

26 August 2025

Committee Secretariat
Governance and Administration Committee
Parliament Buildings
Wellington
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Teena koutou katoa,

Submission from Waikato District Council on the Local Government (Systems Improvement) Amendment Bill

Introduction

Waikato District Council (the Council) thanks the Governance and Administration Committee (the Committee) for the opportunity to submit on the Local Government (Systems Improvement) Amendment Bill.

As one of the fastest-growing districts in Aotearoa New Zealand, Waikato District is strategically located between Auckland and Hamilton. This positioning places significant and increasing pressure on our infrastructure, driven not only by internal population growth but also by the spillover effects of urban expansion in neighbouring metropolitan areas. At the same time, we are responsible for serving a geographically dispersed and diverse rural population, each with distinct service delivery needs and development priorities.

Council is operating in an increasingly complex policy environment, where the pace of legislative reform often outstrips the capacity of local government to plan, consult, and implement effectively. We are tasked with delivering essential infrastructure and services that support both current and future communities, while ensuring financial sustainability and regulatory compliance. The rising cost of infrastructure and development, well above the rate of inflation, exacerbates these challenges and has significant implications for long-term planning, investment decisions, and levels of service. We undertake this work, in the face of constant change, whilst demonstrating sound and transparent fiscal management with our AA+ credit rating.

Council acknowledges that this Bill represents the initial phase of the broader Local Government System Improvement reform programme. While we recognise the intent to strengthen the sector, it is challenging to provide comprehensive feedback on the cumulative impact of these reforms without visibility into subsequent legislative and policy changes, particularly those relating to proposed rate caps and amendments to long-term planning frameworks. These future changes may materially influence the positions outlined in this submission.

Furthermore, Council notes that the wider central government reform agenda, including the Resource Management Act (RMA) reform, will place additional demands on local government. The convergence of these reforms within similar timeframes will require significant organisational capacity and resourcing to effectively respond and implement.

The challenges addressed by the Local Government (Systems Improvement) Bill reflect broader structural issues in how New Zealand allocates public funding for critical infrastructure. These challenges are compounded by longstanding tensions and misalignments between central and local government roles, responsibilities, and resourcing. A more coordinated and equitable approach to fiscal distribution is essential to ensure that infrastructure investment keeps pace with community growth and expectations

We welcome the opportunity to engage with the Committee on this Bill and to provide insights from a local government perspective on how systems improvements can better support councils to meet the evolving needs of their communities and regions.

Further information and Hearing

1. Should the Governance and Administration Committee require clarification on the submission or any additional information, please contact Nicole Hubbard – Corporate Planning and Strategy Manager or email nicole.hubbard@waikatodc.govt.nz
2. Waikato District Council representatives do wish to speak at the Governance and Administration Committee hearing.

Ngaa mihi,



Jacqui Church
Mayor

Council Approval and Reference

This submission was approved by the Performance and Strategy Committee on 26 August 2025

General Policy Statements

Our Council acknowledges the Government's intent to improve transparency, accountability, and financial discipline in local government. We wish to highlight that rates are not the primary driver of cost of living pressures. The increase in rates is largely due to the rising cost of infrastructure, particularly in delivering core services such as water, roading, and waste management.

While Council remains committed to delivering core services as a primary focus, we strongly advocate for the continued ability of local government to respond to the unique and evolving needs of its communities. The diversity of our district, spanning urban growth areas and remote rural settlements, requires a flexible and locally responsive approach to service delivery.

There appears to be an underlying assumption in the proposed reforms that focusing on core services will inherently reduce costs, this is a crude measure that does not reflect the realities of councils like ours. The cost of delivering core services is not simply a function of scope, but of scale, geography, and community expectations. In our case, limiting council functions does not make service delivery cheaper, it risks making it less responsive and less sustainable.

As a high-growth council with a relatively low population base, we wish to highlight the unique challenges we face in delivering core services efficiently and equitably. While our growth is proportionately high, it is dispersed across multiple small urban centres and a large rural area. This geographic spread significantly increases the cost and complexity of service delivery. These infrastructure requirements are not reduced by narrowing the statutory focus to core services. Narrowing the focus risks undermining the economies of scale that are essential for Councils to deliver cost-effective services.

Services that may be considered outside the defined scope of "core" under this Bill, such as community development programmes, local events, and small-scale economic initiatives, often represent a relatively minor portion of total expenditure. However, their impact on community wellbeing, social cohesion, and local resilience is significant. These initiatives are particularly vital in areas where other forms of support, particularly from central government, are limited or absent, and where Council is often the only provider of locally tailored services.

Restricting councils from delivering these services risks undermining the very outcomes that central government seeks to achieve through broader public policy, namely, thriving, inclusive, and resilient communities. Councils must retain the discretion to invest in services that reflect local priorities and are supported by community demand.

We urge the Committee to consider the structural and demographic diversity across local government when assessing the implications of the Bill. A one-size-fits-all approach may

unintentionally disadvantage councils serving dispersed and growing communities, and undermine the very outcomes the reforms seek to achieve.

Council acknowledges the circulation of a draft submission by Taituarā and broadly supports its overall positioning. In particular, Council endorses the need to ensure that the proposed policy changes are grounded in robust evidence rather than outdated or anecdotal information.

Council notes the concerns raised in the Regulatory Impact Statement- Refocusing Local Government (2024) released by the Department of Internal Affairs regarding the extent to which the proposed legislative changes will achieve their stated policy objectives. Council shares these concerns and urges the Committee to critically assess whether the underlying causes of the issues are being adequately addressed through the proposed reforms.

Refocusing purpose of local government

Clause 4, section 3(d) The removal of reference to the four aspects of community well-being

Council supports the intent of strengthening and streamlining the local government system. However, we caution against narrowing the statutory purpose of local government to focus solely on economic outcomes. While economic development is a vital component of community prosperity, it does not exist in isolation. A singular focus on economic efficiency risks overlooking the broader, interconnected factors that contribute to thriving and resilient communities.

Importance of a Holistic Policy Framework

The current reference to the four well-beings; social, economic, environmental, and cultural, within the Local Government Act 2002 provides a critical policy foundation. It enables councils to take a holistic, place-based approach to planning and service delivery. This framework recognises that community wellbeing is multi-dimensional and that councils are best placed, and often the only tier of government able and willing, to understand and respond to the unique needs and aspirations of their communities.

Removing this reference risks undermining councils' ability to invest in preventative, community-led initiatives that may not deliver immediate economic returns but are essential to long-term resilience, equity, and wellbeing. It may also constrain councils' ability to partner effectively with iwi, community organisations, and other stakeholders whose priorities extend beyond economic metrics. Limiting councils' ability to support communities outside of emergencies creates a disconnect that is difficult to reconcile and risks eroding trust and collaboration.

Alignment with Emergency Management Obligations

The proposed removal of the four well-beings directly conflicts with councils' obligations under the Civil Defence Emergency Management (CDEM) Act 2002. The Act requires local authorities to deliver welfare services, foster community resilience, and support social and cultural recovery, functions inherently tied to social, cultural, and economic wellbeing.

Without a legislative mandate to consider broader wellbeing, critical preparedness and recovery activities, such as psychosocial support, volunteer coordination, and iwi engagement, risk being deprioritised or unfunded. These functions are essential to reducing long-term recovery costs and impacts.

In the Waikato District, long-term investment in welfare capability and culturally appropriate engagement has proven vital to building resilient communities. A narrow statutory focus on physical infrastructure undermines these efforts and weakens emergency readiness.

We therefore recommend that

- the purpose of local government explicitly retain, or otherwise protect, councils' ability to consider the four well-beings in fulfilling their statutory duties to,
 - enable councils to consider broader community outcomes when planning and delivering services.
 - ensure alignment between the Local Government Act and the CDEM Act, and safeguarding the resilience and welfare of our communities.

This would ensure that local government remains empowered to support the full spectrum of community needs, in alignment with both local priorities and national objectives.

Clause 7 section 11(a) Reinstates the specific core services a local authority must have particular regard to

The inclusion of a list of core services is a positive step toward reducing ambiguity. However, the absence of definitions for "good quality" and "cost-effective" introduces the risk of inconsistent interpretation across the local government sector.

The exclusion of regulatory services and economic development from the definition of core services is inconsistent with councils' statutory responsibilities and community expectations.

Council notes that many councils, including our own, have already made significant investments in infrastructure that supports services currently considered non-core under the proposed legislative changes. These assets, such as community centres, local event spaces, and infrastructure supporting social and economic development, were developed in response

to identified community needs and priorities, often through robust community engagement and long-term planning processes.

If councils are required to withdraw from delivering these services, they will nonetheless retain ownership and responsibility for maintaining the associated infrastructure. This presents a dual challenge: the ongoing financial burden of asset maintenance without the ability to activate those assets for community benefit, and the reputational risk of underutilised or deteriorating public facilities. These implications must be explicitly acknowledged in any transition planning and legislative reform.

From a policy perspective, this issue extends beyond financial management, it directly affects community health and safety. Many of these facilities play a critical role in promoting physical activity, social connection, mental wellbeing, and access to support services. In rural and semi-rural areas, they often serve as the only accessible venues for emergency response coordination, public health outreach, and community resilience-building. Disinvestment in these services could lead to reduced access to safe, inclusive spaces, particularly for vulnerable populations.

Moreover, the inability to deliver services aligned with existing infrastructure undermines the principles of asset stewardship and efficient public investment. Councils must be empowered to leverage their infrastructure to meet evolving community needs, especially where those needs intersect with broader public policy goals such as health equity, social inclusion, and disaster preparedness.

A policy framework that enables councils to align infrastructure use with community outcomes will better support long-term resilience, public value, and responsible governance.

We recommend the following amendments are made to the legislation;

- provide definitions for “good quality” and “cost-effective” to ensure consistent service delivery standards and expectations across councils.
- explicitly acknowledge the value of non-core services and provide councils with the discretion to continue delivering them where they are demonstrably aligned with community needs and local strategic objectives.
- the definition of core services be expanded to include regulatory services and economic development, or that councils be explicitly permitted to continue delivering these functions under a supplementary clause.
- Explicitly acknowledge the legacy and ongoing costs associated with infrastructure supporting non-core services;
- Provide councils with discretion to continue delivering services that utilise existing assets where they contribute to community health, safety, and wellbeing;
- Ensure that any transition planning includes a comprehensive assessment of infrastructure impacts and community risk.

A transition clause....

The Bill currently provides no transition clause, meaning the new purpose of local government would take effect the day after Royal Assent. This creates significant challenges for councils where the 2024-2034 Long Term Plan does not align with the new purpose.

We therefore strongly recommend that

- deferring the commencement of the new purpose until 1 July 2027, to align with the next LTP cycle.
- Alternatively, we recommend including a provision that exempts councils from audit requirements for any amendments made to current LTPs solely to reflect the legislative change.

This would reduce unnecessary compliance costs and administrative burden during the transition period.

Better measuring and publicising of council performance

Council supports efforts to improve transparency and accountability across the local government sector. We welcome the intent to streamline performance measures and focus reporting on outcomes that matter. A more consistent and comparable performance framework has the potential to highlight best practices, support continuous improvement, and build public trust in local government.

However, from a policy perspective, we caution that the implementation of new performance and reporting requirements must be carefully balanced against the compliance burden they impose. The introduction of standardised measures and reporting systems will likely require significant investment in new processes, systems, and staff capability, costs that are particularly challenging for councils operating within tight fiscal constraints.

There is also a risk that an overly prescriptive or centralised approach to performance reporting may result in the production of data that is not meaningful or relevant to local communities. When reporting becomes a compliance exercise rather than a tool for community engagement and service improvement, it can dilute the clarity and usefulness of performance information. This undermines the very purpose of transparency.

Council emphasises the importance of establishing a performance measurement framework that is based on consistent and clearly defined baselines, particularly in relation to levels of service. Without a shared understanding of what constitutes good quality or cost-effective service delivery, comparisons between councils may be misleading and unhelpful.

Benchmarking councils against one another without accounting for local context, including community preferences, geographic diversity, demographic characteristics, and variations in service levels, can result in reputational harm and misrepresentation of performance. For example, a council that has deliberately adopted lower service levels in consultation with its community to manage affordability may appear to underperform when compared to councils that provide higher levels of service. This can distort public perception and undermine confidence in both the council and the performance reporting framework.

We therefore recommend that:

- The legislation allow Councils to supplement standardised performance measures with locally relevant indicators that reflect community priorities and strategic objectives.
- The reporting framework be scalable and proportionate, taking into account council size, capacity, and the complexity of their operating environment.
- Any benchmarking and comparative reporting be contextualised, with clear guidance on how to interpret differences in levels of service including but not limited to those community endorsed service trade-offs.
- Establish standardised baselines for levels of service to enable fair and meaningful performance comparisons.

A performance framework that is both robust and flexible will better support the sector to deliver meaningful outcomes, maintain public trust, and remain responsive to the diverse needs of Aotearoa New Zealand's communities.

Prioritising core services in council spending

We understand the intent to focus spending on core services. However, we caution against a rigid prioritisation model that may undermine the delivery of locally valued services. In smaller communities, even modest investments in non-core services can have outsized impacts on community wellbeing and resilience. This is reflected in early recommendations related to core services.

We also urge that any changes to prioritisation or funding frameworks align with the timing of the next Long Term Plan (LTP). Councils are already well into planning cycles, and misalignment could result in duplicated effort, wasted resources, and confusion for communities. This is reflected in earlier recommendations related to the inclusion of a transition clause.

Strengthening council transparency and accountability

Standardising the groups of activities in long-term and annual plans may improve consistency and simplify planning processes.

Council notes in relation to *Clause 21* which proposes to prescribe groups of activities, that this approach may reduce the flexibility of councils to present information in a way that is meaningful to their communities. For councils with limited investment in certain areas, the prescribed format may overemphasise minor activities or prevent logical grouping of services that are delivered together.

Clause 27, Council supports the standardised code of conduct and set of standing orders. Council recommends these are developed in collaboration with the local government sector.

We therefore recommend that

- the Clause 21 be amended to allow some discretion in how activities are presented to maintain relevance and clarity.
- Clause 27 be developed in collaboration with the local government sector.

Providing regulatory relief to councils

We support efforts to reduce unnecessary compliance burdens. For small provincial and rural councils, regulatory relief is essential to free up resources for service delivery and maintain affordability for ratepayers. We encourage the Committee to engage with councils to identify specific areas where relief would be most impactful.

Council supports the proposal to repeal section 5 in the LGA 2022 that the definition of a “public notice” in order to remove the requirement of having to notify publication in a newspaper, noting that Councils generally rely on multiple forms of notification in order to gain the best reach in communities.

Clause 16 repeals the requirement in section 57(3) for a local authority to consider, when identifying the skills, knowledge and experience required of directors of a council-controlled organisation, whether knowledge of tikanga Maaori may be relevant to the governance of that organisation.

Council does not support the removal of the requirement. Council consider that excluding this requirement is inconsistent with the Crown’s Treaty obligations and undermines the ability of councils to reflect Maaori perspectives in governance. We acknowledge that the amendment in this Bill does not preclude councils from appointing individuals with knowledge of tikanga Māori from CCO boards. But this kind of de minimis approach would not actively encourage

such an appointment, when as we have seen, tikanga Maaori is an invaluable skill set for these boards to have.

We therefore recommend that

- Clause 16 is deleted from the Bill

Other changes

Council supports the proposed amendment to section 118 of the Local Government Act 2002, which enables an Acting Chief Executive to sign the required certificate on behalf of the Chief Executive.

The current provision, which restricts this authority solely to the Chief Executive, presents operational challenges, particularly when councils need to enter into time sensitive financing arrangements and the Chief Executive is unavailable. This amendment provides a practical and necessary solution and Council agrees that it should be enacted as drafted without further modification.

The proposed repeal of Section 17A subsections (1) to (4) is a welcome and pragmatic reform. Under the current legislative framework, councils are required to conduct periodic reviews of service delivery arrangements regardless of whether those arrangements are already subject to long-term contractual commitments. This has created a misalignment between legislative obligations and operational realities.

In practice, councils have increasingly adopted long-term contracts, often extending up to ten years, as a means of achieving cost-effective and stable service delivery. The mandatory six-yearly review cycle under Section 17A has proven to be administratively burdensome and, in many cases, redundant, particularly where contractual terms already embed performance monitoring and value-for-money assessments.

This shift supports better alignment between legislative intent and contemporary procurement practices and reinforces the principle of local discretion in determining the most effective service delivery models.