

GUIDE TO LOCAL GOVERNMENT

A guide for potential candidates and voters



Preface >

Local government is democracy's frontline. It's the level of government closest to people's everyday lives – from the water we drink and the roads we drive on, to the parks our kids play in and the decisions that shape the future of our towns and cities.

This guide is for anyone considering standing for council, or simply wanting to better understand how local government works and why it matters. Local government plays a vital role in the wellbeing and resilience of our communities, and strong communities need diverse, informed, and engaged leaders – people who know their places and care deeply about the people who live in them.

At LGNZ, we represent and support councils across New Zealand. Our purpose is to champion local government, connect and support the sector. In that mix, we provide the tools and training elected members need to thrive in their roles. From policy, advocacy, and media engagement, to professional development and peer networks, we're here to support local democracy – and the people who make it work – to flourish.

Whether you're thinking about standing for council, casting your vote, or are just curious about how decisions are made locally, I hope this guide gives you a helpful and inspiring starting point.

Susan Freeman-Greene

Chief Executive, LGNZ

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New Zealand's system of local government >

Communities use local government to make democratic decisions about local matters.

Rather than a written constitution prescribing the existence of local government, as in the UK, New Zealand has a mix of conventions and constitutional statutes. Among those constitutional statutes are the three core local government statutes:

- > the Local Government Act 2002 (LGA 2002), which contains local government's general powers
- > the Local Government (Rating) Act 2002, which gives councils the power to levy a property tax
- > the local Electoral Act 2001, which determines councils' democratic nature.

The lack of a codified constitution setting out the role and function of local government means that councils in New Zealand exist at the mercy of central government.

Form and structure >

Before colonisation, government in New Zealand sat with iwi and hapū, which were intimately local. Our current system was established shortly after the signing of Te Tiriti o Waitangi (Treaty of Waitangi), reflecting the need for new settler communities to make collective decisions about their respective wellbeing. The first Municipal Corporations Act was passed by the New Legislative Council in 1842, but it was not until the abolition of provincial government in the mid-1870s that a national system of local government was established.

Many of the key features of our system of local government can be traced back to the systems of urban municipalities (boroughs) and rural councils (counties) established in 1876. It was a system that largely remained in place until 1989, when the Fourth Labour Government undertook a major programme of reform and reorganisation. In that year, New Zealand's 851 local bodies were reduced to 87 territorial and regional councils and 159 community boards. The current structure of local government, which has not changed significantly since the formation of Auckland Council in 2010, consists of:

- > 11 regional councils
- > 12 city councils (which are largely urban)
- > 54 district councils
- > 1 Auckland Council
- > 21 local boards
- > 111 community boards.

Six of the territorial authorities (Auckland Council, Gisborne, Marlborough and Tasman Districts, Nelson City and Chatham Islands Council) also have the powers of a regional council. These councils are also known as unitary authorities. The major functions undertaken by local authorities are:

City and district (territorial) council functions



- Civil defence
- Crime prevention
- After school care
- Crèches
- Voluntary sector grants
- Public health protection
- Housing
- Community centres
- Refuse collection and disposal



- Museums
- Libraries
- Economic development
- Tourism promotion
- Airport ownership
- Events
- Sports facilities
- Parks and open spaces
- Public health regulation
- Local roads



- Drainage
- Cemeteries
- Cultural facilities
- Drinking water
- Wastewater
- Storm water
- Citizens' advisory services
- Citizenship ceremonies
- Town planning
- Local regulations

Regional council functions



- Public transport
- Port ownership
- Marine regulations



- Biodiversity
- Bulk water supply
- Pest management



- Regional environmental planning (air & water)
- Environmental protection

Territorial and regional councils play complementary roles, with regional councils primarily focusing on the environmental management of catchments. The relationship is largely non-hierarchical, although territorials must have regard to regional policy statements when preparing district plans.

Local and community boards

The New Zealand system also contains two types of elected sub-municipal bodies: community boards and local boards.

Approximately 40 territorial councils have community boards, which have a minimum range of responsibilities set out in the LGA 2002. These are primarily concerned with local representation and advocacy, although some councils give their community boards a much larger range of delegated responsibilities. Councils must review whether to establish community boards during their representation reviews, which take place at least once every six years.

Unitary councils can establish local boards, although they currently exist only in Auckland Council. While similar to community boards, local boards usually have a broader range of responsibilities and powers. Unlike community boards, however, they can only be abolished by legislation. There are 21 local boards in Auckland Council that play a complementary governance role, described as co-governance, with the council's governing body.

The Local Government (Auckland Council) Act 2009 requires the governing body to delegate responsibility for those services that are local in scale and scope, although not regulatory services.

How does New Zealand compare?

Local government systems vary considerably between countries. This variance reflects multiple factors, such as a country's historical development, its level of urbanisation and constitutional arrangements. The following table compares New Zealand to a sample of unitary countries within the Organisation of Economic Cooperation and Development (OECD).

TABLE 1: NUMBER OF COUNCILS AND THEIR SIZE

	Number of basic municipalities	Median population of municipalities	Average area (km²)
United Kingdom	389	132,240	623
Ireland	31	122,900	2,206
New Zealand	67	32,400	3,954
Denmark	98	42,850	438
Chile	345	18,205	2,146
Netherlands	390	2,6515	86
Sweden	290	15,435	1,405
Portugal	308	14,380	299
Finland	313	6,060	971
Norway	428	4,715	711
Slovenia	212	4,730	95
Italy	8047	2,430	37
Estonia	213	1,710	204
Iceland	74	880	1,355

Source OECD/UCLG

As the table highlights, compared to other countries within the OECD, New Zealand councils are, by median population, the fifth largest, and by land area, the second largest after Australia.

Powers and purpose

Councils' powers are set out in the LGA 2022. As is common in other countries, councils in New Zealand have what is known as a "power of general competence". What this means is that councils have sufficient powers, within the law, to undertake their purpose, which is currently:

- a. to enable democratic decision-making and action by, and on behalf of, communities; and
- b. to promote the social, economic, environmental and cultural wellbeing of communities, in the present and for the future¹ (see S.10, LGA 2002).

The purpose statement describes the broad range of activities that councils undertake, including network infrastructure, libraries, parks and community facilities, and visitor promotion. When making decisions to achieve their purpose, councils must follow processes set out in the LGA 2002. These processes require, for example, that local authorities:

- > identify all reasonably practicable options for the achievement of their objectives
- > assess those options in terms of their advantages and disadvantages
- > if any of the options involve a significant decision in relation to land or a body of water, then councils must consider any relationship that might exist between Māori, and their culture and traditions, with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga (see s.77 LGA 2002)
- > consider the views and preferences of people who may be affected by or have an interest in the decision that the council is considering.

The purpose of these requirements is to make the decision-making process more transparent, enable stronger community oversight of the council, and reinforce local accountability, thereby reducing the need for central government oversight.

The LGA 2002 also sets out principles which councils must also consider when performing their role (see s.14 LGA 2002). These include the following:

- > a local authority should conduct its business in an open, transparent, and democratically accountable manner; and give effect to its identified priorities and desired outcomes in an efficient and effective manner (s.14(1) a)
- > when making a decision, a local authority should take account of the diversity of the community, and the community's interests, within its district or region; and the interests of future as well as current communities; and the likely impact of any decision on each aspect of well-beings).14(1)c).

Local government's primary accountability is to communities and the people who constitute them, except in those instances where councils are exercising powers delegated to them by central government.

¹Please note that section 10 is currently under review and is likely to be replaced with a new provision by late 2025 or early 2026.



Local government is a major sector of the economy and, in 2023:



> had an annual operating income of \$12.5 billion (ex GST)



> had an operating expenditure of \$12.4 billion (ex GST)



> owned assets worth \$196 billion



> had liabilities of \$32.2 billion



> employed approximately 30,000 full-time equivalent staff



> spent approximately 7.1 per cent of all public expenditure.

Funding

The distribution of functions and services between central and local government has occurred gradually over time, without any detailed policy consideration. Over time, central government has taken responsibility for welfare-related functions, like education and health, unlike in many European countries. According to the OECD, in the early 20th century local and central government’s annual expenditure was roughly equal, but by the end, central government was spending more than 90% of all public expenditure, with local government spending less than 10%.

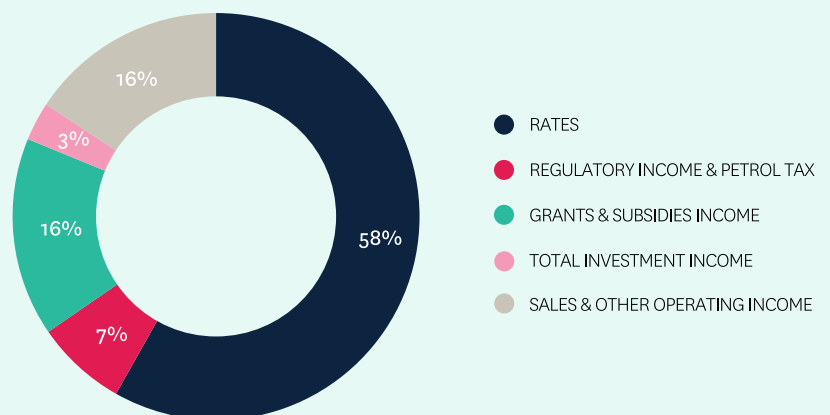
Councils are bound by a number of rules and regulations designed to strengthen fiscal discipline, that is, to ensure resources are used wisely and responsibly. These measures include the requirement that councils balance their budgets every year (unless reasons exist not to, such as the cost of recovering from a cyclone). They also include a requirement to “fund depreciation”, that is, put resources aside for infrastructure renewal.

While New Zealand has high levels of fiscal centralisation, social wellbeing involves more than just spending on centrally funded social welfare programmes. It requires liveable places and inclusive communities.

New Zealand councils raise more of their own revenue than most councils in the world and, correspondingly, receive less funding from central government.

Approximately 88 per cent of council revenue is raised directly by local authorities, in the form of property taxes, regulatory income (fines), investment income, and sales and charges. Less than 12 per cent comes from central government grants and subsidies, most of which is local government’s share of the National Land Transport Fund, see figure 1. The high proportion of ‘own source’ revenues give New Zealand councils a significant degree of autonomy and an ability to respond to local concerns.

FIGURE 1 COUNCIL REVENUE



Property taxes (rates)

Rates consist of a number of different forms of property tax. New Zealand councils use the following:

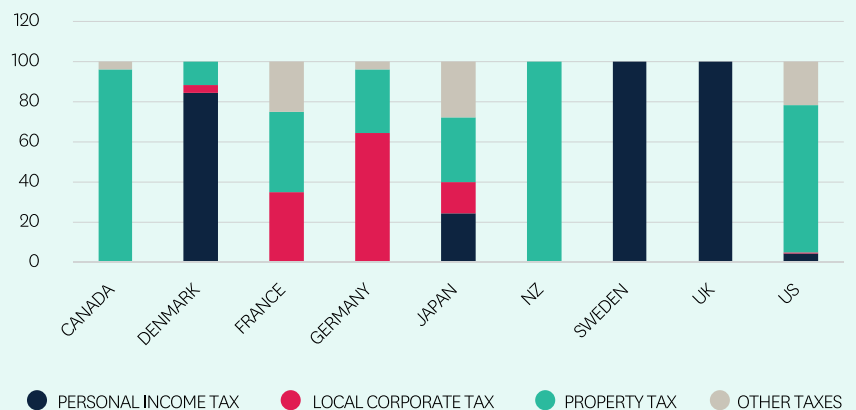
- > general rates based on the value of individual properties
- > targeted rates, paid by ratepayers who are beneficiaries of a specific service
- > annual general charges – a fixed charge per property.

Unlike the taxes that central government levies on income and consumption, property taxes are not buoyant – they don't increase automatically as the economy grows which would require being reset each year.

The fact that elected members are required to consult on any changes they intend to make to the level of rates charged annually, and the transparency of the process, means that rates increases have generally been in line with changes to GDP. Councils allocate annual revenue to local services according to need, legislative requirements and community preferences.

Compared to local governments in many other countries, councils in NZ rely on a narrow range of funding tools. As Figure 2 highlights, while many local government systems have access to a mix of taxes, New Zealand's councils rely totally on property taxes.

FIGURE 2 HOW COUNCIL REVENUE COMPARES



In New Zealand, local taxes are approximately 5% of overall taxation and represent 2% of GDP. In contrast, local taxes in Iceland constitute 20.4% of all taxes and more than 6% of GDP, while in Denmark the figures are 31.3% and 15.5% respectively.

How councils work >

The authority to make decisions sits with each council's governing body, comprised of councillors, and in cities and districts, Mayors. In practice, a significant level of decision-making will be delegated to council committees, community or local boards and to the Chief Executive. Councils employ only one official directly – the Chief Executive – who in turn employs all other staff on the council's behalf.

Mayors

The LGA 2002 defines the role of a Mayor as providing leadership to other elected members, being a leader in the community, being responsible for establishing committees, and appointing the Deputy Mayor and committee chairs. The Mayor also chairs council meetings, with one vote like all other councillors – they do not have a casting vote (unless standing orders allow it), or the ability to override decisions of other elected members.

Regional chairs

Regional councillors elect their Chair from amongst themselves and can remove them from office during the triennium if required. The role primarily requires chairing council meetings and acting as spokesperson for the council.

Councillors

As representatives and leaders of their communities, councillors are responsible for setting policies, making regulatory decisions, reviewing council performance through the Annual Report, and the performance review of the Chief Executive. There's no specific job description for councillors, but the respective roles of the elected members and management are defined in each council's local governance statement.

Council services tend to be provided by internal departments, stand-alone business units or Council Controlled Organisations (CCOs). Responsibility for implementing council decisions and management of the council's activities rests with the Chief Executive. While decisions about service operation are usually made by the Chief Executive, any decision to form a CCO can only be made after consultation with the community.

CCOs are public companies owned by one or more local authority. Councils operating trading activities will almost always incorporate them as CCOs or CCTOs, which puts the activity at arm's length from the council.

Council decisions are made in public, unless reasons of confidentiality require excluding the public, and in accordance with standing orders ensuring all members have the opportunity to debate. Many councils livestream their meetings and have the ability to hold meetings by audio-visual means. Elected member remuneration is set by the Remuneration Authority, which can make an annual adjustment as required. Remuneration depends on a council's population, expenditure and asset base.

Much of a council's work involves planning for the future, whether it's determining where a city or town will grow or making provision for ongoing infrastructure maintenance and renewal. The most important of these is the Long-term Plan (LTP), setting out councils' objectives, how they'll be achieved and how they'll be paid for.

The Long-term Plan (LTP)

The LTP is a council's primary strategic planning document and the main opportunity for the public to participate in local decision-making. It sets out the council's priorities over the medium to long-term, outlining how the council intends to achieve its purpose. Some decisions and actions can only be undertaken if they're included in an LTP, or amendment to an LTP, like transferring ownership or control of a strategic asset to or from the council.

Councils produce a new LTP once every three years, and the LTP has to cover a period of at least 10 years. This means councils will undertake a major consultative process at least one year in three, and a smaller consultative exercise in the second and third years focusing on amendments to the LTP, or the Annual Plan. Once adopted, an LTP can be amended but not revoked.

Councils have to also adopt a range of funding and financial policies, many of which are included in the LTP, like policy on development contributions.

The Annual Plan

Although the main planning document is the LTP, councils still prepare Annual Plans to guide operating and financial priorities. This contains the annual budget and is a link to the rate-setting process. It includes:

- > a proposed annual budget including estimated costs and revenues
- > a funding impact statement for the year
- > forecast financial statements for the year
- > statements setting out service levels and performance measures
- > details of any changes from the information in the LTP (including the reasons for change).

Councils cannot make significant changes to their work programme or budget through the Annual Plan, they can only do so through the LTP or an amendment to the LTP. Annual plans have to be adopted by 30 June each year. There's no penalty for councils that fail to meet the June 30 deadline.

Principles of consultation

Councils are required to work closely with their communities. To assist this, the LGA 2002 sets out six consultation principles councils must consider when making decisions. They are:

- > councils should provide those who will or may be affected by a decision with enough information to help them present their views
- > councils should seek out and welcome the views of those interested in a decision
- > potential submitters should be told the purpose and focus of the consultation
- > anyone who wishes to put views before the council should be given a reasonable opportunity to present them in a way appropriate to the needs of the submitter
- > while councils may have working plans in mind they have to be prepared to listen to all submissions with an open mind
- > councils should provide information to submitters on the reasons for its decisions.

The Annual Report

The Annual Report outlines how the council performed against their Annual Plan. It's a critical accountability document that must be adopted by 31 October and is subject to audit from the Office of the Auditor General. The Annual Report must include (amongst other things) detail on capital expenditure, an audited statement of financial and non-financial performance, reports on the performance of council-controlled organisations, and information on remuneration.

Councils also need to produce a summary of the Annual Report with simplified financial and performance information. This needs to be audited and publicly released within one month of the annual report being adopted.

Financial strategies

Financial strategies set the overall direction of the financial aspects of the LTP, and provide elected members with the opportunity to set financial parameters for their council. It should contain a summary of the financial issues facing each council as well as the financial implications of any capital and operational decisions.

The purpose of the financial strategy is to facilitate:

- > prudent financial management and provide a guide to consider proposals for funding and expenditure against
- > consultation on council proposals for funding and expenditure by making the implications of a council's financial choices clear and transparent (see S.101A).

A financial strategy should include planned rate increases, borrowing limits and an assessment of the council's ability to meet planned service levels within those limits. If a council doesn't meet expected limits, they need to publicly explain the reasons for non-compliance.

Infrastructure strategies

Councils have been required since 2014 to develop 30-year infrastructure strategies. The infrastructure strategy identifies significant infrastructure issues facing each council, options for managing those issues, and the implications of those options.

It should outline how each council intends to manage its assets, considering the need to respond to changes in its community, the need to renew or replace assets, and how it will maintain or improve public health and environmental outcomes or mitigate adverse effects on them.

Infrastructure strategies can be found on council websites. They are underpinned by Asset Management Plans (AMPs).

Te Tiriti o Waitangi – The Treaty of Waitangi >

While section 4 of LGA2002 clearly acknowledges that responsibility for Treaty obligations lie with the Crown, and that Crown and Māori are Treaty partners, in some cases Treaty settlements do confer specific obligations on identified local authorities.

Obligations vary and may relate to statutory acknowledgements, natural resource arrangements, or administration of conservation land held as reserves. Parts 2 and 6 of the LGA 2002 are intended to facilitate participation of Māori in local government decision-making.

Under section 14(1)(d) of LGA 2002, local government is charged with the responsibility to promote opportunities for Māori to contribute to its decision-making processes.

On issues where the local authority is involved in administering a regulatory regime that is partly prescribed by government and partly determined by a council itself, it's important that there's clear accountability for engagement and who will be involved in helping determine issues.

Where can I get information about my local and regional councils?

Local governments can be large and complex organisations, and it may not be easy for communities to understand how they work and make decisions. In addition to the Local Government Official Information Act (LGOIMA), which provides for freedom of information, parliament requires that councils publish a number of other documents to help citizens understand how they work.

Local governance statements

Governance statements describe how your council operates, including information on:

- > members' roles and conduct
- > governance structures and processes
- > membership and delegations
- > meeting processes
- > policies on consultation; and
- > the relationship between management and elected members.

Councils have to publish their local governance statement within six months of the election.

Pre-election reports

The purpose of the pre-election report is to provide information and promote discussion about the issues facing the local authority. The reports have to be prepared and signed off by each Chief Executive no later than two weeks before nomination day.

The pre-election report must contain, for the three years preceding the election and the three years following the election, the following:

- > the funding impact statement
- > a summary balance sheet
- > a statement setting out the extent to which the authority has complied with limits in its financial strategy
- > information on planned major projects.

Significance and engagement policy

Local authorities must prepare a significance and engagement policy setting out their criteria for deciding how significant a proposal and decision is, and how they'll engage with communities on it.

The purpose of the policy is to enable people to identify the significance of a particular issue, proposal, asset, decision, or activity; provide clarity about how and when communities can expect to be engaged in decisions about these things; and inform the local authority about the type and extent of any public engagement expected before a particular decision is made.

Role of central government >

Central government and local government are both creatures of parliament. Whereas central government is tasked with promoting national interest, councils have a similar responsibility at a local level. Each needs the other to succeed. Where central government has capacity due to its scale, local government, because of its proximity to communities, has information about local needs and preferences. New Zealand benefits when both spheres of government work in partnership, according to the respective roles, responsibilities and strengths.

It is parliament that gives both local government and central government their powers and purpose. Central government, acting on behalf of parliament is responsible for councils' statutory framework of laws and regulations and the stewardship of that framework. Key players in this process are:

- > The Local Government Minister who has primary responsibility for policy and legislation affecting local government, and the overall efficiency and effectiveness of the legislative framework within which local government operates.
- > The Department of Internal Affairs, which advises the Minister and undertakes other functions concerned with the effectiveness of local government.
- > The Local Government Commission, a quasi-independent board of three commissioners, supported by DIA, which considers appeals and objections related to councils' representation proposals, and investigates and determines applications for re-organisation.

Please note that councils are not accountable to the Minister for exercise of their powers.

An effective partnership between central and local government is crucial to ensuring decisions affecting New Zealanders are implemented well.

Strengthening the engagement between these two levels of government is key to ensuring diverse regions are recognised, and responses reflect the needs of all communities. (*Guide for central government engagement with local government 2019*)

Minister of Local Government's intervention powers

Although New Zealand local government has a high, although diminishing, level of autonomy compared to many countries, the Local Government Minister has access to a suite of intervention powers to address situations where a council experiences governmental or operational failure. These powers include:

- > The power to appoint a Crown Review Team
- > The power to appoint a Crown Observer
- > The power to appoint a Crown Manager
- > The power to appoint a Commission
- > The power to call a general election.

A minister can only use their intervention powers if there's "a problem". "Problem", in legislation, is defined as anything detracting from the ability of a council to give effect to the purpose of local government, or a significant or persistent failure by a council to perform its functions or duties under any statute (see Part 10 LGA 2002 for more detail).

Strengthening inter-governmental collaboration

Policy initiatives cannot be effective when developed by central government without input by councils. Councils generally want stronger recognition for the role they play in providing a local perspective on social, environmental and economic policy.

Because they plan in 10-year cycles, councils look for consistent and long-term commitments from central government, especially in relation to infrastructure funding. Central government, on the other hand, can find it difficult to engage with 78 councils, each with different levels of capability, and struggles with the diversity of local policies, like land use planning for example.

The challenge is to find approaches that build on councils' and central government's strengths when addressing local and national issues. One of the challenges that makes collaboration difficult is the different way in which each works.

While councils have a horizontal perspective (defined by the spatial boundaries of their jurisdictions), central government has a vertical one, operating in relatively distinct silos. Despite these challenges, councils and government departments have initiated numerous innovative local projects, like the social housing initiative between Hastings District Council and MBIE for example.

The value of strategic engagement to central government

A local government sector that understands central government's objectives and supports them to the extent they can articulate and promote those objectives locally.

Local objectives and planning processes can be more aligned with joint efforts to grow the economy, or contribute to various initiatives.

Maintaining ongoing engagement between central and local government can make it easier to help resolve conflict or avoid it in the first place.

A diminishing risk of councils inadvertently undermining national objectives (*Guide for central government engagement with local government 2019*).

International approaches to promoting inter-governmental cooperation

Internationally, it is common for countries to have formal mechanisms for strengthening cooperation and collaboration between local and central government:

- > Norway holds four meetings a year between ministers and the association of local and regional authorities.
- > The Bulgarian Council of Ministers has an Interdepartmental Council, which includes the association of municipalities, for exchanging at an expert level, specialised information for improving local and national governance.
- > In the Netherlands, a Government Authorities Consultative Meeting is chaired by the Prime Minister twice a year under the Code of Inter-administrative Relationship Provisions.
- > Iceland have a collaborative agreement setting the framework for relations between state and local authorities, and harmonising public management policies. Under the agreement, expert committees meet to discuss common matters.

New Zealand lacks any equivalent, with the biannual forum between local authorities and the New Zealand government established in 2000 no longer meeting.

Elections >

Democracy began at a local level with the city states of Greece and earlier, and it's at the local level where people are able to see and experience first-hand how democracy works.

Unlike parliament where election dates are determined by the government of the day, the timing of local elections is set in statute. They occur on the second Saturday of every third October, and are held every three years. Anyone on the general or Māori roll may vote, as well as people on the non-residential ratepayers' roll. To vote you must be 18 years or older and a New Zealand resident, although to stand for election you must be an New Zealand citizen.

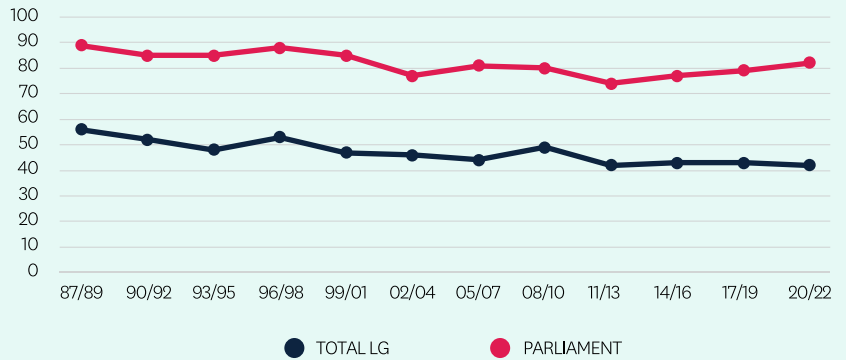
Territorial authorities have directly elected mayors while regional councils are led by Chairs elected from and by their councils. The maximum number of elected members on regional councils is 14, while territorial authorities can be as large as 30 elected members. The council with the largest number of elected members is Auckland Council, with 21 governing body members and a Mayor. For the 2022 elections there were 1609 positions to be filled, consisting of:

Mayors	67
City and District councillors	713
Community board members	548
Regional Council councillors	131
Local board members	149

Elections may be held on an “at large” basis (in which voters vote to fill all vacancies) or by ward – or in some cases, a mix of both, noting that all mayoral elections are “at large” – where everyone in a city or district is able to vote for the mayor.

Total voter turnout in local elections has sat between 41 and 42 per cent since 2010, which was the year in which Auckland Council was established, see figure 3.

FIGURE 3 LG VOTER TURNOUT 1989-2022



Local elections may be held on a First Past the Post (FPP) basis, or by Single Transferable Vote (STV). Most local government elections are conducted using the “First Past the Post” system (FPP), so the candidate with the highest number of votes wins. For the 2025 local elections, 15 councils will use the Single Transferable Voting system (STV), which requires voters to “rank” their candidates.

Any eligible person can stand for either a Māori or general ward or constituency – a person does not need to be of Māori descent or be on the Māori electoral roll. (They must however be a New Zealand citizen and be nominated by two electors from the area the person is standing in).

Once elected, all elected members, whether from general or Māori wards, take a formal oath of office to represent the entire community.

Māori wards and constituencies

Like Parliament, councils can also have positions that only people on the Māori roll can vote for. For territorial authorities these are Māori wards and for regional councils they’re Māori constituencies.

For the 2022 elections, 35 councils held elections for Māori wards and constituencies, 29 were territorial councils and six were regional councils. A total of 65 Māori ward/constituency members were elected.

In 2024 the rules for establishing Māori wards and constituencies were amended to make community polls mandatory. This means that all councils with Māori wards and constituencies will be required to hold a poll seeking community approval at the 2025 elections. The poll provisions do not apply to Ōpōtiki District Council, Wairoa District Council, Waikato Regional Council and Bay of Plenty Regional Council, because of the way in which their wards and constituencies were established. They also don’t apply to Kaipara District and Upper Hutt City, who voted to remove their Māori wards in 2024.

Representation reviews

Councils must undertake representation reviews at least once every six years. These ensure that local representation is fair and effective, and represents communities of interest. It includes questions about the number of councillors on the governing body, whether to have wards or elect members “at large”, and whether community boards are needed or not.

Councils are required to undertake their reviews in consultation with communities, with some councils establishing community forums to provide initial recommendations.

The process is overseen by the Local Government Commission.

After the 2022 elections, councils looked like this:

- > Total number of elected members (councillors, mayors, community and local board members): 1609
- > Number of new Mayors: 30
- > Percentage of new community board members: 59%
- > Number of local boards (Auckland only): 21
- > Proportion of women elected to local government: 40%
- > Number of members identifying as Māori: 21.7%
- > Average age of elected members: 55
- > Percentage of members under the age of 40: 15.4% (up from 7% in 2016)
- > Proportion of members for whom being an elected member is their primary occupation: 40%, up from 35% in 2019
- > Proportion of members who have a bachelor’s degree: 38%.

The Local Government Commission

The Local Government Commission (LGC) is appointed by the Local Government Minister every three years, and is responsible for considering any appeals and objections to a council’s representation review. This ensures local democratic processes are fair and equitable.

The Commission also considers proposals for boundary changes between local authorities, including proposals for amalgamations or de-amalgamations.

Oversight agencies >

Several agencies have roles that provide oversight of local government in New Zealand, including:

The Office of the Auditor General

The Office of the Auditor-General (OAG) is an independent body that helps Parliament ensure public entities are effective, efficient, and accountable, by auditing their financial reports and performance, providing reports and advice, and conducting inquiries. The Office audits councils' annual reports and draft Long-term Plans. It also provides independent oversight and can initiate investigations.

The Ombudsman

An Ombudsman is an Officer of Parliament appointed by the Governor-General on the recommendation of Parliament. Their primary role is to independently investigate administrative acts and decisions of central and local government departments and organisations that affect someone in a personal capacity. The Ombudsman's Office oversees the Local Government Official Information and Meetings Act 1987.

Taumata Arowai

Taumata Arowai is the water services regulator with responsibility for ensuring all communities have access to safe drinking water and has an oversight role in protecting the environment from the impacts of wastewater and stormwater. It has several intervention powers able to be triggered if there's a problem with the provision of safe drinking water.

Key legislation under which councils work >

The Local Government Act 2002 (LGA 2002)

The LGA 2002 sets out the powers, purpose and principles under which councils work. It also describes the process that councils must use when making decisions, adopting bylaws and adopting their annual and long-term budgets. The LGA 2002 is seen as a radical departure from the previous way in which local authority powers and functions had been prescribed. Among its features are:

- > a clear statement of purpose
- > a general empowerment clause, which means that councils can do whatever is required to achieve their purpose (as long as it is within the law)
- > a statement of principles to govern the way in which councils undertake their business
- > clarification on relationships with Iwi/Māori
- > a modernised by-law making power
- > an enhanced long-term planning framework.

Underpinning the new Act is a much clearer obligation to engage with communities in decision-making and to seek to work in a collaborative way with other agencies. The Act has been extensively amended, including in 2010, 2012, 2014 and 2018, and further changes have been signalled by the Government.

The Local Government (Rating) Act 2002

The Rating Act gives councils the power to levy a property tax and defines the procedures required to do so. The purpose of the Act is to:

- > provide local authorities with flexible powers to set, assess, and collect rates to fund local government activities
- > ensure rates are set in accordance with decisions made in a transparent and consultative manner
- > provide processes and information enabling ratepayers to identify and understand their liability for rates.

Local Government Official Information and Meetings Act 1987 (LGOIMA)

This Act means any person can request and receive information held by local authorities unless there is a valid reason for withholding the information. Reasons are specified in the Act. It mirrors that of the Official Information Act 1982 (OIA).

The Act also sets standards for local government transparency, requiring that meetings of local authorities be publicly notified and open to the public and that their agendas, reports, and minutes be available to the public. Local authorities can exclude the public from part of a meeting only after a resolution and for specified reasons.

1991 Resource Management Act (RMA)

The RMA gives councils the means to manage the environmental effects of using and developing resources and sets out many good practice requirements. This includes consultation in planning and decision-making and the use of analytical and evaluation techniques, including assessments of the environmental effects of alternatives. In preparing RMA plans, councils are required to consult with iwi and recognise and provide for Māori values in resource management matters important to Māori. Community participation in resource management is a key principle of the RMA.

The cornerstone of the RMA is the sustainable management of natural and physical resources. It defines the functions and responsibilities of various authorities and persons on resource management issues.

Central government is currently reforming the resource management system, and the current RMA with new planning legislation is expected to be before Parliament before the end of 2025.

The Local Electoral Act 2001

The Local Electoral Act sets out the rules and processes that local elections must follow. The principles set out in the act are fairness and effectiveness and communities of interest. It includes rules covering:

- > Eligibility to be a candidate
- > Establishment of wards
- > Ability to change electoral systems from FPP and STV
- > Provisions for establishing a Māori ward and constituency
- > The process for undertaking representation reviews.

The Act also allows the use of regulations and best practice as a way of dealing with technical detail associated with elections.

**WANT TO
FIND OUT
MORE?**



Local Government Funding and Financing: a detailed look at fiscal sustainability of councils by the NZ Productivity Commission, available from The Treasury at: <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-inq-lgff-final-report-local-government-funding-and-financing.pdf>

Tax Guide for elected members: while not technically employed by the council or self-employed, elected members are paid as if they are self-employed. To understand what this means for your tax, download the LGNZ tax brochure at <https://www.lgnz.co.nz/documents/19/Tax-Guide.pdf>

Rewarding, interesting and frustrating – how elected members feel about their time in local government: summarises the findings of LGNZ’s surveys of elected members, highlighting the joys and frustrations of the job. Available at: <https://d1pepq1a2249p5.cloudfront.net/media/documents/Rewarding-interesting-and-frustrating.pdf>

Voting in New Zealand local government elections: the need to encourage greater voter turnout: a paper on voter turnout in local elections by three of our top academics on the topic, Andy Asquith, Karen Webster and Andrew Carlow that provides a detailed analysis on what’s needed to revitalize local democracy, available at: <https://openrepository.aut.ac.nz/server/api/core/bitstreams/8c50b77f-77dc-4191-9fc3-da2f9fa77f21/content>

Guide for central government engagement with local government: prepared by the Policy Project, DPMC, this 2019 Guide is designed to assist central government officials to work with councils, available at: https://www.dPMC.govt.nz/sites/default/files/2019-06/Engagement%20guidance%20ofinal%202020.6_1.pdf

GLOSSARY

Accrual accounting

An accounting method whereby income and expenses are included in the financial reports when they are incurred, regardless of when they are actually received or paid. Revenues are included in the period when the earning occurred (for example, the period the rates relate to) even though it may not yet have been invoiced or paid for. Similarly, expenses are included in the period in which the expense was incurred.

Assets

The economic resources controlled by the council. Assets commonly include cash, investments, accounts receivable, inventories (stock), land, buildings, machinery, equipment, etc. Assets are divided into current and non-current for financial reporting purposes.

Annual plan

A document adopted by a local authority that sets out the budget for the year, and the sources of funding for the year.

Annual report

A document that a local authority prepares each year which provides the public with information on the financial and non-financial performance of the local authority during the year.

Balance sheet

Also known as Statement of Financial Position, the balance sheet summarises the council's financial position, its assets, equity, and liabilities, at a specific point in time. According to the basic equation in a balance sheet, the council's assets equal its liabilities plus owner's equity. Balance sheet data is most helpful when compared with information from a previous year and this information is included in the published financial statements.

Casting vote

An additional vote which may be exercised by a person presiding over a meeting when the voting is otherwise tied, should the council's standing order provide for it.

Code of Conduct

A document that sets out members' expectations as to their roles and conduct while acting as an elected member.

Community outcomes

The outcomes a local authority aims to achieve in meeting the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions.

**Council Organisation (CO)**

Any organisation in which one or more local authorities own or control any proportion of the voting rights or has the right to appoint one or more of the directors, trustees etc.

Council-Controlled Organisation (CCO)

Any organisation in which one or more local authorities own or control 50 per cent or more of the voting rights or have the right to appoint 50 per cent or more of the directors of the organisation.

Council-Controlled Trading Organisation (CCTO)

Any CCO that operates a trading undertaking for the purpose of making a profit.

Depreciation

An expense that represents the consumption (or using up) of the asset over time. Different methods of depreciating assets include diminishing value (reducing balance) and the straight-line method. GAAP defines depreciation as the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciation replacement cost (DCR)

The current gross replacement cost of an item less any allowance for physical deterioration, and optimisation for obsolescence and relevant surplus capacity.

Equity

The value of the council's assets minus its liabilities. On a balance sheet, equity is also referred to as shareholders' equity, owners' equity or in the public sector, taxpayers' equity.

Generally accepted accounting practice (GAAP)

The rules and conventions accountants follow in recording and summarising transactions and preparing financial statements. In New Zealand, this is either approved financial reporting standards so far as they apply – or if there are no approved standards, accounting policies that are appropriate to the entity and have authoritative support within the accounting profession in New Zealand.

Infrastructure assets

Systems (for example, roading or power) that form a network and serve whole communities, where the system as a whole is intended to be maintained indefinitely to provide a particular level of service by the continuing replacement and refurbishment of its components.

Infrastructure strategy

The infrastructure strategy must outline how the local authority intends to manage its infrastructure assets for at least 30 consecutive years.



Long-term plan (LTP)

A plan, covering at least 10 years, adopted under s. 93 of the LGA 2002, that describes the activities the local authority will engage in over the life of the plan, why the local authority plans to engage in those activities, and how those activities will be funded.

Notice of motion

A notice giving the precise words of a motion is intended to be moved at a later time, or more usually, at a later meeting.

Renewals

Works to refurbish or replace existing facilities with facilities of equivalent capacity or performance capability.

Significance and Engagement Policy

A local authority's general approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters and the criteria for determining the level of engagement and consultation.

Special consultative procedure (SCP)

A formal consultation process defined in the LGA 2002 that sets out a series of steps a local authority must follow when consulting on particular types of decisions.

Statement of proposal (proposal)

A document that provides the basis for consultation with the community under the SCP, by setting out a local authority's proposals with respect to a particular matter.

Strategic asset

An asset or group of assets the local authority needs to retain in order to maintain its capacity to promote any outcome it considers important to the current or future wellbeing of the community.

Statement of Intent (SOI)

A document that sets out the objectives for a CCO over the coming year, its expected activities and forecasts of its performance.

Triennial agreement

An agreement entered into by all of the local authorities within a region that sets out the basis for communication and coordination between the authorities.

Ko Tatou
LGNZ.