

## Local Government (System Improvements) Amendment Bill: A new focus on Core Functions

**The New Zealand Government has introduced the Local Government (System Improvements) Amendment Bill, to address concerns regarding escalating council rates and the scope of local government expenditure. This Bill is a cornerstone of the government's system improvement programme, seeks to re-centre local authorities on essential services, bolster transparency, and streamline regulatory requirements. The Bill can be found here: [Local Government \(System Improvements\) Amendment Bill - New Zealand Legislation](#)**

### Re-defining the Purpose of Local Government

A pivotal aspect of the Bill is the proposed amendment to the statutory purpose of local government in the Local Government Act 2002 (LGA). Critically, it aims to remove all references to the "four well-beings" – social, economic, environmental, and cultural – which themselves were reinstated in the legislation in 2019. The Government's policy is that these broader well-beings have contributed to councils undertaking activities perceived as beyond their fundamental remit, thereby adding to rates.

In their place, the Bill proposes a purpose statement focused explicitly on the cost-effective provision of good-

quality local infrastructure and public services. It identifies a set of core services that local authorities must prioritise, including:

- Network infrastructure (e.g., roads, transport, water).
- Public transport services.
- Waste management.
- Civil defence emergency management.
- Libraries, museums, reserves, and other recreational facilities.

Councils will be legally obliged to consider these core services when fulfilling their responsibilities and formulating their financial management strategies. This is designed to ensure that resources are predominantly allocated to essential services that directly benefit the local community. Furthermore, the Bill introduces a new clause to the purpose of the act, requiring support for local growth and development. Curiously these core services make no mention of regulatory obligations that are core to councils' mandatory obligations – examples include developing district plans, processing resource consents, enforcement, processing building consents, and administering a range of other statutory obligations.

### Strengthening Performance Measurement and Public Disclosure

To foster greater efficiency and accountability, the Bill introduces new mechanisms to track and publish council performance and expenditure. Councils will face increased scrutiny in these areas through proposed changes including:

- **Mandatory Disclosure of Consultant and Contractor Spending:** Councils will report annually on their expenditure related to consultants and contractors. This initiative seeks to enhance transparency, providing ratepayers with clearer insights into the allocation of public funds.

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- **Performance Measures and Benchmarking:** The Bill will transfer existing requirements for reporting on specific activities, financial performance, and asset management into regulations, facilitating more agile adjustments. The Secretary for Local Government will be empowered to issue binding rules for reporting on these performance measures, ensuring nationwide consistency.

These provisions are intended to provide ratepayers with greater visibility of the finances of their respective local authorities.

### Prioritising Core Services in Financial Management

The Bill further solidifies the emphasis on core services by introducing an additional financial management principle for councils that connects to this issue. The principle dictates that when determining their financial management approach, local authorities must specifically consider the defined purpose of local government and its core services. This is designed to guide financial decision-making towards essential functions, though it does not outright prohibit the delivery of other services, provided they can be justified within the refined purpose statement.

### Enhancing Council Transparency and Governance

Several other amendments are intended to add transparency and accountability within local government structures:

- **Standardised Code of Conduct and Standing Orders:** The Secretary for Local Government will be given the authority to issue a standardised code of conduct and a set of standing orders, which will be binding on all councils. This aims to establish clearer and more consistent expectations for elected members and council staff across the country. We see this as a helpful step to add further certainty on the rules that Council meetings operate under. Whether a one size fits all approach is really suitable

for the largest council right through to community boards is an issue worth considering.

- **Information Access for Elected Members:** The Bill provides an entitlement for elected members to access documents held by the local authority that are reasonably necessary for them to effectively discharge their duties. Local authority chief executives will assume a new responsibility to facilitate this information sharing. We would expect that most councils would be taking this approach already so this addition likely only gives assurances around best practice.
- **Amendments to Governance Principles:** New clauses will be incorporated into the local authority governance principles to promote the expression of opinions by elected members. These amendments will also underscore the responsibility of elected members to collaborate when shaping the council's agenda, policy development, and decision-making processes. Councils will be required to detail their adherence to these principles in their publicly available local governance statements.

### Regulatory Streamlining for Councils

Other minor adjustments in the Bill are aimed at reducing or clarifying regulatory burdens to foster greater efficiency:

- **Modernisation of Public Notice Requirements:** It will be helpful for the outdated definition of public notice to be repealed, deferring instead to the default definition in the Legislation Act 2019 to modernise public notice procedures.
- **Removal of Six-Yearly Service Delivery Reviews:** The mandatory requirement for councils to undertake six-yearly service delivery reviews will be abolished. The function of this review is likely to be effectively replaced by the new performance measurement and publication requirements.
- **Clarification of Chief Executive Authority:** There

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is a new administrative provision to give authority to an acting or interim chief executive to sign certificates of compliance for lending arrangements.

- **Development Contributions:** The Bill clarifies that third-party contributions to capital projects subject to development contributions can be targeted towards specific projects.
- **Appointment of CCO Directors:** In alignment with other changes being made by this Government the requirement for councils to consider the relevance of tikanga Māori knowledge when appointing directors of council-controlled organisations will be removed.
- **Chief Executive Term Extension:** The maximum duration of a chief executive's second term will be extended from two years to five years.

### Concluding Remarks

The Local Government (System Improvements) Amendment Bill represents a significant legislative initiative intended to reshape the priorities, operational frameworks, and accountability mechanisms of local authorities across New Zealand. With an emphasis on fiscal discipline and the delivery of essential services, the Bill aims to address public sentiment regarding local government efficiency and expenditure.

### Want to know more?

For further detailed analysis or specific advice on the implications of these changes, please contact our expert Environment, Planning and Natural Resource Team - <https://www.al.nz/expertise/environment-planning-natural-resources/>