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## Local government: "more than just roads, rates and rubbish"

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The Local Government (Community Well-being) Amendment Act 2019 (Amendment Act) came into force on Tuesday 14 May 2019. It amends the Local Government Act 2002 (LGA '02).

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The Amendment Act (accessible [here](#)) makes three primary changes to the LGA '02:

- The Amendment Act reinstates the four aspects of well-being of the current and future community – social, economic, environmental and cultural – that were previously removed from the LGA. These components of well-being are filtered throughout the LGA '02; including in the purpose section, definitions, and long-term plan and annual report provisions. A previously introduced section – section 11A: core services to be considered in performing role – has also been repealed.
- The definition of “community infrastructure” – which dictates what can be included in a council’s development contributions policy and therefore what it can charge development contributions in respect of – has been amended so that public amenities such as swimming pools and libraries can once again be funded through development contributions. The restrictions on the power to require contributions for reserves set out in section 198A of the LGA '02 have also been repealed. Interestingly, the Amendment Act has also introduced the ability for councils to charge development contributions for the additional types of community infrastructure where the work for that infrastructure was completed prior to the amendment coming into force. However, councils can only recover the remaining cost of the works, after first deducting what they would have recovered in development contributions if they had been able to charge them in respect of development that have already proceeded, and then deducting the proportion of the works that they would have funded from other sources in any event.
- Additional provisions have been added to enable councils and council-controlled organisations to access funding from the New Zealand Transport

Agency, through the National Land Transport Fund, without it counting as a liability.

We see the key impacts of these changes as follows:

- By removing the requirement to consider core services, and enabling councils to look to the well-being of both the current and future community, councils and communities are empowered to determine for themselves what services they should be providing and the priority that should be given to each of them in order to address the needs of their communities now and into the future. The ability for councils to again be guided by the four aspects of well-being will filter through into their decision-making, including at the long-term plan and annual plan level – likely affecting the prioritisation of projects and allocation of funding.
- With the broadening of the definition of “community infrastructure”, more assets will be able to be funded through development contributions. As a result, development contributions assessed under policies made following the introduction of the Amendment Act will likely be greater than what they would have been, had they been assessed under the previous development contributions policy – i.e. development contributions are likely to increase. Conversely, the ability to charge development contributions for these works and programmes may reduce the necessity to raise rates in order to pay for these assets.
- The addition of provisions enabling councils and council-controlled organisations to access funding from the New Zealand Transport Agency removes the potential barrier for councils when building infrastructure in new development areas. With the amendments, councils can borrow to deliver the infrastructure now, while still being able to charge development contributions to pay for that debt and infrastructure.

Ultimately, the Amendment Act represents a shift in the relationship between local and central government. Whereas the previous government sought to centralise functions and decision-making, the current direction appears to be the facilitation of a grass-roots, community-initiated approach. We may see other legislative changes introduced in the future, continuing the implementation of this strategy.

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