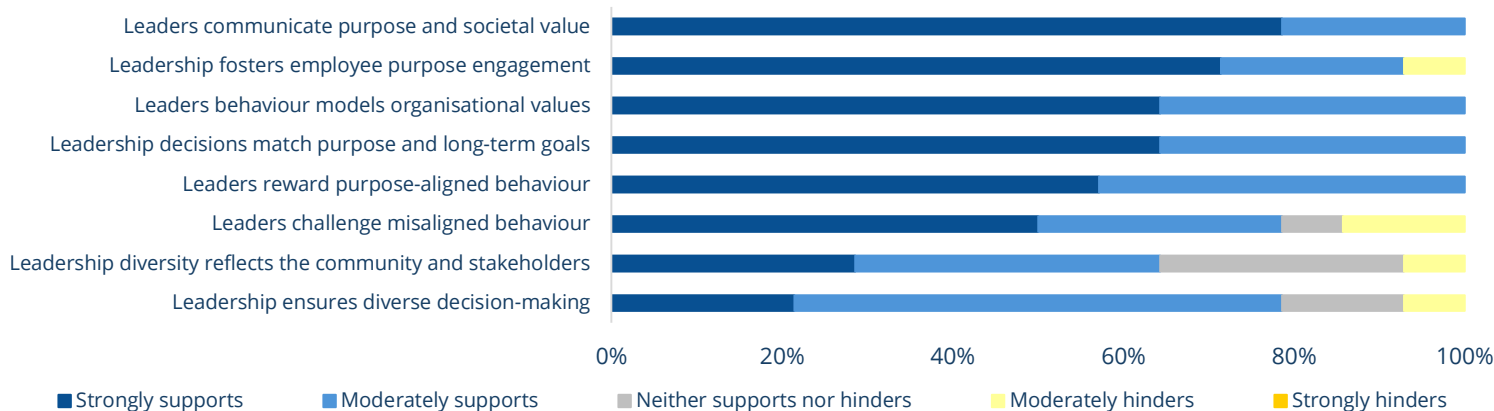
Section 3: Executive and Senior Leaders Signals, Pay and Incentives

Signals of strategy, culture, and sustainability for executive & senior leaders



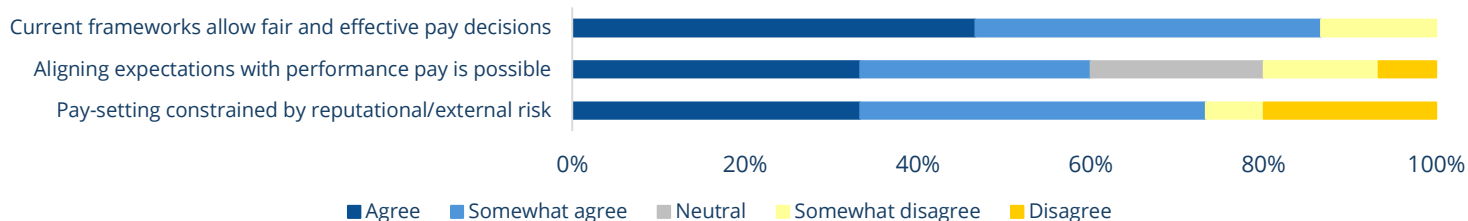
Leadership incentives, KPIs and succession decisions aligned with sustainability, culture and strategy are social and governance mechanisms as they determine how effectively leadership behaviour is shaped, monitored and held accountable for delivering organisational purpose and sustained value creation. 73%–87% of CEOs integrate core strategic performance into executive hiring, promotion, succession and KPIs, compared with 67%–80% for culture and 47%–67% for sustainability. Reward systems have a stronger focus on strategic goals rather than their execution (culture) or being a responsible citizen (sustainability).

Senior leader behavioural alignment with organisational purpose and values



Alignment between leadership behaviour, decision-making and representation influences organisational trust, inclusivity and long-term effectiveness. Between 64% and 79% of CEOs report that senior leaders strongly support organisational purpose through communication, modelling, and decision-making. In comparison, only 29% believe leadership diversity reflects the community and stakeholders, and 21% say leadership ensures diverse decision-making, highlighting an opportunity to align behaviour and structural inclusivity.

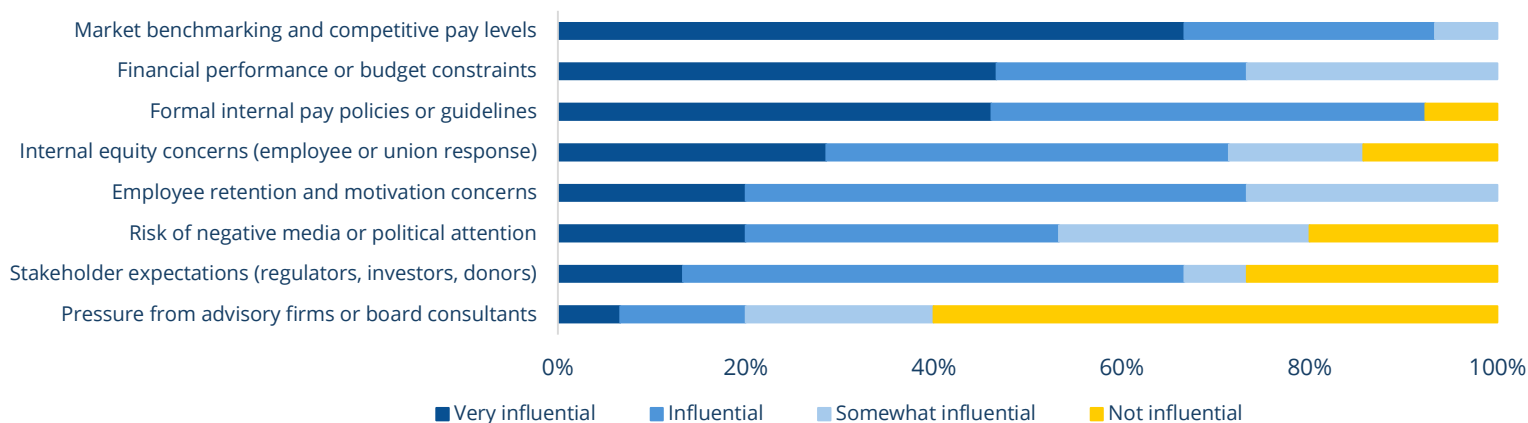
Executive remuneration framework effectiveness



Effective remuneration systems are important because they support fair, performance-linked pay, strengthen accountability, and help align leadership behaviour with organisational objectives while maintaining trust in social and governance processes. 87% of respondents agree or somewhat agree that current frameworks support fair and effective pay decisions, and 60% agree or somewhat agree that expectations can be aligned with performance pay. In contrast, 73% perceive pay-setting to be constrained by reputational or external risk.

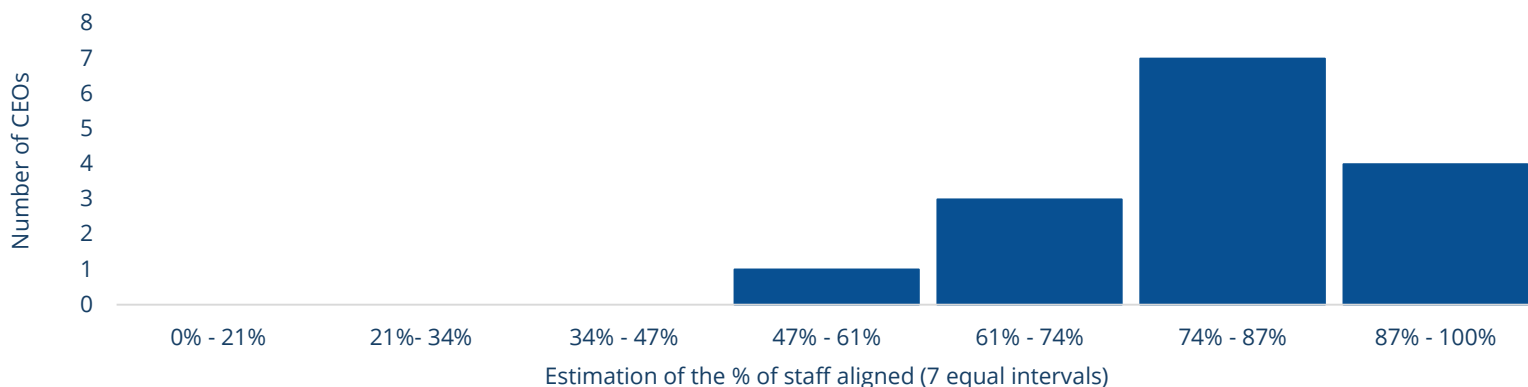
Local government: 15 CEOs

Factors influencing executive or senior leader pay decisions



Executive and senior leader pay decisions are driven primarily by governance factors, including financial performance, benchmarking, stakeholder expectations and formal pay policies, which reflect how boards exercise oversight, manage accountability and align remuneration with organisational objectives. Social factors are also evident, with employee retention, motivation and internal equity concerns reflecting workforce and cultural implications of executive pay decisions, including fairness, trust and cohesion. Comparatively, external pressures such as advisory firms, media or political risk have limited influence. CEOs in local government were 11 percentage points more likely than combined government to cite market benchmarking and competitive pay levels.

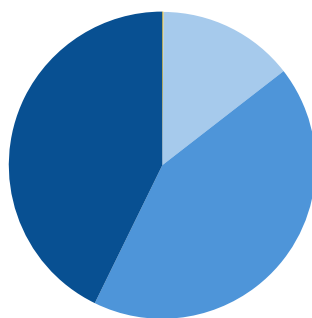
Percentage of staff motivated by sustainability goals



The majority of CEOs believe that staff are highly aligned with the organisation's purpose, including social, environmental, and broader stakeholder objectives, with the average CEO estimating alignment at around 77% of all staff. This percentage is meaningful because it indicates the extent to which that purpose is embedded in employee behaviour, shaping execution capability, cultural coherence, and the credibility of the organisation's ESG commitments.

Willingness to support culture shift for sustainability goals

- Not at all open to change
- Minimally open to change within current norms
- Moderately open to change with structured plans
- Fully open to transformational change



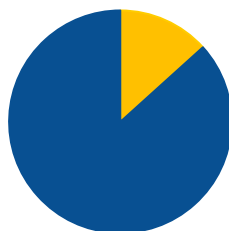
An organisation's willingness to pursue cultural change for sustainability is important because it signals whether environmental and social commitments can be embedded in organisational behaviour and governance, rather than remaining at the level of policy or reporting. 85% of organisations are willing to pursue cultural change to support sustainability goals, with 43% favouring structured change and 43% open to transformational change. Because willingness is high, organisations may benefit from targeted support such as practical tools for embedding sustainability, leadership guidance, and staff or board training to enable deeper, systemic change. CEOs in local government were 5 percentage points more likely than combined government to be fully open to transformational change.

Local government: 15 CEOs

Section 4: Sustainability Strategy and Investment Priorities

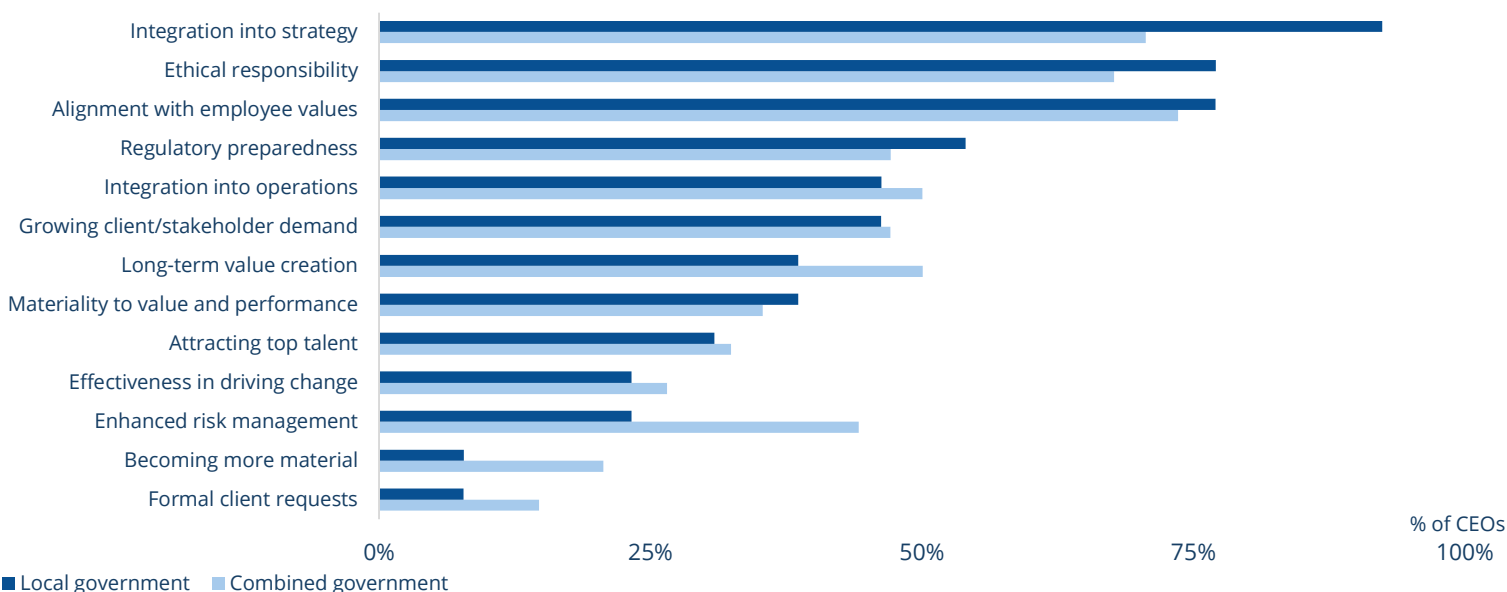
Impact of environmental and social investments on organisational value

- Do not add value
- Add value



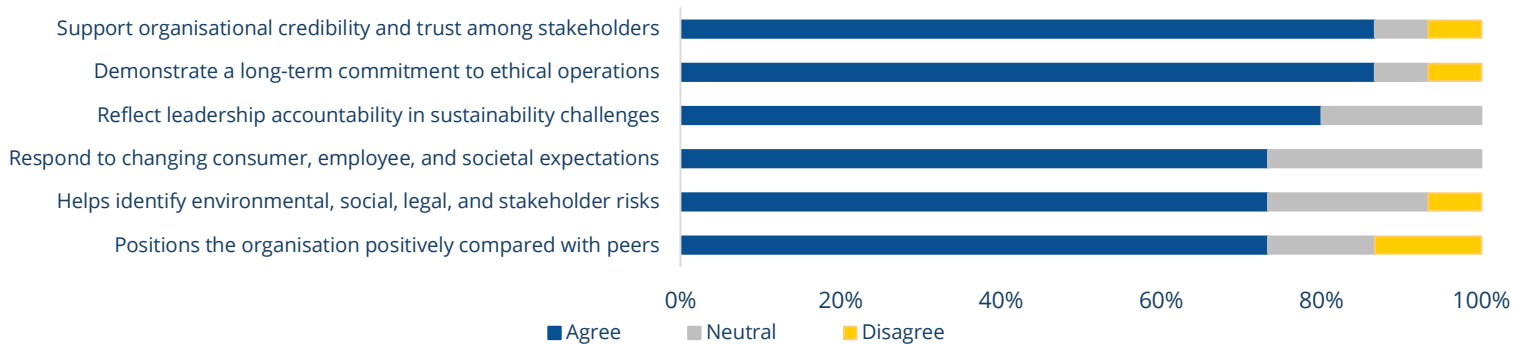
The majority of CEOs (87%) believe investing in environmental and social practices enhances their organisation's value, while 13% say it does not. This highlights that most CEOs view environmental and social practices as value-enhancing, reinforcing their role as a core driver of long-term strategic decision-making rather than a peripheral concern. CEOs in local government were 3 percentage points less likely than combined government to believe these practices add value.

Reasons investments in sustainable practices add value



87% of CEOs say sustainable practices enhance their organisation's value, primarily due to integration into strategy (92%) and ethical responsibility (77%). CEOs in local government were 22 percentage points more likely than combined government to believe these practices aid in integration into strategy.

Agreement with statements on sustainable business practices

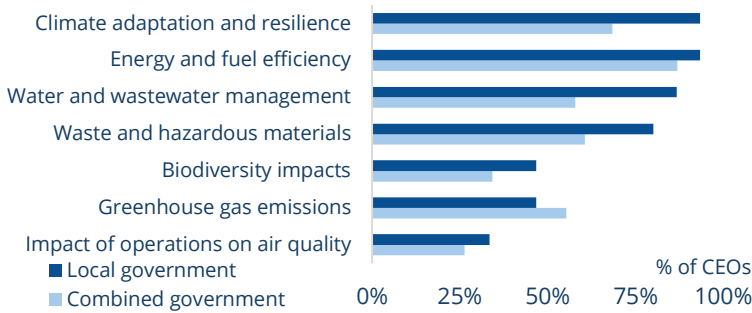


The majority of CEOs agree that sustainable practices support organisational credibility and trust among stakeholders (87%), demonstrate a long-term commitment to ethical operations (87%) and reflect leadership accountability in sustainability challenges (80%). Sustainable business practices are viewed as an integrated driver of competitiveness, stakeholder trust, and risk management, rather than a peripheral activity.

Local government: 15 CEOs

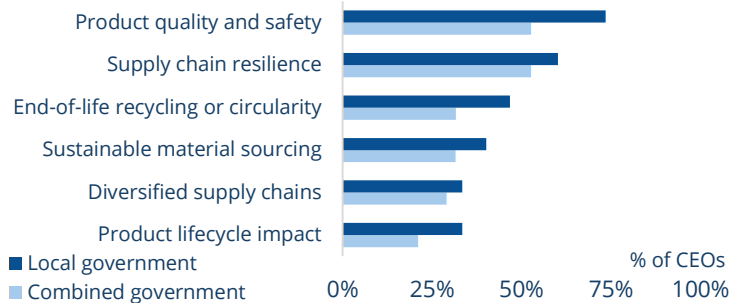
Material environmental factors driving strategic priorities and long-term value

Environmental sustainability factors



CEOs view climate adaptation and resilience (93%) and energy and fuel efficiency (93%) as the top environmental drivers of value. Local government CEOs are more likely to see water and wastewater management as material.

Product and supply chain sustainability factors



CEOs view product quality and safety (73%) and supply chain resilience (60%) as the primary drivers of long-term value for products and the supply chain. Local government CEOs are more likely to view product quality and safety as material.

Material social factors influencing strategic priorities and long-term value

Workforce sustainability factors



CEOs view employee well-being (100%) and employee health and safety (100%) as the primary workforce sustainability value drivers. Local government CEOs are less likely to consider compensation and benefits as material.

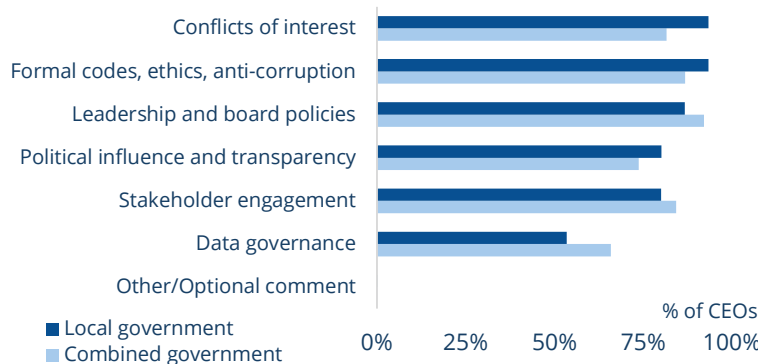
Stakeholder sustainability factors



CEOs view data security and privacy (93%) and community relations (93%) as the primary social stakeholder drivers of long-term value. Local government CEOs are more likely to view accessibility and inclusive design as material.

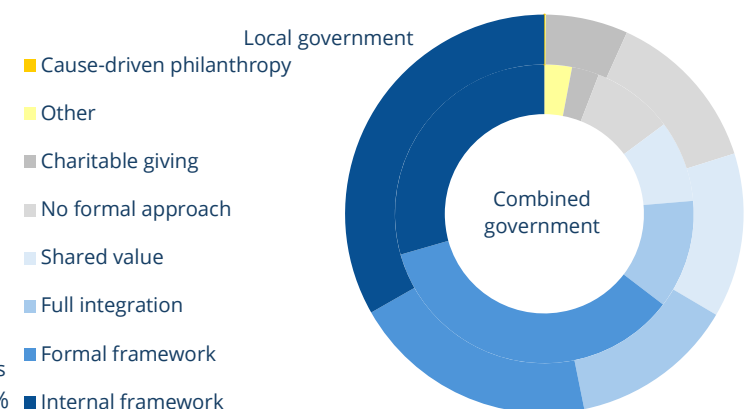
Material governance factors

Governance sustainability factors



CEOs view 'conflicts of interest' (93%) and 'formal codes, ethics, anti-corruption' (93%) as the primary governance drivers of long-term value. Local government CEOs are less likely to consider 'data governance' as material.

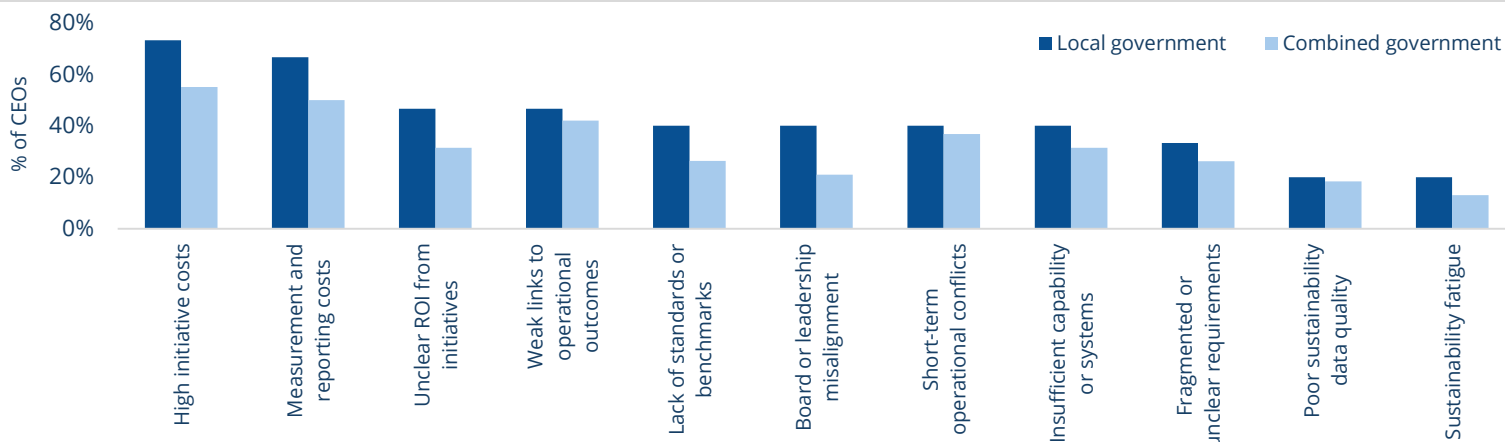
Approach to sustainability strategy



The most common approach to sustainability is internal framework: custom sustainability approach developed without formal external standards (33%).

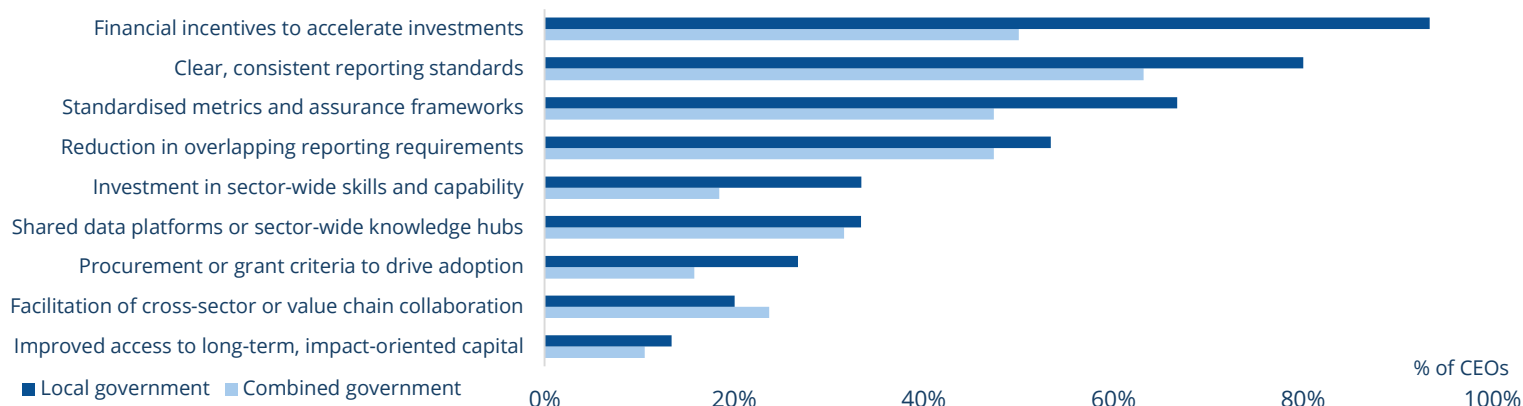
Local government: 15 CEOs

Key barriers to integrating sustainability into strategy and operations



Organisations see high initiative costs (73%) as the most common barrier to integrating sustainability into strategy and operations, followed by measurement and reporting costs (67%) and unclear ROI from initiatives (47%). CEOs in local government were 19 percentage points more likely than combined government to see board or leadership misalignment as a barrier.

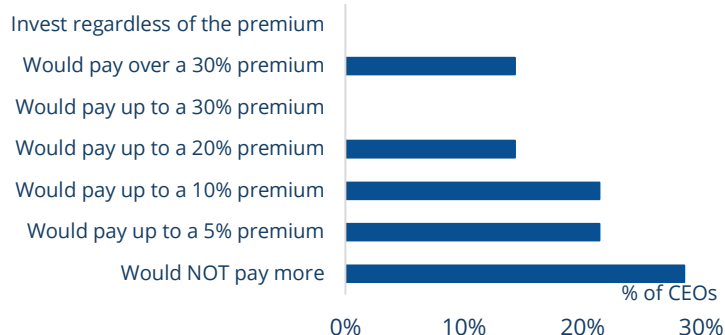
Government or industry body actions that most support sustainability goals



Based on selection frequency, CEOs identify financial incentives to accelerate investments (93%) and clear, consistent reporting standards (80%) as the most important actions government or industry bodies can take to support sustainability goals, followed by standardised metrics and assurance frameworks (67%). CEOs in local government were 43 percentage points more likely than combined government to see financial incentives to accelerate investments as important.

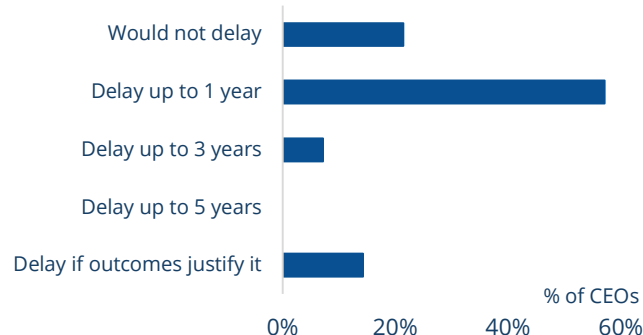
Willingness to pay for greener outcome Tolerance for sustainable project delays

Greener versus conventional options (% of CEOs across premium levels)



43% of CEOs would pay a moderate premium (5%–10%) for greener technology: 29% would pay a premium of over 20%, while 29% would not pay more. CEOs in local government were 19 percentage points less likely than combined government to say they would pay up to a 30% premium.

Time delay for environmental or social gains (% of CEOs by delay length)

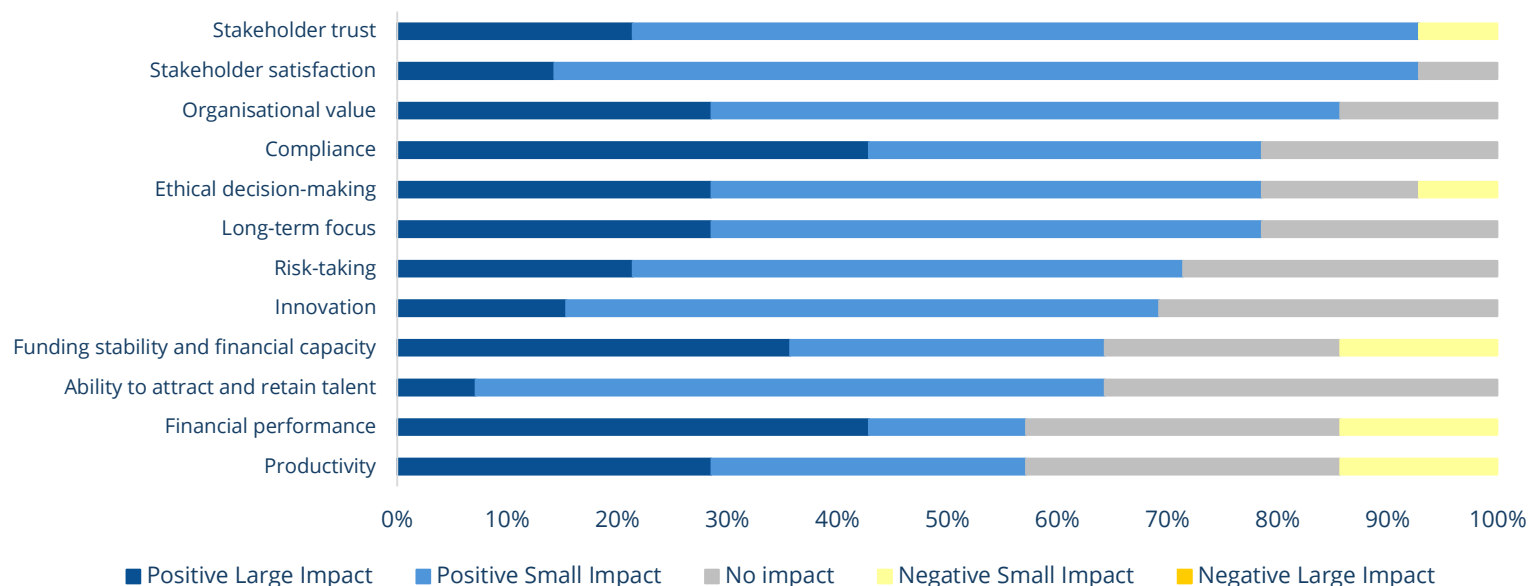


Most CEOs tolerate short delays for higher environmental or social gains: 57% up to 1 year, 7% up to 3–5 years, and 21% would not delay. CEOs in local government were 13 percentage points more likely than combined government to say they would delay up to 1 year.

Local government: 15 CEOs

Summary: Overall influence on long-term organisational performance

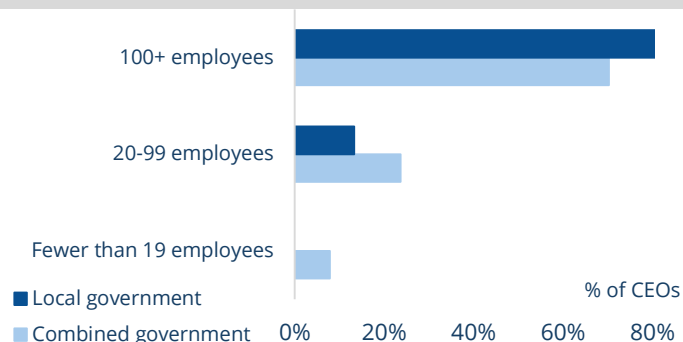
Impact of environmental, social and governance sustainability on factors



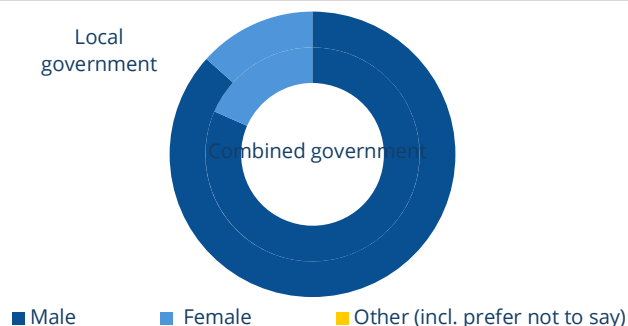
ESG sustainability positively impacts long-term performance, particularly stakeholder trust, stakeholder satisfaction and value creation. CEOs in local government were 13 percentage points less likely than combined government to say their ESG approach positively impacts their ability to attract and retain talent.

Demographics: CEOs and Boards

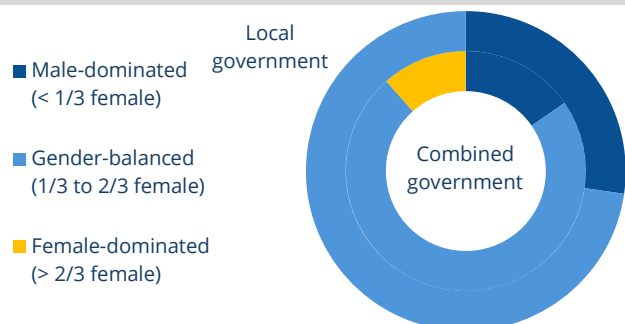
Number of employees



CEO gender identity

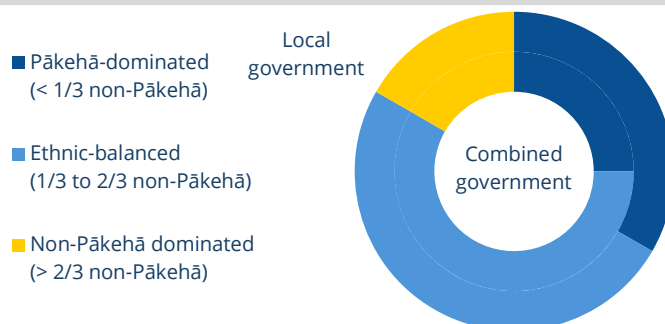


Female board representation



Women comprise 47.4% of the New Zealand workforce (Household Labour Force Survey, June 2023). Boards in the government sector are more gender-balanced than the for-profit sector, with most boards being gender balanced. However, CEOs are primarily male, highlighting the importance of examining systemic barriers to female progression into leadership.

Ethnic board representation



The 2023 NZ Census showed 47% identify as either Māori (17.8%), Pasifika (8.9%), Asian (17.3%), or other (3%), with 53% primarily NZ European/Pākehā. Government boards closely reflect this ethnic diversity, indicating comparatively stronger ethnic representation in governance than in for-profit boards.