27 August 2025

Committee Secretariat
Governance and Administration Committee
Parliament Buildings
WELLINGTON 6143

Dear Sir/Madam

Submission from the Manawatū District Council on the Local Government (System Improvements) Amendment Bill

Thank you for the opportunity to make a submission on the Local Government (System Improvements) Amendment Bill.

Intent of the Bill

The Manawatū District Council is generally neutral about the Bill's intent, although we feel that it does not address the most significant issues facing local government. Among these are local government's funding model, the continuous reduction in councils' scope of activity, and rising infrastructure costs. MDC supports Taituarā's draft submission that highlighted research from Te Waihanga demonstrating the lack of influence that councils have over infrastructure costs, and the prevalence of external factors (e.g., inflation, labour costs, global supply costs) that are forcing local authorities to increase their expenditure to maintain good-quality infrastructure.

We feel that the Bill takes a broad-brush approach to the local government sector and groups all councils together under a perception of 'underperformance'. One size doesn't fit all, and the current discourse around local government's efficacy and wasteful spending risks undermining our Community's confidence in Council. We are proud of the role we play in the Community and consider that we spend ratepayer money diligently, with careful consideration and consultation, and in the sole pursuit of positive outcomes for our residents.

The Four Wellbeings and Core Services

MDC agrees that basic infrastructure and core services should be prioritised along with affordability. We do this well. Councils however are more than utility or infrastructure companies dealing with just pipes, potholes and rubbish collection. From a purely economic perspective, we support Taituarā's view that removing the four wellbeings in favour of a sole focus on economic development risks being counterproductive. 'Quality of place' is vital for attracting new businesses and industries, as well as skilled workers and entrepreneurs. A district or city has to be perceived as a good place to live in order to attract business and talent, and this is even more important to our younger generations.

The Council supports the view that the core services defined in the Bill form the foundation of Council's responsibilities and activities.

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However, the Council considers that local government will continue to play an important role in supporting communities to achieve social outcomes. Our Council contributes to the current and future needs of the Community, for example through the provision of priority services contracts. The Council allocated $260,000 to community service providers in Year 1 of the 2024-34 Long-term Plan. We received grant applications totalling $506,000, reflecting the growing demand for funding support in the current tightened economic climate. The $260,000 funding went to organisations that provide essential health and educational services in our District, such as:

- Youth, parenting and anti-bullying programmes
- Mental health wellbeing, including counselling and mentoring for rangatahi
- Health shuttle services
- Advocacy for tenants
- Lifeguard services
- Drug addiction services

Council's projected operating expenditure for Year 1 of the Long-term Plan was $78 M, and the priority services contracts therefore formed 0.33% of Council's projected expense. The vast majority of Council's expense is for the provision of core services. Given this low cost, reducing the ability of local authorities to provide for social wellbeing (e.g., by classifying this as a non-core service) may have unintended consequences and cause disproportionately negative impacts for our Community.

These types of social services, while not falling under the definition of core services provided in the Bill, nevertheless play a vital role in contributing to economic development. For instance, youth services and programmes help to create meaningful opportunities for rangatahi in both education and employment. This support fosters stronger engagement, reduces anti-social behaviour, and stimulates local economic activity. If these services were to cease, the likely rise in crime would place greater pressure on government spending for law and order, which would run counter to the government's aims.

These outcomes align directly with the government's stated policy objectives, and we caution against any actions that could inadvertently weaken local-level services that are essential in achieving these national goals. We consider that it is too difficult to make a clear distinction between economic and social wellbeing, for the purpose of amplifying one (economic) within the LGA 2002 to the exclusion of the other (social).

More broadly, our members are concerned about the ongoing trend of successive governments centralising local services. New Zealand already has the most centralised system of government in the western world, and this trend continues to intensify. We believe in localism. Our Council actively engages with and supports 16 Community Committees and 8 Marae Committees (each supported by a dedicated Councillor liaison) to ensure decisions are made by and for local communities, rather than imposed from the metropolis of Feilding.

Central government should delegate more to local government, and we consider it essential that our Community retains as much voice as possible in shaping both the levels of service and the priorities of our District.

Regulatory services are notably missing from the list of core services, and we would seek some reassurance that this omission is intentional (e.g., because these activities will be appropriately covered by other Bills). Any future rates peg/cap that is applied to non-core services (which would currently include regulatory services) risks driving inordinate increases to user fees – particularly for regulatory user fees that are not set via regulations. This outcome should be avoided, as it would work against the government's goals of simplifying resource and building consenting, facilitating new developments and housing growth.

Aspects of the Bill that MDC supports

Section	Clause explanation	Notes
Clause 5 (specifically the public notice amendment)	"public notice" is redefined so that Council can *choose* between notifying something under the LGA 2002 via: • an Internet site • a newspaper Currently, Council has to do both	While we support this change, we note that most processes in the LGA 2002 don't require "**public notice**" (which includes newspaper notification). Many processes instead require information to be made "**publicly available**", which does not require newspaper notification. Processes that do require "public notice" include: • Reorganisation plans • Trade waste bylaw (notice of intent) • Bylaws (post-adoption) We support Taituarā's view that this change should be extended to other key legislation, including: • Local Government Act 1974 • Impounding Act 1955 • Land Drainage Act 1908 • LGOIMA 1987 • Local Government (Rating) Act 2002 • River Boards Act 1908 This would help to fulfil the government's intent to remove regulatory burdens from local authorities
Clause 9	Removes the requirement to conduct Section 17A reviews	We support this change and note that it will relieve councils of an unnecessary regulatory burden
Clause 19	Clarifies that if a chief executive delegates the power to sign a Certificate of Compliance, then any certificates signed by this delegated per count as 'conclusive proof'	We support this clarification
Clause 20	Development contributions cannot be charged for work that is not attributable to growth-related costs	We support this clause
Clause 25	Increases the maximum re-appointment period to 5 years (instead of 2 years)	While we fully agree with this change, we support Taituarā's call for more clarity on transitional provisions, particularly for chief executives currently nearing the end of their first term (would they be able to be considered for a 5-year extension?)

Definitions

We believe that several key terms in the Bill are not appropriately defined, and support Taituarā's view that this lack of definition may create greater risks of litigation and challenges to decision-making. Such terms include:

- Local infrastructure, local public services and performance of local regulatory functions
- Cost-effective for households and businesses
- List of core services, including:

    - Solid waste – what activities does this cover? The Waste Minimisation Act 2008 for example does not define solid waste, but defines “waste” more generally (e.g., organic, electronic, construction and demolition). Are recycling and food waste initiatives included in this definition?
    - Other recreational facilities – this is a broad definition and may create confusion, especially if a future rates peg/cap affects non-core services
- The ‘fostering’ of the two new governance principles – and how this might be validly measured

Given that infrastructure costs form the bulk of a local authorities’ expenditure, and are one of the primary reasons for rates increases, we suggest that there is an inherent tension between the pursuit of both ‘good-quality’ and ‘cost-effective’ infrastructure. These two definitional objectives are in competition with each other, and it implies that local authorities are currently prioritising cost over quality (or vice versa, depending on the narrative and topic). We reject this idea, and as discussed earlier, it’s our belief that rising rates increases are predominantly due to factors outside of the control of local authorities; including additional compliance costs laid on councils by central government.

Financial Management

Clause 18(2) refers to “the community”. We suggest that this should be expanded to include both present and future communities – similarly to how ‘good-quality’ is currently defined in Section 5 of the LGA 2002 (“… *appropriate to present and anticipated future circumstances”*). This would ensure that both financial management and the provision of ‘good-quality infrastructure’ require local authorities to give consideration to current and future residents and ratepayers.

New Performance Benchmarks and Metrics

While we support the inclusion of an exemption clause with regards to reporting against new measures and standards in the next Long-term Plan, there remains a risk of LTP amendments being required – especially if a future rates peg/cap forces councils’ to significantly reduce services (which could conceivably be the only way of resolving the tension between ‘good-quality’ and ‘cost-effective’). We would suggest that more weight is given to transitional provisions, and support Taituarā’s view that local authorities exiting a significant activity due to this Bill’s changes are able to make those without having to undertake the otherwise necessary LTP amendment and auditing.

Member’s Access to Information

Clause 12 requires chief executives to provide members with access to documentation. While we support this in principle, we also support Taituarā’s suggestion that a list of circumstances under which information should not be shared should be articulated in the Bill. While legislation like the Privacy Act will supersede the provision in Clause 12, the lack of specificity in this section of the LGA 2002 may lead to ambiguity, conflict, and more instances of the Minister of Local Government needing to intervene to resolve disputes between members and chief executives.

Consultants and Contractors

We agree with Taituarā’s view that central government should provide guidance or a regulation that lays out a consistent approach to defining consultants and contractors. This would enable local authority reporting to be both meaningful and comparable, and ensure that any debate on the appropriate use of consultants (especially with our Community) is grounded in objective evidence.

Standing Orders and Code of Conduct

We do not support a national set of Standing Orders. Insufficient justification has been provided, and we do not believe such a change would resolve any specific issue. Each council currently interprets its Standing Orders with varying degrees of rigidity, and this flexibility is appropriate. The most important aspect of a meeting is collaboration and open debate — something this Bill itself promotes through its new governance principles. One way to enable this is by allowing councils, and particularly Chairs, to retain discretion in setting their own Standing Orders and interpreting them in ways that are practical and relevant, provided such actions do not directly contravene Standing Orders provisions or legislation.

MDC is uncertain on the need for a consistent Code of Conduct, but would make the following points:

- The content of the Code of Conduct (and Standing Orders, if retained in the Bill) should be subject to sector-wide consultation, and we would encourage the Secretary for Local Government to work collaboratively with councils during this process. The efficacy of these documents (particularly the Code of Conduct) will depend in no small part on the buy-in of the sector and its members.
- We agree that the current requirement for chief executives to take responsibility for mediation and escalation with disputes among members (and sometimes disputes between the chief executive and members), places chief executives in uncomfortable situations. We would support there being consistent provisions around code of conduct escalations, which don't require chief executives to make these difficult judgements.
- Code of conducts are currently exception based and come from a perspective of deficiency. We would encourage the Secretary for Local Government to take a more balanced approach.

The Manawatū District Council does not wish to be heard in support of this submission.

Please feel free to contact our Governance and Assurance Manager (Ash.Garstang@mdc.govt.nz) if you have any questions or concerns about this submission.

Yours sincerely

Helen Worboys
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