

Head Start pathway

Simplifying Local Government

Outline Proposal: Provincial Council – Central Otago, Clutha and Queenstown Lakes Councils



We welcome the opportunity to present this Head Start proposal for Minister's consideration. We recognise that local government cannot continue to operate as it currently does, and the rate increases we have seen in recent years cannot continue.

We have worked collaboratively with councils across Otago to understand the opportunities, risks and implications of local government reform, recognising that different communities may have different preferences regarding future arrangements. In presenting this proposal we have heard loud and clear in our communities that retaining local voice and making sure rural and provincial communities' interests are represented are critical in any reform of local government.

In presenting this proposal, we have responded positively to the Government's direction for reform by delivering meaningful efficiencies and a more sustainable local government structure, while also positioning our communities for long-term success through strong local representation, responsive decision-making and services that remain connected to the people they serve.

Rivers do not become weaker when they come together. The Manuherekia, Kawarau, Cardrona, Pomahaka and many others all retain their own character, communities and catchments, yet together they form the Mata-Au/Clutha, one of New Zealand's most significant river systems. This proposal is founded on a similar principle. Our communities are distinct, with different histories, economies and priorities, but they are also connected by shared catchments, transport corridors, labour markets and common challenges. The task before us is not to erase those differences, but to create a governance structure that allows communities to remain strong locally while working more effectively together where it makes sense to do so. That is the opportunity presented through the Head Start process.

Like our people, this proposal is practical and pragmatic. It is a starting point for a deeper conversation with our communities, with mana whenua, with neighbouring councils, and with Central Government.

Ki uta ki tai. From the mountains to the sea.



Mayor Tamah Alley
on behalf of Central Otago District Council



Mayor Jock Martin
on behalf of Clutha District Council

The Proposal

We propose the creation of a new provincial council comprising Central Otago, Clutha and Queenstown Lakes District Councils. This delivers on simplifying local governance, with governance undertaken through a provincial authority and a Dunedin-based metropolitan authority, while ensuring regional functions continue to be delivered through appropriate shared arrangements where necessary. Detailed design work would determine which regional council functions are best exercised by the new metropolitan and provincial authorities and which are best delivered through shared arrangements. A core principle of the proposal is that no essential regional function will be weakened through reorganisation. Functions such as regional planning, catchment management and other activities requiring coordination across Otago would continue to be delivered through appropriate shared arrangements where this provides the most effective outcome.

An option exists for the more rural areas of Dunedin City (such as Middelmarsh and the Taieri catchment) to join as this proposal is further developed. Likewise, even though Waitaki District Council resolved to consider options outside of the Otago region, they are open to the Waihemo Ward (including Palmerston and Dunback) being considered in an Otago reorganisation. Queenstown-Lakes has some bespoke challenges, and it could be through this reform that the communities of Wānaka, Lake Hāwea, and Luggate gain a stronger voice through a formation of specialist governance oversight mechanisms. We are supportive of this, should that be what is in the best interests of these communities and as proposals are further developed in the next couple of months.

While the expectation is that the majority of regional functions would sit with the new authorities, the detailed design phase would also consider whether some cross-boundary functions, such as catchment management, regional spatial planning and environmental monitoring, are best delivered through a shared regional entity.

A geographical map demonstrating the proposal – at the full potential extent from the mountains to the sea – is included on the following page as *Figure 1*.

Given that retaining local voice and ensuring rural interests are represented are crucial to our communities, we propose establishing community councils with limited rating powers and clearly defined responsibilities. The intent is not to recreate separate local authorities, but to provide communities with the ability to make decisions on local priorities and, where supported by their community, raise targeted funding for agreed local projects, facilities and services within parameters set through legislation and the provincial council's long-term planning process.

We must work with our communities and Government on what this looks like. We would look to achieve efficiencies through delivery of functions at the unitary level (e.g. finance, human resources, information services) and ensure local voice is retained by having a higher level of input into localised functions.

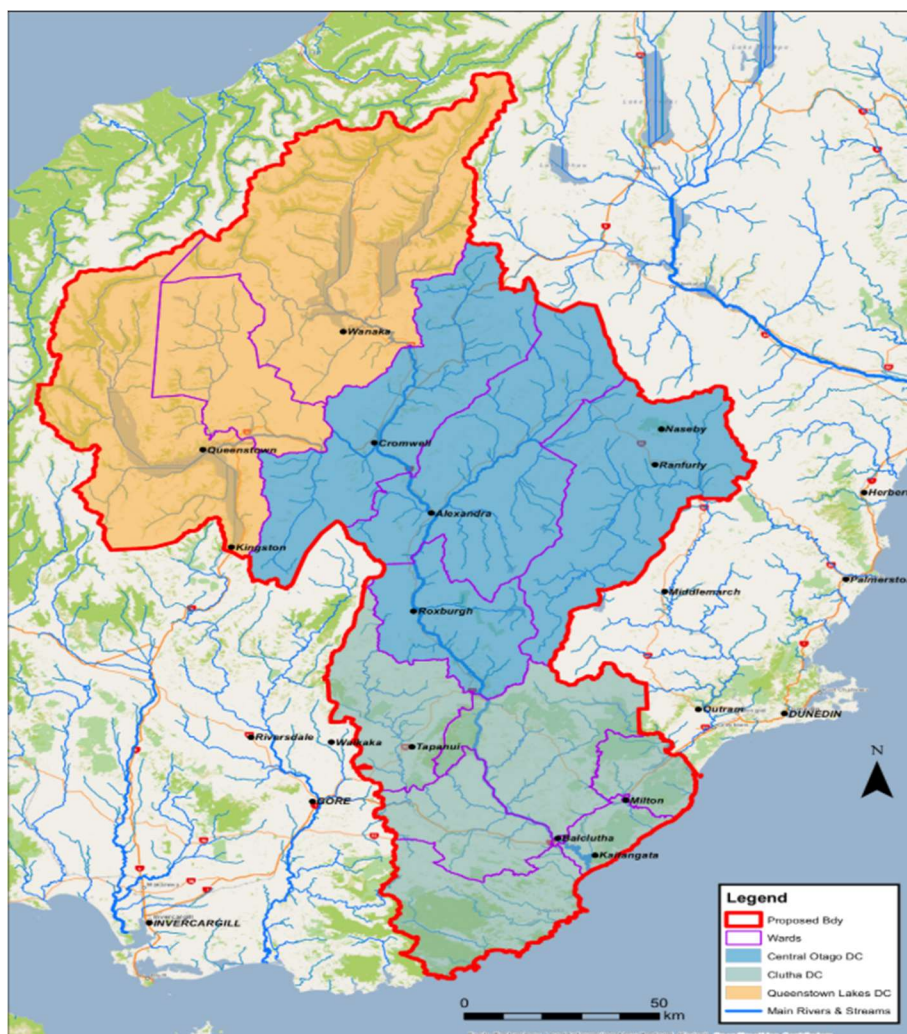


Figure 1: Map of proposed new provincial authority area

This proposal is not asking communities to pretend they are all the same. Communities like Balclutha and Wānaka do not need to have identical priorities, economies, pressures or identities for this model to work. The point of the proposal is that a town like Balclutha would retain meaningful decision-making over the things that matter to the Balclutha community, just as Wānaka and the Upper Clutha would have strong, place-based oversight of the issues that matter locally to them. We are particularly enthusiastic about the opportunity to recognise Wānaka, Lake Hāwea, Luggate and the wider Upper Clutha as a community of sufficient scale, identity and importance to have its own community council, with the ability to rate for local priorities and make decisions for the people who live there. That is the strength of this model: it creates the scale needed for efficiency, while protecting the local voice, local identity and local accountability that communities have told us they do not want to lose.

In further working through this proposal, we would like to examine bespoke legislative arrangements to enable this new provincial council to operate efficiently, as well as ensuring our communities remain well represented.

Our proposal intends that detailed design work on costings, efficiencies, representation, boundaries and functions of both the new provincial council and community councils will enable consultation that is easy to understand, generates a high level of engagement and

stands up to audit scrutiny. We wish to also have review and exit mechanisms into the backstop process should future circumstances warrant reconsideration of the arrangement. Any exit, if required, would occur prior to submission of the full business case in March 2027.

This proposal has been informed by an Otago-wide community survey (attached as *Appendix 1*) and a report commissioned by the Otago mayors to understand the impacts of different options (Morrison Low reports attached as *Appendices 2 & 3*).

This proposed approach is driven by several key priorities:

- *Fit*: Grouping these three districts creates a coherent economic and environmental unit. Clutha District Council has much in common with Central Otago, including the strong primary industries economy driven by agriculture, horticulture and viticulture. Likewise the Central Otago district has much in common with Queenstown-Lakes, with growth and tourism contributing strongly to both these areas. Clutha also contributes significant agricultural, forestry, processing and manufacturing activity, reinforcing the importance of a diversified provincial economy that is not dependent on a single industry or growth driver.
Having a diverse economy across these three areas makes for a strong grouping. Morrison Low identified strong communities of interest across the inland subregion, particularly through shared labour markets, housing pressures, transport movements, tourism flows, environmental systems and economic activity. The proposed provincial authority reflects relationships that already exist between communities rather than creating new ones.
- *Empowered Community Councils are Non-Negotiable*: To directly combat the community's fear of the loss of local identity and the marginalisation of rural voices the cornerstone of our governance structure is "community councils with rating powers." This ensures that while regional functions are scaled up, local services and decisions remain firmly localised on existing boundaries.
- *Shared Catchments and Corridors*: This amalgamation makes geographical and environmental sense because all three districts are inextricably linked by the Mata-Au/Clutha river system. It also formalises the interconnected transport corridors and economic realities that are already the focus of our ongoing Regional Deal negotiations.
- *A Bespoke, Flexible Solution*: The Head Start pathway provides the unique opportunity to work with Government on the best arrangement for our communities, this allows us to include review and exit mechanisms, ensuring a safety net for our communities, and providing the necessary time to accurately map services to the right level of governance.
- *Continuity of Regional Environmental Planning*: We recognise the risk of fragmenting wider environmental management. To address this, we propose to investigate a "shared regional entity," governed jointly by the new subregional authorities, to handle cross-boundary spatial planning and catchment management seamlessly.

- *Affordability and Efficiency:* In direct response to public surveys identifying affordable rates and quality infrastructure as top priorities, this model removes unnecessary governance layers. By reducing duplication and leveraging targeted economies of scale, we aim to deliver better financial sustainability for our ratepayers.

Eligibility

This proposal meets the eligibility criteria for the Head Start pathway as outlined in the Government's policy document and guidelines.

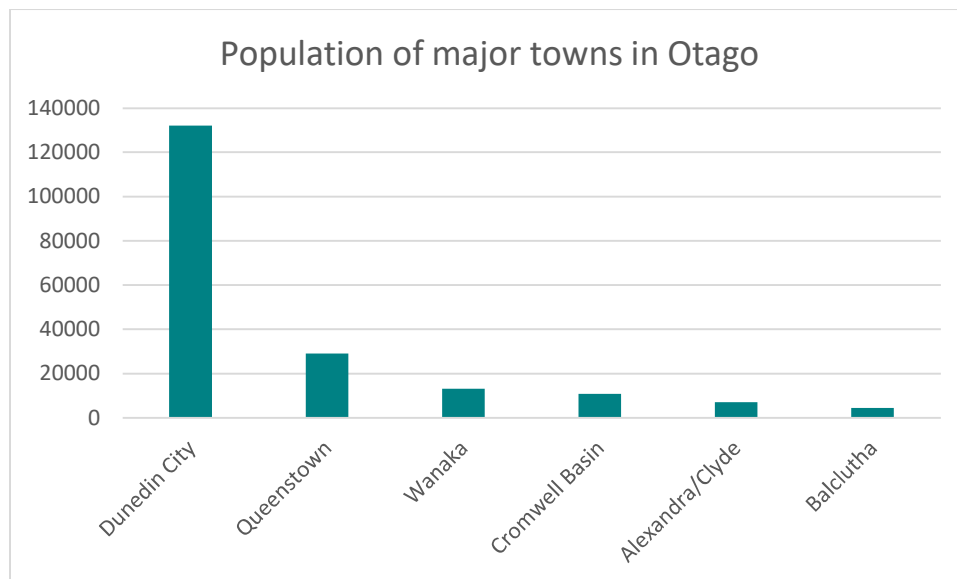
The proposal would amalgamate three existing territorial authorities (Central Otago District Council, Clutha District Council, and Queenstown Lakes District Council) and would look to transfer or jointly govern the regional council functions currently undertaken by the Otago Regional Council (ORC) within these boundaries to the newly formed unitary council and Dunedin City Council. This achieves the Government's goal of resulting in fewer local authorities overall, creating a simpler and more understandable local government system where communities have a clearer line of sight between the services they receive, the decisions being made, and the council responsible for them.

Queenstown Lakes is considering an alternative option. That option would see Clutha District Council join into a metropolitan authority with Dunedin City Council. Queenstown Lakes joining with Central Otago is consistent across both proposals.

Our proposal is stronger because it better reflects the interests of the communities, particularly ensuring provincial community voices are not lost in these reforms. The risk of this has been a consistent message from our communities since the '*Simplifying Local Government*' announcement.

There are significant size differences in populations that have impacts on representation, fairness, and consistency in the delivery and level of services. Within our proposal, communities of interest are much more relative in size. Dunedin City's population of 132,800 dominates and dwarfs the interests of other communities, to the detriment of the Clutha District's largest township, Balclutha – 4,460, and the district as a whole (18,000).

Population estimates across Central Otago and Queenstown-Lakes boundaries are difficult to measure. The following graph uses estimated figures drawn from economic development reports to illustrate this distinction:



Our proposal ensures that communities of interest are relative in size and scale, with fair representation and levels of service. Dunedin City Council would become a single metro unitary authority with some shared services.

A key test of any reform proposal will be whether communities see it as creating a genuinely new governance model, rather than extending the reach and influence of existing council centres. For many Central Otago and Clutha residents, a proposal perceived as being dominated by Queenstown or Dunedin is unlikely to attract local support.

Central Otago and Clutha have our own identity, geography, rural communities, service challenges, infrastructure pressures and economic mix.

While Central Otago and Queenstown Lakes are closely connected through employment, tourism, transport, housing and growth pressures, Central Otago residents have been clear that reform must not come at the expense of local voice or create the sense that decisions are being pulled toward the largest and fastest-growing centre. Any new structure must feel balanced, fair and genuinely representative of all communities within it, including rural communities and smaller towns.

This proposal seeks to avoid the perception of takeover by creating a new provincial authority, supported by empowered community councils, rather than extending the existing identity, priorities and governance culture of one council over neighbouring districts.

This arrangement will deliver clearer accountability and more effective delivery of key regional functions, particularly regarding the interconnected transport corridors, economic development, and environmental catchment management of the inland and southern lakes areas. Otago is also a geographically significant area and the divergent issues and distance between Dunedin City and the wider Central Otago area requires bespoke arrangements that are best delivered by two independent unitary councils.

The Head Start process is specifically intended to test competing proposals and support detailed design work before final decisions are made. The strong economic, environmental,

transport and planning connections across the proposed area mean this option warrants further consideration through the next stage of the process.

We acknowledge the Government's concern that multiple unitary authorities within a single region could fragment the delivery of important regional functions. For that reason, this proposal has been designed around the principle that regional planning, catchment management and other functions requiring coordination across Otago will continue to be undertaken through shared arrangements where appropriate. The proposal seeks to create clearer accountability at a subregional level without losing the benefits of coordinated action where a regional approach remains necessary.

While a single Otago-wide unitary authority remains one possible model, the combination of Otago's geography, the substantial differences between provincial and metropolitan communities, and the need to preserve meaningful local representation mean two complementary authorities provide a more practical balance between efficiency, accountability and local democracy. This provincial authority would cover 25,021 square kilometres; an area Auckland Council could fit into five times over.

This conclusion is reinforced by stakeholder submissions and independent analysis, including support from the business community, Federated Farmers, and economic development assessments that identify a strong alignment of interests across the proposed Southern Lakes-Central Otago area while recognising the distinct characteristics of coastal Otago communities.

Queenstown Lakes is a major tourism and services economy, Central Otago is a nationally significant horticultural and viticultural producer, and Clutha is one of New Zealand's strongest agricultural and processing districts. Together these sectors create a more resilient economic base than any one district could provide alone, supporting jobs, businesses and communities throughout the Mata-Au/Clutha catchment.

Supports the New Planning System

This proposal supports implementation of the new planning system.

The Government's Planning Bill requires all local authorities within a region to jointly prepare a regional spatial plan covering at least a 30-year horizon. These plans will guide urban development, infrastructure investment, environmental limits and land use across each region. Regional spatial planning is therefore already underway and must continue regardless of the outcome of local government reorganisation.

Otago councils have been preparing for these reforms for some time. Planning managers from across Otago have been meeting regularly to progress regional spatial planning, with participation from Kāi Tahu through Aukaha and Te Ao Mārama. Regional spatial planning has also been identified as a priority by the Otago Mayoral Forum and the Otago Chief Executive Forum, with work underway to establish dedicated programme governance and project leadership.

In recognition of the reforms, Otago councils established an Interim Regional Spatial Planning Governance Group to provide elected member oversight until statutory arrangements are confirmed. The purpose of this work is to maintain momentum, develop regional planning processes, and ensure the region is ready to transition into the formal planning framework once legislation is enacted. The arrangements have been deliberately designed to remain flexible and adaptable while both local government reform and Regional Deal discussions continue.

The Government has confirmed that any subregional unitary authorities established through the Head Start process must continue to participate in regional spatial planning. The Planning Bill also allows for subregional planning to sit within, and inform, the wider regional spatial plan. This creates a natural fit with the proposed provincial and metropolitan model.

Climate change further reinforces the need for planning at both regional and subregional scales. Many of the challenges facing the proposed unitary area, including infrastructure resilience, climate adaptation, natural hazards, housing growth and transport investment, do not align neatly with existing council boundaries. The Mata-Au/Clutha catchment, growth pressures across the Queenstown Lakes and Central Otago corridor, and adaptation work already underway in places such as Glenorchy and the Clutha delta demonstrate the importance of coordinated planning across communities and catchments.

A future Otago Central Lakes Regional Deal is also likely to focus on many of the same issues as the regional spatial plan, including infrastructure, housing, transport, climate adaptation and growth sequencing. The proposed provincial authority aligns closely with this geography and can help provide a coherent framework for implementation while remaining connected to wider regional planning arrangements.

The proposed shared regional entity would provide continuity for regional spatial planning, catchment management and cross-boundary coordination. Rather than requiring planning arrangements to be rebuilt following reorganisation, it would allow existing regional planning work to continue while ensuring local implementation remains responsive to community needs.

Climate adaptation is also becoming increasingly specialised. Larger organisations are better able to attract and retain expertise in hazard management, infrastructure resilience, environmental science, adaptation planning and community engagement. This proposal would provide greater organisational capacity to plan for, respond to and invest in long-term climate resilience across the inland subregion.

The proposed area is already linked by shared transport corridors, including State Highways 6 and 8, freight movements, tourism flows and commuter patterns. These connections increasingly require planning and investment decisions to be considered at a subregional rather than district scale.

Notably, the geography emerging through the new planning system, Regional Deal discussions, climate adaptation programmes and Kāi Tahu feedback is broadly consistent with the geography proposed through this provincial authority.

Simplifies Local Governance

Local government is complex by design. Parliament sets the legislative framework, while local authorities are responsible for applying that framework in ways that reflect local circumstances, priorities and aspirations. Effective local government is built from the bottom up. It works best when decisions are made as close as possible to the people affected by them, while larger-scale issues are managed at the scale needed to achieve efficient and effective outcomes.

This proposal simplifies local governance by creating clearer accountability for regional and district functions while preserving strong local decision-making. Simplification is not measured by the number of councils alone. It is measured by whether residents can understand who makes decisions, who is accountable for them, and how they can influence outcomes.

By combining territorial authority and regional council functions within a single provincial authority, residents have a clearer line of sight between decisions and decision-makers. Issues such as land use, transport, infrastructure, economic development and environmental management are closely connected in practice yet are currently spread across multiple organisations. Bringing these functions together reduces duplication, aligns planning and investment decisions, and removes unnecessary complexity for communities, businesses and central government agencies.

The principle underpinning this proposal is that decisions should sit at the lowest effective level. Matters such as catchment management, strategic transport planning and regional infrastructure are better addressed at a subregional scale. Decisions about local facilities, local priorities and community outcomes should remain close to the communities they affect.

Morrison Low notes that larger authorities are most successful when accompanied by a strong second tier of local governance. The report also identifies limitations with traditional community board models, whose powers can be changed through delegation by the governing council. Our proposal responds to that challenge through community councils with rating powers and clearly defined responsibilities. This would provide a more durable and meaningful form of local representation, while maintaining the benefits of a simplified governance structure.

While the proposed shared regional entity introduces a coordinating mechanism for region-wide spatial planning and catchment management, its role is deliberately narrow and focused. It is intended to preserve integrated management of issues that cross unitary boundaries, rather than recreate a separate layer of local government.

Ultimately, simplification should not mean centralisation. Regional decisions should be made regionally, local decisions should be made locally, and residents should have a clear understanding of who is responsible for both.

Economies of Scale

This proposal seeks to address the community's highest priorities regarding affordability, infrastructure and long-term financial sustainability, while maintaining strong local representation and accountability. Survey results show affordable rates and quality infrastructure are consistently among the highest priorities for residents across the region. The objective is not scale for its own sake. The objective is to achieve the scale needed to deliver services efficiently and effectively, while retaining local decision-making through empowered community councils.

The Queenstown Business Chamber of Commerce has noted that combining the rapid growth pressures of Queenstown Lakes with the urban regeneration focus of Dunedin within a single Otago-wide authority risks creating competing priorities rather than genuine economies of scale. By contrast, a provincial authority would bring together communities that already share economic, housing, labour market, transport and infrastructure connections.

Lessons learnt from the COVID-19 pandemic demonstrated the pitfalls of a region being dominated by one industry, such as tourism. While tourism experienced significant disruption, the primary sector and associated processing industries continued to operate as essential services, supporting employment, exports, food production and animal welfare. This proposal brings together three districts with different but complementary economic backbones, making it much more resilient to future economic shocks.

These efficiencies would come not only from reduced governance duplication, but also from aligning planning, investment and service delivery functions that are currently spread across multiple organisations.

Economies of scale are not simply about reducing costs. They are also about having the capability and capacity to deliver. A larger provincial authority would be better placed to attract and retain specialist staff, manage major infrastructure programmes, undertake long-term planning and respond to increasingly complex regulatory requirements. It would create opportunities to share expertise, strengthen organisational resilience and reduce reliance on external consultants while maintaining local decision-making through community councils.

Additional efficiencies would be available through consolidated procurement, shared information technology systems, unified asset management, integrated service delivery and coordinated infrastructure investment. A single organisation would be better positioned to leverage purchasing power, reduce duplication of back-office functions and make more strategic long-term investment decisions across the subregion.

The proposal also offers benefits beyond traditional economies of scale. Communities across Central Otago, Queenstown Lakes and Clutha already experience many issues at a subregional level, including housing affordability, workforce availability, transport connections, tourism pressures, infrastructure capacity and climate adaptation. Managing these interconnected issues through a single organisation should improve coordination, reduce duplication and support more effective decision-making.

Affordable rates were identified as the top priority across the region, selected by 64% of respondents. Quality services and infrastructure were selected by 58% of respondents. This proposal seeks to respond directly to those priorities by reducing unnecessary duplication, strengthening organisational capability and ensuring resources can be directed towards delivering outcomes for communities rather than managing administrative complexity.

Maintains Local Voice

Local voice is one of the biggest concerns people have about local government reform. Feedback in Otago has consistently reflected a preference for more direct participation in democracy, a ground-up approach to decision-making, and a belief that local people are best suited to balance place-based trade-offs. Community feedback consistently reflects concern they will lose local identity, local representation, and local decision-making. These concerns are legitimate and need to be addressed through the design of any new structure, not simply acknowledged. This is key to maintaining public confidence and democratic accountability.

Strong communities are built when people feel connected to the places they live and believe they can influence decisions that affect them. We see the value of that every day in the volunteers who run halls, support emergency responses, coach sport, organise events and look after local facilities. We also see that strength reflected in how communities respond to and recover from disasters, severe weather events and other local challenges.

Loss of identity was a primary concern in the local government reform survey and is a critical factor in determining the appropriate governance structure.

- Loss of identity was raised by 49% of Central Otago respondents, 50% of Clutha respondents, and 46% of Queenstown Lakes respondents.
- Keeping decisions local was strongly valued, chosen by 68% of respondents in Central Otago and 63% in Clutha.

Local government should be organised at the scale needed to deliver services efficiently, while keeping decision-making as close as possible to the communities affected by those decisions. That is one of the key reasons we support an inland subregional model rather than a single Otago-wide unitary authority. As highlighted by the Queenstown Business Chamber, a provincial authority of approximately 100,000 residents allows for significantly greater local influence than a province-wide authority of approximately 260,000.

Morrison Low notes that larger unitary authorities can reduce the influence of individual communities unless there is a strong second tier of local governance. The report also identifies limitations with traditional community board models, as their powers depend on delegation from the governing council and can change over time. Our proposal responds directly to that challenge through community councils with rating powers and legislatively defined responsibilities, providing a more durable and meaningful form of local representation.

It would bring together communities that already share economic, transport, housing and environmental interests, while avoiding the risk that decision-making becomes concentrated

around the largest urban centres. Communities such as Roxburgh, Tapanui, Alexandra, Wānaka, Cromwell, Balclutha and Lawrence would remain visible and significant within the governance structure.

Geography matters. Communities need elected representatives who understand local conditions, can attend local events, and can be present when issues arise. It is difficult to describe the practical impact of service delivery across an area this size – comparable to many countries. It takes more than four hours to travel from Glenorchy to Waiholo. Without a strong community council model, it would be unworkable for elected members to both influence decisions and remain accessible to locals.

Ultimately, simplification should not come at the expense of local democracy. The success of any reorganisation will depend on whether people in places like Otarehua, Naseby, Ranfurly, Roxburgh, Heriot, Lawrence, Clyde, Kingston, Lake Hāwea, Glenorchy, Tarras, Makarora, and Owaka still feel they have a voice, know who represents them, and can influence decisions about their own communities.

Deliverability

We are confident this proposal can be designed, implemented and operationalised in time for the October 2028 local authority elections.

A key strength of this proposal is that it builds on existing relationships, existing governance forums and existing areas of collaboration rather than requiring councils to establish entirely new ways of working. The mayors would be supported by highly experienced chief executives leading stable organisations through this process. Central Otago District Council, Clutha District Council and Queenstown Lakes District Council already work together across a range of regional issues and are currently engaged in joint work programmes relating to regional economic development, transport, emergency management, climate adaptation and Regional Deal negotiations. Existing relationships between elected members, chief executives and senior staff provide a strong foundation for progressing detailed design and implementation.

Implementation would be overseen through a Joint Transition Board comprising the mayors and chief executives of participating councils, alongside representative councillors. The Transition Board would be supported by a dedicated programme team seconded from participating organisations and supplemented where necessary with specialist external expertise. This approach recognises the importance of maintaining business-as-usual service delivery while creating sufficient capacity to undertake detailed design work.

The proposal is also strengthened by the substantial amount of work already underway across the region. Councils are preparing for implementation of the new planning system through the establishment of an Interim Regional Spatial Planning Governance Group, officer working groups and dedicated project leadership. These arrangements have been deliberately designed to remain flexible and adaptable while local government reform, Regional Deal negotiations and planning reform continue to evolve. This provides a practical platform for transition regardless of the final governance arrangements adopted.

A future provincial authority would also benefit from existing communities of interest and established patterns of collaboration. The proposed area already functions as an interconnected economic and environmental system, linked by the Mata-Au/Clutha catchment, shared transport corridors, labour markets, tourism activity and infrastructure networks. This reduces implementation risk when compared with arrangements that seek to bring together communities with significantly different planning, growth and economic priorities.

Councils across the proposed area have demonstrated an ability to establish new shared delivery arrangements through initiatives such as Southern Waters, alongside collaborative work on Regional Deals, emergency management, transport and spatial planning.

We acknowledge that significant challenges will need to be addressed during the detailed design phase. These include the allocation of regional council functions, assets and liabilities, integration of information technology systems, workforce transition arrangements, representation design, service harmonisation and the transfer of environmental science, monitoring and regulatory capability. Each of these challenges is manageable but will require dedicated resources, early planning and clear governance oversight.

Climate adaptation and natural hazard management will also be an important consideration. Existing adaptation programmes such as the Head of Lake Whakatipu initiative, Clutha delta adaptation planning and work on resilience across the Mata-Au/Clutha catchment demonstrate the need to retain and strengthen specialist capability through any transition. Future governance arrangements will need to ensure that climate resilience, catchment management and long-term infrastructure planning continue seamlessly throughout the implementation period.

The proposal deliberately adopts a staged approach. The detailed design phase would allow councils, mana whenua, communities and central government to work through governance, representation, funding and operational matters before legislative implementation. This reduces delivery risk and creates the opportunity to test assumptions, refine arrangements and resolve issues before the new entity becomes operational.

Central government support will be important to the success of the proposal. Bespoke enabling legislation will be required to establish the new governance arrangements and provide for community councils with rating powers and clearly defined responsibilities. This legislative flexibility is one of the key advantages of the Head Start pathway and will allow governance arrangements to be tailored to the needs of the inland Otago communities they are intended to serve.

Overall, this proposal is considered realistic, achievable and capable of implementation within the Government's proposed timeframe. It builds on existing partnerships, aligns with current regional planning initiatives, and provides a practical pathway to reform while maintaining continuity of service delivery and democratic representation.

We welcome the opportunity to work alongside mana whenua, the Ministry for Cities, Environment, Regions and Transport, and other government agencies to co-design the

detailed implementation pathway and ensure communities are supported through the transition process.

Timeline:

We are confident we can do the required work to develop the business case by March 2027. Specifically, while not pre-empting any decisions of Cabinet in September, over the next few weeks we will begin the background work to enable this business case to be developed. Our intended approach is as follows:

- September to October 2026: Refinement of options for delivery of services
- November to December 2026: Public consultation on options
- December 2026 to February 2027: Prepare business case on preferred way forward
- March 2027: Formally present business case to councils.

Treaty Settlements

The proposed provincial authority sits entirely within the Kāi Tahu takiwā. We welcome recent letters from Te Rūnanga o Ngāi Tahu supporting the Head Start process (attached as appendices 4 and 5). Their view that this is a once-in-a-generation opportunity to modernise local government reflects the importance of getting these decisions right. We are open to exploring opportunities to share specialist expertise and support services across the South Island where that would improve capability and reduce duplication. This aligns with Te Rūnanga o Ngāi Tahu's proposal for a joint Takiwā/South Island Centre of Expertise and could support both the new provincial and metropolitan authorities and the shared regional entity.

The principles outlined by Kāi Tahu align closely with the thinking behind this proposal. It reflects the importance of river catchments. The Mata-Au/Clutha already connects our communities environmentally, economically and culturally. The Mata-Au/Clutha is generally recognised as New Zealand's highest-volume river by mean flow, discharging around 614 m³ per second. It is also the largest river by water outflow and has the largest catchment in the country. It makes sense that governance arrangements recognise this strong connection from headwater to coast as well.

Strong working relationships with Papatipu Rūnaka need to remain a core part of how local government operates in our area. As the proposal is developed, we will continue discussions with Te Rūnanga o Ngāi Tahu and local Kā Rūnaka. Kā Rūnaka have already been invited to participate in regional spatial planning discussions, and we will continue to seek their input on governance, representation and partnership arrangements as detailed design work progresses.

Any local government reorganisation must respect existing Treaty settlement arrangements and the commitments that have already been made. All arrangements established under the Ngāi Tahu Claims Settlement Act 1998 would continue to apply following reorganisation. This includes statutory acknowledgements, nohoanga entitlements, protocols, place name provisions and all other rights and obligations established through the settlement process.

Reorganisation should not create uncertainty or disrupt arrangements that are already in place.

Other Supporting Information

Independent analysis undertaken by Morrison Low identified strong communities of interest across the inland subregion and therefore the proposed model can achieve meaningful efficiencies while maintaining a closer connection to local communities than a single Otago-wide authority. This model has been informed by that analysis, alongside community survey results, Regional Deal discussions, planning reform and feedback received through the Head Start process.

The interim governance arrangements for regional spatial planning are considered the appropriate response regardless of how the Head Start and Regional Deal processes are ultimately resolved. They provide continuity, maintain momentum, and ensure the region is prepared for implementation of the new planning system.

While views differ across communities regarding the future structure of local government, there is already substantial collaboration occurring across the proposed unitary area. Central Otago, Clutha and Queenstown Lakes work together through Regional Deal negotiations, emergency management, transport planning, climate adaptation initiatives and a range of officer and governance forums. This proposal builds on relationships and communities of interest that already exist rather than creating entirely new arrangements.

The geography emerging through the new planning system, Regional Deal discussions, climate adaptation programmes, and feedback from Te Rūnanga o Ngāi Tahu is broadly consistent with the geography proposed through this provincial model. Catchments, growth corridors, infrastructure networks and communities of interest increasingly operate across existing council boundaries and point toward a more integrated inland approach.

This model can deliver meaningful efficiencies while retaining a stronger connection to local communities compared to a single Otago-wide authority. The model also reflects feedback received through the Otago Mayoral Forum local government reform survey, which highlighted affordability, infrastructure delivery, local decision-making and preservation of local identity as key community priorities.

The Queenstown Business Chamber of Commerce has expressed support for an inland model, noting the shared growth pressures, labour markets, housing challenges and economic connections across Queenstown Lakes and Central Otago. This proposal extends that logic to include Clutha, recognising the important role the district plays within the wider Mata-Au/Clutha catchment and inland economy, especially when it comes to diversification offered by the primary industry sector.

Conclusion

Overall, this proposal is considered realistic, achievable and capable of implementation within the Government's proposed timeframe. It builds on existing partnerships, aligns with current regional planning initiatives, and provides a practical pathway to reform while maintaining continuity of service delivery and democratic representation.

This proposal does not seek to preserve existing structures. It accepts the need for reform and the Government's objective of fewer councils, clearer accountability and better value for ratepayers. The question is not whether change is needed, but how that change can best reflect communities of interest, preserve local democracy and deliver services efficiently.

This proposal provides a practical starting point. It brings together communities with strong existing connections, protects local decision-making through empowered community councils, and creates a pathway to more efficient and sustainable local government.

We welcome the opportunity to continue working with Government, mana whenua, neighbouring councils and our communities to develop this proposal and ensure any future arrangements are built on local voice, shared interests and a strong foundation.

Ki uta ki tai. From the mountains to the sea.



Mayor Jock Martin
Clutha District Council



Mayor Tamah Alley
Central Otago District Council

