

// SUBMISSION



Simplifying Local Government

// Local Government New Zealand's submission

// February 2026



About LGNZ

LGNZ champions, connects and supports local government. We represent the national interests of councils.

Key points

LGNZ supports a reset and reorganisation of local government's form, function and relationship with central government. The Government's proposal to require regional reorganisation plans is a positive catalyst for change.

Many regions have already begun conversations, or have concrete proposals, for reorganisation. These regions need to be enabled to go full-steam-ahead rather than being held back by this proposal. The Government's proposal should enable those regions well-advanced in these conversations to quickly progress their work, and for other regions to be able to learn from others.

We have several recommendations to strengthen the Government's proposal so that this ambitious reorganisation process is as enduring as possible and contributes positively to New Zealand's economy and democracy.

The proposed Combined Territories Boards (CTBs) will be most effective in delivering the Government's long-term objectives if they have a single, clear purpose. The current proposed dual role of CTBs – to develop reorganisation plans while simultaneously taking on significant regional council functions could jeopardise the speed and quality of the reorganisation plans. To free up CTBs to focus solely on developing and delivering strong reorganisation plans, LGNZ recommends retaining regional councillors' governance expertise over regional functions until either the end of this triennium or when the regional reorganisation plans are finalised (which could be sooner than October 2028 in some regions).

We appreciate that the Government may be committed to CTBs immediately taking on regional council governance. In that situation we think it would be important for CTBs to have access to valuable institutional knowledge of the outgoing regional councillors. We set out two potential options below, but there are a variety of ways this could be done.

To make the regional reorganisation plans stronger and better able to reflect each region's needs, councils need specific support from central government. There should also be more flexibility for CTBs in the development of the plans. This flexibility, guided by clear principles and objectives, should include a wider range of regional governance models that CTBs can decide on if the Government is removing the option of regional councils. There should also be flexibility on who leads a CTB whether it is a Mayor, an independent chair, or a current regional council Chair to retain valuable institutional knowledge.



LGNZ recommends a similar approval process to reorganisation plans under Schedule 3 of the Local Government Act 2002. This would give communities and councils confidence that the plans are fairly assessed, especially if there has been consensus at a local level.

Introduction

At LGNZ's 2025 AGM, member councils called for a review of the current functions and governance arrangements of local government by strongly supporting a remit from Tauranga City Council¹.

Step 2 of the Government's proposal, the regional reorganisation plans, will be the most significant change to local government since at least 1989. LGNZ is ready and eager to support step 2 and considers that it has the potential for great outcomes for the economy, environment, and local communities.

Step 1, the interim change in regional governance, needs to be carefully considered to ensure that short-term decisions don't risk the potential long-term benefits of reform that come in step 2. While LGNZ supports change to local government's structure, this must be enduring and deliver better outcomes over the long term for communities. As the foreword to the Simplifying Local Government proposal says, "local government matters", and ensuring robust, democratic processes of reorganisation will be crucial to the success of these important, once-in-a-generation reforms.

In the submission below we set out ways to strengthen the proposal and issues for the Government to consider as it progresses these reforms. Both this LGNZ submission and feedback from councils have been impacted by the timing of consultation over the Christmas and New Year period. It has been difficult for councils to meet, discuss responses in-depth, understand the interdependencies with other reforms, and build consensus across the sector. Some councils have also had to respond to severe weather events.

This proposal comes at a time where local government is already facing major change. The Government is pursuing an ambitious agenda with significant impacts on local government, including on council funding and financing, the local government system, and resource management reform – to name just three. LGNZ suggests that the Government factors in these other reforms as we transition to new local governance arrangements.

¹ That LGNZ works with the Government and Councils to review current local government arrangements, including the functions and structure of local government, to achieve a better balance between the need to efficiently and effectively deliver services and infrastructure, while enabling democratic local decision-making and action by, and on behalf of communities.

The role of Combined Territories Boards

Combined Territories Boards (CTBs) are proposed to play two very important roles over the space of 24 months. There is a strong case for CTBs to lead on regional reorganisation. It is a real strength of the proposal that it is locally elected members in each region developing the future local governance arrangements for their own communities. On the other hand, we see less of a case for CTBs to take over in the interim from elected regional councillors as the governance entity of regional council functions. The Government could still legislate now to remove regional councillors under our suggested approach, but this could be triggered by the finalisation of regional reorganisation plans or by the end of the current triennium in October 2028.

CTBs should ideally be able to focus solely on regional reorganisation plans

The long-term outcomes of these proposed reforms will come down to the quality of the regional reorganisation plans that each region develops. We support a reset and reorganisation of local governance, but it is crucial it is done once and done well. CTBs will operate best if they can focus on coming to a consensus on a strong reorganisation plan, and not having to make a wide variety of immediate decisions about current regional council functions.

Developing reorganisation plans will be a massive additional role for Mayors on a CTB. For most Mayors, who are already working full time (as recognised by the Remuneration Authority), adding the governance of a regional council would further add to this large workload. The functions of regional councils are very different to those of territorial authorities, creating a steep learning curve.

The Simplifying Local Government proposal emphasises the importance of simplicity and efficiency. The proposal as it stands, however, will probably mean three different governance arrangements for regional council functions in just over two years. This is likely to be very disruptive at the time when the Government's important resource management reforms are also starting to take effect. Both major reforms are risked unnecessarily by making the transition more complicated.

Regional councillors have a democratic mandate to serve their region until October 2028, having just been elected four months ago. Elected regional councillors will have important insights to contribute to the development of reorganisation plans, which would be lost if they are completely removed from the process.

- **CTBs should not replace regional councillors and instead focus solely on regional reorganisation plans. If the Government is concerned about regional councillors' decision-making during the transition period, there are several ways to address this, including having Crown observers and/or requiring large financial decisions to have additional layers of scrutiny.**

Retaining regional governance expertise if the Government is committed to CTBs immediately taking regional councillors' role

If the Government is committed to removing regional councillors immediately, then LGNZ recommends retaining some of the regional governance expertise on the CTBs. Elected regional councillors have important skills and institutional knowledge about regional council functions.

CTBs will need to quickly pick-up work programmes that are half finished. CTBs will also have a particular focus on what to do with current regional council functions as they go through the regional reorganisation process. Regional council staff will be able to provide some technical advice, but they will not have had the same governance experience over these issues as the regional councillors have.

There are a variety of different ways that the Government could ensure that CTBs have access to regional governance expertise. There should be options for CTBs in how they want to retain some input from current regional councillors. One option could be to keep current regional council Chairs as the Chair (or member) of a CTB. Another option would be to allow CTBs to appoint outgoing regional councillors to a CTB committee in the same way that non-elected members can be appointed to council committees.

- **CTBs should have access to regional councillors' expertise in regional governance, with flexibility for CTBs on the exact way they do this.**

Regional reorganisation plans – development, criteria and ministerial decision-making

Regional reorganisation plans are the most significant aspect of this proposal for the longer term. If done well, these plans have the chance to establish strong local governance arrangements and strengthen the relationship between local and central government. If done poorly, the plans will reduce the quality of local democracy and the services and functions performed by councils. The plan development should be well-funded and resourced, enable solutions tailored to each region, and be led and supported by local communities.

Without Central Government support, the cost of regional reorganisation process will fall on ratepayers

If CTBs take on regional governance, then regional council staff will serve CTBs with advice and support on regional council functions as they currently do regional councillors. However, the regional reorganisation process is a new one, and consideration is needed as to how it would be resourced. Currently the Government's proposal risks a substantial unfunded mandate falling on ratepayers.

While LGNZ supports central government establishing this reorganisation process, we do note that developing and consulting on the regional reorganisation plans will involve significant work for both CTB members and those staff or contractors supporting them, wherever they are located. Resourcing this properly will strengthen the reorganisation plans and make them more likely to endure.

One option would be to follow the example of the transition to the new Auckland Council where central government loaned money to the transition agency and the newly created Auckland Council paid it back within a year of its formation. The support also come in the form of secondments of staff from central government to help the development of regional reorganisation plans.

- **We propose that central government provides some contribution to the resourcing of CTBs.**

Government's review of regional council functions should be done with the sector

LGNZ supports the Government's review of functions happening before regions decide on the best form of governance. However, we are concerned that this "rapid review" has not so far engaged with regional councils or the wider sector. LGNZ is in a very good position to work with the

Government on an efficient and effective review of functions. We can utilise the LGNZ regional sector to quickly get clear feedback from regional councils and unitary authorities on any Government proposals.

An initial view from us is that the review should be open to a range of outcomes. As well as considering centralisation or discontinuing regional council functions, the review should consider whether some central government functions should be devolved. New Zealand has a highly centralised political system, where local government functions are smaller than most other countries. One way to strengthen local democracy would be to devolve certain matters alongside changes to regional governance, as is done in the United Kingdom.

- **LGNZ requests to work with the Government on the review of regional council functions and that the review is open to some functions being devolved, as well as functions being centralised or discontinued.**

Consultation on regional reorganisation plans

Under the proposal, CTBs must consult the public, iwi/Māori and regional stakeholders on a draft regional reorganisation plan. LGNZ considers there should be consultation requirements, but more flexibility about when and how that consultation occurs.

- **It may be that it makes sense for more of the consultation to happen in the development of the draft regional reorganisation plan rather than after it is already drafted.**
- **If there is a specified list of people to consult, then this should explicitly include territorial authorities and regional councils.**

Future regional governance options – there should be maximum flexibility for locally led solutions

The proposed potential future arrangements for councils in regional reorganisation plans do not provide enough flexibility for CTBs. The options are confined essentially to existing Local Government Act options, minus having a regional council and with the potential addition of another structure at the local level. There is also an assumption that change will occur within the current existing regions, with regional boundaries staying in place.

Increasing the range of regional governance options

For some regions a single unitary authority on current boundaries may work. For others it will not, and in those situations you will still need regional leadership, coordination and governance. In particular, regional leadership is crucial for governance of river catchments, flood protection, and integrated land management.

There are many examples from overseas of different local and regional governance options that CTBs may want to consider. This could include, for example, the United Kingdom's establishment of regional Mayors. Regional Mayors in the UK set the strategic direction for a particular region that has a number of territorial authorities. The elected Mayor has the political mandate to bring forward proposals and get support amongst the leaders of each territorial authority. The establishment of these regional Mayors usually comes with devolution deals between central government and the collection of territorial authorities.

The UK's regional Mayors are just one example, other options include British Columbia's Regional Districts. CTBs should be able to have the flexibility to consider overseas example and propose a solution for regional governance that best works for them so long as it consistent with a set of legislative principles.

Flexibility to explore changes to regional boundaries

The starting point of the Government's reorganisation proposal are the current regional boundaries. We understand that this is probably the easiest starting point, but want to ensure that there is enough flexibility in the regional reorganisation process for communities to change where boundaries lie.

Some regions want to take this opportunity to reconsider if the boundaries are in the right place or whether some functions could best sit across current regional boundaries. There are also some unitary authorities who want to consider amalgamations with all or part of a neighbouring region.

- **There should be a greater number of governance models that CTBs can choose from, or ideally a set of legislative principles that if met would enable regions to come up with their own bespoke models.**
- **Changes to regional boundaries should also be able to be considered as part of the reorganisation process, including amalgamations between regions or parts of regions.**

Proposed contents of regional reorganisation plans are too narrow

Reorganisation plans should also start with a broader view than just mapping current functions. In order for reorganisation plans to deliver effective arrangements, they should start by considering the opportunities, needs and circumstances of the affected areas, and how these could change into the future. This could include identifying functions currently delivered by central government that could be better delivered by local government, or vice versa.

We support the proposal to map council functions in the region and recommend best delivery models for different services. Council functions, however, are much larger than just delivering services, and include for example asset management, maintaining regulatory regimes, and preserving community identity and connections.

- **The reorganisation plans should consider all the above dimensions of local government work.**

Reorganisation plans already underway should be recognised and supported

Southland region has already begun a process of reorganisation with the Local Government Commission. There are also other regions working well together already on developing proposals for change and may also make submissions to the Local Government Commission before the regional reorganisation process set out in this proposal gets underway.

The Local Government Commission would not have capacity to support multiple regions going through this process. The Government should increase resourcing so that regions can move as quickly as possible where consensus already exists to reorganise their regions.

- **The Government should ensure that those regions who start the reorganisation process before these proposals come into effect are treated fairly and not unnecessarily slowed down or made to redo processes. This includes increasing resourcing for the Local Government Commission.**

Additional assessment criteria are needed for regional reorganisation plans

The description of most of the assessment criteria for Regional Reorganisation Plans generally position local government as a service provider and deliverer of central government policy. While local government does play this role, it has a much wider democratic role in local communities. Given the proposal is to get rid of regional councillors and work out who has regional council governance functions in the future, some of the criteria could explicitly reference those functions. For example, ensuring effective environmental stewardship or community resilience to natural disaster.

The current assessment criteria the Local Government Commission considers in a reorganisation investigation (clause 10, Schedule 3 of the Local Government Act 2002) are:

- better fulfilment of the purpose of local government as specified in section 10 [which includes “to enable democratic local decision-making and action by, and on behalf of, communities”]; and
- productivity improvements within the affected local authorities; and
- efficiencies and cost savings; and
- assurance that any local authority established or changed has the resources necessary to enable it to effectively perform or exercise its responsibilities, duties, and powers; and
- effective responses to the opportunities, needs, and circumstances of the affected areas; and
- enhanced effectiveness, efficiency, and sustainability of local government services; and
- better support for the ability of local and regional economies to develop and prosper; and
- enhanced ability of local government to meet the changing needs of communities for governance and services into the future; and

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- effective provision for any co-governance and co-management arrangements that are established by legislation (including Treaty of Waitangi claim settlement legislation) and that are between local authorities and iwi or Māori organisations.

The Government should consider expanding assessment criteria to reflect the above.

Minister should not have final decision-making power on reorganisation plans

The current proposal gives the Minister very broad powers to unilaterally alter regional reorganisation plans, which would be inconsistent with historical approaches and how reorganisation plans under Schedule 3 of the Local Government Act 2002 operate.

It is important that decisions on local government are made as close as possible to local communities and that communities feel ownership over the final outcomes to support the democratic legitimacy of new regional governance arrangements.

- **The Local Government Commission was set up as an independent statutory body to make decisions on the structure of local government. The Commission should be the one reviewing a region's plan against criteria and making determinations, sending plans back to the region if necessary.**
- **As is the case under section 25 of the Local Government Act 2002, the Minister should be required to pass an Order in Council to establish any new local governance arrangements recommended by the Local Government Commission with only very limited caveats.**

CTB membership and voting rights

Getting the membership of CTBs right is important for two reasons. First, the membership will in large part influence the quality of the final plan. Second, the membership will influence the way the proposals will be perceived and received. CTBs should be primarily comprised of elected members. The exact membership of CTBs would also be impacted by our recommendation that CTBs do not take over regional council governance in the interim period.

Councils should determine their membership on CTBs

It is important that members of CTBs have capacity to do their role and have the support of their councils. Realistically, if each council could choose its representative, it is very likely to result in Mayors still being appointed. Allowing councils to decide would, however, give them flexibility and would also mean a clearer accountability link for any delegates appointed to CTB committees.

- **Each council should be able to choose who represents it on the CTB.**

If Regional Councillors remain for the interim, they should be represented on CTBs

If the Government does agree with our recommendation above (that regional councillors should stay on until regional reorganisation plans are finalised), then it would make sense for regional councils to be represented on CTBs. Again, it should be up to regional councillors to determine who is their representative, but it would likely be the Chair in most situations. Regional councillors hold the expertise on the functions and roles of current regional decision-making, the future of which is crucial for the regional reorganisation plans to address.

- **Each regional council should choose who represents it on the CTB.**

Any Crown Commissioners on CTBs should not have votes

LGNZ supports the Government's preferred approach of no Crown Commissioners. There are other ways for the Crown to support the work of CTBs, including some that we outline in this submission.

- **If the Government does decide to appoint Crown Commissioners to CTBs, then they should not be able to veto or have majority vote on decisions either relating to governance of regional council functions or reorganisation plans. This would be a substantial removal of local voice and democracy.**

CTB voting and cross-boundary issues

The discussion document goes into some detail about allocating voting power on CTBs and cross-boundary issues where territorial authority areas include multiple regions. We respond to the Government proposals below.

CTBs should be encouraged to make consensus decisions where possible

While votes may be required, CTBs should be encouraged to make decisions by consensus where possible. In particular, if CTBs are solely focused on regional reorganisation plans, then there should be an emphasis on trying to reach consensus on future local governance in the region. This is because it is important that the new arrangements work for the entire region and accommodate unique needs.

Voting rules depend on CTB membership

We appreciate votes will sometimes be necessary, particularly if CTBs are taking on regional council governance functions.

- **If it is only Mayors on the CTB and the CTBs are taking over regional council governance, then we support the Government proposal of the Local Government Commission determining voting power of each Mayor (based on population and adjusted to ensure smaller communities receive effective representation).**
- **If Regional Council Chairs are also on CTBs, then a different approach would need to be considered for when a vote is required on a CTB. One option would be that all Mayors/Chairs have one vote, but that in addition to getting a majority of votes you also need to get agreement from representatives that represent at least a majority of the population.**

Communities crossing regional boundaries should be dealt with case-by-case

For territorial authorities that have areas in more than one region, there should be bespoke solutions that work for each relevant council and those affected communities.

- **In these circumstances, the Local Government Commission should be the decision-maker following consultation with the affected council.**