Submission on the Simplifying Local Government Proposal

NZ Airports Association
20 February 2026

Introduction

The NZ Airports Association (NZ Airports) welcomes the opportunity to submit on the Simplifying Local Government proposal. NZ Airports is the peak body representing New Zealand's airports, from major international gateways to small regional facilities that serve as critical infrastructure for their communities.

Airports are long-lived infrastructure assets with planning horizons that extend across decades. They sit at the intersection of local, regional, and national interests – essential to regional economic connectivity, emergency services, and broader supply chains. Many of our members are owned, governed, or funded in whole or in part by local authorities, and are therefore directly affected by any changes to the structure and accountability of local government.

Our submission focuses on the Combined Territories Board (CTB) model and Crown Commissioner question, regional reorganisation plans and the proposed review of regional council functions.

We endorse the submissions of Tourism Industry Aotearoa, Hotel Council Aotearoa, Regional Tourism NZ and Business Events Industry Aotearoa.

General position

NZ Airports supports the Government's objective of making local government simpler, more effective, and better value for ratepayers.

We support reforms that:

- Improve coordination and reduce duplication.
- Maintain local voice and accountability.
- Ensure local authorities are appropriately incentivised to support economic growth.
- Protect and improve financial sustainability and long-term asset stewardship.
- Uphold Treaty obligations and strengthen iwi/Māori partnerships.
- Are sequenced carefully to avoid unintended consequences for services and functions that communities depend on.

The consultation document proposes a process to rationalise regional council functions which should produce efficiencies and innovations. But we are uneasy about how some of the processes are described and the gravity of what they would entail. We look forward to more detailed consultation material in the next phase and will be pleased to contribute.

The Combined Territories Board model and Crown Commissioners

Support for the CTB model

NZ Airports supports the CTB as the preferred model for regional governance. A board of mayors brings local mandate, existing democratic accountability, and direct knowledge of community needs.

Crown Commissioners

We are not convinced of the merit of Crown Commissioners as an alternative or supplement to the CTB. In our experience, Crown representatives in infrastructure governance contexts can be incentivised to focus on shorter-term fiscal metrics rather than long-term financial sustainability. This is understandable given Crown accountability frameworks, but it can be a poor fit for council decisions that may affect long-lived infrastructure assets, where the decisions that matter most – investment timing, capacity planning, and asset stewardship – require a longer horizon and a grounded understanding of regional demand.[1]

The consultation document states that a Crown Commissioner would "ensure that the national interest is considered in regional decision-making." In relation to infrastructure, the national interest can be effectively expressed through legislation, national policy statements, and funding frameworks.

If the Government retains the Crown Commissioner option, we would prefer the non-voting observer or advisory model, and we ask that any terms of reference for Crown Commissioners explicitly include long-term regional value and financial sustainability as assessment criteria.

Regional Reorganisation Plans

Scope: all council functions?

The proposal refers to plans that "map all council functions in the region." We read this as covering all council functions – both regional and territorial – not only regional council functions. Further material on this consultation could clarify this. The distinction matters significantly to our members, many of whom are owned or substantially funded by territorial authorities.

Reorganisation plan criteria

We have two specific observations on the criteria. First, the 'big picture fit' criterion requires plans to support national priorities, strategies and goals. The structural problem with this criterion is that many core council functions have no national strategy precisely because they were never intended to be national functions – they are local by design. Parks, libraries, community facilities, local environmental management, and locally-serving connectivity infrastructure sit in this category. The absence of a national strategy for these functions reflects a deliberate allocation of responsibility to the local level. A criterion that rewards alignment with national frameworks therefore creates an incentive, perhaps unintentionally, to deprioritise functions that are locally essential but nationally invisible. We ask that the criterion be qualified to apply only where a relevant national strategy exists and where alignment with it is genuinely appropriate for the function in question.

Second, the 'affordable now and in the future' criterion must be applied carefully in the context of infrastructure. NZ Airports has consistently argued – including in our submission on the Local Government (System Improvements) Amendment Bill – that 'cost-effective' should be assessed on a whole-of-life, whole-of-network basis, including resilience, productivity and connectivity

[1] A simple and repeated example of where cost and financial sustainability tension has arisen between the Crown and local government is where Joint Venture airports seek to invest in hangar infrastructure which will result in higher rent revenue over time when compared to leasing the vacant land plots. The Crown interest in these airports tends to oppose such investment due to the upfront cost and the view that this is not 'essential infrastructure' under an airport's Joint Venture agreement, despite the fact that such initiatives will reduce reliance on Crown funding over time.

benefits, not only immediate rates minimisation. Cost-effectiveness explicitly includes revenue-generating infrastructure that improves councils' long-term financial sustainability, even where benefits are realised over time. Many airport investments pass this test: they lift productivity, support growth of the rating base, and reduce future resilience vulnerabilities – but the benefits are uneven or longer-dated. A criterion that rewards near-term rates minimisation over whole-of-life value would cut against good infrastructure decision-making. We ask that the criterion be explicitly framed to require whole-of-life assessment, and that any guidance issued to CTBs make this clear.

Review of Regional Council functions

The proposal notes that before CTBs are established, the Government will review regional council functions to see if any should be reallocated to another agency or delivery model, or are no longer necessary.

The scope of regional council functions is broad and includes responsibilities that affect airport operations and their surrounding infrastructure, including environmental regulation, regional transport planning, civil defence and emergency management, and flood and coastal management.

The review is described as a precondition for CTB establishment, but there is no detail on scope, methodology, or timeline. We do not know what functions are under consideration, what criteria will be applied, or who will conduct the review. It is also unclear whether there will be any consultation on the review itself.

There is a risk of unintended consequences from this part of the process. Regional council functions do not exist in isolation – they interact with territorial authority functions, national agency frameworks, and private sector planning cycles. A function that appears redundant or transferable in isolation may be deeply embedded in local systems that depend on it. We ask that any review be sequenced to allow for meaningful feedback from affected councils, infrastructure operators, and communities before decisions are taken.

As highlighted by other associations, the paper does not account for the important role regional councils play in the tourism system, and this does affect our confidence in how the Department of Internal Affairs might approach this review. We urge DIA to ensure it is fully connected to MBIE and the Tourism Growth Roadmap for further phases of this work programme.

Relationship with Resource Management reform

The proposal states that CTBs would be the decision-making body for spatial plan chapters and natural environment plan chapters under the proposed Planning Act and Natural Environment Act. Airports are directly affected by both, through land use controls around airport environs and the consenting frameworks that apply to airport operations and development.

It is difficult to form a clear view on the decision-making arrangements at this stage, given the significance and complexity of the resource management reform consultation currently underway. The proposed arrangements do seem logical as a base position. Final decisions on CTB decision-making processes for RM functions should be fully informed by the consultation phases for national instruments during 2026. The reform programmes need to come together coherently and we will do everything we can to assist with this.

The transition to the new planning system will be important but genuinely challenging. The concurrent review of regional council functions, the establishment of CTBs, and the development of regional reorganisation plans represent a significant implementation burden landing on councils at the same time. There is a risk that the system runs out of bandwidth. There should be no criticism if Ministers judge that sequencing or prioritisation needs to be reviewed in order to bank the resource management reforms in the first instance. Getting that system moving is itself a significant public interest outcome.

We would be pleased to provide more information in support of this submission and welcome the opportunity to engage with Ministers and officials on this work.

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