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Tēnā kōe

Simplifying Local Government submission

Thank you for the opportunity to provide feedback on the simplifying local government proposals. This submission reflects the views of Engineering New Zealand. Engineering New Zealand is the largest professional body for engineers in New Zealand, with over 23,000 members. Many of our members work within councils or closely with councils and their communities to help deliver housing, infrastructure and public services across New Zealand.

Engineering New Zealand is committed to supporting a thriving infrastructure sector that has a foundation based on robust planning, clear roles and responsibilities and ensures the right development occurs in the right places to support our communities now and in the future. Local government is one of the main contributors to critical infrastructure work across the country; their portfolio of work is vital to the industry and to the health and wellbeing of all communities. To address New Zealand's significant infrastructure deficits, it is important that local government is well functioning, consistent and effective.

We need a plan for local government

Engineering New Zealand has previously called for structural reform of the local government sector. We need this reform to get the outcomes New Zealanders deserve. To date central government has not provided a plan for us to get there. This makes working in and around the local government space challenging, due to 67 different systems.

Ideally structural change would have happened before the broader reforms facing the sector such as resource management, water and building system reform. The plan should include a vision for local government, a clear end goal and a roadmap for how to get there. That said, it is not too late and we would welcome leadership from central government in this space.

Enabling amalgamation and unitary councils would be more effective and address the challenges we face

For most engineers, the primary challenge they face is navigating the significant number of local councils and building consent authorities. It is common for infrastructure projects to span multiple councils or for developers to work in several districts. Inconsistent approaches, practices and interpretations between districts and regions is common. It is important for network infrastructure to be well planned and coordinated across local districts (requirements around a wastewater pipe don't change simply because it crosses regional boundaries). We are not convinced that the Simplifying Local Government proposal will help improve either of these situations.

The sector needs better economies of scale, especially for smaller districts. Greater efficiencies and lower costs to ratepayers will rely on greater sharing of resources and aligning service delivery functions wherever possible. It is our view that better enabling amalgamation and unitary councils would be a far more effective option than

what is posed by the consultation document. This model provides potential economies of scale and significantly enhances the ability to share resources, particularly technical expertise, that are critical to infrastructure but hard to fill in smaller regions. This has been demonstrated by Auckland Council, where WaterCare is New Zealand's most efficient provider of water services. We support the proposed regional coordination plans and believe that this process will be an important one in any process to enhance efficiencies across councils.

Mayors' must represent their districts which will likely create conflicts at a regional level

Mayors are elected to achieve outcomes that are in the best interests of their constituents. This is often in conflict with the best interests of wider regions. It makes for good governance at a local level but is likely to lead to conflicts of interest at a regional one. For this reason, we do not think mayors should have governance over regional councils' issues through the Combined Territories Board.

We support decisions being made at a regional level and believe coordination is critical, particularly for planning and environmental outcomes. This said, it is our view that amalgamation and unitary councils are a better lever by which to achieve this.

Central government must support local government to navigate the significant reform facing them

The local government sector is currently facing a significant amount of policy change and will be required to implement a wide variety of systemic changes that will have a profound impact on all New Zealanders. For context, some of the changes facing councils include (but are not limited to) resource management reform, earthquake prone building reform, local water done well, fast-track consenting changes, proposed changes to local government structure, infrastructure funding and financing changes, rates caps, emergency management reform, changes to development levies, upcoming changes on building liability and upcoming changes to Fire Safety regulations. Each rely on local government to work. This is not a new trend. Over the past year we've observed a marked increase in policy decisions being left to councils to implement, typically without any additional funding to support or enable the change.

Many of these changes are occurring on similar timeframes. Implementing a significant amount of systemic policy change within a short period creates substantial implementation risks and could lead to greater inconsistency between councils. This volume of change creates the additional risk that planned development may stall, be delayed or even cancelled while councils focus on imbedding reform changes.

The implementation of this proposal alone will increase costs that councils will have to pay for and it is unclear how this would occur in a capped rates environment. Requiring councils to incur more debt to pay for policy change is not a sustainable model.

Central government needs to do better to support local government through this process. Through all this change and implementation, local government need to know what they are working towards and what the vision is. This plan must come with the resources required to successfully implement it, so we have consistent outcomes and delivery across all communities throughout the motū.

More resourcing will be required to implement reform, but local government have become subject to more fiscal constraints

Engineering New Zealand has significant concerns about the ability for local government to implement change while continuing to deliver core services within a significantly constrained fiscal environment. Particularly if cost constraint policies like a rates cap are implemented. These tools are often blunt and do not address the root causes of increasing costs.

A rates cap, should it be introduced, will mean that councils will likely have to seek alternate funding to pay for infrastructure related costs or defer/stop infrastructure projects. We fear that a rates cap will have a perverse impact on the delivery of critical infrastructure that communities need or will result in piecemeal implementation of critical policies (i.e. resource management) that will have irreversible impacts on New Zealand's communities.

The sector is already navigating the impact of policy change on the infrastructure pipeline

Beyond implementation concerns, Engineering New Zealand is concerned about the impact that policy change and lack of resourcing will have on the infrastructure pipeline. The constant policy change facing local government (particularly in the three waters space) has resulted in widespread postponement of infrastructure projects, even maintenance and renewals that need to occur to maintain service provision regardless of Government direction. Local government infrastructure projects are a critical to a healthy infrastructure pipeline, particularly in smaller regions, that supports the industry by providing consistency and predictability.

The halting of centrally and locally funded infrastructure projects has significantly impacted skilled workers across the engineering profession. Many have lost their jobs or sought opportunities overseas. Over the past two years, more than 2,000 roles have reportedly been lost across 60 engineering firms, while building and construction sector employment has declined by 12,000, further exacerbating the long-term shortage of engineers we are facing. Engineering New Zealand is concerned that substantial policy reform will exacerbate pipeline challenges we are already facing and more skilled workers (that we will need in the future) will lose their jobs and move overseas.

Conclusion

Thank you for the opportunity to submit on the proposal to simplify local government. Engineering New Zealand's welcomes a constructive conversation about the structure of local government to ensure we have thriving local communities. Local government plays a central role in the lives of every New Zealander and is an important anchor to the health of the infrastructure sector. It is our belief that better support for amalgamation and unitary councils would provide greater levels of efficiency, cost reduction and enable better delivery of core services. Regardless of the shape of structural reform, local government needs to understand what it should be striving to achieve. This needs a vision and a clear plan to achieve it.

Engineering New Zealand would like to continue this conversation and looks forward to further engagement opportunities.

Nāku iti nei, nā

A handwritten signature in blue ink, appearing to read 'R. Templer', written in a cursive style.

Dr Richard Templer
Chief Executive