7 August 2025

Waikato wellbeing project | Hinonga toiora o Waikato
Research . Knowledge . Storytelling

Committee Secretariat

Governance and Administration Committee

Parliament Buildings

Wellington 6160

Tēnā koutou katoa,

1. Thank you for the opportunity to submit on the **Local Government (System Improvements) Amendment Bill** (the Bill).

2. The Waikato Wellbeing Project (WWP) is a research, knowledge and storytelling project focused on environmental and social equity in the Waikato. The WWP is funded by philanthropic and community organisations both in the Waikato and nationally. We partner with people, communities and organisations who share our vision of ***Our Mokopuna Thriving.***

3. Our submission is that the Bill only partially diagnoses the problem it is trying to solve and instead creates a straw man of local government, especially regarding the meaning and role of wellbeing.

4. Additionally, while we generally support the idea of local government prioritising functions and services that are essential to community wellbeing and which cannot be provided by others, the list provided is incomplete- for example it misses many of the important environmental management roles of local and regional government. There are likely to be other omissions.

5. We also submit that central government should not discourage local government from undertaking essential wellbeing services for communities unless it can ensure the same services and outcomes are provided cost effectively by themselves or others. This will relieve local government from being funder of last resort.

6. Rather than trying to fully re-write a list which becomes frozen in statute, we suggest that the words “at a minimum” are added to make clear that this list is a statement of minimum service provision, and that local and regional environmental management is also included in the functions.

7. We also propose that a simplified version of the current Section 10(2) of the Act is retained to ensure that the wellbeing outcome of local government is maintained, for reasons set out in our submission.

8. Our proposed changes to the Bill are below.

3. Purpose

The purpose of local government is—

a) to enable democratic local decision-making and action by, and on behalf of, communities; and
b) to meet the current and future needs of communities, at a minimum, for good-quality local infrastructure, local public services, a sustainable local and regional natural environment, and the performance of regulatory functions in the manner most cost-effective for households and businesses; and
c) to promote the well-being of their communities and support local economic growth and development by fulfilling the purpose set out in **paragraph (b)**.

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A Background on Wellbeing

9. The concept of wellbeing is essential to any coherent definition of the purpose of local government in New Zealand. While the proposed amendments in the bill seek to tightly prescribe the inputs and outputs of local government, the list is incomplete, and the Bill is silent on the outcomes these functions are intended to serve. Without a clearly defined and legislatively recognised purpose, such as the promotion of community wellbeing, local government becomes an administrative shell—technically compliant but purposeless in substance.

10. It is important to recognise that the concept of *wellbeing* did not originate with the 2017–2023 Labour-led Government, nor is it a politically loaded or recent innovation. For more than a century, New Zealand legislation has consistently embedded the ideas of "welfare" or "wellbeing" as foundational objectives—reflecting a broader constitutional and policy tradition that public institutions exist to improve people's lives, not merely to execute tasks.

11. These legislative expressions draw on the foundations of classical economics, where *economic welfare* has long been used to assess the value of public policy and resource allocation. In economic terms, *welfare* is defined as "the overall level of satisfaction or utility that individuals or society derive from the allocation of resources and goods." It includes material living standards but also incorporates non-monetary dimensions such as health, education, environmental quality, and social capital—precisely the dimensions that the contemporary concept of *wellbeing* now measures more explicitly. The progression from "welfare" to "wellbeing" represents not a departure from the past, but a refinement of purpose that reflects modern expectations and data-driven policy analysis.

12. Local government legislation was part of this same evolution. Several Counties Acts from the 1910s and 1920s reflect an early focus on general welfare, even if not in modern language. The Town and Country Planning Act 1953 explicitly referred to promoting *"the economic and general welfare of the inhabitants"* as a core planning principle. While the term "wellbeing" may not have featured in these early statutes, the purpose was the same: ensuring that local government actions contributed to the long-term interests and quality of life of their communities.

13. Wellbeing provides the moral and evaluative compass necessary for aligning public action with what truly matters—flourishing communities, social cohesion, environmental sustainability, and intergenerational equity. Former Reserve Bank Board Chair Dr Arthur Grimes, in his extensive research has demonstrated that local government investment decisions—in areas such as housing, public amenities, and transport—must be assessed not only by cost, but by their contribution to community wellbeing[1]. Girol Karacaoglu, in *Love You: Public Policy for Intergenerational Wellbeing* (2021)[2], similarly argues that wellbeing offers a robust, values-based foundation for public decision-making. It allows communities to judge not only *what* is done, but *why* it is done—and to ensure that collective resources are being used in ways that improve life outcomes.

14. The removal of wellbeing from the statutory purpose of local government risks becoming a semantic game—zero-sum in its outcomes and distracting from the real issue: how to improve the lives of people in local communities.

Existing Frameworks

15. The New Zealand Treasury's own public policy frameworks place wellbeing at the centre of national decision-making. The *Living Standards Framework (LSF[3])* provides a comprehensive model for assessing policy impacts across multiple dimensions of wellbeing—social, economic, environmental, and cultural—and across time. It is explicitly designed to guide choices not just for today, but for the benefit of future generations.

16. Complementing this, *Te Tai Waiora: Wellbeing in Aotearoa New Zealand[4]* brings a Te Ao Māori perspective into public wellbeing analysis, recognising the importance of collective identity, whakapapa, manaakitanga, and stewardship of natural resources. These frameworks (and others such as Te Whare Tapa Wha) are powerful not only because they are analytically rigorous, but because they speak across cultural boundaries and

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[1] **Grimes, A., Preval, N., Young, C., Arnold, R., Denne, T., Howden-Chapman, P., & Telfar-Barnard, L. (2016).** "Subjective Wellbeing Impacts of National and Subnational Fiscal Policies." *REGION*, 3(1), 43–69. treasury.govt.nz+7wgtn.ac.nz+7motu.nz+7
Grimes, A. (2015). "Recent Quantitative Approaches to Measuring Wellbeing in New Zealand." *New Zealand Sociology*, 30(3), 112–120. wgtn.ac.nz
Grimes, A., Howden-Chapman, P., Riggs, L., & Smith, C. (2023). "Public Housing in an Urban Setting: An Inclusive Wellbeing Framework." *Policy Quarterly*, 19(3).

[2] Love you: public policy for intergenerational wellbeing – Tuwhiri - Books on Secular Buddhism
[3] Our Living Standards Framework | The Treasury New Zealand
[4] He Ara Waiora | The Treasury New Zealand

generational divides. Wellbeing is one of the few concepts in public policy that can unite diverse communities under a common understanding of purpose—anchoring both central and local government to a shared "why" that transcends political or institutional boundaries.

Purpose and the Private Sector

17. To underscore the necessity of purpose, it is worth contrasting with the private sector. Whether guided by a simple profit motive or by more complex mission and vision statements, no successful business operates without a clear understanding of *why* it exists and *what value* it delivers to its shareholders and customers.

18. Consider Air New Zealand, a world-renowned and highly successful company that is 51% owned by the New Zealand Government. Its publicly stated mission[5] is to "*connect New Zealanders to each other and New Zealand to the world*," and its vision is to be "*the world's leading digital airline, delivering customer excellence in every touchpoint*." Air New Zealand goes further, aligning their strategic goals and actions with the United Nations Sustainable Development Goals (SDGs)[6].

19. These are clear, values-driven statements that define what success looks like and provide a compass for decision-making. If Air New Zealand's purpose was defined only by its operational functions or outputs—such as "to procure inexpensive aircraft and operate scheduled flight routes", no investor, staff member, or customer would likely find this credible or inspiring—and nor would it deliver sustained performance. Yet this is the model the current draft legislation plans for local government: a framework of mandated activities without any reference to *why* they matter, or *what* value they are intended to create.

20. Roger Partridge, a commentator typically aligned with the political right, recently argued[7] that for many decades, despite various attempts, Parliament has too often focused on how much is spent rather than whether lives are improved. The same critique could be applied to the bill, with its heavy focus on the inputs (including rates) and outputs of local government, but not the outcomes/results. Anchoring local government legislation in wellbeing ensures councils are assessed not just by costs and output, but by how effectively they deliver community outcomes/results in a cost-effective way.

Addressing the Problem

21. In the public sector, shareholders and customers are replaced by citizens and taxpayers or ratepayers—and the equivalent of profit is *public value*, a concept developed by Professor Mark Moore of the Harvard Kennedy School[8].

22. Moore concludes that public value is the foundational purpose of any public organisation: it defines success, guides strategy, and justifies the use of public resources. Without a clear statement of what constitutes *"value,"* any public entity—whether a central

[5] Our Purpose, Vision & Promise – Air New Zealand Careers
[6] Air_New_Zealand_Sustainable_Development_Goals.pdf
[7] From Spending to Outcomes: Time to Rebuild Public Sector Accountability
[8] Creating Public Value: The Core Idea of Strategic Management in Government | Harvard Kennedy School

government agency or local council—would be adrift, with no way to prioritise, assess impact, or build legitimacy.

23. At the same time, it is important to acknowledge that rates and council debt have indeed become unsustainable in many (but certainly not all) parts of New Zealand. This matters, not just from a financial management perspective, but because of the direct impacts high rates have on household wellbeing and balance sheets—especially for those on low or fixed incomes, the aged, the young and future generations. Left unchecked, this will gradually erode public confidence in local government and the public's perception of public value.

24. The response to this challenge cannot be to strip local government of its purpose, it should be to strengthen purpose, establish why the current situation exists and address it at its root cause.

25. The pathway forward must be to reinstate wellbeing as the guiding goal for local government, clarify (but not unreasonably restrict) the essential activities councils are expected to deliver to achieve wellbeing outcomes, and to distinguish these from discretionary functions that may only be justified through robust business cases and cost-benefit analyses. It should also be to ensure that councils have the appropriate funding tools to ensure that the beneficiaries of council services re paying for those services, and those services are priced fairly.

26. Where local government is not the most effective provider—relative to central government, iwi, the private sector, or community organisations—there should be mechanisms for partnership or delegation. Moreover, for any activity outside of core mandates, communities must be given the opportunity to positively and transparently consent to its funding and delivery by local government, while also ensuring that there is adequate electoral thresholds for such decisions.

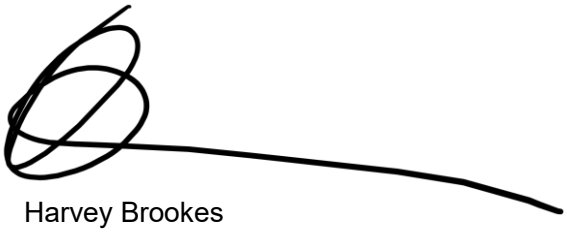
27. Crucially, this approach requires central government to take ownership of its own role in the delivery of local outcomes. Central government has, over many years, delegated responsibility for complex or politically sensitive issues—such as housing, homelessness, climate and weather resilience, youth development, and community safety—either directly to local government or implicitly by doing nothing, leaving councils to fill the gap in response to community demands for action.

28. Local government is often far more visible and accountable to citizens in face-to-face settings, making it the natural recipient of public frustration when services fail, even when the root causes lie in underfunding, inaction, or fragmentation at the national level. If central government wishes to narrow and focus the functions of local government, it must also accept the responsibility to address—and fund—the wellbeing of *all* its citizens.

Summary

29. The solution to financial constraint is not to abandon purpose, but to ensure that every investment or activity is directed at outcomes that genuinely matter, delivered through

the most effective means, and accountable to the people they are meant to serve. Even within a fiscally responsible framework, where councils cannot rate unreasonably and must prioritise core services, wellbeing provides the lens through which the effectiveness, fairness, and public value of those services can be understood and improved. Local government must not only deliver services—it must do so in service of something. That something is, and must remain, the wellbeing of its people.



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