



Submission on the Simplifying Local Government: A draft proposal consultation document

20 February 2026

To the Department of Internal Affairs

Submitter details

This submission is from the Parliamentary Commissioner for the Environment, Simon Upton.

My contact details are:

Phone: 04 495 8350

Email: pce@pce.parliament.nz

Parliamentary Commissioner for the Environment

The Parliamentary Commissioner for the Environment was established under the Environment Act 1986. As an independent Officer of Parliament, the Commissioner has broad powers to investigate environmental concerns and is wholly independent of the government of the day. The current Parliamentary Commissioner for the Environment is Simon Upton.

Introduction

Thank you for the opportunity to provide feedback on the consultation document titled *Simplifying Local Government: A draft proposal*. As the document notes, the primary focus of regional councils is environmental management. As a result, changes to their governance and functions go to the heart of my mandate to maintain an oversight of the agencies and processes that constitute our environmental management system.

Section 16 of the Environment Act 1986 provides, *inter alia*, that I should keep under review the system of agencies established to manage the environment, and under section 16(1)(b) “investigate the effectiveness of environmental planning and environmental management carried out by public authorities”. I deal with regional councils almost every day and am acutely aware both of what is asked of them and their performance.

The proposed reform of local government is an opportunity to ask some fundamental questions about how we manage our biophysical environment, including the potential to take some responsibilities back to the centre. I have raised questions in a number of reports about the absence of central guidance in areas as disparate as freshwater modelling and biosecurity implementation. There are also close links with the work I continue to undertake on environmental information and the need to federate the vast amount of siloed information that is currently held by agencies, including regional and local councils.

The *Simplifying Local Government* consultation document outlines a draft proposal, which is framed as the preferred approach for local government reform. My submission focusses on environmental management aspects of the proposals.

Fundamentally, my concern is that the current process risks placing form before function. I will discuss this below before setting out alternative ways forward. In addition, the Appendix to this submission contains an assessment of some key regional environmental functions.

Placing form before function

The approach outlined in the consultation document places form before function. It proposes to remove the governance level of regional councils and to ask newly assembled Combined Territories Boards (CTBs), comprising territorial local authority (TLA) mayors, to prepare regional reorganisation plans (RRPs). This will be done without any guidance from central government about what functions **must** be delivered regionally as distinct from locally (or in some other way). Leaving CTBs to decide which functions currently undertaken regionally should be delivered by local authorities, and which should be handed to joint council-owned organisations or combined (unitary) councils. This suggests that the Crown has little idea about the extent to which it relies on the regional delivery of certain services or doesn't care how they are delivered.

The RRP's are supposed to identify all council functions in a region. This sounds like a reasonably simple task. However, a significant complicating factor is the upheaval of these functions due to ongoing reforms. How are CTBs supposed to map all relevant functions if some of these functions are the subject of reform by central government? For example, there are suggestions that compliance, monitoring and enforcement will be placed in the hands of a national compliance regulator. Outside the resource management reforms, water services and climate adaptation reforms are also changing the regional institutional landscape. In short, on current timelines, we won't fully understand what needs to be delivered – and crucially by whom – until well into the development of RRP's. This will create a great deal of uncertainty and delivery risk. This risk will be exacerbated if, for any reason, the already tight implementation timeframes are to be shortened.

More practically, local mayors were elected to make **local** decisions about **local** services. They lack the right incentives and knowledge to make decisions in respect of some critical regional functions. The regional functions they are being asked to consider sit well beyond their current mandates and most mayors have no experience of them. Given that they were elected by their territorial area – and have a statutory duty to serve that area – the incentives driving their decisions may not align with the interests of the region more broadly.¹

At the very least, if CTBs are chosen to make decisions, the current chairs of regional councils should be included on them. They were, after all, democratically elected to apply their minds to matters that cannot be managed through a patchwork quilt of local authorities. If CTBs are to provide any sort of advice on future structures, they need full access to the expertise (including advice from technical staff) that currently supports regional functions.

The Government has commissioned a 'rapid review' of what current functions could be centralised. However, as mentioned above, other processes impacting on local authority functions are already in train. Given the limited time to undertake the rapid review, those functions were left to be considered in the context of other legislative reform programmes. I am concerned that the *Simplifying Local Government* proposals will proceed without having the ownership of these functions resolved.

The rapid review also confined itself to asking "what might be centralised?" The implication was that anything that wasn't going to be centralised **could** be localised, i.e. conducted below the level of the region at a territorial authority level. A comprehensive first principles review should

¹ See sections 10 and 11 of the Local Government Act 2002.

also ask what functions should **not** be fragmented and therefore should continue to be delivered at least at the regional level. The Appendix to this submission includes my assessment of environmental functions currently delivered by regional councils.

In short, the consultation document proposes a governance solution (albeit intended to be transitional) without the Government providing clear guidance about what functions that governance might apply to. For reasons that have not been clearly articulated beyond anecdotes, the Government seems eager to be rid of elected regional councillors but has very little idea about who should take responsibility for what they are statutorily charged with delivering. It is extraordinary that the Crown has not spelt out clearly what functions it expects to be executed regionally, including its own intentions with respect to a range of functions on which all New Zealanders rely. The process that has been launched places form before function. The consequences could be very serious and prove costly to the Crown and resource users.

The risk of fragmented and poorly managed regional functions would, of course, be reduced if the end point of RRP was unitary authorities based on current regional boundaries (like Auckland or Marlborough). Reading between the lines of the Government's announcement, one is tempted to conclude that unitary authorities are the preferred (but unstated) outcome, but the politics of determining this preference has been deemed too sensitive. Perhaps the unspoken hope is that local mayors on CTBs will reach the conclusion that unitary authorities at the regional level are what is needed to 'simplify' local government.

If that is the case, it is a risky strategy. There is no guarantee that mayors on CTBs will wish to simplify themselves out of existence. Rather, there is a real risk that CTBs will present the Minister of Local Government with proposals for many more unitary authorities than the 17 regional entities that Aotearoa New Zealand currently has. For example, under the Local Water Done Well reforms, 67 territorial authorities are proposing to establish 42 water entities for delivering water services, as demonstrated by the water services delivery plans.² That sort of parochially inspired fragmentation could pose serious problems for the management of soil and water that **must** be managed at a catchment level.

River catchments form the basis for current regions, which can trace their roots back nearly a century, to the catchment boards and commissions of the 1940s and 1950s. New Zealand is one of the few countries in the world to have built scientific, technical and management capability around a coherent catchment model. It would be stupefying if, without any guidance from central government, CTBs were left free to invent wholly new entities. It would also run counter to the simplification that both the local government and the resource management reforms are aiming to deliver.

In summary, there are many functional issues to work through before the nation can settle upon an appropriate future form of local government.

A way forward

A better process would be for the Government to pause the *Simplifying Local Government* process and undertake a comprehensive review of all functions currently undertaken by regional councils and unitary authorities. The Government should reach a view about which might best be undertaken centrally, and which should continue to be handled regionally. Once functions have been triaged on that basis, an informed discussion can then ensue on the appropriate form of governance or oversight that is required for each of those functions. Some of these might lend themselves to delivery by clusters of local authorities (in a similar way to the

² For more details, see <https://www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans#Plans>. 39 of the 42 water services delivery plans have been approved, with the outstanding three amended plans due later in 2026.

arrangements developing in respect of council operated water services) and CTBs may have some useful views to share on this. But many will involve functions that simply do not intersect with the functions of local councils.

In my view, there are at least four functions that do not make sense to deliver at a level below that of the region (or at least a catchment). They are:

- catchment management to secure water and soil outcomes (including flood management)
- the management of pests and weeds (biosecurity) and the protection of biodiversity
- compliance and enforcement of environmental regulations, and
- monitoring of and reporting on the state of the environment.

More detail on the reasoning behind my focus on these four functions is available in the Appendix.

Each of these functions touches on biophysical matters that require significant scientific and technical skill sets. Gathering these skills is not easy. They are already stretched very thinly across the current 17 regional and unitary councils. The situation would be much worse if the RRP recommended many more than 17 bodies over which that resource needs to be spread. This is not some theoretical risk: as noted before, the water services reforms have proposed 42 entities.³ The consultation document states that one of the reasons for reforming the local government sector is to reduce competition for skilled expertise.⁴ This argument only holds if functional delivery is undertaken at a more aggregated level, such as the region, or even returned to central government. Aggregation will only occur if there is direction about which functions must not be fragmented.

Regional delivery via a unitary authority (based on current catchment derived boundaries) is likely to offer the best balance of economies of scale and flexibility for many of the environmental functions of concern to me. However, it would require a great deal of consultation to settle on those genuinely district, local and place-making functions that citizens currently associate with their TLAs. While Community Boards may have been accepted in Auckland, the workability of that sort of arrangement in far-flung rural regions would need to be considered afresh.

I briefly examine below, three different approaches to delivering those functions that clearly cannot be fragmented or devolved below a regional level.

Option 1: Delivered centrally or regionally, but governed and funded centrally

Under this option, functions that are currently regional would be delivered and governed by a central government agency. An agency like the Environmental Protection Authority (EPA) would take back responsibility for complex technical functions, such as catchment management or adaptation planning. Such an approach could assist the standardisation of data, processes and frameworks. The scale also allows for the retention – and sharing nationwide – of very specialised expertise. I have previously recommended that a national freshwater modelling support centre should be established to provide national-level collaboration and coordination

³ It is possible that a region's RRP might recommend separate regional entities to manage functions separately, such as biosecurity and catchment management. That could result in many more than 42 total entities if that happens across the 17 regions.

⁴ *Simplifying Local Government* consultation document, p.10.

of technical expertise.⁵ I also made the case for an EPA with regional branches providing oversight and national leadership for gathering environmental information.⁶

Such a centre of expertise could go further and actually carry out catchment management and planning functions. New Zealand has not had an agency like this since the days of the Ministry of Works and Development. But there is no reason why a centralised model for environmental management and monitoring could not be easily constructed by making the technical and management expertise currently held within regional councils the regional nodes of such an entity. A dedicated pool of central expertise could be networked with the regional nodes to provide practical support and help overcome the fragmentation of scarce skills. There could well be efficiencies to be gained which would offset some of the costs central government would have to pick up.

Under such a model, central government would need to shoulder responsibility for the environmental management decisions that are taken, including – as they already do – complex trade-offs that affect local communities. Delivery could also be seen as distant and technocratic. The contrast with current arrangements may, however, be more apparent than real. Many of the very difficult decisions regional councils have had to make, particularly in respect to water quality, have been at the behest of central government. Many sources of community anger directed at regional councils have in fact originated in the many editions of national policy statements on freshwater. The centrally governed model described above would mean that accountability for decision-making would be transparently aligned with central government, which has always sought to control the outcomes even if regional councils have been left to defend them.

Option 2: Delivered centrally or regionally and funded centrally, but with some regulatory decisions delegated to a regional entity

It would be possible to adopt the approach outlined in Option 1, but delegate decision-making over some level of rule setting to regions. Under this approach, the efficiencies of a single technical agency could be retained but political responsibility for using that technical capability to meet environmental limits would be in the hands of the region. Given the determination to abolish regional councils, some new entity would be needed as the decision-maker. New Zealand has a tradition of catchment commissions that could be revived. Membership could be appointed, on the basis of skills, to act on behalf of central and local government. This model could help ensure that local nuances and local environments are not forgotten.

Option 3: Delivered regionally and governed and funded regionally

This approach would leave both the delivery and governance of regional functions in regional hands. Logically, unitary authorities would be the most sensible way to achieve this. The fact that the reform process excludes existing unitary authorities suggests that this is a safe landing place (although I question the exclusion from the process of Nelson and Tasman, which – as neighbouring small unitary authorities – might benefit from amalgamation). If unitary authorities are not preferred, CTBs will need to set up some sort of regional entity (or entities, if they want to manage some functions differently) that makes sense in terms of catchment boundaries. They will also need to decide how to fund such entities.

⁵ See recommendation 5 in PCE (2024). *A review of freshwater models used to support the regulation and management of water in New Zealand*. <https://pce.parliament.nz/publications/a-review-of-freshwater-models-used-to-support-the-regulation-and-management-of-water/>

⁶ See recommendation 1 in PCE (2022). *Environmental reporting, research and investment. Do we know if we're making a difference?* <https://pce.parliament.nz/publications/environmental-reporting-research-and-investment/>

Flood management and water quality management would have to be the cornerstone of any such entities as effective management requires focus on entire river networks and associated groundwater in relevant catchments. Indeed, as noted above, the precursors to regional councils were catchment boards set up under the Soil Conservation and Rivers Control Act 1941.

Regional delivery of water quality management would ensure that different parts of a river and its catchment are not managed by different entities using different limits. If fragmentation beyond the catchment level were to occur, in the context of water quantity and quality, this could mean that the allocation of water (or the right to pollute it) in the upper reaches of a catchment could restrict users in the lower catchment. In the context of flood management, it could mean that decisions taken in the upper catchment could place those in the lower catchment at greater risk.

It is, I hope, unthinkable that these functions could be fragmented. They would still have to be funded. User charges are one source of income. Another could be an environmental charge, similar to the drainage charges that New Zealand has had for the best part of a century. To the extent that everyone benefits from good environmental management, a portion of TLA rates could be devoted to the regional entities.

Balancing central, regional and local concerns

Overall, regional delivery is likely to offer the best balance of economies of scale and flexibility, for those core functions that must be delivered at least regionally. In some cases, functions could be completely centralised. State of the environment reporting and biosecurity are at least worth investigating on this basis. On the other hand, the fact that some functions must be coherent at a regional level does not mean that executing them has to be distant from local communities. Local nuances need to be taken care of. The current reality, especially in smaller councils, is that the same people on the ground often deal with biosecurity, biodiversity and catchment management. The 'face' of service delivery and regulatory responsibility can be one person working with catchment groups or talking directly to landowners. This suggests there are economies of scope in delivering these functions together at the regional level.

I have given a great deal of thought to bringing catchment management closer to communities and hapu. My report, *Going with the Grain*, points to the very significant role that catchment groups are already playing in some parts of New Zealand.⁷ Designing a restructuring of local government in New Zealand without considering how it will engage with catchment groups would be a huge omission.

The rapid review process and proposed criteria in the consultation document are unlikely to lead to any of the three options described above being fully considered. In addition, the proposed criteria are unlikely to prevent the fragmentation of functions. They do not rule out different parts of a river and its catchment being managed by different entities.

⁷ PCE (2024). *Going with the grain: Changing land uses to fit a changing landscape*. <https://pce.parliament.nz/publications/going-with-the-grain-changing-land-uses-to-fit-a-changing-landscape/>

Recommendations

My central recommendation is that the proposed process for drawing up Regional Reorganisation Plans outlined in *Simplifying Local Government* should be paused until the government has completed a comprehensive review of regional functions and determined which (if any) should be centralised, and which must continue to be delivered and/or governed regionally.

If CTBs are to provide advice, they should only do so once the Government has made its view about central and regional functions clear. CTBs should, at the very least, include current chairs of regional councils.

If my central recommendation above isn't accepted, **I recommend inclusion of 'system coherence' as another criterion for regional reorganisation plans to explicitly require an assessment of system coherence as a whole.** This would mean answering the following questions for each of the functions mapped in the regional reorganisation plans:

- Does the regional reorganisation plan support system coherence, including successful function delivery?
- What is the optimal scale (site, sub-catchment, catchment, local, regional) for delivering functions, in order to avoid making the status quo worse (e.g. through over-fragmentation, over-centralisation, or additional duplication)?
- What do biophysical fundamentals mean for the optimal scale? (e.g. water does not flow uphill. Flood management and water management need to encompass the whole catchment, which includes the entire river and its tributaries)
- Is there a sufficient pool of expertise and resource for the function to be conducted at the level proposed?

I also note that the consultation document does not propose any adjustments to council boundaries at this stage (including in instances where current district council boundaries do not line up with regional council boundaries). In my view, any decisions on boundary changes should take into account the criterion of system coherence, including relevant biophysical considerations and optimal scale for efficient function delivery.

The consultation document proposes that the Local Government Commission will assess the regional reorganisation plans against the criteria and make a recommendation to the Minister of Local Government. Given that the primary focus of regional councils is environmental management, **I recommend that the soon-to-be established Ministry of Cities, Environment, Regions and Transport (MCERT) provides a commentary on the regional reorganisation plans to the Local Government Commission and makes this commentary publicly available.**

Another option would be to offer the Parliamentary Commissioner for the Environment an option to provide public commentary on the regional reorganisation plans, although I will in any case be monitoring any proposals in terms of my mandate under section 16 of the Environment Act.

Concluding remarks

The reform of local government is an opportunity to ask some fundamental questions about how we manage our biophysical environment, including the potential to take some responsibilities back to the centre. The way it has been launched is deeply flawed.

For the reform to succeed, central government needs to be clear in its own mind about what functions must continue to be operated at the regional level (or elevated to the centre) and only then consider what the best governance arrangements for them might be. I am seriously concerned that the current process places form before function with a risk of over-fragmentation and consequently lost opportunities for some of the efficiencies and improved effectiveness that might have been hoped for.

A handwritten signature in black ink, consisting of a series of fluid, connected strokes that form a stylized name.

Rt Hon Simon Upton
Parliamentary Commissioner for the Environment
Te Kaitiaki Taiao a Te Whare Pāremata

Appendix: Assessment of environmental functions currently delivered by regional councils

The table below captures my high-level assessment of environmental functions currently delivered by regional councils. I would expect a comprehensive review to look at these functions in more detail, including further disaggregation of the functions.

Overall, many – if not all – of the functions will benefit from more central leadership of a technical nature and in respect of environmental data, while still needing regional delivery to best take account of local circumstances.

Table: PCE assessment of environmental functions currently delivered by regional councils.⁸

Environmental functions		Comments
Biosecurity		Functions could be better allocated with a stronger and clearer split between the central level (i.e. MPI providing stronger national leadership, including technical expertise and data on biosecurity) and regional (operational) levels, to address any gaps, tensions and inconsistencies in management approaches.
Biodiversity		Functions could be better allocated with a clearer split between the central level (i.e. MfE and DOC providing stronger national leadership, including national priorities, technical expertise and data) and regional (operational) levels to address any gaps, tensions and inconsistencies in management approaches.
Integrated catchment management	River, flood and drainage management	Catchment-scale is the appropriate scale for flood management. Flood management requires focus on an entire river network across a relevant catchment. There might be a case for centralising technical expertise (including modelling expertise) and environmental data including flood mapping capabilities.
	Freshwater management (quality and quantity)	<p>Overall, freshwater management is appropriately undertaken at a catchment-scale.</p> <p>Functions could be better allocated with a stronger and clearer split between central and regional government, with central government:</p> <ul style="list-style-type: none"> • providing national direction with clear objectives to resolve any tensions between conflicting priorities • consistently setting minimum standards • providing national leadership in gathering environmental information and coordinating technical expertise, including modelling skills and expertise

⁸ This table excludes housing and infrastructure, building and construction, and land and maritime transport, as it focusses on environmental functions.

		<ul style="list-style-type: none"> providing national leadership in undertaking enforcement and compliance activities <p>and regional entities or unitary authorities:</p> <ul style="list-style-type: none"> giving effect to national direction and being responsible for catchment management, including management of freshwater quality and quantity, taking into account sensitive local environments and catchment circumstances. This includes local partnerships to implement relevant treaty settlement legislation.
	Land management	<p>Overall, land management is appropriately undertaken at a catchment-scale.</p> <p>Functions could be better allocated with a stronger and clearer split between central and regional government, with central government:</p> <ul style="list-style-type: none"> providing national direction with clear objectives to resolve any tensions between conflicting priorities consistently setting minimum standards providing national leadership in gathering environmental information and coordinating technical expertise including the modelling skills and expertise needed to inform spatial planning providing national leadership in undertaking enforcement and compliance activities <p>and regional entities or unitary authorities:</p> <ul style="list-style-type: none"> giving effect to national direction and being responsible for catchment management, including land use, soil and erosion management, taking into account sensitive local environments and catchment circumstances. This includes local partnerships to implement relevant treaty settlement legislation.
	Developing a Natural Environment Plan	<p>Following legislative direction, regional entities or unitary authorities will be developing a Natural Environment Plan, taking into account sensitive local environments and catchment circumstances.</p>
	Resource management more broadly	<p>More broadly, there is a case for central government to play a stronger role in the delivery of resource management functions, including:</p> <ul style="list-style-type: none"> providing national direction with clear objectives to resolve any tensions between conflicting priorities consistently setting minimum standards providing national leadership in gathering environmental information and coordinating technical expertise

		<ul style="list-style-type: none"> • providing national leadership in undertaking enforcement and compliance activities.
Natural hazard management		There could be stronger and clearer definition of roles between central and regional entities to ensure better strategic alignment and consistent assessment of natural hazards, including centralising technical expertise and data on hazards, and addressing any accountability gaps. Further, centralising technical and science expertise needed to manage even local hazards, such as landslides, will improve its quality and affordability.
Monitoring of and reporting on the state of the environment		There is a case for stronger national leadership in gathering environmental information and coordinating technical expertise, including modelling skills and expertise. This could be delivered by the Environmental Protection Authority with a regional presence. The publication of national state of the environment reports could be a responsibility of the Parliamentary Commissioner for the Environment as a means of ensuring the integrity and independence of reporting to Parliament and the people of New Zealand.
Regional parks and other natural areas that provide biodiversity, landscape value and recreation at a regional level		Management of regional parks and other natural areas that provide biodiversity, landscape value, and recreation at a regional level is highly context specific and is appropriately undertaken by regional entities or unitary authorities.
Waste and hazardous substances		While decisions affecting local communities need to be made locally, there might be a case for stronger national leadership, to provide consistent assessments, and for centralising technical expertise and data, and coordinating technical expertise, including modelling skills