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Christchurch City Council submission on the *Local Government (System Improvements) Amendment Bill*

Introduction

1. Christchurch City Council (the Council) thanks the Governance and Administration Select Committee for the opportunity to provide comment on the *Local Government (System Improvements) Amendment Bill* (the Bill).
2. This is an important Bill for the Council as it amends the Council's purpose and touches on many of the key services we provide for our communities. It is about what we do and why we do it.
3. The Council acknowledges the Government's intention for local authorities to focus on core activities as a priority. We agree it is imperative that the money we receive from ratepayers is spent responsibly and effectively. The Council has a track record of delivering infrastructure and projects that are important to our district, and we are proud to be experiencing the tangible benefits of that investment, including increased population growth, housing growth, vibrant tourism and entertainment industries, and recognition that Christchurch is a great place to live. It is important that we continue to invest in the core services that our communities expect and to continue to foster the growth we are currently experiencing.

Executive Summary

4. The Council acknowledges the Bill's intent to focus local authorities' attention on spending ratepayers' money effectively, particularly in an environment where there are cost of living concerns. While the Bill is well-intentioned, the Council questions the effectiveness of the Bill, as it does not address the key factors that have driven recent rates increases across the country.
5. The Council agrees with the statement in the Bill that: "Rates rises are being driven primarily by rising council costs, particularly for critical infrastructure". The Council has been impacted by market pressures over the past several years; in particular, the impact of inflation related to infrastructure and construction, higher interest rates, and other market factors. The Bill does not address these key drivers of rate increases and the Council does not agree with the underlying policy assumptions that a focus on the four aspects of community wellbeing and a lack of fiscal discipline are the primary drivers of rates increases.

6. While the Council may not agree with the assumptions underpinning the Bill, we understand and acknowledge the Bill's intent and consider there is value in ensuring fiscal discipline and transparency, so that ratepayers can have confidence in how their rates are allocated and utilised.
7. The Council's current programme broadly aligns with the refocused purpose of local government, as defined in sections 10 and 11A of the Bill. The Council plans to spend approximately 93% of its rates revenue on what the Bill considers a "core service". The proposed removal of the four aspects of community wellbeing from the Act, alongside the shift in focus to the new purpose statement, is unlikely to substantially alter what the Council is already delivering.
8. The Council supports that the Bill still provides scope for local authorities to use their discretion to fund activities that are not explicitly captured by the list of core services. Councils need to be able to act in accordance with the aspirations and in the best interests of the communities they represent. There will be times when a council may determine that funding activities outside the defined core services is both appropriate and necessary.
9. One key element that is not recognised in the Bill's list of core services is that the Council is required to undertake many actions and regulatory functions that are provided for in other legislation. We recommend these obligations are reflected in the Bill.
10. It is difficult to comment in detail on the proposals in the Bill regarding measuring and publication of council performance, as the impacts will only be understood once the regulations are developed. However, we propose that any requirements are not complex and are reasonable and proportionate to ensure they do not become an administrative burden. There are some limitations inherent in such measures which are discussed in our submission, and we anticipate the Bill will address these appropriately.
11. While there are no provisions currently in the Bill that directly implement a rates peg system, the Council has offered a view on this, given it is discussed in the Bill's commentary and the Cabinet decisions. In the Council's view, a rates peg system would likely have the impact of easing rates and increasing scrutiny over spending; however, it would also limit revenue available to the Council and restrict a key financial tool available to local authorities. This can create risks regarding asset decay and underinvestment in infrastructure. To mitigate this risk, the Government and Council would be required to consider other ways of accessing funding or revenue, for example through targeted rates, levies, increasing access to debt, or more 'user pays' systems. The Council also proposes the government considers how it can use its position to assist local government more directly, such as returning GST on rates or through paying rates on government properties.
12. The provisions that strengthen transparency and accountability are generally supported, but the Council notes that, regarding a new code of conduct and standing orders, there is a lack of detail about how these are being developed. It is critical that there is a meaningful opportunity for councils to provide input into these processes, particularly regarding standing orders. The Council does not support a homogenous approach to standing orders and Bill needs to provide mechanisms for local authorities to individualise or adapt aspects of the standing orders, so they are responsive to the needs and experiences of communities and their elected members.
13. The Council generally supports efforts to provide regulatory relief to councils and the government should continue to seek ways to make processes and decisions easier for local government. Updating public notice requirements, clarifying who can sign certificates for lending arrangements, clarifying that third-

party development contributions can be targeted to specific project drivers, and extending a chief executive's second term are provisions supported by the Council. The removal of the requirement to consider the relevance of tikanga Māori knowledge when appointing council-controlled organisation directors is not considered a regulatory excess and this provision is not supported by the Council.

14. The Council urges the government to do more to ease regulatory and procedural burden to assist local authorities. The Council supports future work signalled by the Government that would review the Long-Term Plan and other council planning and reporting requirements. For example, we would support a policy that reduces the significant compliance costs regarding the Council's auditing requirements. Auditing should focus on the key aspects of council business. We would also support measures that reduce the cost that central government imposes on local government through policy changes. Local government is required to implement changes directed by central government, but councils and ratepayers are often required to bear the cost of this.
15. A more collaborative approach to decision-making and funding between central and local government is needed. Central government should consider partnering more with local authorities and taking a broader and more coordinated approach to easing the regulatory burden and financial cost on local authorities.

Submission

16. The Council acknowledges the Bill's intent to focus local authorities' attention on spending ratepayers' money effectively. Rates increases have put pressure on households across the country in a challenging economic environment. The Bill attempts to address factors causing rates increases to ease the pressure on households.
17. However, the Department of Internal Affairs' Regulatory Impact Statement states that the proposed changes to refocus the purpose of local government are "unlikely to benefit communities more than the status quo". The Ministry of Regulation's analysis on the Bill states that the proposals relating to council performance measurement, financial management, transparency and accountability, and further regulatory relief are expected to have "no or only minor economic, social, or environmental impact".
18. This analysis aligns with the concerns that the Council has on the Bill. While well-intentioned, the effectiveness of the Bill is uncertain, particularly as it does not address the key factors that have caused recent rates increases across the country, such as inflation (particularly regarding construction and infrastructure), interest rates, and other market forces. In the Council's view, this raises questions about whether some of the assumptions and objectives of the Bill are not grounded in robust analysis.
19. In this submission, the Council addresses the Bill's five focus areas outlined by the Minister of Local Government. We identify where the Bill could be improved and the aspects of the Bill that the Council supports.

Objective of the Bill

20. The objective of the Bill is to reduce pressure on council rates to help address cost of living concerns. In the Bill, rates have been identified as a driver of household inflation. Our Council, alongside other councils across the country, has had to increase rates to continue to deliver the services that our community expect. We are aware of what this means for households in our district, and we do not make these decisions lightly.

21. The Council agrees with the statement in the Bill that: “Rates rises are being driven primarily by rising council costs, particularly for critical infrastructure”. Like households across the country, the Council has been impacted by market pressures over the past several years, particularly the impact of inflation. Inflation relating to infrastructure and construction has typically been higher than general inflation, which means the core building and infrastructure work of the Council is costing more to deliver.
22. Other market factors, such as interest rates, rising insurance premiums, and the supply and demand for goods and services, are also key drivers of rates increases. The Council does not agree with the policy proposition that the focus on the four aspects of community wellbeing has come at a significant cost to ratepayers and is causing rates increases. Nor do we agree that our Council lacks fiscal discipline. For example, the Council has undertaken lengthy cost-cutting reviews of budgets for recent Annual Plans. The Act already requires that we consider the advantages and disadvantages of decisions, which includes consideration of efficiency and effectiveness.
23. Most of the Council’s overall expenditure is on core services (as interpreted from the Bill). For example, in 2025/26:
- a. an estimated 92.8% of revenue from rates will be spent on core services (and this figure may be higher, depending on how core services are defined)
 - b. the Council plans to spend 77% of total expenditure from all revenue sources on core services
 - c. the majority of non-core services are funded outside of rates (by fees, charges, dividends and interest).
24. This demonstrates the Council’s ongoing commitment to spending ratepayers’ money wisely, which is one of our strategic priorities – “to manage ratepayers’ money wisely, delivering quality core services to the whole community and addressing the issues that are important to our residents”.
25. The Council recognises the importance in ensuring fiscal discipline and transparency, so that ratepayers can have confidence on what rates are being spent on. While the Council does not fully agree with the assumptions underpinning the Bill, we do acknowledge and respect the Bill’s intent.

Refocusing the purpose of local government

Updated Section 10 – Purpose of local government

26. The Bill refocuses the purpose of local government in Section 10 of the Act by:
- a. removing the four aspects of community wellbeing
 - b. adding two new purpose statements –
 - i. meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses
 - ii. to support local economic growth and development by fulfilling the purpose above.
27. We consider that the work currently being done by the Council aligns to the new purpose outlined in the Bill. We do not agree with the policy assumption that the four aspects of community wellbeing are driving rates increases. Removing these from the purpose statement, alongside the shift in focus to the new purpose statement, is unlikely to substantially alter what the Council is already delivering, given the vast majority of our resourcing and effort is already directed to activities the Bill describes as core services.

28. The Bill appears to position the four aspects of community wellbeing currently in the Act as in contrast to the core services that local authorities should be providing. The Council does not share this view. We believe that community wellbeing and core services are not mutually exclusive. For example, a council's ability to effectively deliver core infrastructure and services creates community wellbeing. The removal of wellbeing from the Act should not mean that councils no longer consider the wellbeing of their communities.
29. There is concern that the Bill will create an environment where the Council's relationship with Papatipu Rūnanga and Te Rūnanga o Ngāi Tahu will be viewed only through a cost-effectiveness lens and therefore will become a transactional relationship. It is important that the Bill does not have the impact of putting Kaupapa Māori initiatives at risk if they are not seen as directly contributing to the new defined purpose. The Bill should ensure that the purpose of local government does not deprioritise or limit the Council's ability to maintain and grow relationships and meaningful partnerships with Māori and continue to uphold the Crown's obligations under Te Tiriti o Waitangi.
30. The Council also notes that it is unhelpful that the purpose of local government continues to change between governments. There is a cost to councils to have to reconsider and reposition their activities every time this happens and this is resource that could be focussed elsewhere. It also creates uncertainty which can have negative impacts on effectiveness and morale.
31. In regard to the framing of the new purpose statement, the term "cost-effective for households and businesses" is not defined. It may be the intent not to define this term, but we note that it does leave room for councils to interpret what this means, and we question whether it leaves councils vulnerable to challenge about how this term is applied. Further clarity about what this term means would help mitigate this risk.
32. We also note the new emphasis on supporting local economic growth and development. It is appropriate for councils to consider economic growth in their decision-making and inherently our Council does this. We consider central government also plays an important role in this space too and we think it is important for the responsibility for economic growth and development to be shared across central and local government, as each have different levers and abilities to influence this.
33. We note that there may be occasions where supporting local economic growth or prioritising only cost-effectiveness could conflict with other expectations that the community expects us to uphold which are not listed in the Bill, such as environmental impacts. The removal of any reference to the environment in the purpose statements could cause local authorities to deprioritise environmental issues, but we know that our communities strongly support our natural environments, and local authorities play an important leadership role in this area.

Section 11A – Core services to be considered in performing role

34. In Section 11A, the Bill defines five services that are to be considered "the core services of a local authority". These are:
 - a. network infrastructure
 - b. public transport services
 - c. waste management
 - d. civil defence emergency management
 - e. libraries, museums, reserves, and other recreational facilities.

35. The Council considers that the list of five core services captures most of the services and outputs that the Council provides. The clear identification of the core services is likely to simplify Long-Term Plan development and help to set clear and relevant outcomes.
36. The Bill states that “a local authority must have particular regard to the contribution that the core services make to its communities”. It is unclear what “must have particular regard to” means in practice and what is expected of councils, which leaves room for interpretation. If the Bill is passed, guidance on this matter for local authorities would be useful.
37. It may also be useful to clarify some of the core services that are listed. For example, whether “other recreational facilities” includes places such as public toilets or community halls. We also consider that art galleries are classified as “museums” as they adhere to the international standards of museum practice. There may be value in clarifying this definition for art galleries. We note that the definition of “reserves” could be clarified also, as the Reserves Act 1977 defines a range of meanings for this term, but the Bill may be intending to refer to “parks”.
38. One key element that is not recognised in the Bill’s list of core services is that the Council is required to undertake many actions and regulatory functions that are provided for in other legislation (i.e. outside of the Local Government Act). The Department of Internal Affairs lists many (but not all) of the other legislation that impose functions on local authorities in their Regulatory Impact Statement (31 October 2024). Performing duties relating to other legislation is a core function of the Council, as we are required to undertake these functions. The Bill could be amended to add another core service, which is “the regulatory functions required by councils” or similar. This could also help link sections 10, 11 and 11A with section 13 of the Act and would also recognise the Council’s considerable role in activities, such as city planning and consenting, which are linked to the Resource Management Act 1991 and Building Act 2004 respectively, and the production and review of bylaws.
39. The Council supports that the Bill still provides scope in the Act for local authorities to use their discretion to fund activities that are not captured under the list of core services. Councils need to be able to act in accordance with the desires and in the best interests of the communities they represent and, to do this, there are times when the Council may want to fund activities that are not listed as a core service.
40. For example, investing in city safety activities, city homelessness activities, volunteer opportunities, or providing a grant to achieve a positive environmental outcome. Such activities often have a positive ‘return on investment’ for the city through, for example, less pressure on social services, fewer police callouts, stronger local connections, and improved environments for locals and tourists to enjoy. We estimate that the Council’s Strengthening Communities Fund contributed over \$83 million in volunteer hours for community initiatives. If the Council stops funding initiatives that are not listed as a core service, the demand for funding these services will either become the responsibility of others (such as central government) or they simply will not get funded, which may not meet community needs and expectations.
41. Currently, the Bill states that councils “must have particular regard to” the core services, and we think this does not and should not preclude councils from spending on non-core services, if the council and their community desire. Non-core activities also deliver benefits to the community.
42. In practical terms, and in line with the intent of the Bill, the Council can use the renewed focus of the Act as a consideration to help make decisions about whether future funding should proceed. The impact of the Bill is that it will add a layer of scrutiny when projects or funding decisions are sought, especially on activities that are not considered a core activity or may be considered marginal.

Better measuring and publicising council performance

43. The Council sees value in measures that create transparency so that ratepayers can have confidence in what rates are being spent on. It is difficult for the Council to comment in detail in respect to the proposals in this part of the Bill because the impacts will only be understood once the regulations are made. The Bill creates regulation-making powers, rather than specifying what the requirements will be.
44. However, it is important to the Council that the regulations for measuring and publishing requirements are not unnecessarily complex and that they do not become an administrative burden. It is important that the requirements are reasonable and proportionate.
45. In relation to the ability for regulations to state the groups of activities that councils must plan for and report on, the Council proposes making as little change as possible to the activities that are currently required. Making changes could result in significant work for council staff, such as changes to finance systems and asset planning content. If reporting is required to restate or track past plans, this would be extensive work also, and the Council would not consider this to be a good use of time and resource.
46. The Bill provides regulation-making powers to set benchmarks for council performance. The Bill does not state what these benchmarks are, so the Council is limited in providing comments in any detail. Generally, benchmarks can provide a simple way to measure and compare performance. However, they can also lack context and detail and therefore are not always useful for comparison. There are material differences between local authorities, such as whether they are high or low growth areas, whether they have high or low infrastructure deficits, their geographical differences (e.g. climate, proximity to certain industries), their natural disaster risk profile, and so on. Providing benchmarks for comparison may not capture these differences and the different needs of local authorities. The intent of this provision is to give the public a better sense of “what good looks like” in terms of council performance but it is unclear how the public will be able to accurately do this, given the issue raised.
47. We recommend that the requirement to report on contractors and consultants include clear definitions of what is classified as “contractors” and “consultants” and that reporting requirements are standardised and proportionate, so it does not become an unnecessary administrative burden. This amendment will likely improve visibility of external workforce costs, but the requirement will also likely require the Council to update and enhance its data collection processes and systems to ensure that reporting is to an acceptable level of consistency and granularity, which will require some resource.
48. Publishing contractor and consultant expenditure in simple terms can attract a level of public misinterpretation and oversimplification of this type of spending. It could be useful for reporting to have some contextualisation around the spending, such as whether it is time-limited or project-based. There are many instances when it is appropriate and effective to engage contractors or consultants.

Prioritising core services in council spending

49. The Bill adds a new financial management principle, stating that a local authority “must have particular regard to the purpose of local government and the core services of a local authority” when determining its financial management approach. It is unclear what “must have particular regard to” means in practice and what is expected of councils, which leaves room for interpretation. There may be a risk of action against a council that is perceived to not have met this requirement. If the Bill is passed, guidance on this matter for local authorities would be useful.

50. While there are no provisions currently in the Bill to directly implement a rates peg system, the concept is discussed in the Bill's explanatory note and in Cabinet decisions relating to the Bill. The Council will take the opportunity to provide a view on this issue at this time.
51. The Council acknowledges the policy intent of a rates peg system, which is to ease rates increases for households. The Council considers that a rates peg system would have this impact and it would increase assurance to ratepayers, but there are also consequences for adopting a rates peg system that need to be managed, should the Government choose to pursue this policy.
52. A rates peg system is a blunt tool that will have the effect of limiting rates increases and it may also have an impact of increased scrutiny over spending. However, it will also have the impact of limiting revenue available to the Council. The Council has recently had to increase rates, largely in response to market pressures, such as inflation and interest rates. A rates peg will have the effect of restricting a financial tool available to the Council and will limit a key revenue source at a time when the Council requires an increase in revenue to continue to meet delivery costs and meet the levels of service that the community expects.
53. A rates peg can have the impact of asset decay and underinvestment in infrastructure because councils do not have enough funding available to maintain assets and meet the pressures related to growth. The Council may risk having insufficient funding available to provide and maintain core services to expected levels. We note that in the United Kingdom and New South Wales, where rates peg policies (or similar) are present, there are increasing concerns about their impact on council finances and levels of service delivery. A common criticism of both central and local government is that there has been underinvestment in critical assets and core services over recent decades and a rates peg is unlikely to help close any deficit of underinvestment.
54. Due to these risks, if a rates peg system is pursued by the Government, councils must have sufficient funding tools to recover costs in a timely manner. The Council encourages the Government to consider alternative ways for councils to access funding to ensure that assets can be maintained and councils can continue to deliver the levels of service that the public expect. The Council will also likely explore new revenue streams. A more collaborative approach to funding between central and local government is needed.
55. Alternative funding or revenue options could include targeted rates, levies, increasing access to debt (although noting the risk some local authorities already have relating to debt), or more 'user pays' systems. The Council also proposes the government considers how it can use its position to assist local government more directly, such as returning GST on rates or through paying rates on government properties. Without other means of revenue, the risk is that council activities will be delayed or will not get done.
56. The Council also proposes that a rates peg policy considers the cost of inflation for council inputs (not just relying on the Consumer Price Index, as inflationary drivers for councils are different to the average consumer), excluding investment related to core services, each council's position (such as growth rate, its asset lifecycle, and the current rates levels), and any circumstances in which councils can rate higher than the peg. A broad one-size-fits-all approach to a rates peg is unlikely to be effective for many local authorities.

Strengthening council transparency and accountability

57. The Council prides itself on being transparent and accountable to the community. We uphold our responsibilities to make Council agendas, meetings, briefings and decisions available to the public. Our council reports are released in advance of council meetings and staff advice to elected members is given in

public, video recorded and often live-streamed. The Council supports measures that set a clear and high expectation of elected members, as it is important that the Council is functional and collaborative to best serve the communities we represent.

58. There are good mechanisms in place already that facilitate information sharing between staff and elected members at the Council and these should be easily updated in line with the new measures in the Bill.
59. The Council also has an effective code of conduct in place. It is hard to comment on the impact of a new standardised and binding code of conduct without knowing the details of the new code. An effective code of conduct will need to set out clear and unambiguous expectations that facilitate professional and cooperative behaviour, and outline how code violations are to be managed.
60. The Bill states that the Secretary of Local Government may approve and issue a set of standing orders. The impact of the mandated standing orders is also difficult to determine, as there is not yet any detail on the content of the new standing orders. However, the Council does not support a homogenous approach to standing orders.
61. The Council has concerns that mandated standardised standing orders will not be fit-for-purpose for every council, including large urban councils like ours. Standing orders are a critical tool for how each community and their elected members participate in democratic decision-making and must be responsive to the needs and experiences of those communities and their elected members. The Bill needs to provide mechanisms to individualise or adapt aspects of the standing orders that are issued by the Secretary. It is important to recognise that each community is distinct and has different needs, and local authorities must be able to apply standing orders that are most appropriate for them.
62. Regarding both the code of conduct and standing orders, there is little information about how these are being developed. As each council is uniquely positioned, it critical that there is a meaningful opportunity for councils to provide input into any proposed standing orders to ensure good decision-making is not undermined due to a lack of engagement.
63. The Council notes that the two new governance principles (regarding the free exchange of information and expression of opinions of elected members and for elected members to work collaboratively) include elements that are unnecessary as they already apply, such as the freedom of expression. For this reason, the Council has no major concerns with these principles.
64. There is a risk that the free expression of opinion may enable the sharing of views or statements that others find offensive (for example, racist or sexist remarks). In these instances, we would expect that the code of conduct deals with such matters. But the risk of offensive remarks should not overrule the general democratic right of someone to express their opinion.
65. There is an expectation for local authorities to prepare a statement about how they are acting in accordance with the two new principles, and we think it would be useful for guidance to be provided about how this can be done.

Providing regulatory relief to councils

66. Providing regulatory relief for councils in areas where processes are outdated, ineffective or inefficient are welcome. The Council supports the modernisation of public notice requirements by removing the requirement to publish public notices in newspapers. The Council considers this requirement is an ineffective and duplicative requirement. However, the Bill only applies to the Local Government Act. Other

legislation requires that public notices are published in newspapers, and we would encourage the Government to update these obligations also, particularly regarding the Local Government Official Information and Meetings Act 1987. Until this is done, the Council will be required to continue publishing some public notices in newspapers.

67. Clarifying that an acting or interim chief executive can sign certificates of compliance for lending arrangements is a sensible amendment which will save a material amount of duplication and time on the relatively rare circumstances when this is required. The Council interprets Clause 19 in the Bill (that amends section 118 of the Act) that authority is now delegated to any appropriate staff member (not just acting or interim Chief Executives). This aligns with other aspects of council borrowing and is supported by the Council.
68. The clarification that third-party contributions to capital projects for which development contributions are charged can be targeted to specific project drivers is also supported by the Council. Currently, we are not given any direction on how to apportion third-party funding, so it is divided across the cost drivers. The more direction from central government about how to apply third-party funding is welcome.
69. The removal of the requirement to consider the relevance of tikanga Māori knowledge when appointing council-controlled organisation (CCO) directors is not supported by the Council. While we support efforts to improve council efficiency, we do not consider this provision in the Act as regulatory excess. This removes a formal mechanism for embedding tikanga Māori into governance, could lead to Boards that lack understanding of Māori values and perspectives, and may impact the Council's ability to foster and develop Māori capacity to contribute to decision-making processes. CCOs often make decisions relating to whenua and wai and incorporating tikanga Māori provides an avenue for kaitiakitanga. Regulatory relief must be pursued in ways that uphold our obligations to Māori and Te Tiriti o Waitangi.
70. The Council supports the ability to extend a chief executive's second term from two to five years and agrees with the policy principles behind this amendment. This change will provide greater efficiency and stability when an incumbent chief executive is performing well and does not remove the ability to end employment when underperforming. The Council considers that it is important that a performance plan is in place throughout the tenure of a chief executive (that outlines performance indicators and expectations) and the Bill could add this as a requirement.
71. The Council urges the government to continue to do more to ease regulatory and procedural burden to assist local authorities. The Government's future intentions to review other regulatory requirements of local government, particularly the work that would review the Long-Term Plan and other council planning and reporting requirements, is supported by the Council. These processes can come at a considerable compliance cost to the Council.
72. For example, we would support a policy that reduces compliance costs regarding the Council's auditing requirements. Annual Report and Long-Term Plan audits, undertaken by Audit NZ, represent significant and growing costs for councils. While these audits are important for accountability, their scope and complexity have expanded over time as additional government reporting and performance requirements are layered in. Each new metric and reporting requirement adds cost, increases workloads, and slows productivity. Auditing should focus on the key aspects of council business.
73. The Council would also support measures that reduce the cost that central government imposes on local government through policy changes. Local government is required to implement changes directed by

central government, but councils and ratepayers are often required to bear the cost of this. There are many cases where the financial burden of nationally mandated policies are forced upon local communities and ratepayers. Some recent examples include:

- a. the government required our Council to chlorinate our water supply which has come at a cost despite the Council's opposition to this policy, and there are significant costs for our Council associated with permanent chlorination.
- b. the Taumata Arowai levy and the levy to recover Commerce Commission costs of regulating water. These two levies were centrally determined and transfer costs directly onto local ratepayers without councils having an ability to influence or reduce this cost. This undermines local accountability and fiscal management and sets a concerning precedent. These levies are estimated to impact rates by approximately 0.27%.
- c. the recent changes to speed limits have created a cost to the Council. Some speed limit changes that were installed have had to be reversed to give effect to the government's policy change. For others that had been approved but not installed, Council have had to undertake a secondary consultation and approval to be able to implement the change. The prescriptive nature of the Land Transport Rule has limited the Council's ability to use speed limits as an appropriate safety tool, pushing the Council towards more expensive, hard engineering solutions.
- d. changes to the requirements KiwiRail demands of Road Controlling Authorities at crossing points has led to significant cost increases to upgrade several level crossings for which the Council has had to bear the cost.

74. A more collaborative approach to decision-making and funding between central and local government is needed. Central government should consider partnering more with local authorities and taking a broader and more coordinated approach to easing the regulatory burden and financial cost on local authorities.

Conclusion

75. The Council acknowledges the Bill's well-intentioned objective to ease the burden of rates increases on households. However, in the Council's view, the Bill does not adequately address the primary drivers of rates increases, which are inflation, interest rates and other market forces. While there are proposals in the Bill that the Council supports, particularly those that clarify council obligations or provide procedural relief, the overall effectiveness of the Bill in easing rates increases is questionable.

76. The Council will follow with interest the development of the new regulations enabled by the Bill. At this stage, it is difficult for the Council to comment fully on the impacts of the new regulatory powers without knowing the detail, but we anticipate that these will be developed with robust consultation and consideration of local authorities' views. It is important that regulations are clear, reasonable and proportionate.

77. Christchurch City Council remains committed to delivering high-quality services for its residents and is aware of the impact that rates have on households across the district. Christchurch is increasingly an attractive place for people to live, and we are experiencing the positive impacts of that currently, as well as managing the associated pressures of growth. Our Council is focused on continuing to ensure rates

revenue is used effectively to deliver core services. We will continue to prioritise these key services and activities for our community.

Thank you for the opportunity to provide this submission.

For any clarification on points within this submission please contact Tom Lee, Principal Policy Advisor at Thomas.Lee@ccc.govt.nz

Ngā mihi,



Phil Mauger
Mayor of Christchurch