

Submission from Mackenzie District Council

Simplifying Local Government (SLG)– Submission from Mackenzie District Council

1. Introduction

Mackenzie District Council (MDC) welcomes the opportunity to submit on the Government’s Simplifying Local Government (SLG) proposals. We support reform that is durable, evidence-led, and sequenced to improve outcomes for communities while strengthening local democracy.

This aligns with the sector’s call for a coherent programme and durable, consensus-oriented change. We also align with LGNZ’s position that step-two reorganisation plans are the most consequential element of SLG and must be “done once and done well” to effect enduring change.

MDC’s views sit within a wider Canterbury context reflected by the Canterbury Mayoral Forum (CMF), whose submission emphasises partnership with central government, localism, and careful management of pace and scale across concurrent reform streams.

2. Executive Summary -MDC’s position

MDC supports reform that:

1. Is integrated with other major reforms and sequenced to reduce duplication, cost, and uncertainty.
2. Establishes Combined Territories Boards (CTBs) focused solely on regional reorganisation planning, with access to regional governance expertise, rather than immediately replacing regional councillors.
3. Embeds Te Tiriti partnership from the outset
4. Funds transition work so costs do not fall disproportionately on small-council ratepayers.
5. Uses independent oversight (Local Government Commission) rather than broad Ministerial override for final determinations.
6. Applies robust assessment criteria (subsidiarity, capacity, economies of scale/scope, spillovers, financial sustainability) so that form follows function.
7. Avoids reorganisation timetables that straddle the 2028 local elections, to preserve momentum and electoral integrity.

3. Canterbury and Mackenzie Context

Canterbury is New Zealand’s largest region by land area, spanning iconic alpine and braided-river ecosystems from Kaikōura to the Waitaki and Aoraki/Mt Cook, with a population approaching 700,000 and strong recent growth (five of the 10 fastest-growing districts are in Canterbury).

Mackenzie District is a small but high-performing rural district characterised by globally significant natural landscapes, including alpine environments, high-country ecosystems, major lakes, and braided river systems that sit within the wider Canterbury region.

These assets underpin a tourism-driven local economy, with tourism accounting for 42.5% of total employment, making the district both economically dynamic and highly exposed to fluctuations in visitor numbers. At the same time, Mackenzie faces the challenges common to fast-growing rural areas: infrastructure pressures linked to high tourism growth, road safety challenges from drive through tourism that not does directly economically benefit the Mackenzie District, increasing frequency of extreme weather events, and the constraints of a limited rating base spread across a large geographic area. Other pressures from the proliferation of air BnB's are leading to housing shortages and have driven rental affordability up. The funding model to support tourism and the associated infrastructure needs and social impacts is no longer fit for purpose. Funding does not appear to be adequately addressed in the simplifying local government reform.

The current structure and funding system constrains local government's ability to govern, deliver and fund services to their communities in an environment of limited revenue and increasing costs. The presents challenges to local government to fulfil its role in supporting and building strong, healthy, and prosperous communities. Mackenzie strongly supports the concept of localism and subsidiarity in that the function of governance and decision making should be devolved to the level of government closest to affected communities. The transport funding system does not adequately cater for high tourism drive through areas and our unique alpine challenges in winter in dealing with significant snow events. This burden unfairly falls to our ratepayers.

4. A Coherent, Integrated Reform Programme

We strongly support treating SLG, resource-management reforms, emergency management reform, Local Water Done Well, and rate-capping proposals as a coherent, coordinated change programme with clear timeframes and capacity-building support. Poor alignment across these major reforms risks redundancy, uncertainty for ratepayers and voters, and rising costs that will inevitably be borne by communities. Creating enduring change require a well thought through process, sequencing of reforms and delivery should be at a pace that is capable of being delivered well.

5. Central–Local Partnership and Sustainable Funding

MDC endorses the CMF's call for a genuine central–local partnership focused on co-investment and sustainable local government financing and funding mechanisms, noting increasing responsibilities, unfunded mandates, and cost pressures. We also support LGNZ's recommendation that central government contribute to resourcing CTBs (funding and/or secondees), given the otherwise substantial unfunded mandate on ratepayers

6. Combined Territories Boards (CTBs): Role, Composition, and Voting

Role and scope. Consistent with LGNZ and the CMF, MDC recommends that CTBs focus solely on developing regional reorganisation plans, rather than simultaneously assuming regional council governance functions. This separation preserves speed and quality of the planning process and respects regional councillors' democratic mandate and institutional knowledge. Where Government proceeds with immediate changes regardless, CTBs must have access to regional governance expertise (e.g., appointing outgoing regional councillors in advisory roles).

Regional representation and understanding of functions. The CMF highlights the importance of regional council representation to ensure CTBs fully understand regional functions—particularly as the new resource-management regime beds in. MDC supports regional participation in the CTB's work programme.

Voting

Determining the process for voting on the CTB is complex and challenging. Proportional voting is not seen as resolving underlying representation or legitimacy concerns, neither was a single vote system. Clarity of purpose for the CTB is seen as more important than setting voting mechanism too early in the process. The Local Government Commission should play a key role in determining final voting structures, and we agree that different matters may have different voting systems.

7. Functional Review: Form Follows Function

MDC supports the functional review proposed by Government, beginning with what functions are required, how well they perform today, and at what scale they are best delivered—metropolitan, sub-regional, regional, shared service, or national—so that form follows function.

8. Te Tiriti o Waitangi and Mana Whenua Partnership

In line with Taituarā, SLG should move beyond transactional references to settlements, ensuring genuine partnership with Papatipu Runanga.

9. Timing and the 2028 Local Elections

Local elections will necessitate a 'distraction' from developing the RRP for a period and – depending on the results – could result in a change of direction. There is a significant risk that a local election straddling the development of the RRP could undermine electoral integrity and public participation, especially if it will be implemented partway during the following triennium. In the 2028 elections – if a partially completed, yet to be finalised RRP, looms to take effect during the following triennium – there is likely to be voter confusion on what they are voting for, and what candidates can expect to represent and/or confidently campaign on.

Timing Options could include:

- (a) complete Regional Reorganisation plans (RRP's) to take effect for 2028;
- (b) extend the current term; or
- (c) prepare RRP's to take effect at 2031.

MDC supports Government engaging the sector on these options promptly. Taituarā also warns that SLG milestones converge with the 2028 election period, making locally-led processes around elections unlikely to support change.

10. Business-as-Usual (BAU) Implications

Canterbury councils are preparing the 2027–2037 Long-Term Plans (LTPs) and, for many, 2027 representation reviews for the 2028 elections; Audit NZ requirements must be clear under changing legislation. MDC shares CMF's concern about how BAU should proceed amid uncertainty and requests guidance on LTP assumptions, representation reviews, and audit treatment.

11. Transitional and Cumulative Costs

Transitional costs must be identified early, quantified realistically, and supported by clear funding mechanisms. These costs should not be underestimated or left to ratepayers without transparent support settings, including how costs will be shared, who will fund what and how central government requirements will be funded.

When councils are exercising financial discipline in response to community signals and rate-capping proposals, whilst also facing climbing costs for infrastructure and service delivery, it is expected that central Government would in part fund set up costs to alleviate a cost burden on local government.

Mackenzie opposes outcomes where reform results in unfunded mandates, hidden cost transfers, or opaque cross-subsidisation that is not justified by demonstrable regional benefit. Transitional funding and cumulative costs of the suite of local government reforms need to be considered. Funding these changes conflicts with, and distracts from, the intent of the Local Government (System Improvements) Bill to focus on core services.

12. Governance Oversight and Decision-Making

For legitimacy and durability, the Local Government Commission (LGC) should assess and determine reorganisation plans against clear criteria, with the Minister implementing outcomes via Order in Council, rather than exercising broad unilateral alteration powers.

A robust set of reorganisation criteria should be identified and agreed with the LGC and the sector. These could include

This strengthened framework ensures reorganisation plans are enduring, evidence-based and locally legitimate.

13. Recognition of Existing and Early-Mover Regional Initiatives

Some regions (e.g., Southland; Wellington sub-region) have commenced change discussions under current rules. SLG should recognise and support these processes to avoid duplicative cost and effort, and enable learnings for others.

14. Conclusion

MDC supports reform that is integrated, locally led, sustainably funded, and grounded in genuine Treaty partnership. We ask the Committee to recommend:

- aligning SLG with concurrent reforms and clarifying timelines;
- limiting CTBs to reorganisation planning and preserving access to regional governance expertise;
- embedding mana whenua partnership and retaining Canterbury's current arrangements;
- funding transition work and resourcing the LGC;
- avoiding election-straddling timetables; and
- assigning final determinations to the LGC with Ministerial implementation.


MDC stands ready to collaborate with central government, mana whenua, and our Canterbury partners to deliver enduring arrangements that enable people to thrive in place.

Our recommendations

1. Treat SLG and other reforms as a single, coherent programme with clear sequencing and capacity support.
2. Restrict CTBs to reorganisation planning; retain or integrate regional governance expertise during transition.

3. Fund the transition (CTBs/LGC) to avoid unfunded mandates on small councils.
4. Adopt functional review first principles: form follows function; right scale for each activity.
5. Expand criteria (subsidiarity, capacity, economies, spillovers, financial sustainability, authentic Treaty partnership).
6. Embed partnership arrangements with Papatipu Runanga.
7. Avoid 2028 election straddling; consult on options (complete by 2028, extend term, or take effect 2031).
8. Assign determinations to the Local Government Commission; Minister implements by Order in Council.
9. Provide guidance on BAU/LTP 2027–37, representation reviews, and audit treatment during transition.

Yours sincerely,



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