

25 August 2025

Committee Secretariat
Governance and Administration Committee
Parliament Buildings
Wellington

Dear Members of the Governance and Administration Committee,

Horowhenua District Council submission on the Local Government (System Improvements) Amendment Bill

Horowhenua District Council (Council) thanks the Committee for the opportunity to submit on the Local Government (System Improvements) Amendment Bill (the Bill).

Council supports the broad objective of the Bill, of reducing rates to take pressure off Council's communities. Provision of functions and services to our community and the cost of those to our ratepayers are always front of mind. Our current Long Term Plan 2024-2044 led to service reductions and internal cost reductions as we sought to lessen the rates increase needed to meet external costs such as power, insurance, interest rates, and to provide our basics for a growing population. We made further decisions to reduce the rates increase for the 2025/26 year to below that forecast. Over 85% of the rates increase this year can be attributed to the rising cost of water services.

We know times remain difficult for our community and serving and planning for their current and future needs remains our focus.

While broadly supportive of the objective of the Bill, Council recommends a number of amendments to clarify and enhance the operation of the legislation when passed (attached) and urges the Select Committee to ensure definitions are tested, to ensure the avoidance of unintended consequences.

Council does not wish to speak in support of this submission, but as included next page, we would request that, at the right time, councils and our representative organisations are included in development of the Code of Conduct and Standing Orders so that lived experience is included in their formulation to ensure the documents, and practices they enable, deliver on the objectives in the Bill.

Yours sincerely,



Monique Davidson
Chief Executive

Horowhenua District Council recommended amendments to the Local Government (System Improvements) Amendment Bill

1. Definitions

While the objective of the Bill is clear, clearer definition of terms within the Bill is key to giving councils clarity about the parameters they work within, particularly when we account for the cumulative impact of successive reform programmes. By way of example, the terms used in subsection 11A (e) could be usefully further defined to ensure that the intended scope and any intended constraints are clear and removes ambiguity or scope for unintended consequences or legal challenges.

Recommendations:

- Section 11A:
 - Provide further definitions of terms used in subsection 11A (e) to ensure that the intended scope and any intended constraints are clear.
 - Amend this section to include provision of regulatory activities under other enactments and provision of any other service or activity as authorised by the Minister (as underlined below) :

Section 11A (1) The following services are the core services of a local authority:

(a) network infrastructure:

(b) public transport services:

(c) waste management:

(d) civil defence emergency management:

(e) libraries, museums, reserves, and other recreational facilities:

(f) provision of regulatory activities under this Act and other enactments:

(g) provision of any other service or activity as authorised by the Minister.

New subsection (f) is recommended to capture the performance of regulatory functions identified in new section 10(b).

New subsection (g) is recommended to enable provision of services or activities where the Minister directs it to be necessary and where an essential service could not be provided by Government or other organisation or body if council(s) were to withdraw.

Council recommends an approval process be established, including provision of a business case to the Minister.

2. Code of Conduct and Standing Orders

Council supports the objective of using the uniformity of a nationwide Code of Conduct and a single set of Standing Orders to ensure standards of conduct are high and to give the public clear expectations of how their council meetings and workshops procedures. However, Council also supports Local Government New Zealand's (LGNZ) submission that there is a need for some flexibility to reflect local circumstances in these.

LGNZ: *"We caution against preparing a single uniform code of conduct without there being any potential for adjustment and flexibility to reflect the particular governance arrangements of local authorities (ie not all councils will operate the same, or can be expected to do so). The Bill expects the code of conduct to be adopted and complied with by all elected members, which should be the case, but with some discretion to adopt modified provisions where they are appropriate."*

Recommendation: That the Bill is amended to include LGNZ's recommendation that there be provision included that with a 75% voting threshold requirement changes to the uniform standing orders can be made.

Recommendation: Council recommends that the agreed Code of Conduct include a range of choices within it, but all consistent with the approach of transparency and accountability. For example, councils choosing whether or not the Mayor has a casting vote.

Recommendation: That Councils have the ability to add or amplify the Standing Orders *if* the additions are consistent with the agreed approach.

Recommendation: Council recommends that the Secretary of Local Government's development of the Code of Conduct and Standing Orders include engagement with Councils and Elected Members to include feedback/lessons/experience of those with lived experience to ensure the documents deliver on the objectives in the Bill.

3. Regulatory Relief

Council is broadly in support of the regulatory relief measures to reduce costs, such as removal of the section 17A service reviews.

Recommendation: That, in addition to the regulatory relief in the Bill, the most significant impact would be delivered by reducing the audit requirements of councils in Long Term Planning and Annual Reporting. These are unnecessarily costly for the value added, and they are paid for by rates – by our ratepayers. This should not be necessary where council's planning and reporting have proven to be robust and transparent. The changes to reporting and benchmark in this Bill further increase the transparency and the ability of the public and others to scrutinise council's actions and activities to give them the assurance needed about planning and expenditure.

4. One part of the picture

Council recognises that the Bill is one part of the picture, that not only is there significant reform across a number of areas, but that the significant pieces, of Rates Capping detail and other financial tools is still to come. Without those, councils cannot move ahead with the required clarity or certainty.

Recommendation: To provide a clear picture for our ratepayers and our ability to plan, we urge the Government to have, with urgency, the conversation about the bigger picture for local government financial sustainability.

Recommendation: That implementation timings and transitions for this Bill, Rates Capping and introduction of new financial tools be aligned to enable councils to:

- Progress through our Long Term (LTP) and Annual planning and reporting cycles with the most clarity and least disruption for our ratepayers.

The introduction of rates capping outside an LTP cycle means councils would incur added costs of having LTPA and LTP s in successive years, adding additional cost to Councils, ratepayers and stretching the country's audit resource.

- Provide clarity about provision of current services and clear pathways for councils to change direction where needed – without increasing the risk of litigation or being charged penalties for complying with the Government's legislative direction.

This is recommended to address the concern raised by some of our Elected Members that, at this point, the costs and impacts of councils ceasing to provide a service or activity are not known. The Bill is silent on transition mechanisms to enable a smooth change of direction where that may be required. Without that detail there is concern about both the impact on our community and the risk of litigation (and associated costs) for Council.

ENDS