

**EXTRAORDINARY MEETING  
OF THE**

**Clutha District Council**

**30 July 2026**

**Commencing at the conclusion  
of the Council Workshop**

**At the Council Chambers**

**1 Rosebank Terrace**

**BALCLUTHA**

## **CLUTHA DISTRICT COUNCIL**

Notice is hereby given that an Extraordinary Meeting of the Clutha District Council will be held in the Council Chambers, 1 Rosebank Terrace Balclutha on Thursday 30 July 2026, commencing at the conclusion of the Council Workshop.

Steve Hill  
**CHIEF EXECUTIVE OFFICER**

### **Committee Members**

**Mayor: Jock Martin**

Councillor Dane Catherwood  
Councillor Roger Cotton  
Councillor Larry Frost  
Councillor Bruce Graham  
Councillor Rachel Harrison

Councillor Michele Kennedy  
Councillor Simon McAtamney  
Councillor Dean McCrostie  
Councillor Brendon Smith

# CLUTHA DISTRICT COUNCIL

## Thursday 30 July 2026

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### APOLOGIES

None advised at the time of printing this agenda.

### DECLARATIONS OF INTEREST

None advised at the time of printing this agenda.

| Item | Page # | Title                                                                                                                                 |
|------|--------|---------------------------------------------------------------------------------------------------------------------------------------|
| 1    | 4      | <b>Simplifying Local Government</b><br><i>(For Council's Decision)</i><br>Report requests a decision on Simplifying Local Government. |
|      |        |                                                                                                                                       |

# Clutha District Council

## Item for DECISION

|                       |                              |
|-----------------------|------------------------------|
| <b>Report</b>         | Simplifying Local Government |
| <b>Meeting Date</b>   | 30 July 2026                 |
| <b>Item Number</b>    | 1                            |
| <b>Prepared By</b>    | Steve Hill – Chief Executive |
| <b>File Reference</b> | 1039273                      |

### REPORT SUMMARY

The purpose of the report is to reach a decision on what action Clutha District Council will take ahead of the 9 August 2026 “Head Start” deadline.

### RECOMMENDATIONS

- 1 That Council receives the ‘Simplifying Local Government’ report.**
- 2 That Council notes that there is no qualifying “Head Start” proposal on the table for Clutha District Council.**
- 3 That Council endorses a letter from all Otago Mayors agreeing to work together to determine the ultimate unitary arrangements for the Otago Region,**

**And**

- 4 That Council delegates to His Worship the Mayor, the authority to sign on behalf of Clutha District Council.**

### REPORT

#### 1 Background

A complete background was provided at a Workshop held in public on 22 July 2026 by way of Report with Attachments. That complete Workshop package is at Attachment A.

The recording of the Workshop is <https://www.youtube.com/watch?v=oEUz7WdvkQU>

During the workshop further analysis was received from Morrison Low which was introduced and discussed. That analysis is at Attachment B.

Since the workshop, there has been a Mayoral Forum discussion on the evening of 22 July where His Worship the Mayor advised of the content of the workshop discussion, and it was advised that a draft letter for Council approval would be completed in time for our extraordinary Council meeting on 30 July 2026. That draft letter, which is the subject of recommendation 3, will be distributed when it is received.

## 2 Strategic Goals and Outcomes

### 2.1 Community Outcomes

- Vibrant Rural Towns and Communities
- Connected and Collaborative
- Healthy Sustainable Environment

### 2.2 Key Priority Areas

- Healthy Safe Communities
- Support Culture & Heritage
- Adapt to Climate Change
- Invest in Infrastructure
- Improved Environmental Footprint
- Jobs are Filled
- Enough Quality Housing

## 3 Assessment of Options

There is no option that includes a “Head Start” proposal (Recommendation 2) because there isn’t one on the table to assess. That was discussed at the workshop, but as at the writing of this report, there is no proposal received or produced by Clutha District Council.

There is an option to do nothing and default to the “Backstop” process which is described in the workshop report and was discussed. There is very little information on the “Backstop” process and therefore the risk of this option is high. It is the default position if no other option is decided upon.

There is an option to submit a joint letter from the Otago Mayors indicating a willingness to continue to work together, seek more time, provide an agreed timeline, and influence the end process. With this option there is little information on how this would be received by the Government and what the response would be. The risk is high but not higher than the default option.

## 4 Consultation

The workshop report fully addresses this.

## 5 Iwi Consultation

The workshop fully addresses this. Neither approach (“letter” or Backstop) precludes working with Iwi on the areas they have identified through early engagement

## 6 Policy Considerations

We are following Government direction that does impact on our significance and engagement policy. The government deadline for a “Headstart” proposal makes it impossible to meet our significance and engagement policy, however, there have been two surveys available to residents and ratepayers of the Clutha District. There has been no formal consultation and submission process.

## **7 Legal Considerations**

It is assumed that the Government will legislate to make provision for “Headstart” and if approval is given to work together as per the letter, it is also assumed legislation will make provision for the outcome of working together.

## **8 Financial Impact**

Only high-level financial analysis has been undertaken, and much detail has been omitted because of time constraints. If it is agreed to proceed with the “letter” approach with working together, much more detail would need to be developed.

## **9 References – Tabled/Agenda Attachments**

Attachment A. 22 July 2026 Workshop Agenda

Attachment B. Additional Morrison Low Analysis

Attachment A

**WORKSHOP**  
**OF THE**  
**Clutha District Council**

**Wednesday 22 July, 2026**

**Commencing at 1:30 pm**

**At the Council Chambers**

**1 Rosebank Terrace**

**BALCLUTHA**



# Workshop Agenda

Wednesday 22 July 2026  
1.30pm – 4.00pm  
Council Chambers  
1 Rosebank Terrace  
Balclutha

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**WORKSHOP TITLE:** Simplifying Local Government

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## Workshop Programme

| Time<br>(Indicative) | Session | Topic                                   | Outline                                              | Agenda page<br>ref. |
|----------------------|---------|-----------------------------------------|------------------------------------------------------|---------------------|
| 1.30 pm              | 1       | <b>Simplifying Local<br/>Government</b> | Discuss options for simplifying local<br>government. | 3                   |
| 4:00pm               |         | <b>CLOSE</b>                            |                                                      |                     |

*Council workshops are intended to provide a forum for Councillors to be briefed, explore issues and to guide Council staff on further consideration of issues or the development of options, or ask staff to bring forward issues for formal consideration at a Council meeting. Workshops cannot make decisions that bind Council or its staff.*

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# Clutha District Council Workshop

## Item for INFORMATION

|                       |                                                  |
|-----------------------|--------------------------------------------------|
| <b>Report</b>         | Simplifying Local Government – Option Discussion |
| <b>Meeting Date</b>   | 22 July 2026                                     |
| <b>Item Number</b>    | 1                                                |
| <b>Prepared By</b>    | Steve Hill – Chief Executive                     |
| <b>File Reference</b> | 1036564                                          |

### REPORT SUMMARY

This report provides background information to support a workshop discussing the subject of simplifying local government.

### DIRECTIONS

- 1 That Council receives the ‘Simplifying Local Government – Option Discussion’ report.**
- 2 That Council provides direction to support a decision report for an extraordinary meeting of Council on 30 July 2026.**

### REPORT

#### 1 Background

New Zealand’s local government system is undergoing its most significant structural review in more than three decades. The review responds to long-standing concerns about complexity, duplication of functions, uneven regional capability, and the need for clearer accountability across the system.

##### 1.1 Reform context

The Government’s Simplifying Local Government reform programme signals a shift toward more integrated regional governance arrangements and clearer allocation of roles between local authorities.

In November 2025, the Government outlined two initial proposals as a pathway to simplify local government structures and strengthen regional coordination:

- **Proposal 1: Abolishing regional councillors** — elected regional councillors would be replaced by Combined Territories Boards (CTBs), comprising the mayors of city and district councils. The intent is to align regional decision-making more closely with territorial authorities and reduce perceived duplication between regional and local tiers.

- **Proposal 2: Locally led regional reorganisation** — newly established CTBs would develop regional reorganisation plans. These could include council amalgamations, shared service models, or redistribution of functions. Each CTB would be required to prepare a plan within two years of establishment.

## 1.2 Head Start pathway

Following consultation, the Government announced the “Head Start for Simplifying Local Government” pathway on 5 May 2026. This is a voluntary and streamlined mechanism for councils that are willing and sufficiently prepared to progress reorganisation ahead of the broader system reforms currently anticipated from 2028.

Councils choosing to participate must opt in by 9 August 2026 and submit an outline proposal to Cabinet. The proposal must demonstrate readiness, alignment with reform objectives, and a credible pathway toward regional reorganisation.

The Head Start pathway allows for locally led proposals that combine regional council and territorial authority functions into one or more unitary authorities, representing regions or, in some cases, sub-regions. For large or complex areas, sub-regional unitary authorities and cross-boundary proposals may be considered where they would:

- combine existing territorial authorities and transfer regional council functions;
- result in fewer local authorities overall; and
- deliver clearer accountability and more effective delivery of key functions, including regional planning, transport, and catchment management.

### 1.2.1 Proposal requirements

Head Start proposals must be submitted by two or more territorial authorities that together represent either a majority of directly affected territorial authorities or a majority of the population across the directly affected districts.

Proposals cannot be submitted by minority groupings, individual territorial authorities or unitary authorities, regional councils, individuals, or other organisations.

### 1.2.2 Assessment criteria

Five criteria will be used to assess proposals:

- A. **Deliverability:** whether the proposal is realistic and can be implemented in a timely manner.
- B. **Support for the new planning system:** whether the proposal supports implementation of the new planning system, including progress on spatial and natural environment plans, while avoiding or minimising disruption.
- C. **Simplification of local governance:** whether the proposal creates more efficient regional governance arrangements, consolidates decision-making, and improves alignment between councils.

- D. **Economies of scale:** whether the proposal supports regional strategic planning, effective delivery of key regional functions, responsible asset management, infrastructure investment, and affordable service delivery.
- E. **Maintenance of local voice:** whether the proposal provides fair and effective representation for communities of interest and supports local decision-making that balances urban and rural interests.

### 1.3 Backstop pathway

Councils that do not progress through the Head Start pathway will be subject to a compulsory, government-led Backstop process after the 2028 local government elections. This pathway provides a mechanism for central government to initiate and advance reorganisation where locally led proposals are not received or do not meet the objectives of the reform.

As part of the transition arrangements, regional governance structures are expected to change at the 2028 elections. Elected regional councillors would be replaced by interim governance bodies, which could include CTB-style mayoral boards, Crown-appointed commissioners, or hybrid arrangements.

### 1.4 Council Updates

On 7 July 2026 Waitaki District Council voted to pursue a submission to the Government's Head Start pathway and develop a proposal for a new unitary council with neighbouring districts. Waitaki District Council's preferred option is a new unitary authority including Waimate, Mackenzie, Timaru, and Waitaki. They will also keep the door open for Ashburton, Clutha and Central Otago district councils if they choose to join the proposal. There was also the possibility of looking at the preferences for the Waihemo ward should there be an interest in looking to Otago.

Timaru District Council is currently consulting on options for a Head Start proposal including an option to include Waitaki District Council.

Southland Region is currently subject to a local government reorganisation proposal managed by the Local Government Commission. Otherwise, there are different opinions being reported on individual Council's views of the Head Start process. Gore District Council has indicated an interest in investigating an Otago option.

Dunedin City Council will not have held a workshop prior to this Agenda being drafted. CODC had a workshop 8 July and have a decision meeting on the 29<sup>th</sup>. QLDC is undertaking community workshops.

At a meeting of Otago Mayors and Chair on 15 July there was some consensus that a Head Start proposal was unlikely to gain sufficient Otago Council approvals, and that instead there might be agreement reached to communicate by letter to the Government the significant progress made with a view to continue working together to find a solution that meets the Government's aims, and that would not require a Backstop solution.

If Clutha District Council does not pursue a Head Start proposal and instead progresses a letter indicating a desire to progress outside of a Backstop process, it would confirm

that there would be no changes to the 2028 Local Government elections except that there would be no elections for the Otago Regional Council. Any work on progressing alternative options or any direction by the government on a Backstop decision would apply from the 2031 Local Government elections.

Further updates can be provided at the workshop.

### 1.5 Otago-wide Community Engagement

Affordable rates, quality services and infrastructure, and keeping decisions local were among the top priorities identified by respondents to a survey on local government reform.

The Otago Mayoral Forum survey sought views on what is most important to people when it comes to local government reform. The key issues identified at a regional level related to a loss of identity and financial concerns, however at a regional level more than one third of respondents commented with pro-reform sentiment.

The survey drew 1,820 responses from across the region.

| Priority Issue                         | Otago |
|----------------------------------------|-------|
| Affordable rates                       | 64%   |
| Quality services and infrastructure    | 58%   |
| Keep decisions local                   | 54%   |
| More efficiency, less duplication      | 51%   |
| Rural areas and small towns are valued | 40%   |
| Healthy environment                    | 37%   |
| Urban growth is properly planned       | 34%   |
| Services are easy to access            | 30%   |
| Local character is protected           | 30%   |
| More transparency                      | 28%   |
| Economic growth                        | 25%   |
| Other                                  | 5%    |

### 1.6 Clutha District Community Engagement

This section summarises the results of Clutha District Council's community survey on proposed local government reforms and amalgamation options. The survey was undertaken to help inform Council's position ahead of the Government's 9 August

deadline for councils to submit “Head Start” proposals outlining preferred options for simplifying local government structures.

The two-week survey opened on 16 June, closed on 30 June, and received 214 responses, with participation recorded across all wards. The results indicate that retaining local representation, protecting rural identity, and achieving meaningful cost reductions are key considerations for the Clutha community in any future amalgamation proposal.

Most respondents, 57.4%, supported a separate rural-focused amalgamation option, while 29.7% favoured an Otago-wide model. Feedback highlighted concerns that amalgamation may not necessarily reduce costs, particularly given Clutha’s small rating base. Some respondents noted that Clutha may not be able to continue independently, while others expressed concern that rural communities could become underfunded, under-represented, or lose their district identity within a larger structure.

The survey comments reinforced the importance of equity, efficient service delivery, and ensuring that communities do not become less visible through increased scale.

The link to Clutha Connect for the full report is <https://connect.cluthadc.govt.nz/local-government-amalgamation>

## **1.7 Ngāi Tahu Engagement**

Justin Tipa, Chair Ngāi Tahu presented to the Otago Mayoral Forum on 3 July and to an information session for elected members on 6 July. In summary Ngāi Tahu are looking to a catchment approach as the basis of setting unitary boundaries and propose 3 levels of governance/management:

- Level 1 – a local level with Mayors or local leadership
- Level 2 – a regional level for regional level functions, and
- Level 3 – a whole of South Island Takiwā level for some functions such as data, IT, employment, consenting, transport planning, water, housing and .....?

Justin followed up with a more detailed explanation in a letter dated 15 July 2026. Both presentation and the letter are included in Attachment A.

## **1.8 Otago Mayoral Forum and Morrison Low Option Analysis**

The Otago Mayoral Forum agreed to undertake a regional approach, however, this had a greater focus on a coordinated regional programme to assess potential reform options and ensure councils were well placed to evaluate any future opportunities under the Head Start pathway.

It was accepted that participation in the programme did not commit any council to a particular outcome. Individual councils retained full discretion and decision making regarding any future reform proposal.

A workshop was held with the Otago Mayoral Forum on 19 June that was designed to identify the principles that matter most to Otago and to explore whether a common set of principles could provide a shared foundation for future discussions as reform progresses.

The intention was to step back from specific potential local government reform structures and focus instead on the values, outcomes and priorities that should guide future decision-making.

Morrison Low Advisory (MLA) was also engaged to provide independent analysis, modelling, and technical advice. Their work includes regional options assessment, financial modelling, and evaluation against Government criteria.

A regional study was undertaken assessing the merits of a potential Otago-wide unitary authority and other possible governance arrangements. The assessment considered:

- Community and Connection Factors
- Financial and Economic Factors
- Environmental and Place-Based Factors
- Financial Modelling
- Assessment Against Government Criteria

This work developed 3 primary options:

- Whole of Otago Unitary – This would be based on the current Otago Regional Council Boundaries and the part of the Waitaki district within Canterbury.
- Coastal Otago and Inland Otago Unitaries – Coastal would consist of Waitaki, Dunedin and Clutha and Inland would consist of Central Otago and Queenstown.
- Urban and Rural Unitaries – Waitaki, Central Otago and Clutha would form one unitary and Dunedin and Queenstown would be standalone Unitaries.

In addition to these options, three further items have been considered:

- Waitaki alignment with Canterbury.
- Inclusion of Gore.
- Inclusion of Waimate and Mackenzie districts.

Gore DC has already indicated a desire to be included in future considerations.

Mackenzie DC on 23 June 2026 noted the invitation but declined to take it any further.

The Otago principles and the Morrison Low full analysis are included as attachment B.

## **1.9 Subsequent Option Identification**

The decision on 7 July by Waitaki District Council to look at a South Canterbury option significantly affected the options and option analysis being considered by the Otago Mayoral Forum. Clutha District did some further work at option identification based around a potential grouping of QLDC, CODC and CDC in their entirety. Maps were produced and are at attachment C that show:

- The current boundaries of a combined QLDC, CODC and CDC
- Extended boundaries to include a rural portion of the Taieri River catchment and the Waihemo ward of the Waitaki District Council
- As above but including the Gore District

## **2 Assessment of Options**

The workshop objective is to discuss the various options to assist writing a decision report for the 30 July extraordinary meeting of Council. This report provides all the background information to support the discussion.

There will be additional information to include in the Morrison Low analysis for the combined QLDC, CODC, CDC option to be presented on the day of the workshop. The information will not be available in time for the agenda.

At attachment D are also some high-level summaries of the arguments for the QLDC, CODC, CDC and variant options.

As this is a workshop no assessment of options has been carried out.

## **3 Consultation**

This has been referenced at section 1.5-1.7.

## **4 Iwi Consultation**

This has been referenced at 1.7.

## **5 Policy Considerations**

This matter is subject to government proposals on simplifying local government.

## **6 Legal Considerations**

This matter is subject to government proposals on simplifying local government.

## **7 Financial Impact**

Not applicable as this is a workshop with no decisions.

## 8 References – Tabled/Agenda Attachments

Attachments.

- A. Ngāi Tahu letter dated 15 July 2026 and presentation
- B. Otago Mayoral Forum Workshop Outcomes and Morrison Low Option Analysis
- C. Additional Maps:
  - i. Option 1: QLDC, CODC, CDC
  - ii. Option 1a: QLDC, CODC, CDC and part of Taieri catchment and Waihemo ward
  - iii. Option 1b: Option 1a plus Gore District
  - iv. Lower South Island River Catchments
  - v. Taieri River Catchment
- D. High-level summary arguments for Attachment C options



Te Rūnanga o NGĀI TAHU

15 July 2026

His Worship Jock Martin  
Mayor of Clutha District Council  
P O Box 25  
Balclutha 9240

Sent via email: jock.martin@cluthadc.govt.nz

E te Koromatua, tēnā koe,

### **Local Government Reform – Opportunities for Te Waipounamu**

I am writing regarding the Government's Head Start reform programme for local government and the opportunities it creates for the future of local governance across Te Waipounamu.

The reforms provide a once-in-a-generation opportunity to modernise our 1989 system and design local governance and service delivery arrangements that are genuinely fit for the future of South Island communities. Ngāi Tahu strongly supports all regions within our Takiwā submitting a compliant Head Start proposal by 9 August. We acknowledge the tight timeframe and appreciate the considerable work already undertaken to engage with communities and with one another.

Given the scale of the change being contemplated, it is vital that we collectively consider how new arrangements can best reflect the aspirations and needs of our communities. The decisions made now will shape community wellbeing, economic development, infrastructure delivery, environmental stewardship, and democratic representation for decades ahead. Our view is that incremental change is not enough. Simply converting existing boundaries into unitary councils will fall short of what is needed to meet the challenges before us.

As an iwi we have been reflecting carefully on what these reforms mean for Ngāi Tahu and for the communities across our Takiwā. While our thinking will continue to evolve as proposals develop, four key principles underpin our approach:

1. **Local government boundaries should align with the Ngāi Tahu takiwā boundary.** The Ngāi Tahu takiwā is a natural and enduring contour in the physical and social landscape of Te Waipounamu. Aligning local government boundaries with the Ngāi Tahu takiwā would be an appropriate acknowledgement of the “new age of cooperation” promised in our Settlement.

Te Rūnanga o Ngāi Tahu  
15 Show Place, Addington, Christchurch 8024  
PO Box 13-046, Christchurch, New Zealand  
Phone + 64 3 366 4344, 0800 KAI TAHU  
Email: [info@ngaitahu.iwi.nz](mailto:info@ngaitahu.iwi.nz)  
Website: [www.ngaitahu.iwi.nz](http://www.ngaitahu.iwi.nz)

2. **River catchments should be the primary determinant of unitary council boundaries within the Ngāi Tahu takiwā.** Catchment-based governance offers the opportunity for more integrated and effective management of freshwater, land use, biodiversity, infrastructure and hazard resilience, recognising that natural systems do not conform to current administrative boundaries.
3. **A joint takiwā-wide entity should be established to provide shared back-office and specialist functions on behalf of new unitary councils.** A shared services model could improve efficiency, reduce duplication, strengthen capability and support financially sustainable outcomes while allowing councils to maintain strong local connections and decision-making.
4. **Future arrangements should incorporate genuine cooperation between councils and Papatipu Rūnanga.** Strong council-iwi cooperation built on our enduring and legislatively anchored rangatiratanga will help ensure decisions are informed by local knowledge, long-term stewardship considerations and te Tiriti-based relationships.

We are confident that governance arrangements developed in accordance with these principles will produce an outcome that meets the Government's expectations for Head Start while delivering lasting benefits for communities across Te Waipounamu.

In our view, a future system should include three components:

1. Strong, visible, on the ground governance for inherently local matters like halls and community centres, pools, libraries, arts, heritage and other community facing services.
2. Regional or sub regional unitary councils responsible for the full suite of current regional, district and city functions.
3. A Takiwā-wide shared services entity delivering functions where scale is essential, for example data, science, IT, workforce development and other specialist capabilities.

Ngāi Tahu has significant experience operating a governance model in which strong local decision-making and authority (Papatipu Rūnanga) co-exist with a larger, more centralised entity that leverages scale for collective benefit (Te Rūnanga o Ngāi Tahu). Our hope is that communities across our takiwā come to see that such a model is both achievable and desirable within the new local government system.

I have asked the Office of Te Rūnanga to engage with councils on these ideas and explore how they may be reflected in the Head Start proposals currently under development. This engagement will be framed and informed by existing relationships and discussions between Papatipu Rūnanga and councils, as well as by the takiwā boundaries of Papatipu Rūnanga, which are independent of the reforms.

As reform proposals take shape, we look forward to continuing these conversations and working alongside councils to help shape a stronger, more resilient and more effective system of local governance for Te Waipounamu.

Nāku noa, nā

A handwritten signature in black ink, appearing to be 'J. Tipa', written in a cursive style.

**Justin Tipa**

**Kaiwhakahaere**

**Te Rūnanga o Ngāi Tahu**

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# Local Government Reform

Otago Mayoral Forum

3 July 2026

**Justin Tipa**  
Chair, Ngāi Tahu



Te Tiriti o Waitangi



Rangatiratanga

Ngāi Tahu  
Deed of Settlement  
1997

Ngāi Tahu  
Claims Settlement Act  
1998

*“new age of cooperation”*

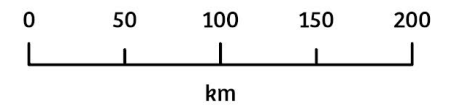


### Legend

— Ngāi Tahu Northern Boundary

🏠 Papatipu Marae

N



# Catchment Approach



- Within the Takiwā, use river catchments as the basis for setting unitary council boundaries.



# Layer 1 - Local

- Local Mayor for community leadership and advocacy
- Governance for local facilities e.g. Reserves, playgrounds, local sports grounds, Community centres, libraries,
- Local arts and heritage
- Papatipu representation



# Layer 2 – Regional Unitary

Environmental management  
 Region-wide planning including Spatial Planning  
 Natural Resource management and consenting  
 Freshwater management  
 Coastal marine management  
 Soil conservation and erosion control  
 Biodiversity  
 Biosecurity  
 River Flood management  
 Regional transport planning  
 Public transport  
 Regional Plans  
 Regional Civil Defence and emergency management  
 Harbourmaster

Science  
 Compliance, monitoring and enforcement  
 Governance and representation  
 Rating  
 Roading (local roads, footpaths, cycleways)  
 Water supply, wastewater and stormwater infrastructure  
 Refuse collection, recycling, waste disposal  
 Community Facilities such as parks, sports fields, libraries, pools, and community centres.  
 District Planning  
 Placemaking  
 Building consents (as building consent authorities)  
 Resource Consents  
 Enforcement.

Dog and Animal control  
 Bylaw making, public health, food safety, nuisance and local behaviour rules.  
 Economic development  
 Tourism (sometimes through Regional Tourism Organisations)  
 Local Civil Defence and emergency management  
 Rating  
 Governance and representation  
 Support for Local Boards  
 Stadium  
 Housing

# Layer 3 – Takiwā / South Island



- Opportunity could include: Data, IT, employment, consenting, transport planning, water, housing,...???

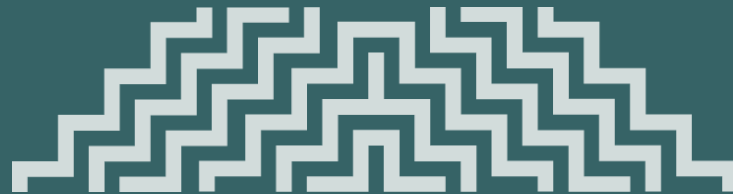
# Key Principles

| 1. Takiwā Boundary                                                                          | 2. Catchment Approach                                                                               | 3. Leveraging Scale                                                                                                                                                | 4. Voice                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The Ngāi Tahu Takiwā boundary</b> is the northern boundary for Canterbury and West Coast | Use the <b>catchments of rivers</b> to determine unitary council boundary setting within the Takiwā | Take a <b>Takiwā / South Island</b> approach to deliver back-office functions on behalf of all new unitary councils in the Takiwā to ensure no one is left behind. | <b>Ensure a partnership approach</b> with Papatipu Rūnanga for appointed voices on future structures including: any Local Boards, Unitary Councils, and the governance arrangements for the South Island functions |

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Mō tātou, ā,  
mō kā uri  
ā muri ake nei

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# Otago Mayoral Forum Workshop Outcomes

## Establishing the “Otago Principles” to Guide Reform

19 June 2026

### Purpose

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The workshop was designed to identify the principles that matter most to Otago and to explore whether a common set of principles could provide a shared foundation for future discussions as reform progresses.

The intention was to step back from specific potential local government reform structures and focus instead on the values, outcomes and priorities that should guide future decision-making.

Participants were asked to consider two key questions:

1. **What are your three most important principles for guiding future local government arrangements in Otago?**
2. **Regardless of what future governance arrangements emerge, what is the one thing that Otago, as a region, absolutely cannot afford to lose through reform?**

Additionally, a key question throughout the workshop was:

**If a proposal came before the Forum tomorrow, what principles would we want to use to assess whether it is right for Otago?**

The discussion therefore focused on identifying a set of principles that could provide a common lens through which potential local government reform structures and proposals might be viewed and assessed, while also providing a shared foundation for future discussions as reform progresses.

### Key Themes

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#### What Otago Cannot Afford to Lose

While participants expressed this in different ways, three clear themes emerged.

##### *Protection of the Environment*

- Protection of the environment emerged as one of the strongest and most consistent themes throughout the discussion.
- Participants recognised that the environment, and particularly the stewardship of water, underpins many of the things Otago communities value, including tourism, agriculture, economic prosperity, community wellbeing and the region's identity.
- There was discussion about the importance of protecting natural resources for future generations and ensuring that future governance arrangements support the long-term health and sustainability of Otago's environment.
- There was a strong sense that regardless of what future governance arrangements emerge, Otago cannot afford to lose sight of the importance of environmental stewardship and the role that healthy environmental systems play in supporting communities, industry and the wider region.

### ***Otago Identity and Sense of Place***

- A second recurring theme was the importance of retaining what makes Otago unique.
- Discussion referenced Otago's people, communities, landscapes, heritage, culture and diversity, as well as the importance of ensuring future arrangements continue to reflect the interests and aspirations of Otago communities.
- Participants also reflected on the importance of maintaining a strong sense of place and ensuring decisions continue to be grounded in what is right for Otago and its communities.
- While participants expressed this in different ways, there was broad agreement that Otago's identity and sense of place should not be lost through reform.

### ***Local Voice and Community Connection***

- The importance of maintaining a strong local voice was also raised consistently throughout the discussion.
- Participants spoke about the value of communities being able to connect with and influence decision-makers, maintaining democratic accountability, and ensuring people continue to feel represented within future governance arrangements.
- There was recognition that future reform may require different ways of working. However, maintaining meaningful local representation and connection to decision-making remained an important consideration.

## **Draft Otago Principles**

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As the discussion progressed and the emerging themes were tested and refined, five broad principles began to take shape.

These should be regarded as draft principles rather than final wording.

### **1. Protect and Enhance Otago's Environment**

- Otago's environment, including its water resources, is fundamental to the region's identity, wellbeing and prosperity.
- Future arrangements should protect and enhance these natural assets, recognising their importance to communities, industry and future generations.

### **2. Local Voice, Representation and Otago Identity**

- Local voice, representation and Otago's unique identity are fundamental to strong communities, effective local democracy and maintaining a sense of place.
- Future arrangements should maintain strong local representation, ensure communities continue to have a meaningful voice in decisions that affect them, and preserve the unique character, diversity and sense of place that make Otago distinctive.

### **3. Value, Affordability and Long-Term Sustainability**

- Otago communities need confidence that services and infrastructure can be delivered in a way that is affordable, sustainable and provides value over the long term.
- Future arrangements should deliver value for communities, remain affordable and be financially sustainable over the long term.

#### 4. Innovation and Future Focus

- Otago's future success will depend on its ability to adapt, innovate and respond to emerging opportunities and challenges while planning for future generations.
- Future arrangements should encourage innovative thinking, effective service delivery and solutions that support Otago's future needs and aspirations.

#### 5. Equity, Fairness, Transparency and Integrity

- Equitable and fair outcomes are important to maintaining trust and confidence across Otago and ensuring communities are treated fairly regardless of their size, location or circumstances within the region.
- Future arrangements should support equitable outcomes across the region, recognise the differing needs and circumstances of communities, and demonstrate transparency, accountability and integrity in how decisions are made and implemented.

### Applying the Principles: The Otago Test

---

The workshop discussed the value of using the draft principles as an initial assessment framework for considering future reform proposals.

The draft principles could be translated into a simple set of questions:

- Does it protect and enhance Otago's environment and water resources?
- Does it preserve local voice, representation and Otago's identity?
- Does it provide long-term value, affordability and sustainability?
- Does it support innovation and help Otago respond to future opportunities and challenges?
- Does it deliver equitable and fair outcomes across the region, while demonstrating transparency, accountability and integrity?

These questions provide a common lens through which future reform structures and proposals can be considered and assessed.

### Additional Considerations

---

The workshop also identified a number of matters that should be considered when assessing future reform options.

These were not necessarily principles in themselves, but rather important considerations that sit beneath the principles and help inform decision-making.

Themes raised included:

- Local control and decision-making
- Ownership and stewardship of assets
- Debt and financial implications
- Equity and fairness between communities
- Transparency of decision-making
- Community understanding and acceptance
- Regional outcomes and benefits
- Prosperity and economic opportunity
- Recognition that trade-offs will be required

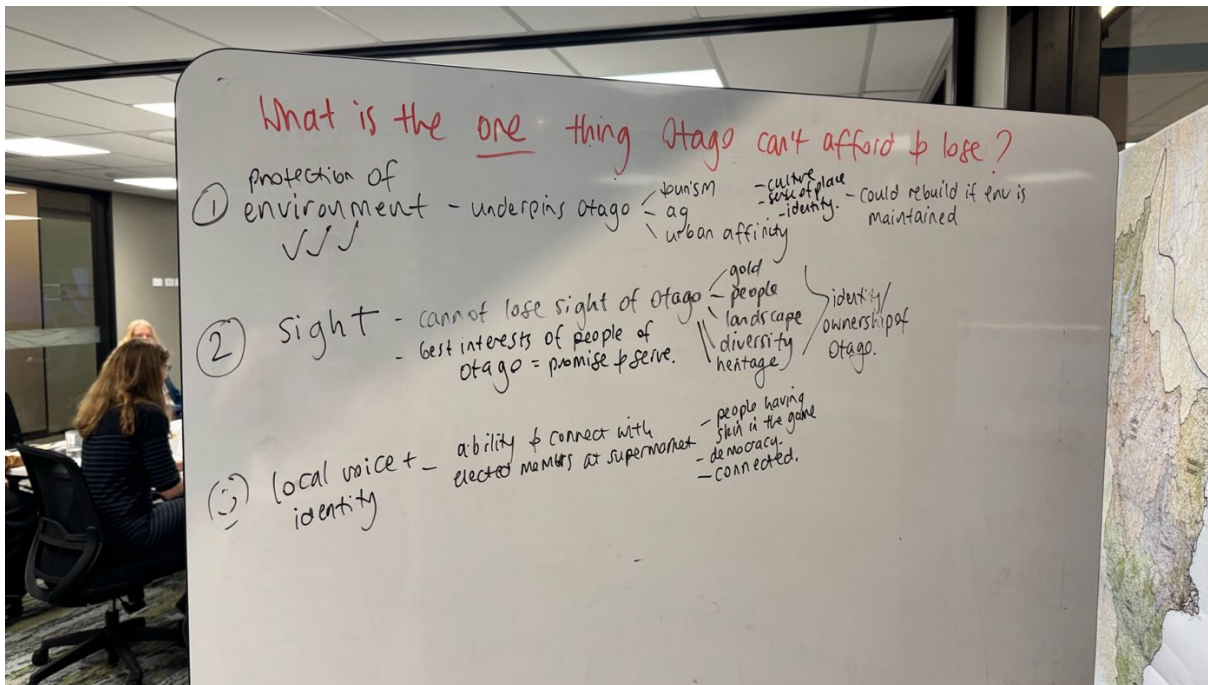
There was acknowledgement that future proposals are likely to involve difficult choices and competing priorities. The discussion highlighted the importance of having a clear set of principles to help navigate those decisions.

## Conclusion

While there may be different views regarding future governance structures and reform options, the workshop demonstrated a significant degree of alignment around the values and principles that matter most to Otago.

The draft principles identified through the workshop provide an initial foundation for future discussions and offer a common lens through which future reform structures and proposals can be considered and assessed.

The intention is not that these principles determine a preferred reform outcome. Rather, they provide a common reference point that can help guide future discussions and decision-making as options are developed and assessed.



# 1. What are your 3 most important principles?

① Environment

② Local voice ~~retain~~ ~~identity~~ ~~protect~~ ~~identity~~ \*

③ Integrity/Value ~~efficiency~~ ~~integrity~~ \*

④ Better financials/viable ~~affordability~~ ~~how much it cost~~ \*

⑤ Creative/innovative / how do things differently ~~efficient/effective~~ ~~eq. river authority etc~~ \*

⑥ Scale ~~solution~~ \*

⑦ Equity - being fair + trusted ~~detailed design?~~

## Gaps

- losing "our" assets / debt <sup>inheriting</sup>
- Control + decision making
- Equity / fairness (value underpinning)
- Prosperity / profitability
- Acceptance + understanding
- Big picture wins
- Transparency (3) <sup>values for decision making</sup>
- Evolve (5)
- Do we have a sense of otage identity?
- blank piece of paper from govt  
use it to get something that for community
- trade-offs are real
- perceptions of fairness may change

# 1. What are your 3 most important principles

Simplicity ✓ easily explained makes sense

CO / effective scale

\* Affordability ✓

ki uta ki tai  
(Mountains to sea)

strengthen  
debate

retain  
identity

\* Better financials than  
the parts ✓  
financially viable

effectiveness  
value for money ↓

Otago identity ✓  
retained

People first <sup>meaningful</sup>  
<sup>location based ops for feedback</sup>  
<sup>participation</sup>

Motiv / environment

Local voice

efficient

connected & community

accountability

devolved decision making

residents feel heard + valued

equitable + specific outcomes

creative mindset / innovative

institutions respected for integrity



# Head Start Options Councils of Otago Region

Mayoral Forum, 3 July 2026

UPDATED TO INCLUDE GORE FINANCIALS, 15 July 2026

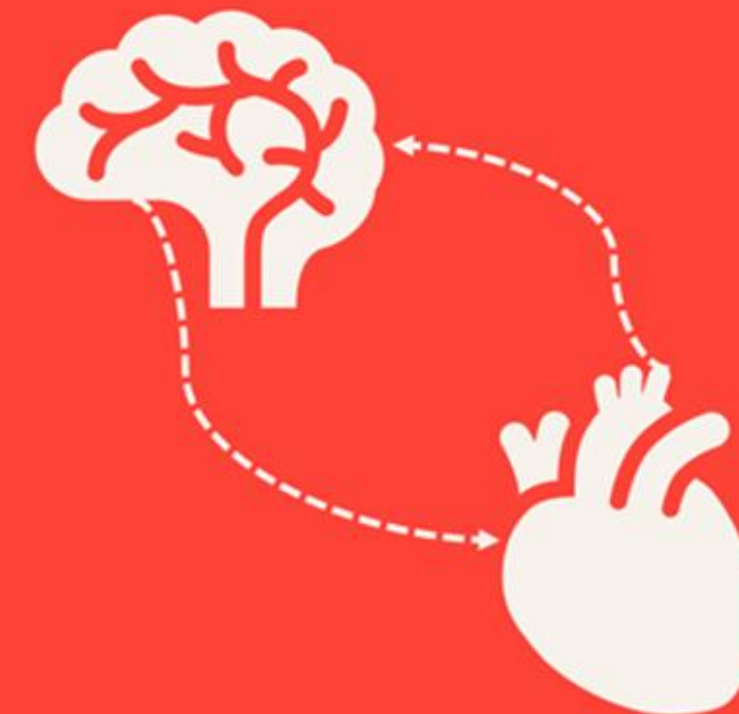


Prepared for:

| Job # | Version | Written  | Reviewed | Approved | Report Date  |
|-------|---------|----------|----------|----------|--------------|
| 3143  | 3       | A. Grace | S. Cross | S. Cross | 15 July 2026 |

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# Content



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1. Introduction

---

2. Planning assessment

---

3. Communities of interest

---

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4. Representation & structures

---

5. Financial benchmarks

---

6. Assessment against government criteria

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# Objective:

To support LG amalgamation decisions in Otago, whether or not a Head Start proposal is submitted

# Workstreams:

| Workstream                        | Outcomes                                                                                                    |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------|
| Community outcomes, what matters  | Understanding what matters most to the community.                                                           |
| Community voice, early engagement | What should be protected? What do we want the district to become?                                           |
| Process                           | An engagement approach focused on understanding priorities and readiness for change.                        |
|                                   | Test community appetite to help inform the Head Start pathway.                                              |
|                                   | Focus on how elected members would navigate and manage the 95-day process.                                  |
|                                   | Clear governance, decision making pathways, and programme structure.                                        |
| Head and heart                    | Understand communities of interest and key partnerships.                                                    |
|                                   | Consider factors such as debt levels, relationships with mana whenua, growth pressures, regional alignment. |
|                                   | Council building profile and becoming self-aware of where council sits within wider landscape.              |

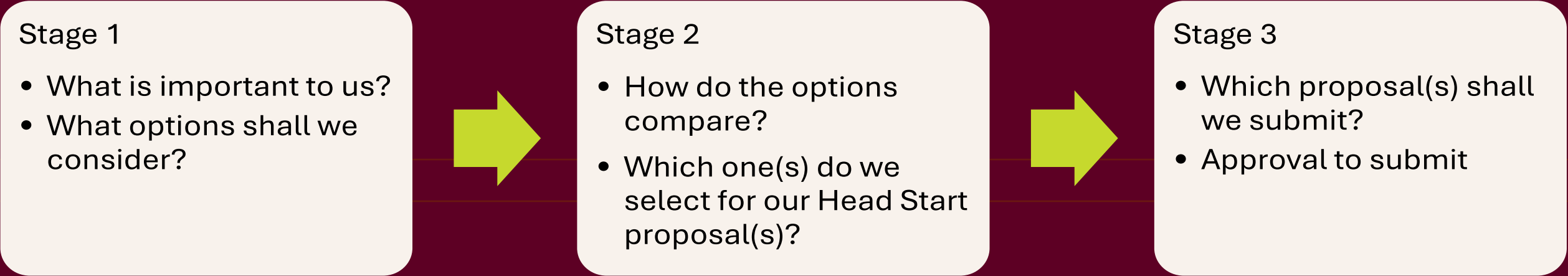
# Scope:

## Head and heart workstream (Morrison Low Advisory):

Body of evidence to support decision making:

- Communities of interest
- Council organisation and services
- Financial modelling and benchmarking
- Representation options
- Planning system alignment
- Commentary on alignment with government criteria

# Process:



# Options

Option 1: One region-wide Otago unitary councils

Option 2: Two unitary councils, inland & coastal

- QLDC + CODC
- DCC, CDC, WDC

Option 3: Three unitary councils, urban & rural

- QLDC
- DCC
- CODC + CDC + WDC

Sub-options:

- Waitaki (in part or full) joins Canterbury
- Extending Option 3 to consider Gore & wider Southland
- Extending Option 3 to consider Waimate & Mackenzie



# Support for the new planning system

- Catchments
- Environmental limits
- Growth and infrastructure

# Planning system alignment

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## Catchment management:

Does the option split catchments making it harder to manage water quality, freshwater allocation, flooding, and environmental limits?

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## Management of environmental limits:

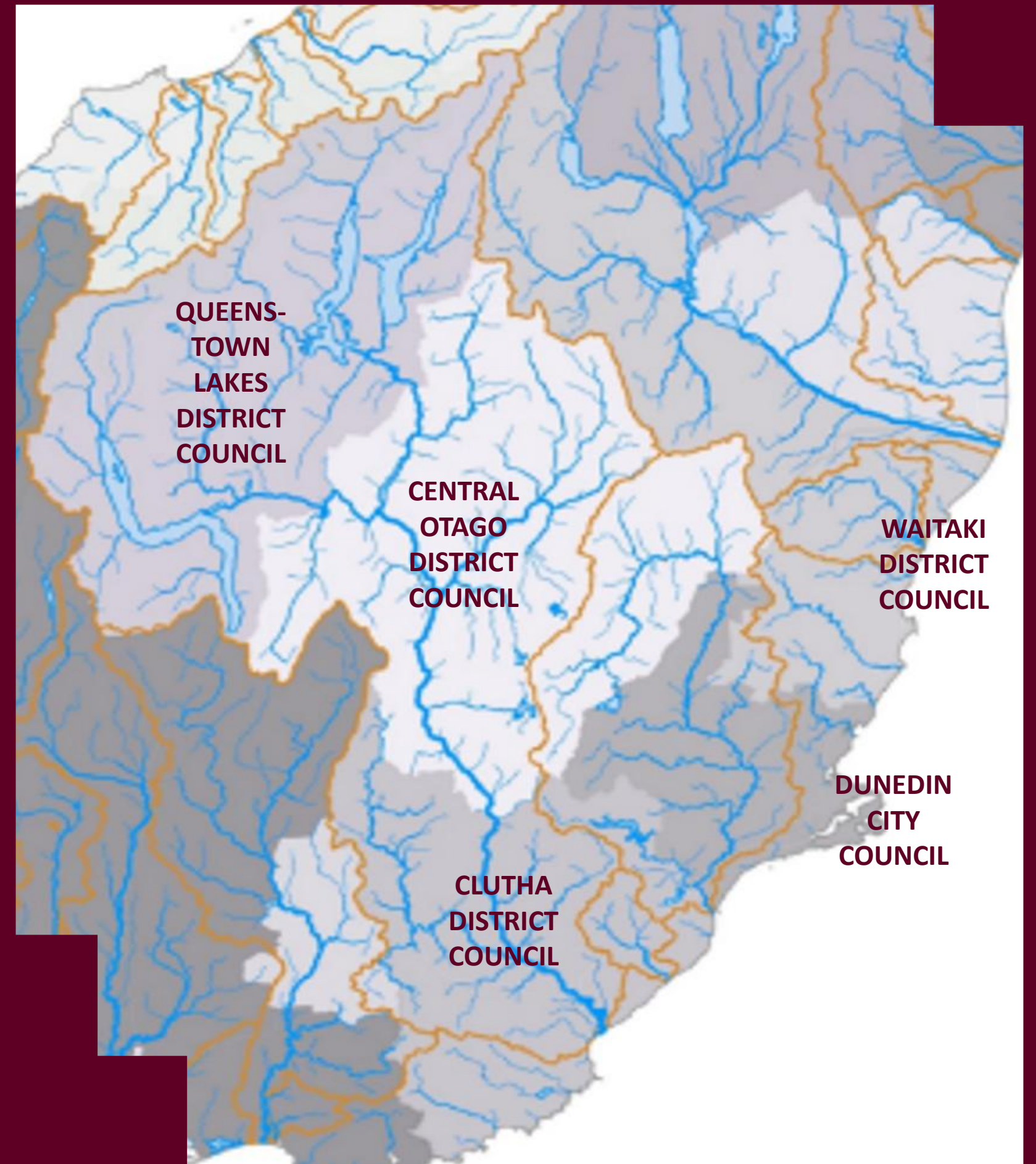
Does the option support management of land use and environmental limits?

---

## Settlement and infrastructure:

Does the option support more effective and/or efficient planning of transport corridors, infrastructure servicing linked to growth and demand?

# Catchment alignment with district boundaries: The ability to set environmental limits and make catchment level decisions

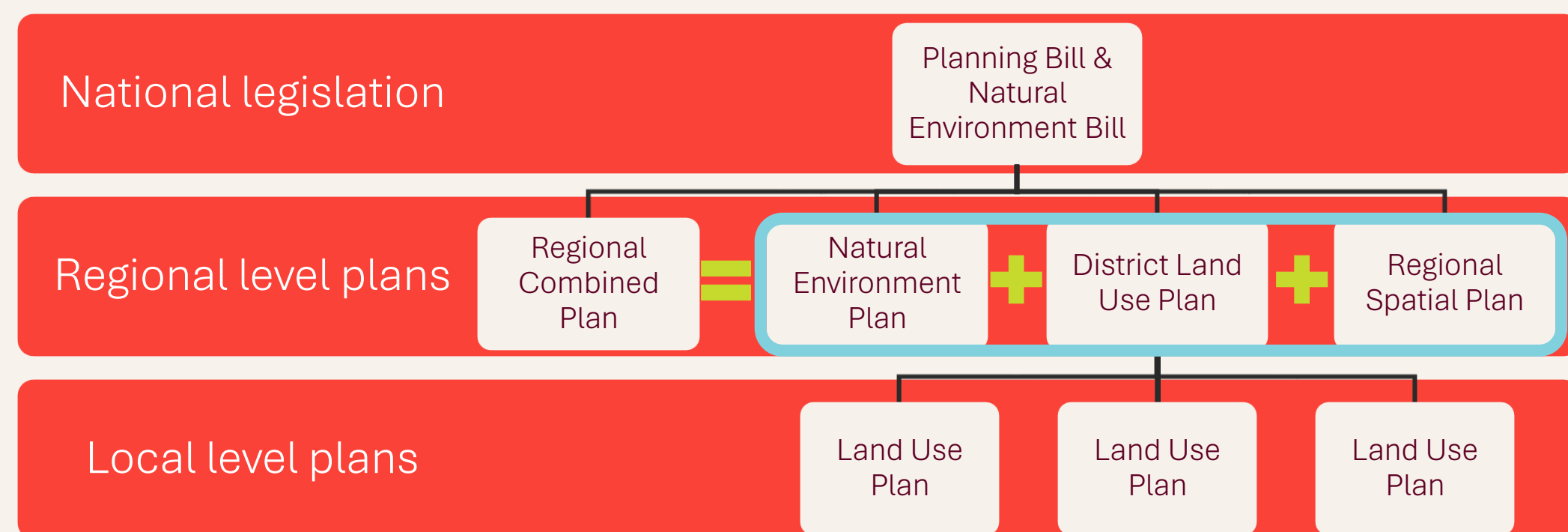


# New planning framework – Plans hierarchy

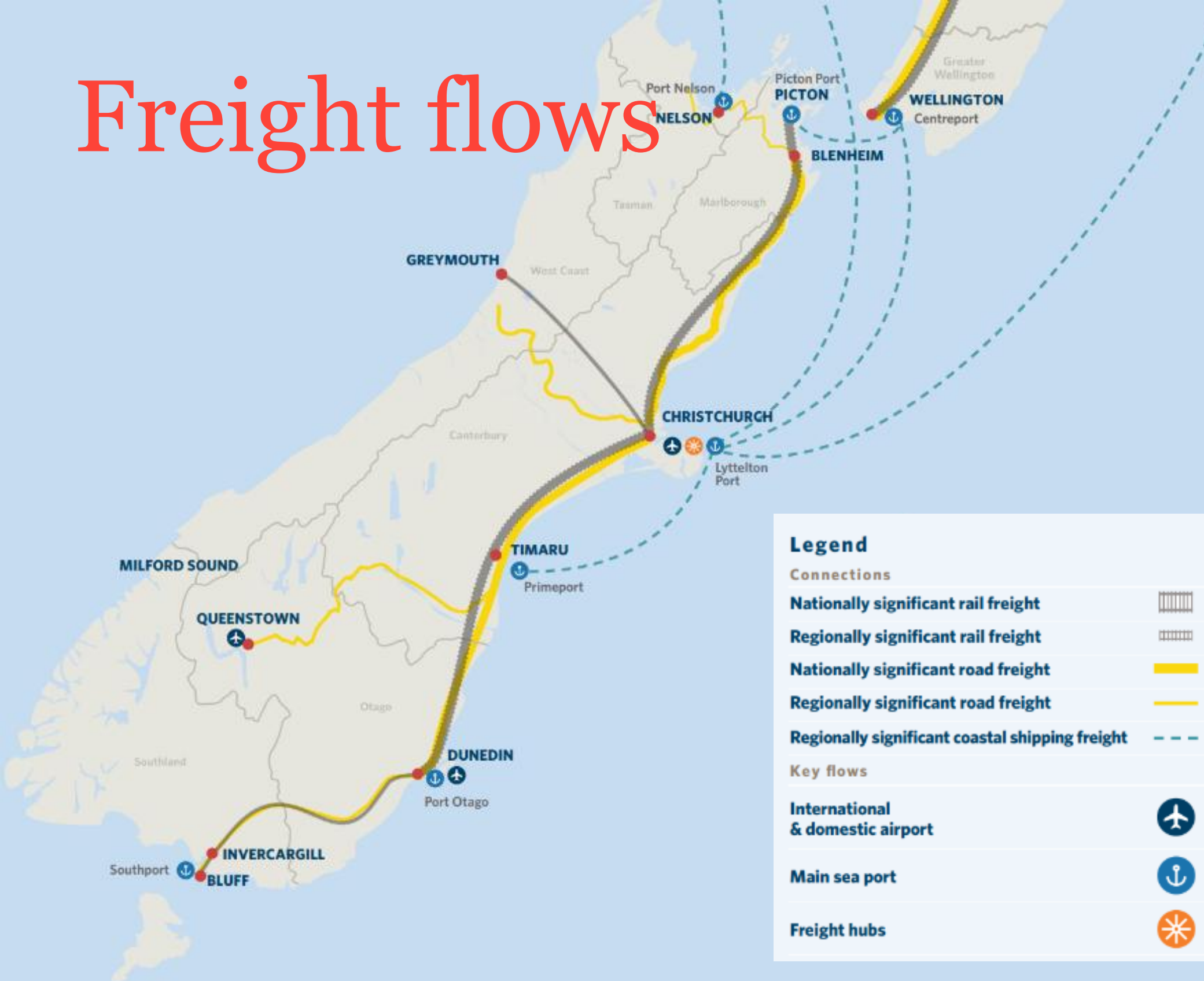
The new planning system has both regional and local plans depending on the local government structure.

The plan hierarchy alongside represents a region with a single Regional Authority and Local Authorities (status quo).

Under a Unitary Authority there would be no local Land Use Plans, only a District Land Use Plan.



# Freight flows



Example of regional infrastructure co-ordination that crosses district boundaries

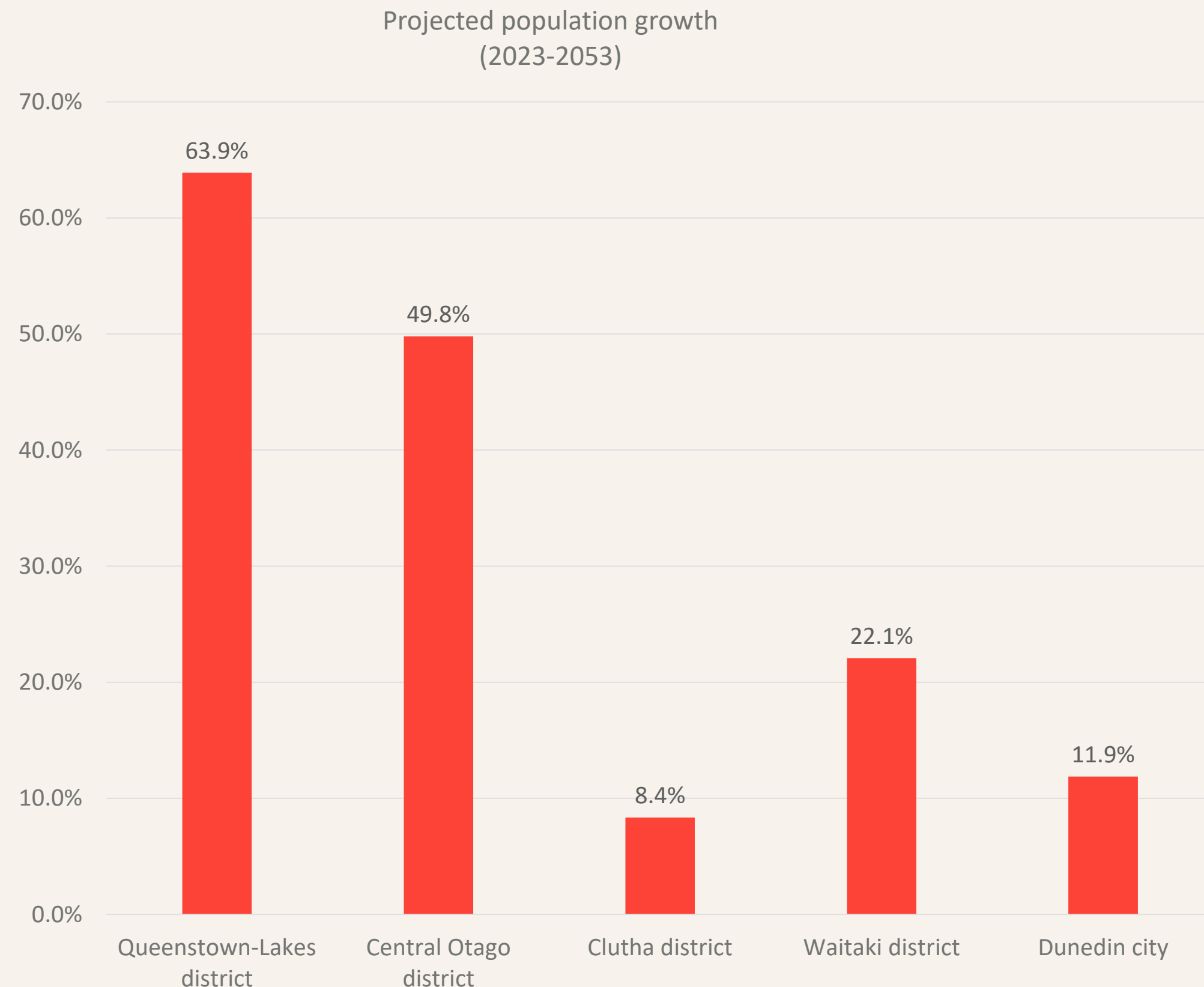
# Growth pressures

Growth in one district can spill over into neighbouring districts. Land use planning and infrastructure provision needs to cross boundaries too

e.g. Queenstown and Central Otago

*Note, updated growth projection inserted 15 July 2026.*

*30-year population growth uses the Statistics NZ 'High' projections for all councils, as this is preferable when making growth projections for Queenstown Lakes, without materially changing the projection for other councils.*



# Planning assessment

| Option        | Option 1:<br>One region-wide Otago unitary                                                                                                                                                                                                                                                                                                                        | Option 2:<br>Two unitary councils,<br>inland & coastal                                                                                                                                                                                                                                                                                                                                                                                                              | Option 3:<br>Three unitary councils, urban & rural                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Advantages    | <ul style="list-style-type: none"> <li>• Most complete catchment management.</li> <li>• Coordinated spatial planning.</li> <li>• Consistent environmental limits across region.</li> <li>• Reduces duplication and inconsistency.</li> <li>• Strong management of cumulative effects across catchments and communities.</li> <li>• Less plans overall.</li> </ul> | <ul style="list-style-type: none"> <li>• Strong alignment inland catchments.</li> <li>• Coherent growth and infrastructure planning for inland growth corridor.</li> <li>• Coordinated planning for Dunedin and coastal settlements, e.g. transport</li> <li>• Simpler integration existing planning frameworks.</li> <li>• Improved consistency across participating districts relative to status quo</li> </ul>                                                   | <ul style="list-style-type: none"> <li>• Simplest integration existing planning frameworks.</li> <li>• Well suited to metropolitan planning, meeting different needs of Dunedin and Queenstown.</li> <li>• Focused governance for fast-growing, tourism-focused Queenstown.</li> <li>• Rural authority has strong focus rural land use, primary production and natural resources.</li> <li>• Rural authority covers significant portions of major catchments.</li> </ul>                                                   |
| Disadvantages | <ul style="list-style-type: none"> <li>• Large geographic area</li> <li>• Complex integration existing planning frameworks.</li> <li>• May initially slow implementation of planning reforms.</li> </ul>                                                                                                                                                          | <ul style="list-style-type: none"> <li>• Splits catchment systems into upper and lower.</li> <li>• Requires significant coordination between authorities e.g. freshwater management.</li> <li>• Infrastructure planning disconnect between inland and coastal areas, e.g. transport.</li> <li>• May transfer rather than eliminate planning boundary issues.</li> <li>• Less effective in managing cumulative effects across catchments and communities.</li> </ul> | <ul style="list-style-type: none"> <li>• Weakest alignment catchment-based planning.</li> <li>• Narrow geographic scope for urban unitaries</li> <li>• Disconnect urban and rural unitaries limits strategic planning for growth and infrastructure.</li> <li>• Requires extensive coordination between authorities e.g. freshwater management.</li> <li>• Fragmented spatial and environmental planning.</li> <li>• May struggle to align rural management with urban growth pressures and downstream effects.</li> </ul> |
| Overall       | Strongest catchment and region-wide planning with least duplication, but its large scale creates competing priorities.                                                                                                                                                                                                                                            | Enables focus on specific inland and coastal needs, but splits catchments and relies on strong coordination between the two councils.                                                                                                                                                                                                                                                                                                                               | Enables focus on specific urban and rural needs, but weakest catchment alignment and most fragmented, coordination-heavy planning.                                                                                                                                                                                                                                                                                                                                                                                         |

# Communities of interest

- Community expectations and connections

# Communities of interest

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## Alignment of needs and expectations of council

Does the option group together communities with aligned needs and expectations of council?

Can people agree on what council should do?

---

## Community connections

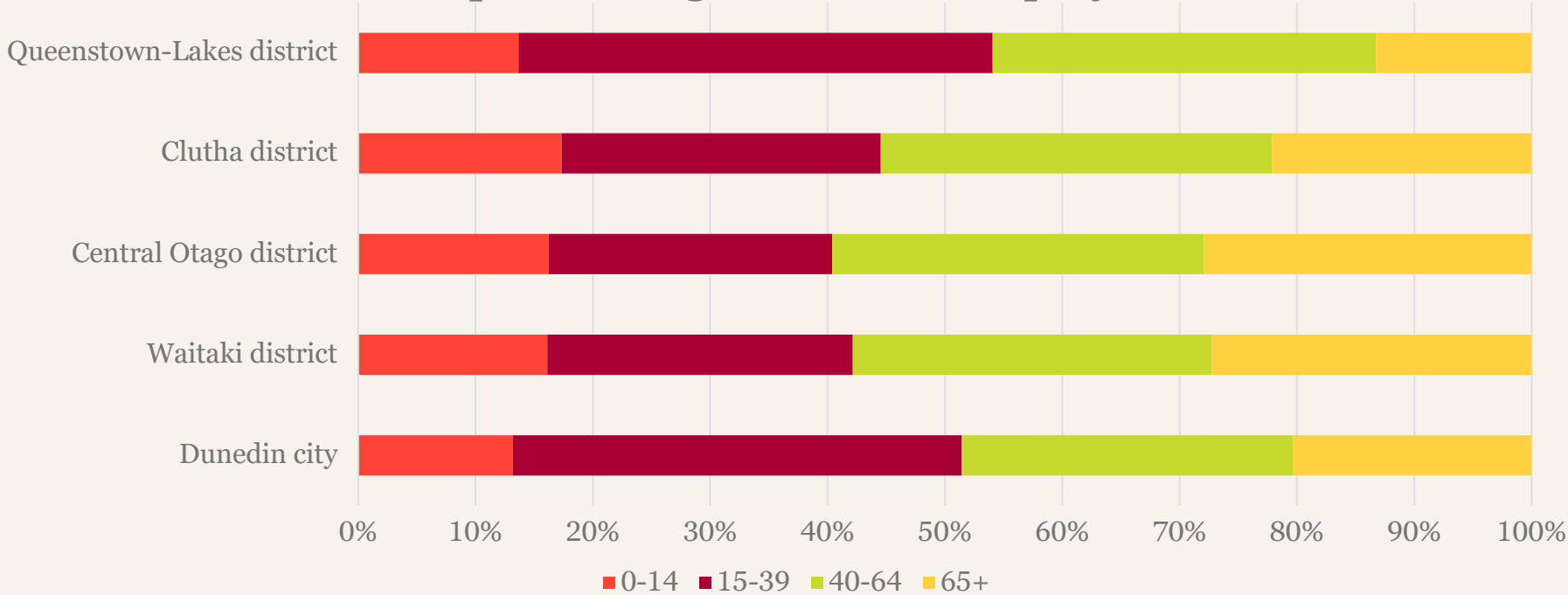
Will this council make sense economically and functionally?

Do these areas complement each other?

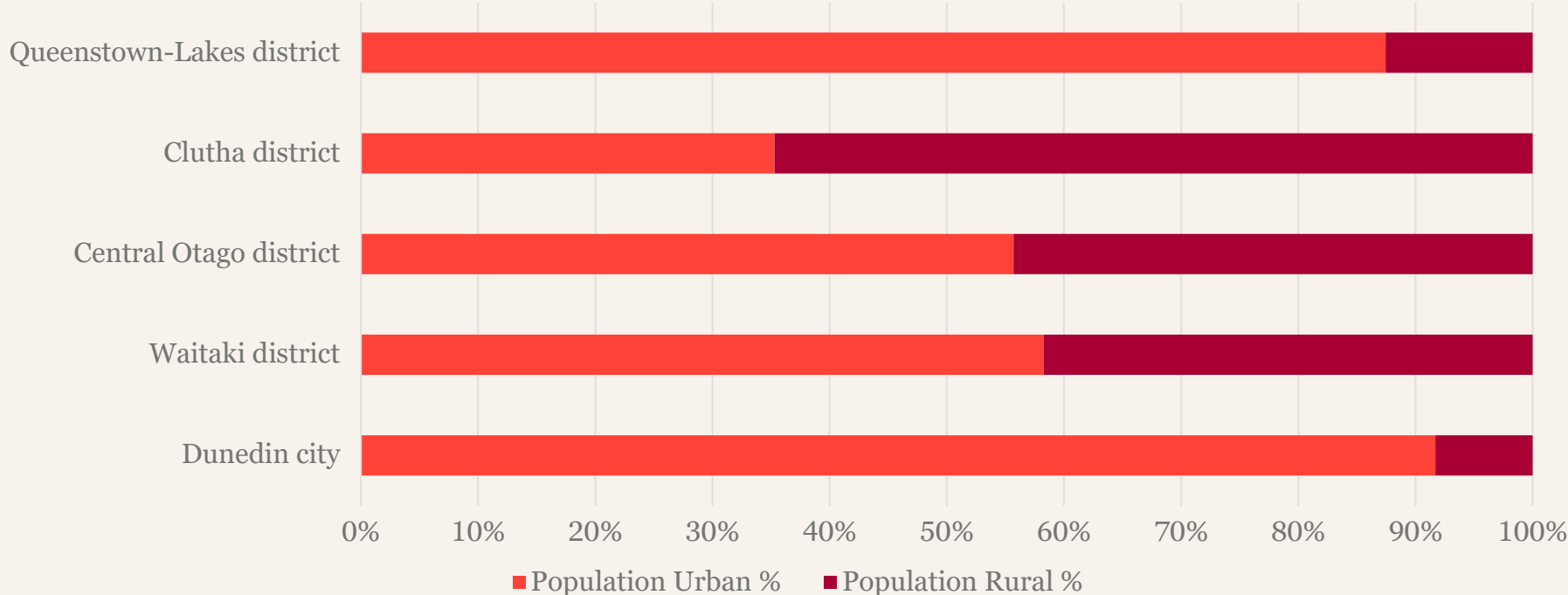
Are we connecting where people live and work? Significant industries with their supply and delivery chains? Housing markets with employment opportunities?

# Population profile

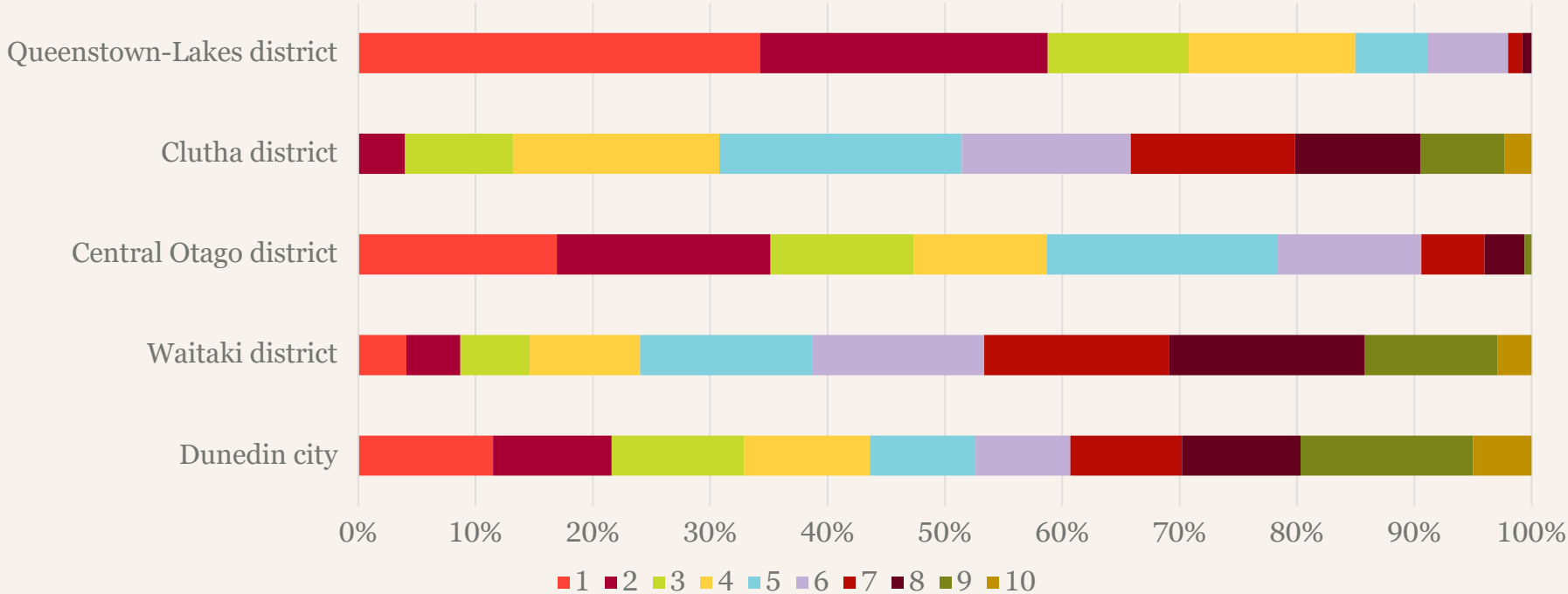
Population Age Profile (2028 projection)



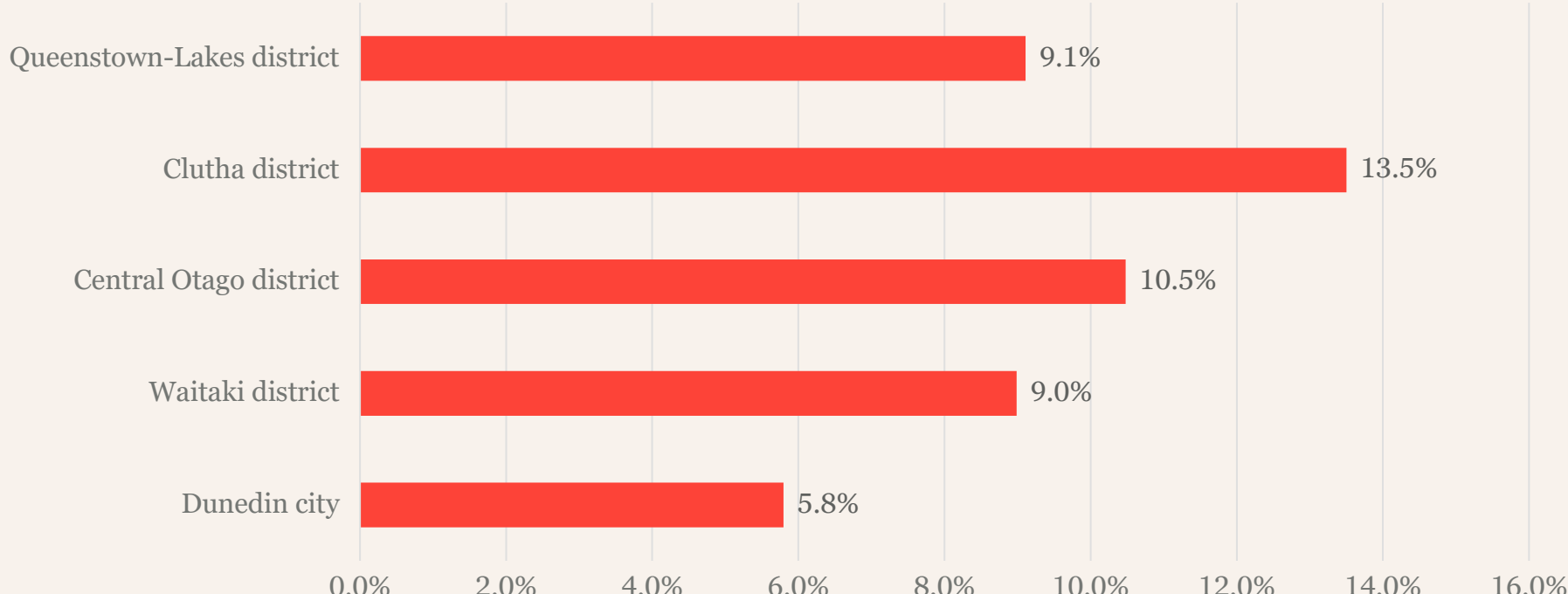
Urban/rural split (by population)



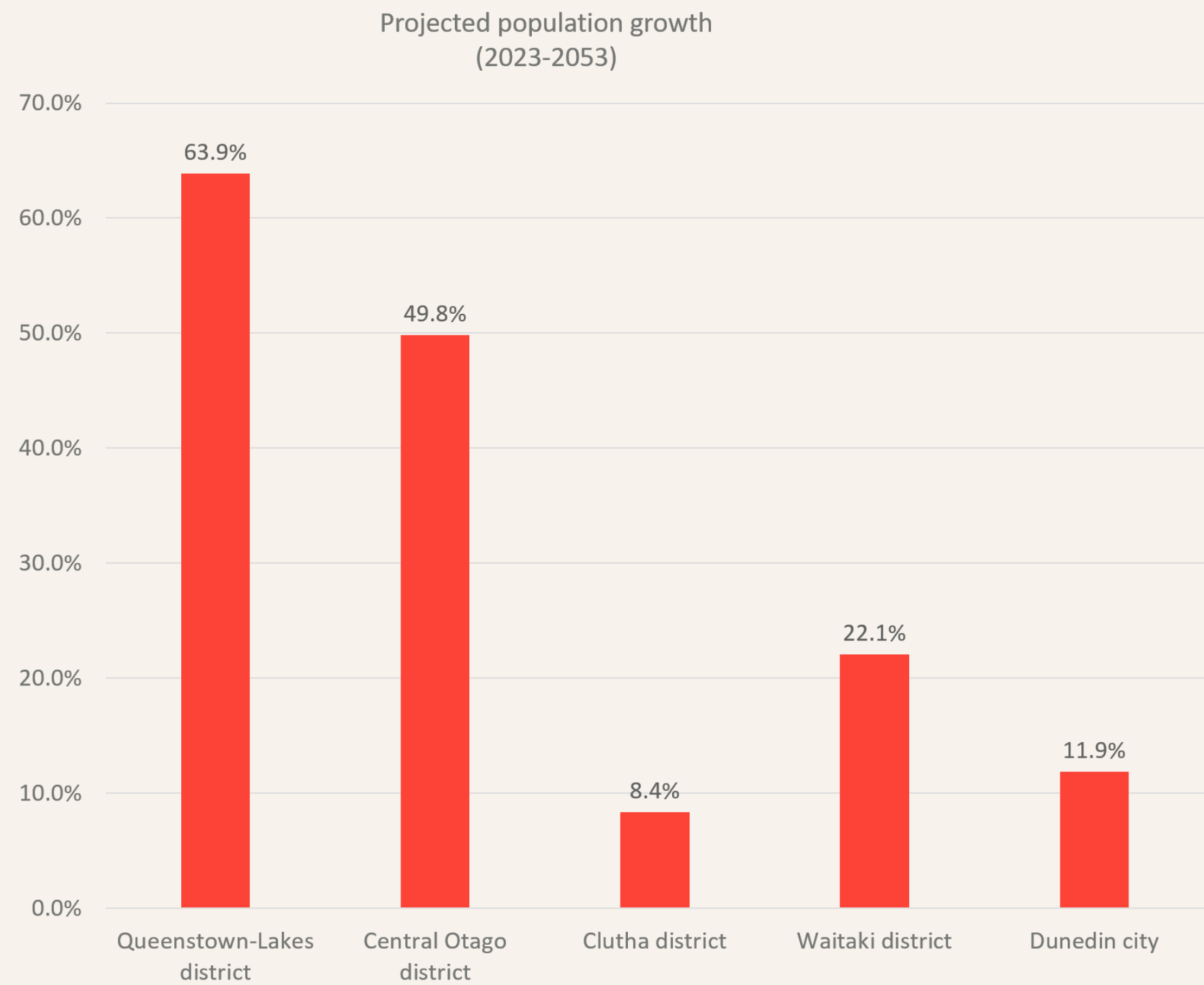
Socioeconomic and Deprivation Profile



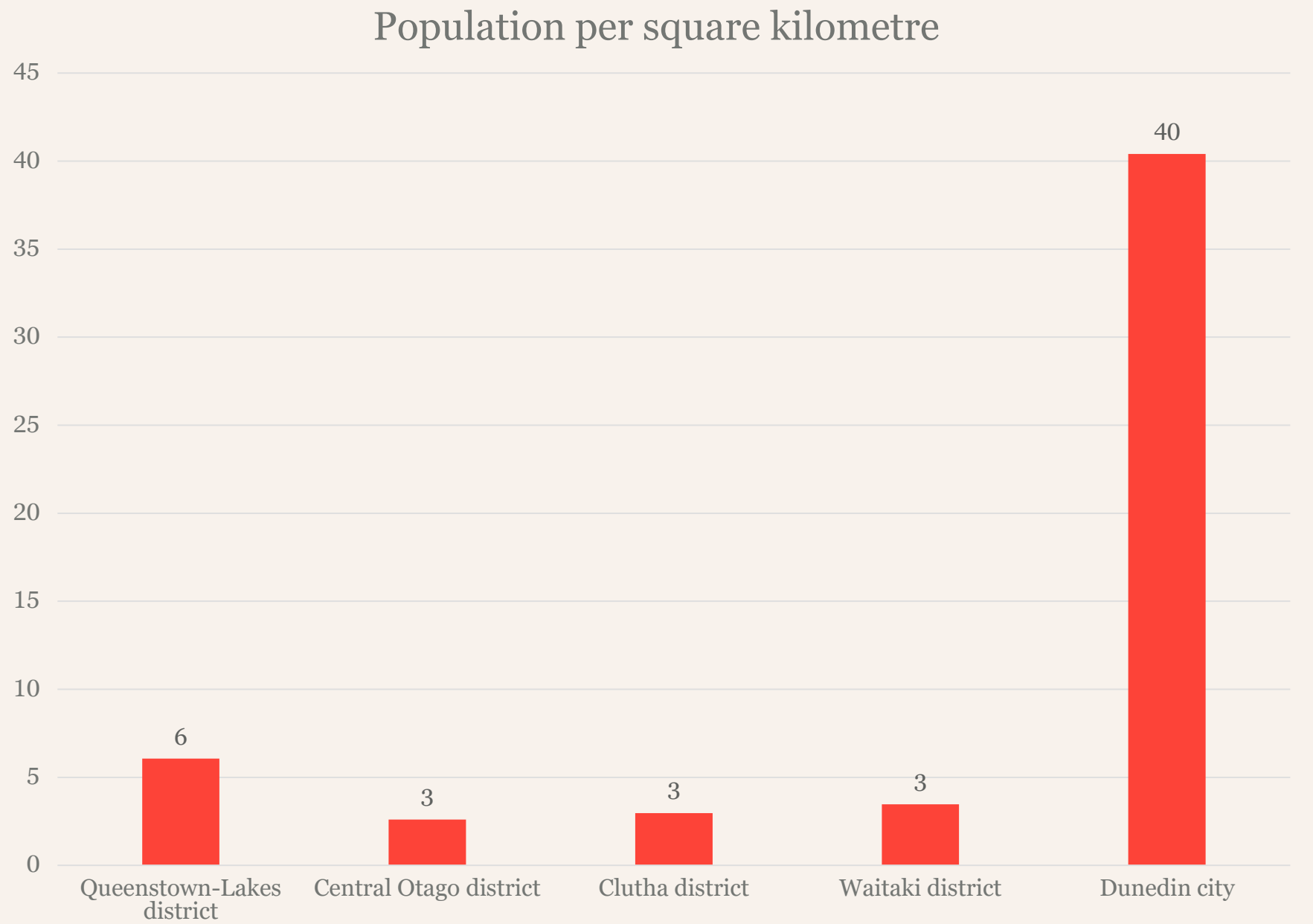
Māori population (%)



# Population and growth

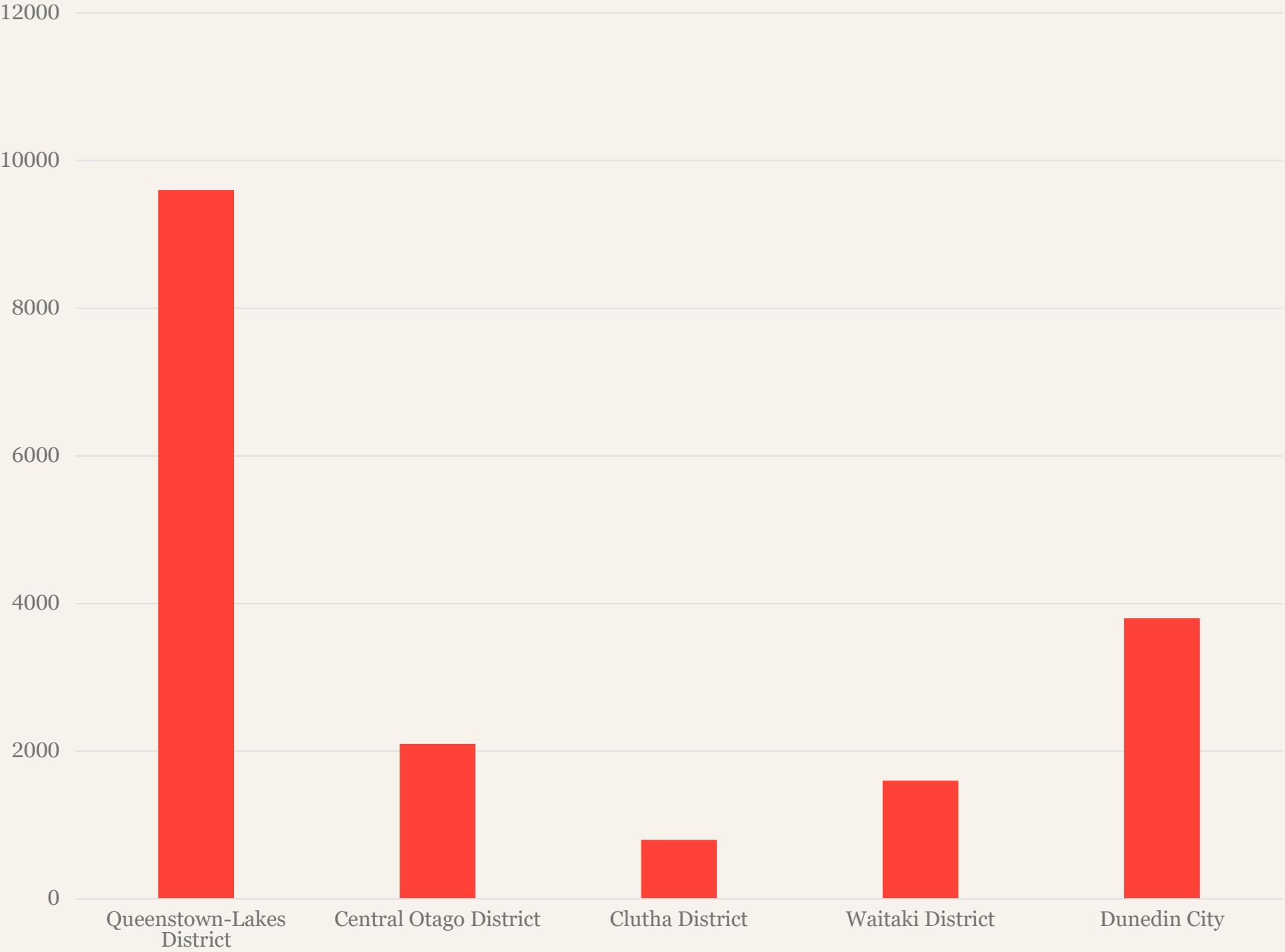


| Council                   | Land Area (sq. km) | Population | Urban Pop. | Rural Pop. |
|---------------------------|--------------------|------------|------------|------------|
| Queenstown-Lakes District | 8,700              | 52,800     | 48,600     | 4,200      |
| Central Otago District    | 9,900              | 25,800     | 14,500     | 11,300     |
| Clutha District           | 6,300              | 18,800     | 6,600      | 12,200     |
| Waitaki District          | 7,100              | 24,600     | 14,300     | 10,300     |
| Dunedin City              | 3,300              | 132,800    | 122,200    | 10,600     |

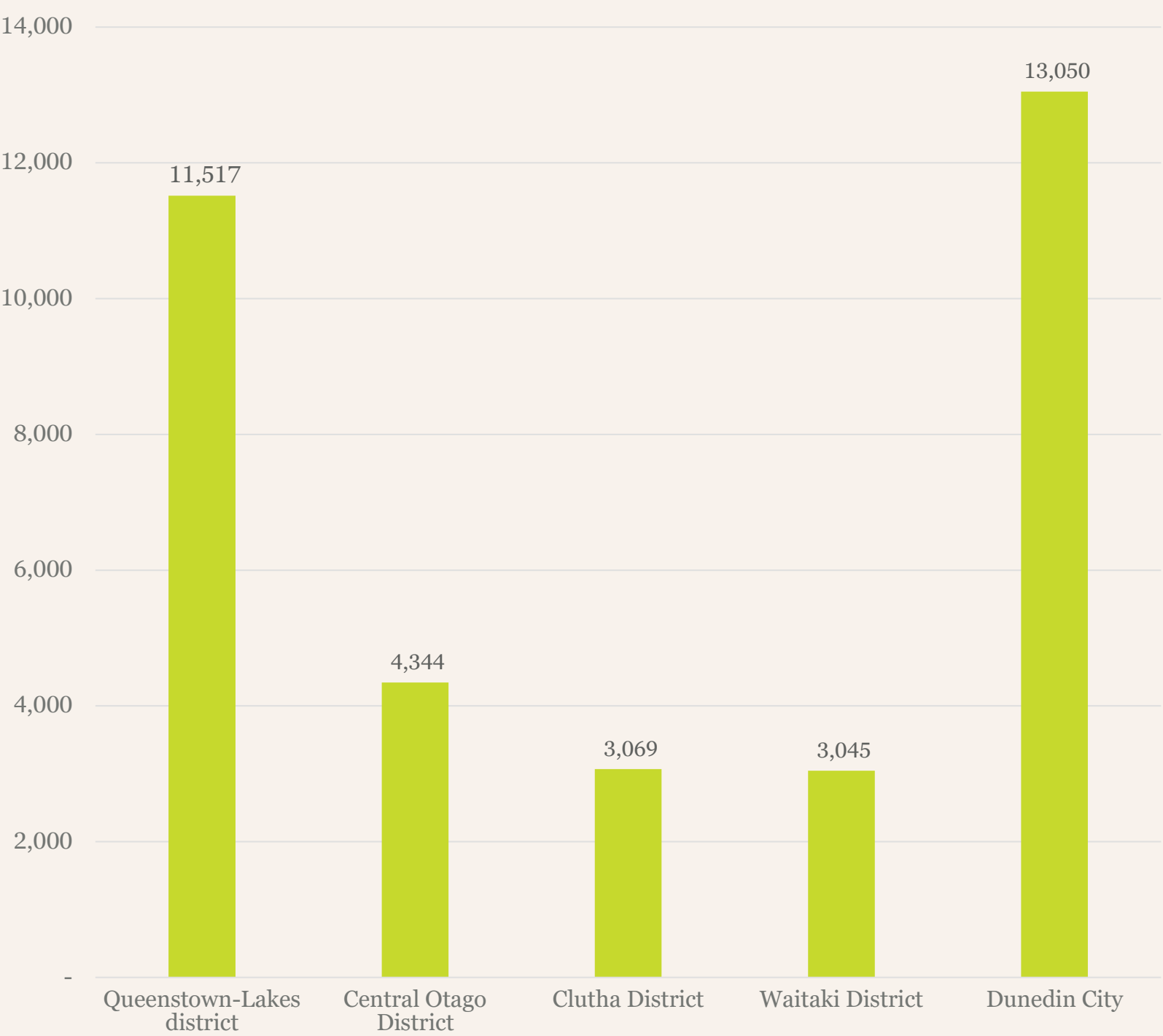


# Businesses and Visitor nights

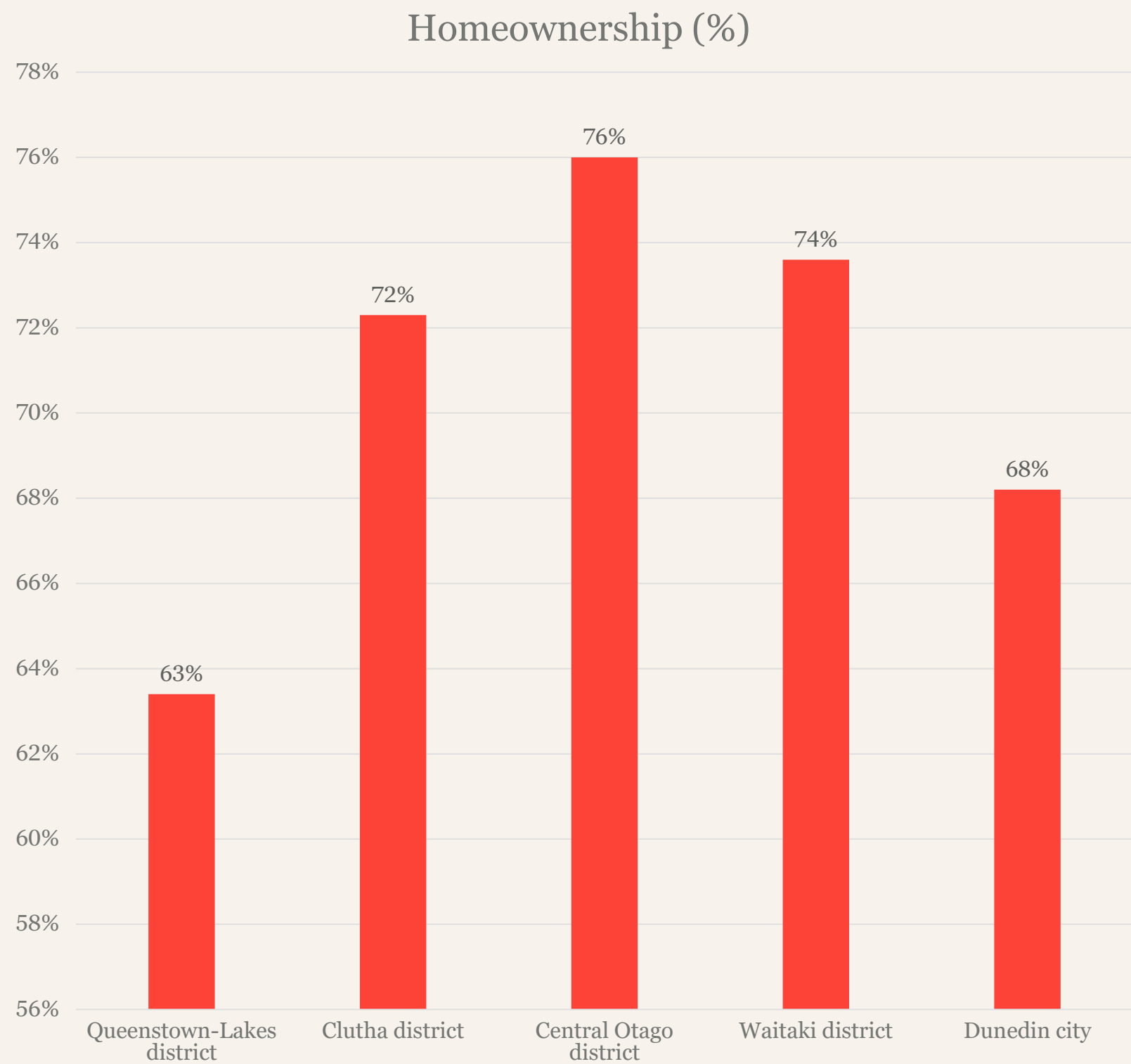
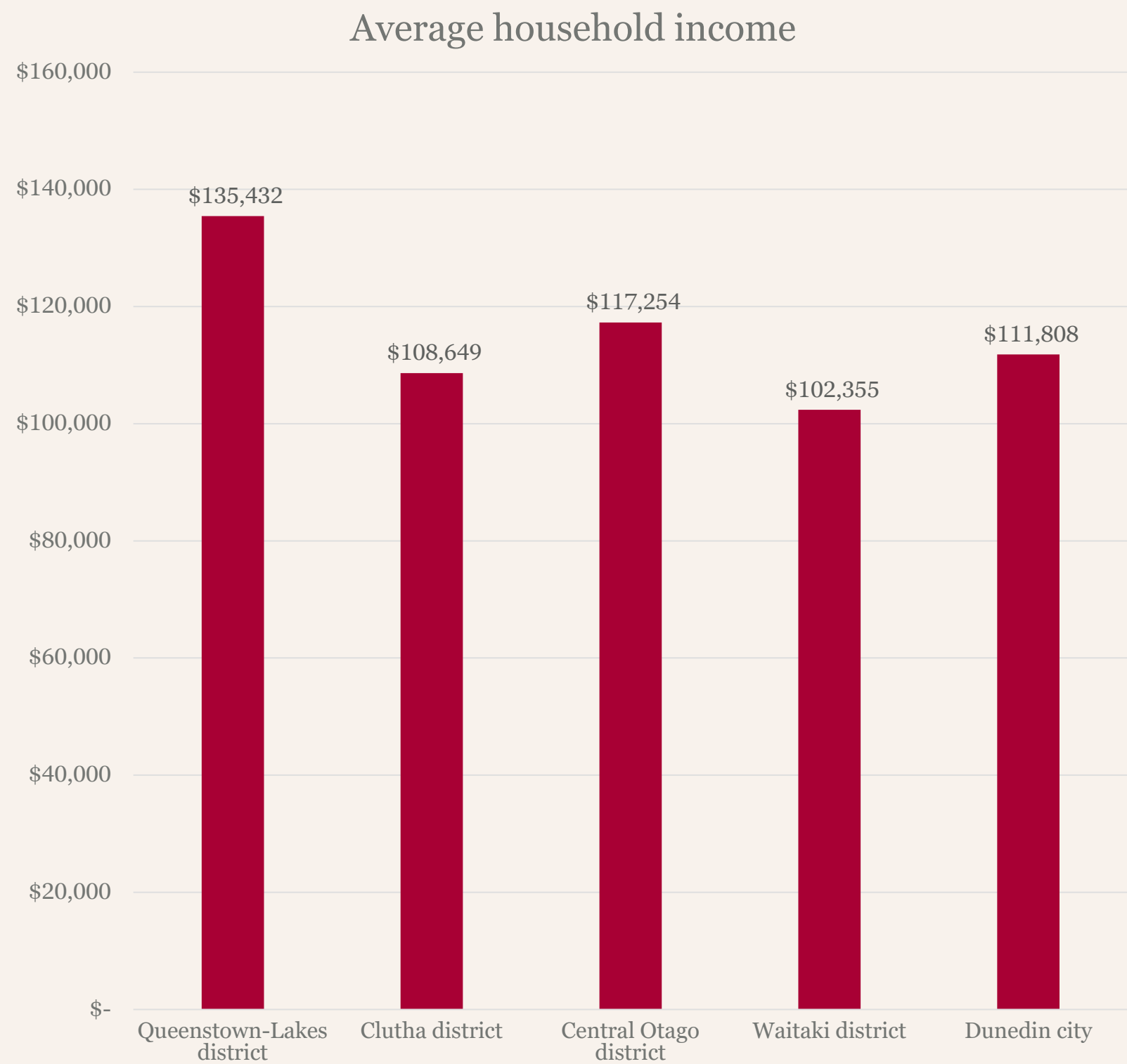
Visitor nights (000s)



Number of businesses

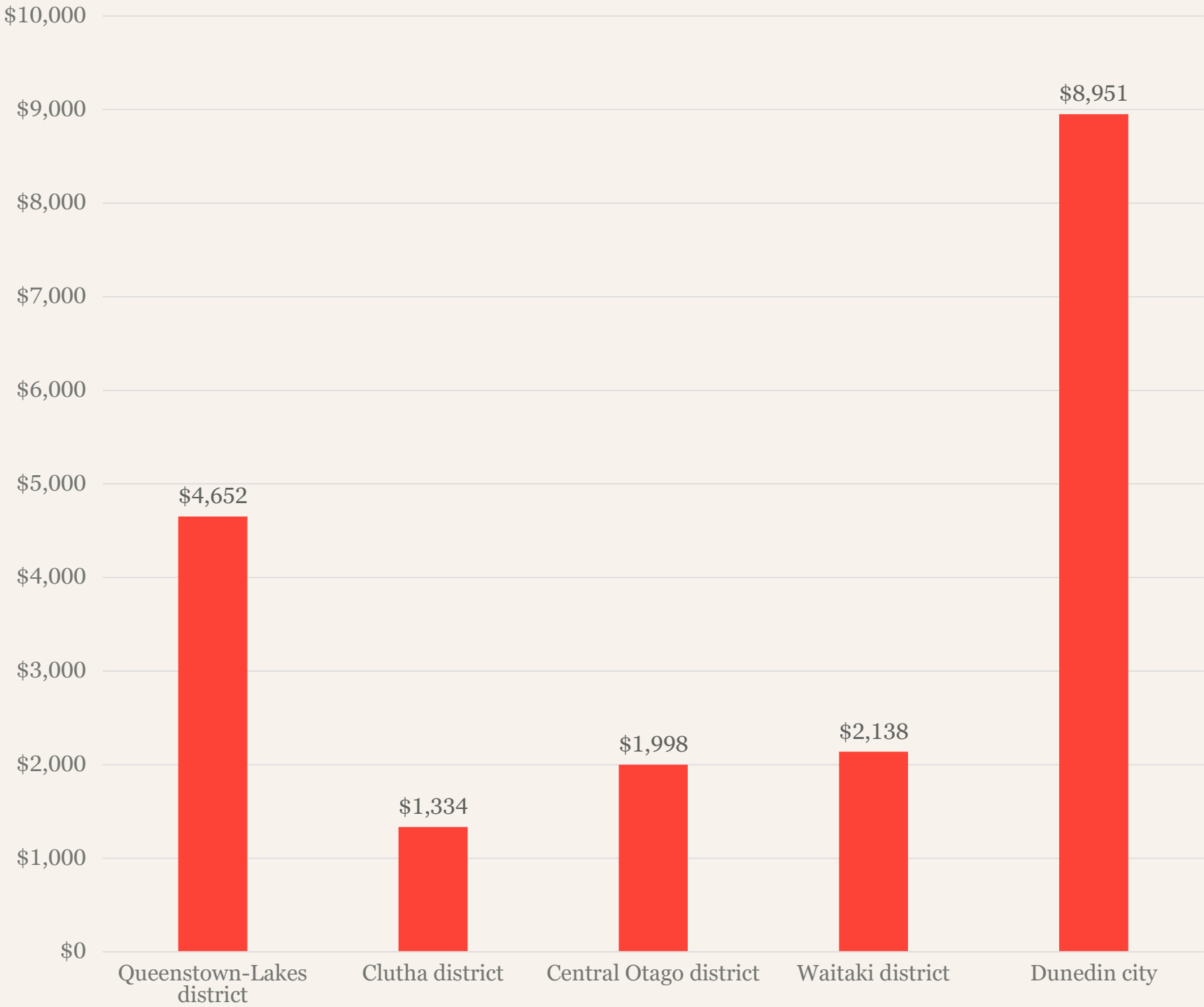


# Household income and home ownership

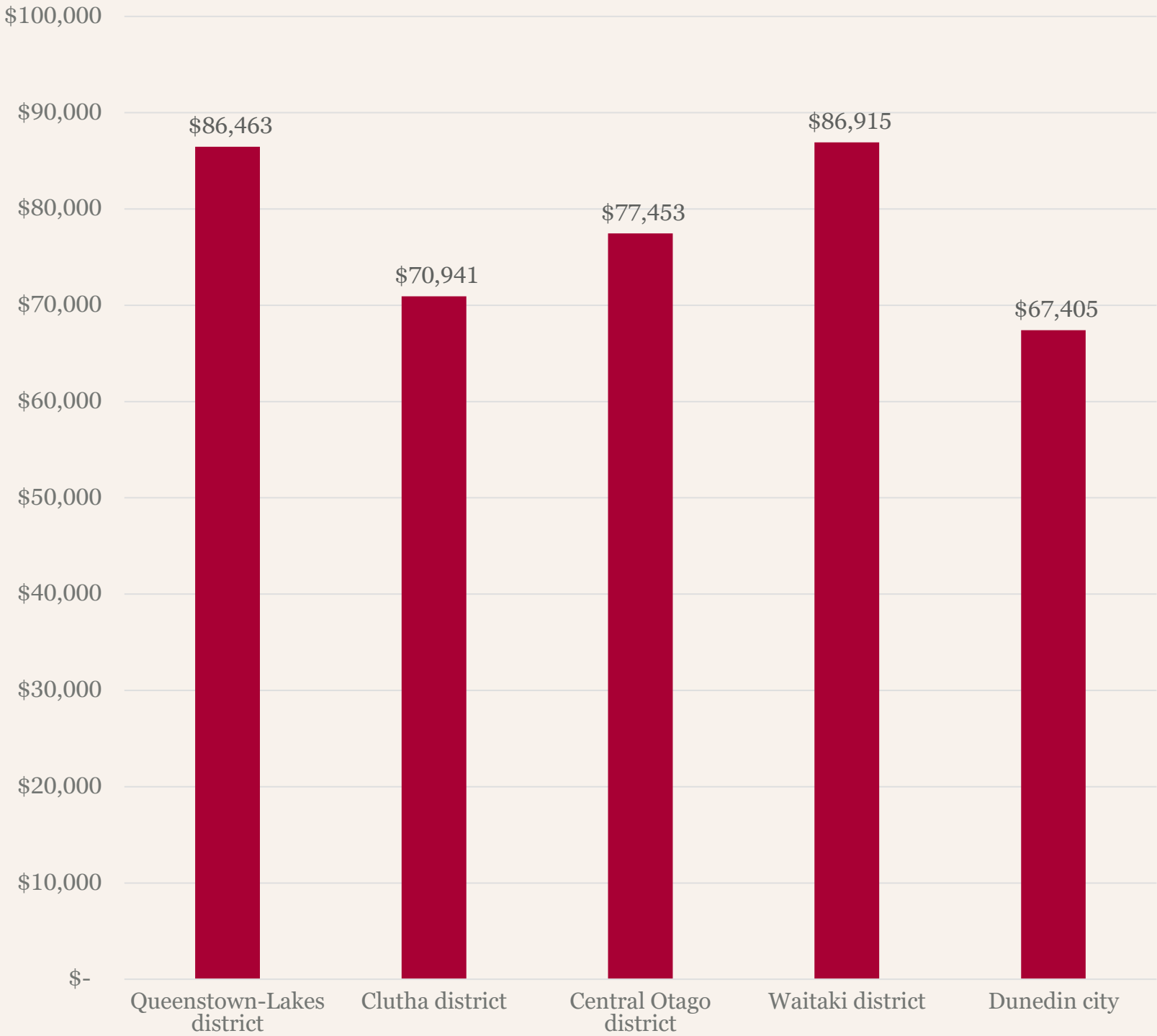


# GDP

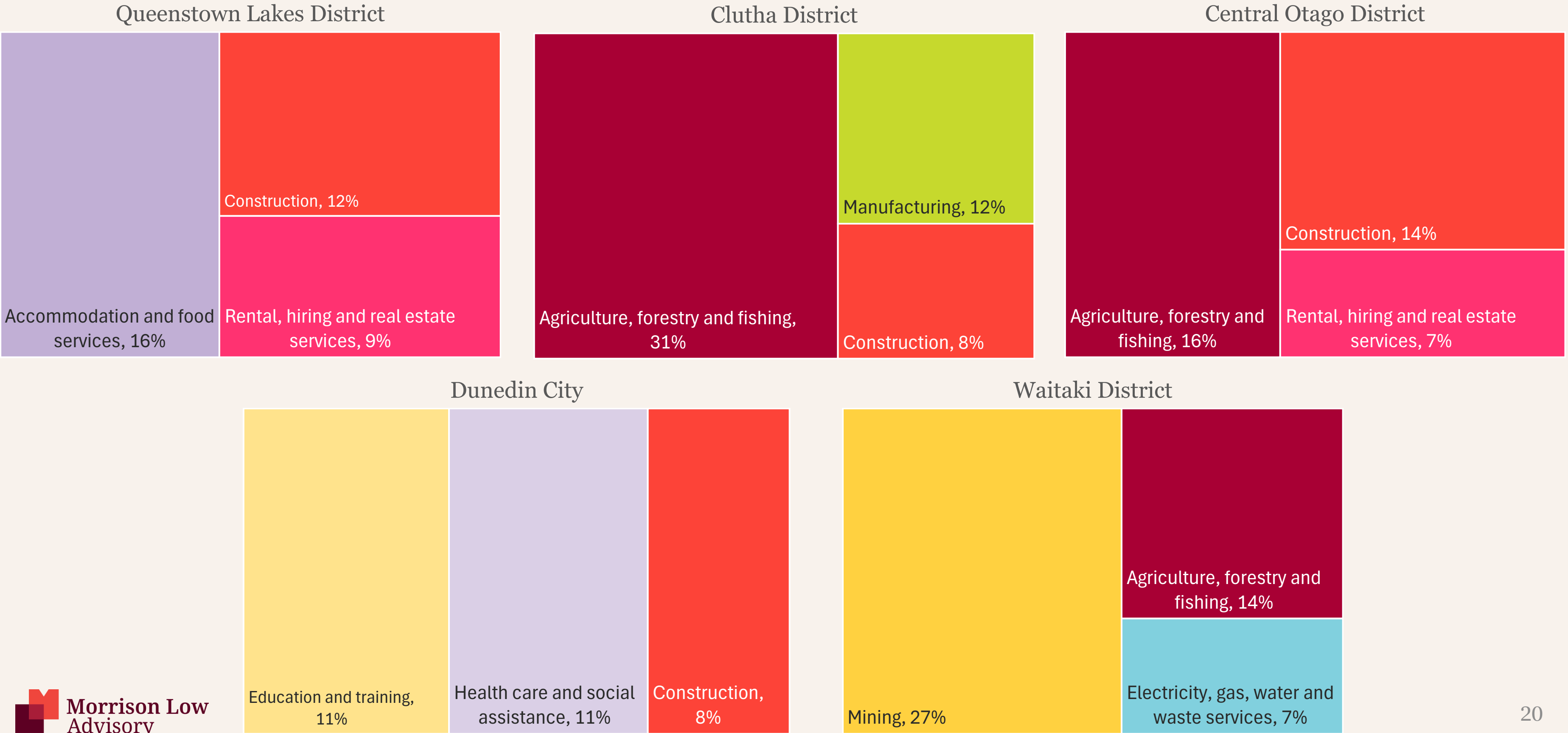
Total GDP (\$M)



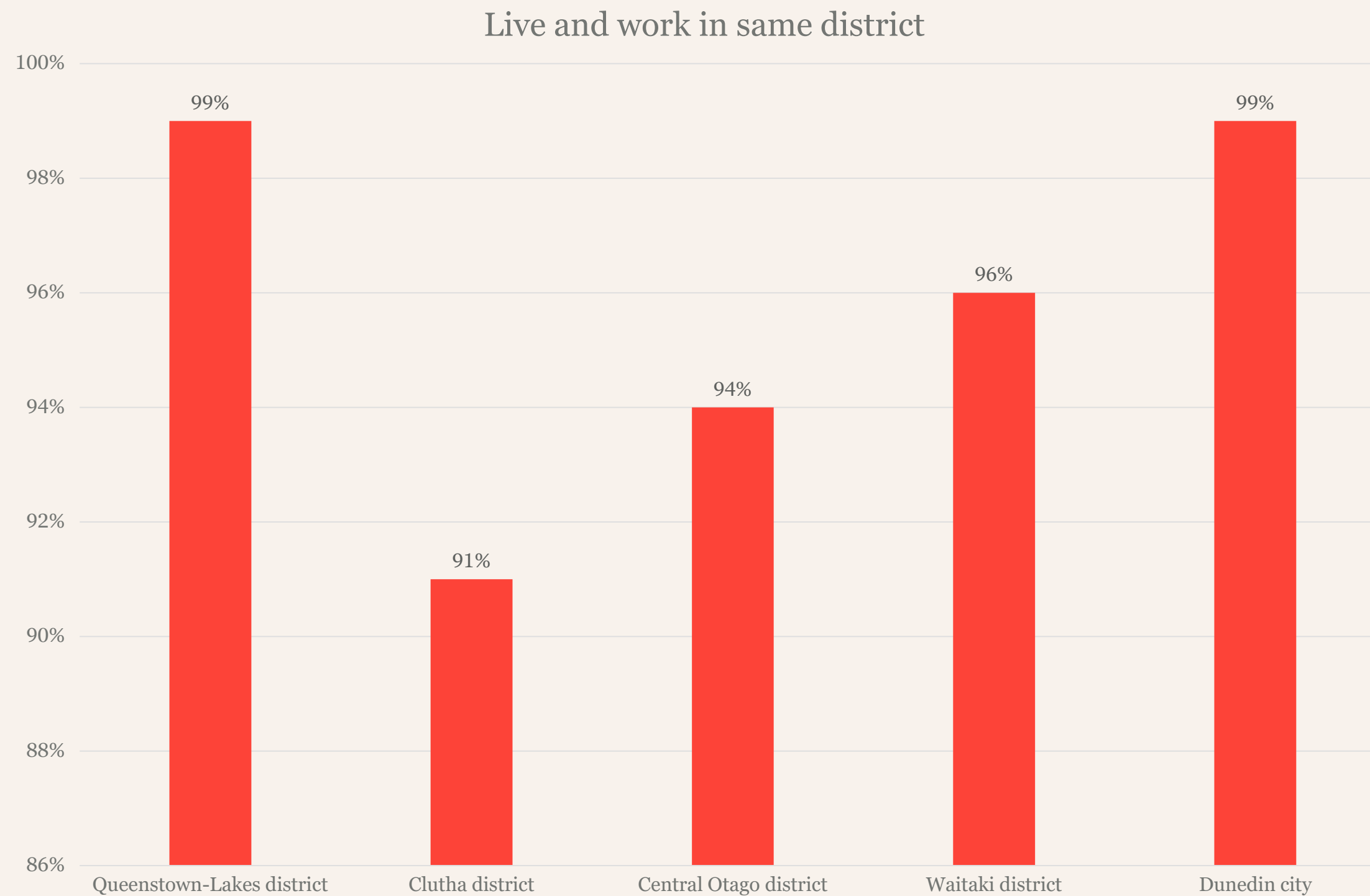
GDP per capita



# Top three industries by GDP

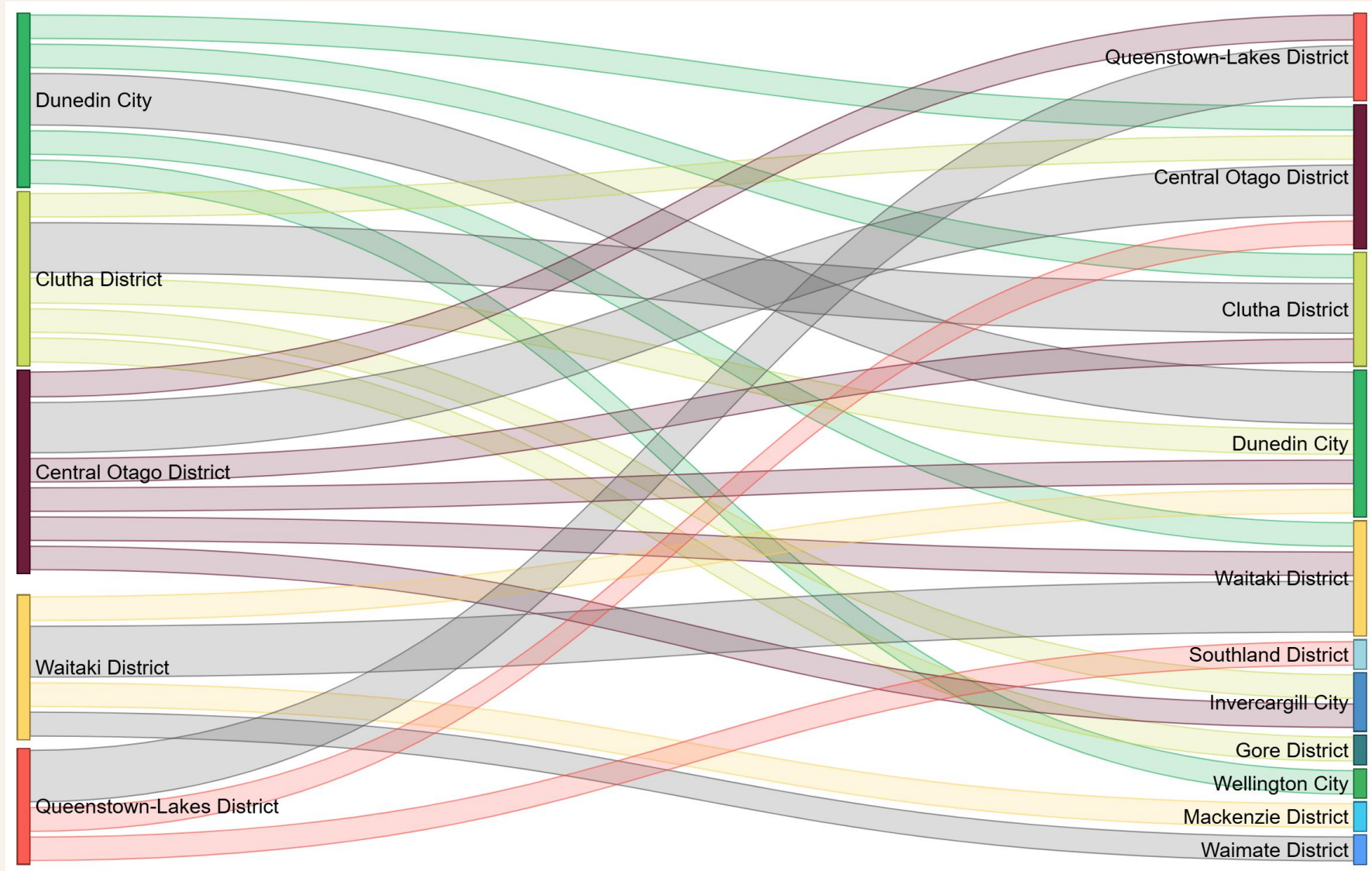


# Commuter movements

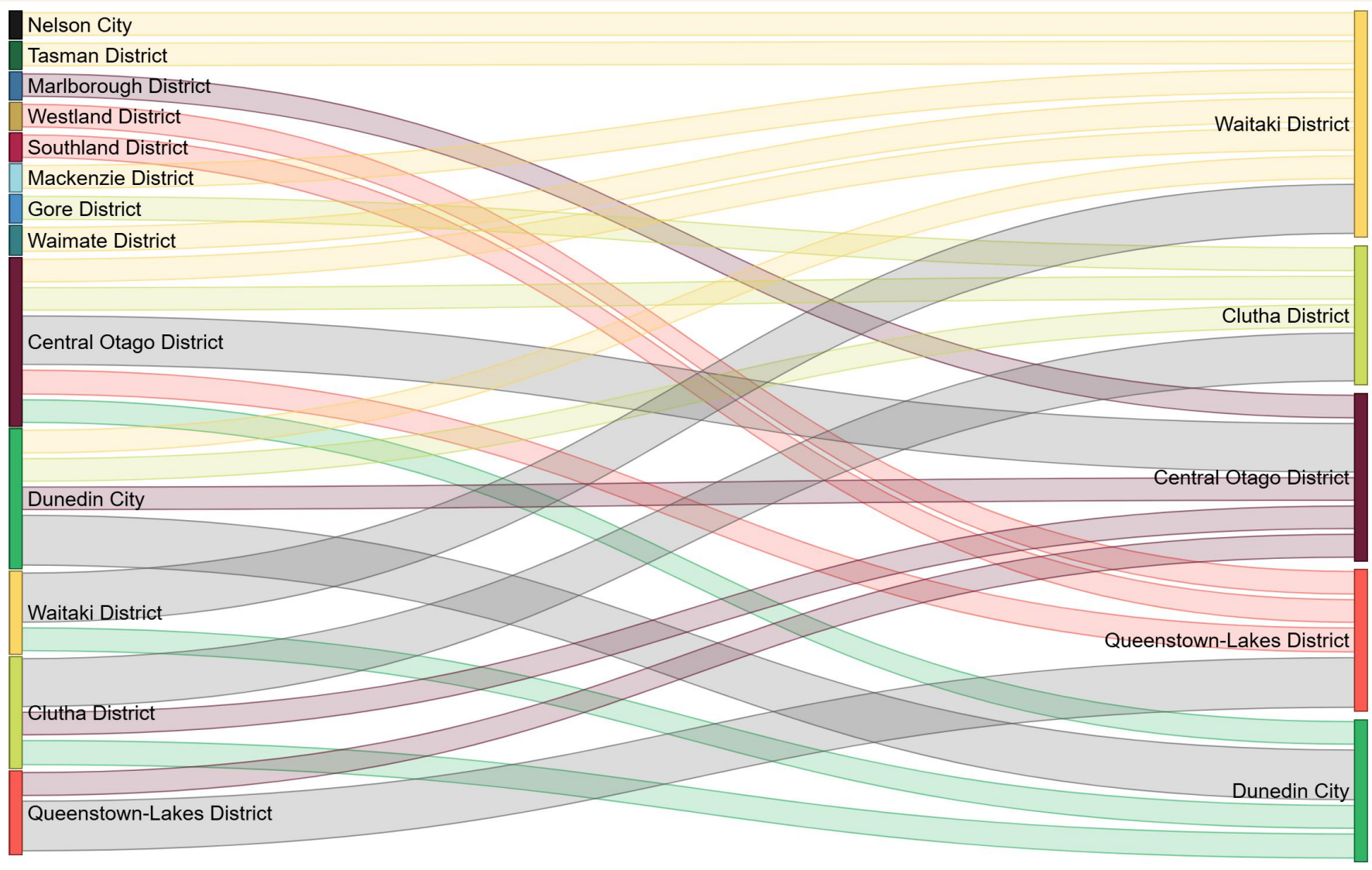


# Labour movements

Labour movements out



Labour movements in



# Communities of interest

| Option        | Option 1:<br>One region-wide Otago unitary                                                                                                                                                                                                                                 | Option 2:<br>Two unitary councils,<br>inland & coastal                                                                                                                                                                 | Option 3:<br>Three unitary councils, urban & rural                                                                                                                                                                                                               |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Advantages    | <ul style="list-style-type: none"> <li>Connected communities remain together</li> </ul>                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Keeps connection between Queenstown and the parts of Central Otago that are similar to it</li> <li>Separates Queenstown from Dunedin, two distinctly different towns</li> </ul> | <ul style="list-style-type: none"> <li>Rural communities that are similar remain together e.g. size of their economies are similar</li> <li>Queenstown and Dunedin, while both urban, are different and remain separated</li> </ul>                              |
| Disadvantages | <ul style="list-style-type: none"> <li>Two urban centres, Dunedin and Queenstown, under one authority, but they are distinctly different</li> <li>Interests of smaller, different communities (e.g. urban, rural) struggle to be heard in region-wide decisions</li> </ul> | <ul style="list-style-type: none"> <li>Splits inland rural communities from coastal ones, diluting the rural voice</li> </ul>                                                                                          | <ul style="list-style-type: none"> <li>Splits Central Otago from its connection to Queenstown</li> <li>Rural communities that are part of Dunedin or Queenstown are disconnected from similar rural communities in Clutha, Waitaki and Central Otago.</li> </ul> |
| Overall       | Reduces influence of different communities when combined unitary tries to meet all needs.                                                                                                                                                                                  | Recognises differences between the two urban centres and their surrounds, but rural voice is diluted.                                                                                                                  | A stronger rural voice and a recognition of differences Dunedin and Queenstown, but a loss of connection between rural communities and urban centres they use.                                                                                                   |

# Representation, governance and delivery

- Will representation feel fair?
- How similar are current approaches?
- Alignment with current arrangements

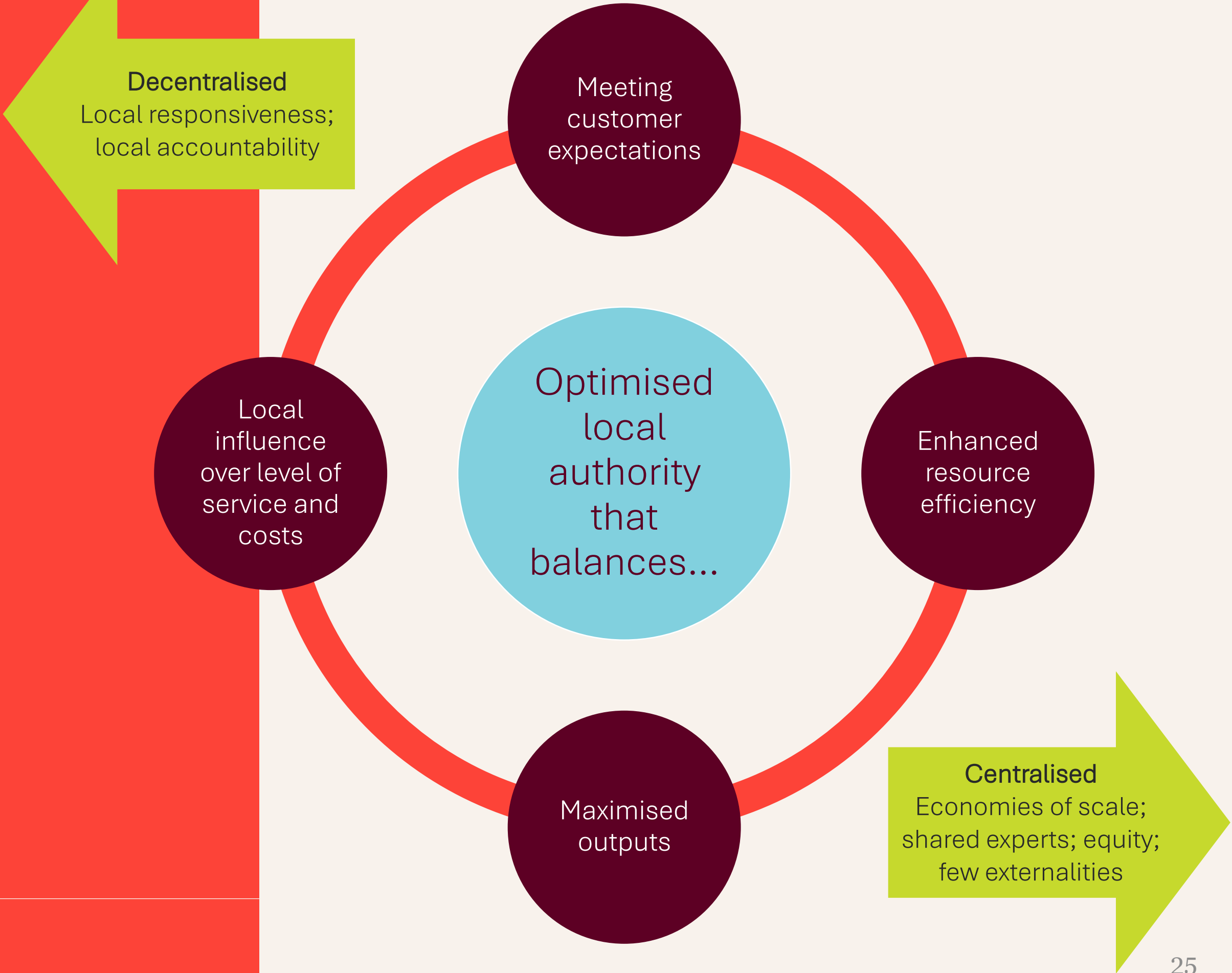
# Optimisation challenge

## Centralisation supports:

- Resource efficiency and maximised outputs

## Decentralisation supports:

- Meeting customer needs and enabling local influence over levels of service and costs



# Current representation



|                         | QLDC    | CODC    | CDC     | WDC     | DCC           | ORC     |
|-------------------------|---------|---------|---------|---------|---------------|---------|
| General Wards           | Yes (3) | Yes (4) | Yes (8) | Yes (4) | No (at large) | Yes (4) |
| Māori Wards             | No      | No      | No      | No      | No            | No      |
| Community Boards        | Yes (1) | Yes (4) | Yes (2) | Yes (2) | Yes (6)       | No      |
| Committees              | 9       | 5       | 3       | 4       | 2             | 0       |
| No. of Councillors      | 11      | 10      | 9       | 10      | 14            | 12      |
| Population / Councillor | 4,900   | 2,600   | 2,100   | 2,500   | 9,500         | 21,300  |

- Compared to other parts of the country, similar governance arrangements across the region

# Comparison of representation

| Option                                  | Option 1: region-wide                                                                                    | Option 2: inland                                                                                                                                                   | Option 2: coastal | Option 3: QLDC                                                                                                                                           | Option 3: DCC | Option 3: rural | Existing unitary authorities | Existing TAs pop >100,000 | Auckland Council  |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------|------------------------------|---------------------------|-------------------|
| Population                              | 256,000                                                                                                  | 79,000                                                                                                                                                             | 176,000           | 53,800                                                                                                                                                   | 132,800       | 69,200          | 50,000-60,000                | 110,000-420,000           | 1,800,000         |
| Current wards                           | 19                                                                                                       | 7                                                                                                                                                                  | 12                | 4                                                                                                                                                        | At large      | 16              | 1-5                          | 2-16                      | 12                |
| Current councillors                     | 54                                                                                                       | 21                                                                                                                                                                 | 33                | 11                                                                                                                                                       | 14            | 29              | 12-14                        | 9-16                      | 20                |
| Current population per councillor (av.) | 4,700                                                                                                    | 3,800                                                                                                                                                              | 5,300             | 4,900                                                                                                                                                    | 9,500         | 2,400           | 3,600-4,400                  | 9,000-26,000              | 140,000           |
| Current community boards                | 15                                                                                                       | 5                                                                                                                                                                  | 10                | 1                                                                                                                                                        | 6             | 8               | 0-2                          | 0-6                       | 21 (local boards) |
| Changes as a result of amalgamation     | Likely to see a reduction in wards, councillors and community boards, based on similar sized authorities | Less reduction in wards, councillors and community boards than Option 1. Coastal likely to have more consolidation than inland, based on similar sized authorities |                   | QLDC and DCC remain unchanged. Rural authority likely to see a reduction in wards, councillors and community boards (based on similar sized authorities) |               |                 |                              |                           |                   |

- A reduction in wards and councillors could be offset by having a more empowered second tier of governance like Auckland Council's local boards or something new.

# Community boards vs Local boards

- Both are governance only, neither set rates and neither have dedicated delivery organisations
- Community boards = Authority delegated by council of the day (variable)
- Local boards = Authority defined in legislation, not by council (fixed)

| Dimension                        | Community Boards                                  | Local Boards (Auckland Model)                                                                 |
|----------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Legal basis                      | Local Government Act 2002, Part 4, Subpart 2      | Local Government Act 2002 (Part 4, Subpart 1A) + Local Government (Auckland Council) Act 2009 |
| Status in governance             | Subordinate to council                            | Part of formal governance structure (shared governance)                                       |
| Core purpose                     | Representation, advocacy, local input             | Enable democratic decision-making at local level                                              |
| Strategic role                   | Limited, advisory                                 | Recognised role in shaping local priorities and outcomes                                      |
| Decision-making powers           | Only what is delegated by council                 | Statutory decision-making responsibilities + delegated powers                                 |
| Durability of powers             | Delegations can be changed or removed at any time | More stable — embedded in governance model                                                    |
| Budget control                   | May be given a delegated budget (revocable)       | Allocated local board budgets as part of council planning framework                           |
| Ability to influence LTP / plans | Provides submissions and advice only              | Has formal input rights into regional strategies and plans                                    |
| Service delivery responsibility  | None                                              | Decide on local services, delivery by council staff / CCOs                                    |
| Revenue raising                  | None                                              | Not directly, but can influence targeted rates and budgets                                    |
| Asset ownership / control        | None                                              | Not directly, but can influence local asset use                                               |
| Staff / contracting authority    | None                                              | None directly (via council systems)                                                           |

# Local representation is not limited to formal boards

## Alternatives:

### 1. Targeted engagement with affected groups

- Iwi and hapū engagement
- Industry, sector, and community group input
- Advisory committees and working groups

Provides issue-specific expertise and representation

### 2. Statutory consultation processes

- Long-Term Plan, Annual Plan, bylaw consultations
- Resource management and plan processes

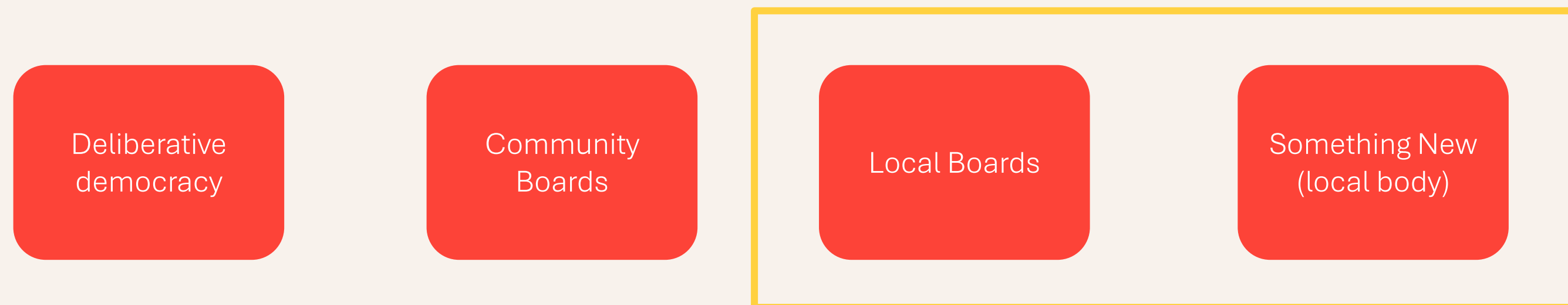
Provides formal, open public input at key decision points

### 3. Deliberative democracy approaches (emerging)

- Citizens' panels, juries, and assemblies
- Representative residents engaged in informed, structured deliberation

Provides deep but narrow insight into community values and trade-offs

# Local representation options



- *Could be a hybrid between community board and local board*
- *Could have more responsibility than local boards*
- *\*Could\* have delivery responsibility*

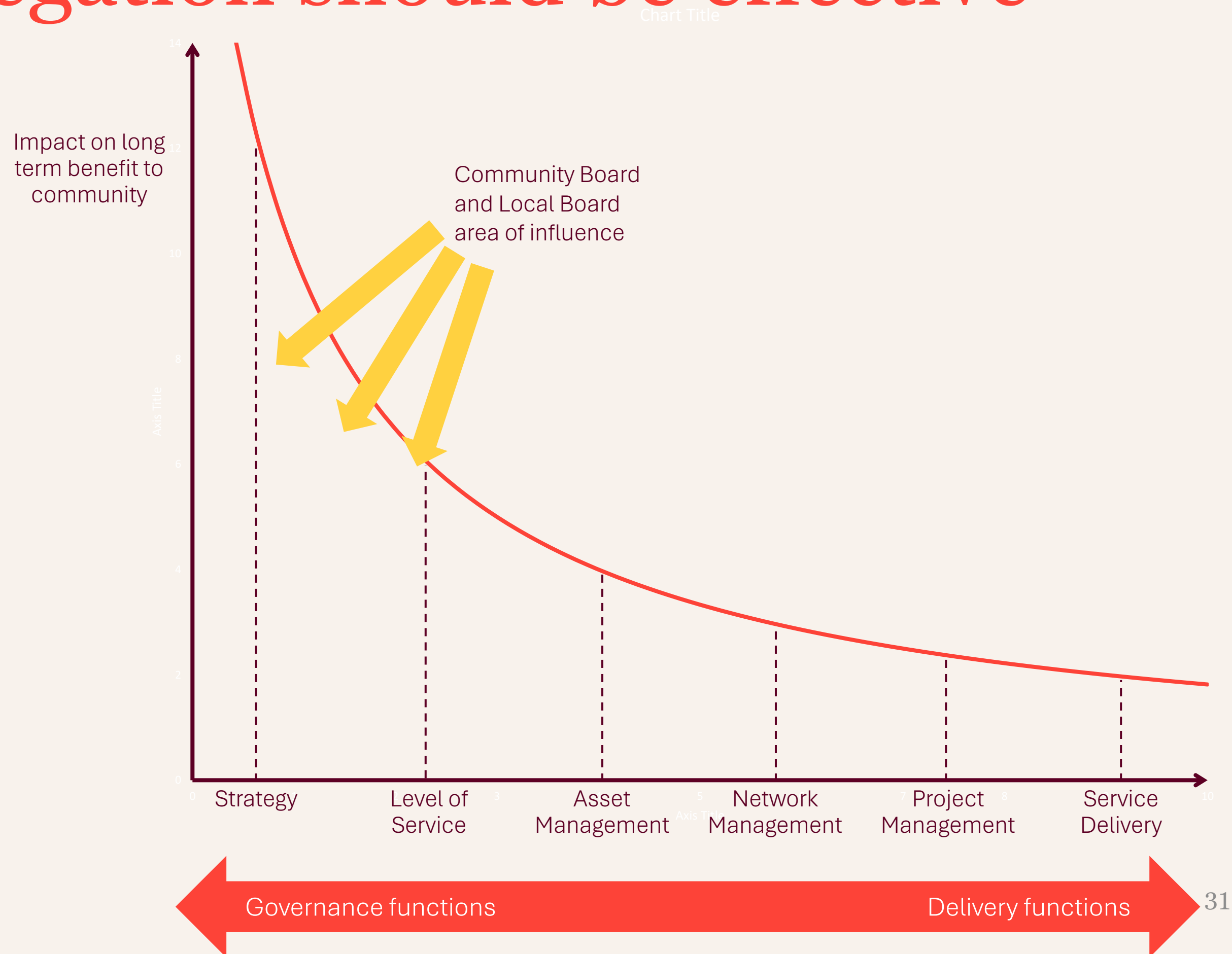
# Local body delegation should be effective

The decisions on the LHS of the graph have a much larger impact on the community.

- They set direction
- They decide what shapes the community
- They are the 'What' questions

Decisions on the RHS of the graph

- Deliver the outcomes
- They are the 'How' questions



# Delegation to local bodies

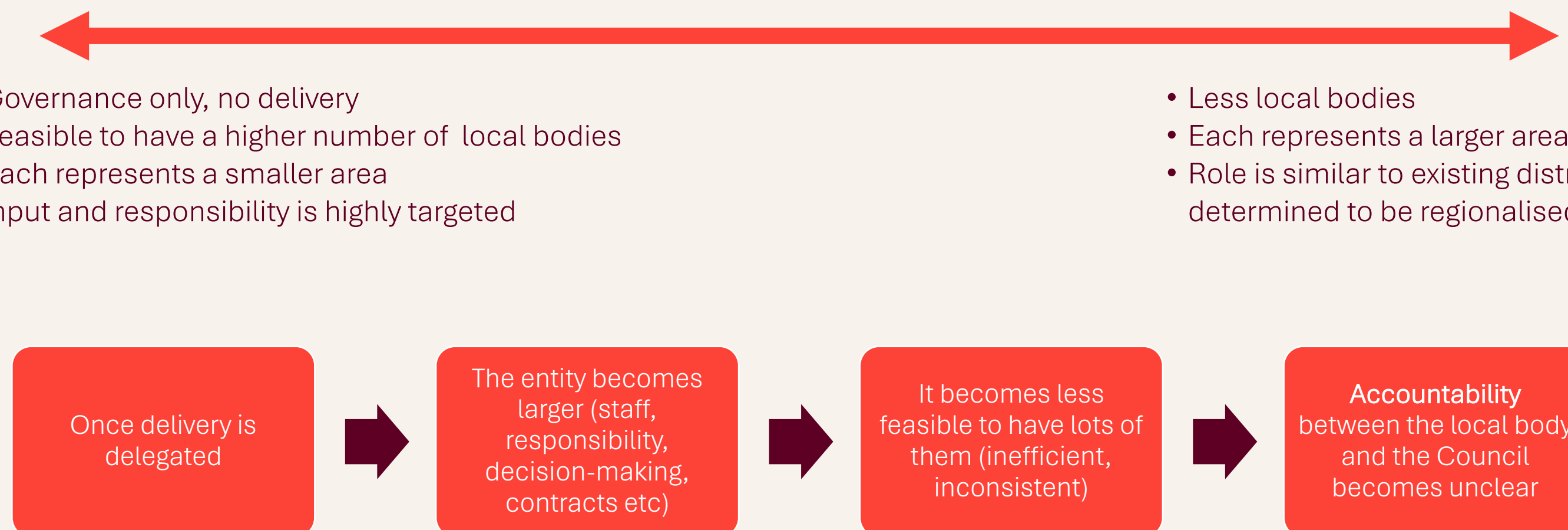
## Governance only

Current community boards and local boards sit here

- Governance only, no delivery
- Feasible to have a higher number of local bodies
- Each represents a smaller area
- Input and responsibility is highly targeted

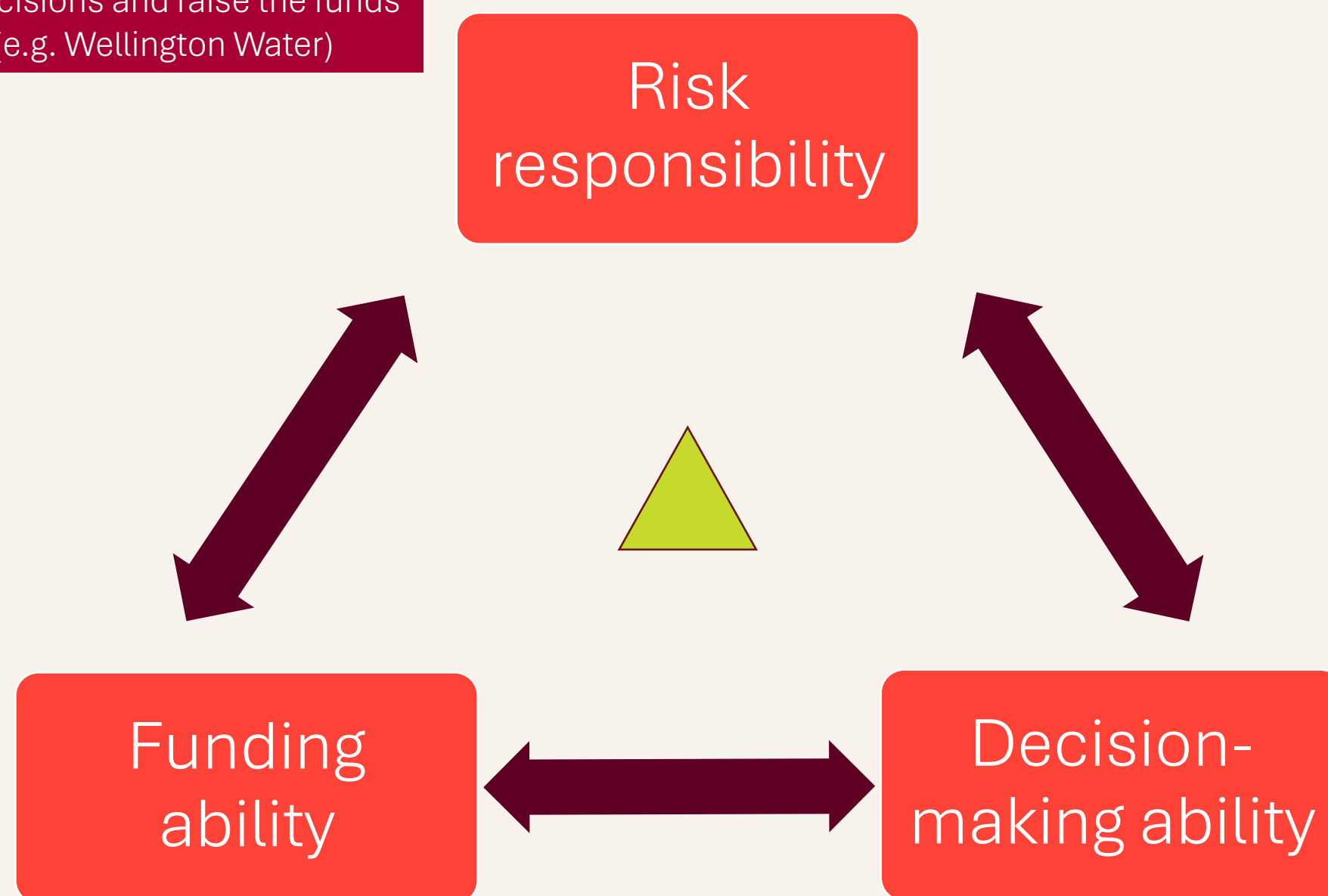
## Governance + Service Delivery Responsibility

- Less local bodies
- Each represents a larger area (e.g. existing district)
- Role is similar to existing district council, less anything determined to be regionalised



# Creating clear accountability

You cannot manage risk without having the ability to make decisions and raise the funds to address it (e.g. Wellington Water)



When these three things do not sit in one organisation, you create unclear accountability.

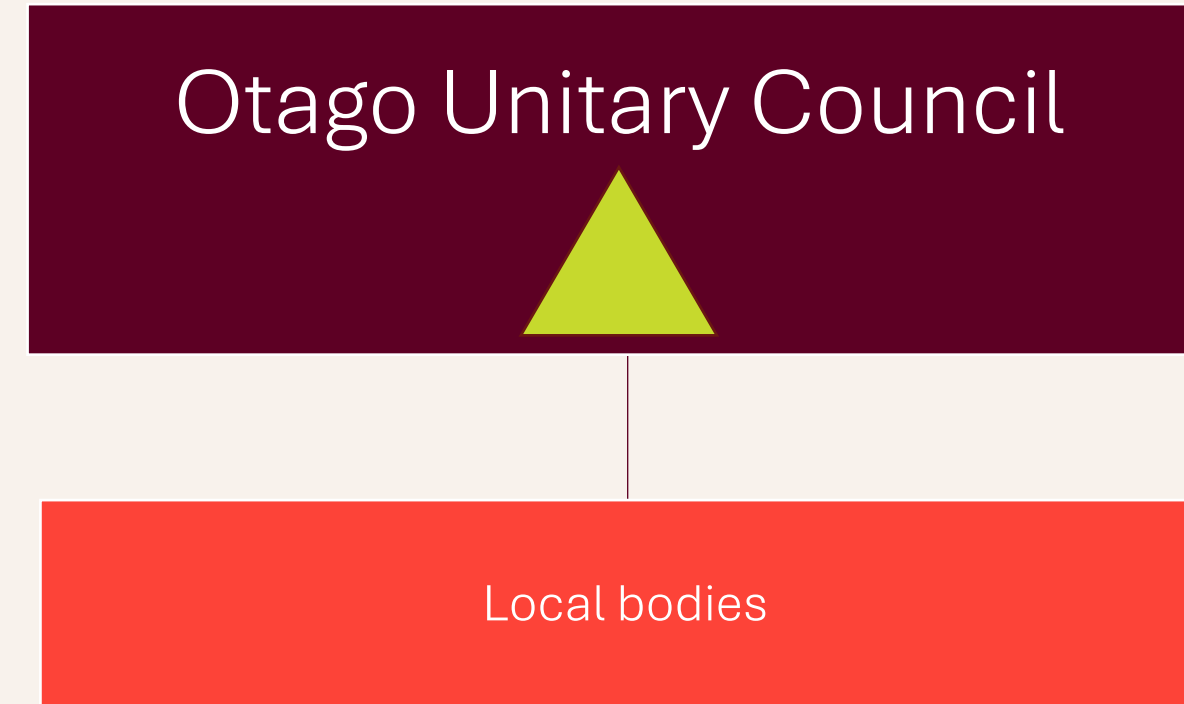
Relevant when considering:

- What is delegated to local body level
- The arrangement between a unitary council and any external entity
- How the regional functions are delivered

A funding entity without responsibility has no incentive to fund risk reduction

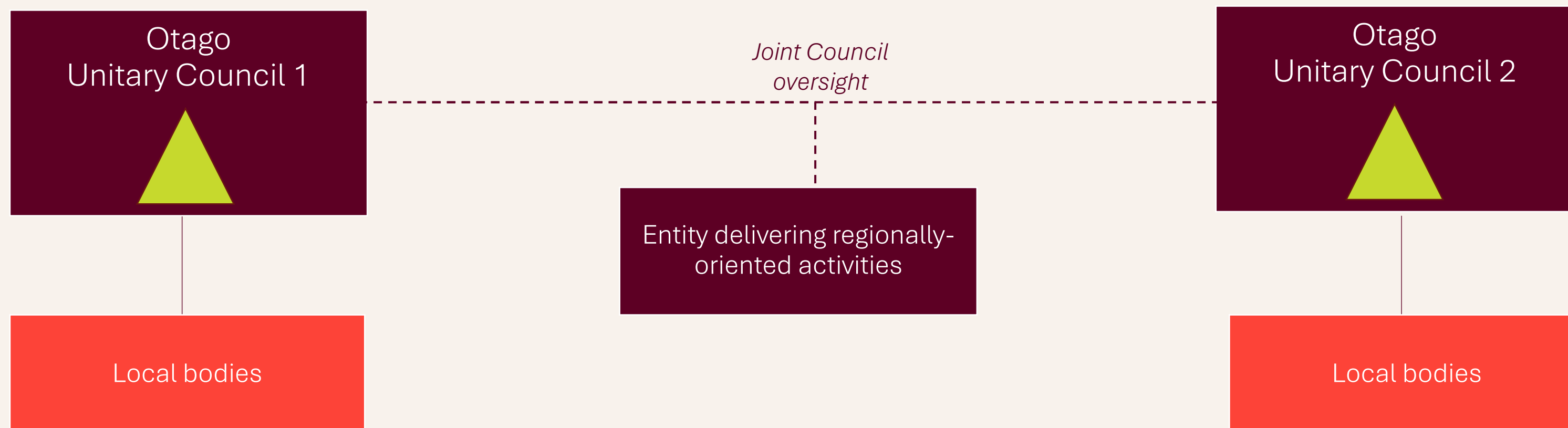
A decision-making entity without responsibility may prioritise spending according to 'want' not 'need'

# One unitary council with local bodies involved in governance only (Option 1)



- Local bodies could be community boards, local boards or something new

# Two or three Unitaries (Option 2, Option 3)

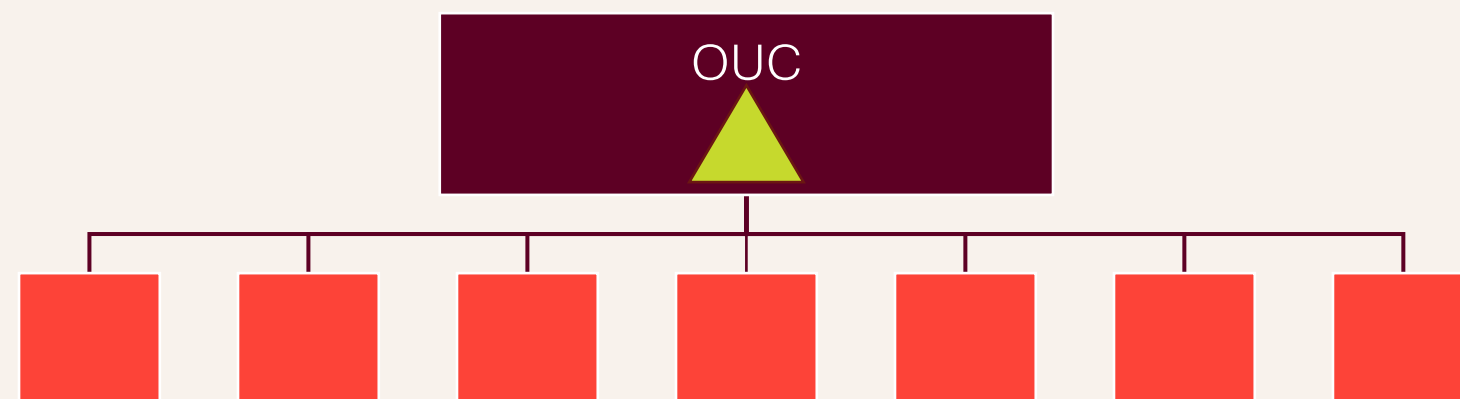


*An entity delivering regionally-oriented activities is recommended when there are two or more unitary authorities to:*

- *Avoid duplication of effort and resourcing capability gaps*
- *Enable efficient spatial planning and cohesive catchment management*

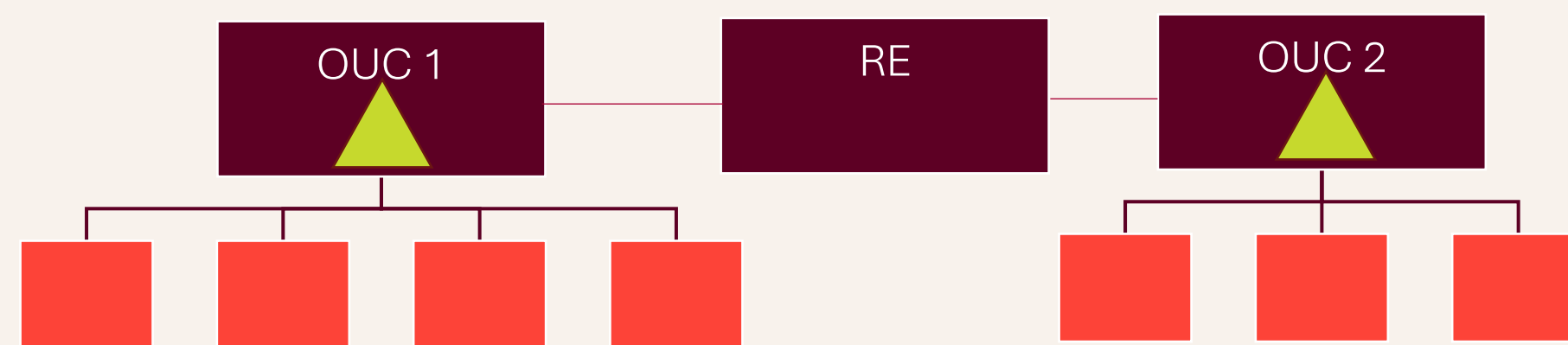
# Representation

## Single Unitary



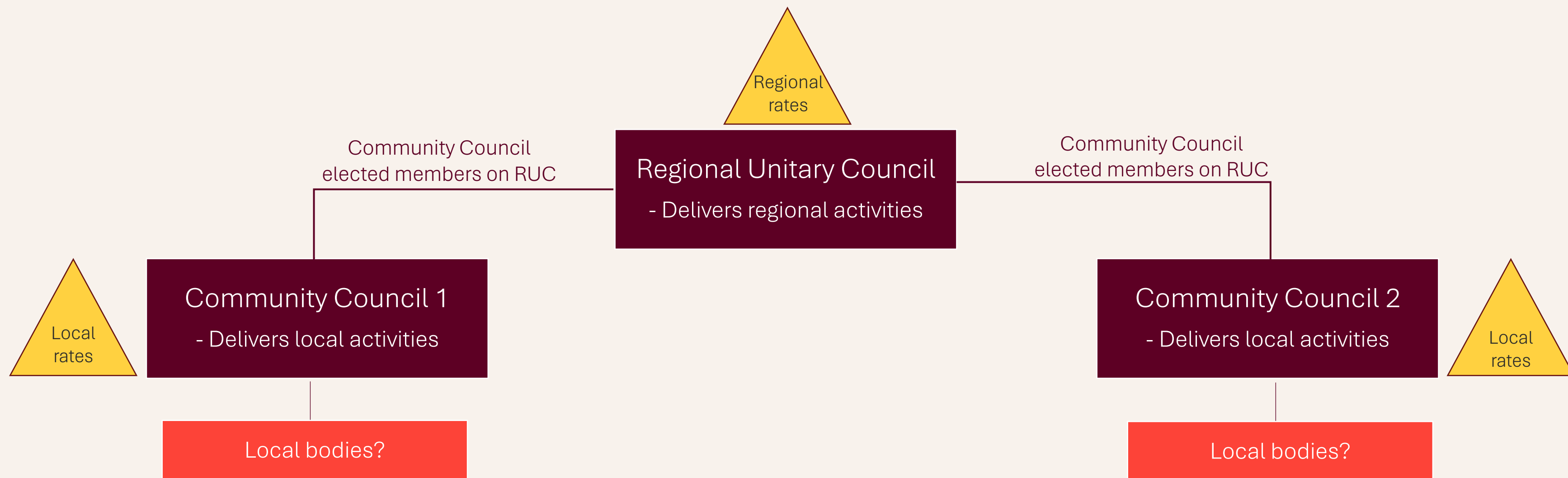
- Simpler governance structure, but less flexibility in local design
- Determined **once** at the unitary council level:
  - Whether local bodies exist or not
  - The population each local body represents
  - Level and scope of delegation
  - Function defined in legislation or determined by unitary council
  - Governance only or governance plus service delivery
- Potentially, room to explore setting at the local body level:
  - Iwi involvement and/or representation on local bodies

## Two or Three Unitaries



- Local bodies have targeted influence over regional entity and their respective unity councils
- Determined **by each** unitary council:
  - Whether local bodies exist or not
  - The population each local body represents
  - Iwi involvement and/or representation on local bodies
  - Level and scope of delegation
  - Function defined in legislation or determined by respective OUC
  - Governance only or governance plus service delivery

# Hybrid model



- Orange triangle instead of green to demonstrate accountability potentially unclear
- RUC may have separately elected Mayor/Chair, other RUC members selected from elected members of CCs
- RUC also has a delivery organisation for regional functions
- Each CC can decide whether to have further local governance layer

# Regional council functions

*Example (from ORC):*

- *Flood protection is a chain of interdependent functions:*
  - *monitoring tells you what the river is doing now;*
  - *science tells you what it will do next;*
  - *engineering translates that understanding into physical infrastructure;*
  - *maintenance keeps the system working over decades.*
- *If that sequence is disrupted across multiple administrations, the links stop informing each other.*
- *Decisions about stopbank height and pump station capacity*
  - *Depend on understanding how water moves through the whole catchment; and*
  - *That knowledge cannot be disaggregated to a district level without losing the coherence that makes it useful.*

| Activity Areas                                           | Scope of work                                                                                                                                                                                                                                                   |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governance &amp; Community Engagement</b>             | Council meetings, organisational strategy, iwi partnership, public communications, financial planning, legal services, and risk management.<br><br>(no specific explainer on this as it is similar to TLA functions)                                            |
| <b>Regional Planning</b>                                 | Regional Policy Statement, regional plans for air, coast, and water, spatial planning support for territorial authorities, and RMA implementation.                                                                                                              |
| <b>Regulatory / Environmental Regulation</b>             | Resource consenting, compliance monitoring, enforcement, 24/7 pollution response, harbourmaster services, and public education on environmental rules.                                                                                                          |
| <b>Environmental Monitoring and Science</b>              | Environmental monitoring (350+ sites), freshwater, groundwater, soil, air and marine science, air quality monitoring, catchment management, community engagement and education, and supporting territorial authorities with environmental data and information. |
| <b>Biodiversity &amp; Biosecurity</b>                    | Pest management (51 pest species), biodiversity monitoring, community conservation funding, and marine biosecurity programmes.                                                                                                                                  |
| <b>Natural Hazards &amp; Climate Adaptation</b>          | Hazard mapping, flood forecasting and warnings, LiDAR surveys, climate adaptation planning, and technical support to territorial authorities.                                                                                                                   |
| <b>Flood Protection, Drainage &amp; River Management</b> | Operation and maintenance of flood schemes (218km flood banks, 14 pump stations, 535km drains), river management, and post-flood repairs.                                                                                                                       |
| <b>Emergency Management</b>                              | Leading the Otago CDEM Group, coordinating emergency response across territorial authorities, 24/7 emergency capability, and community preparedness.                                                                                                            |
| <b>Transport</b>                                         | Orbus bus and ferry services (5.3 million trips per year), regional transport planning, fleet management, and Total Mobility scheme.                                                                                                                            |

# Existing Council Controlled Organisations

## Otago Regional Council

Port Otago Limited

## Queenstown Lakes DC

Queenstown Airport Corporation Ltd  
(75% share)

Queenstown Events Centre Trust  
(dormant)

## Dunedin City Holdings Ltd

City Forests

City Treasury

Aurora Energy

Delta Utilities

Dunedin Ventures Management

Dunedin Stadium Property

Dunedin Railways

Dunedin International Airport Ltd  
(50% share)

## Waitaki DC

Tourism Waitaki

Waitaki District Council Services Ltd

Whitestone Contracting

Waitaki Whitestone Geopark Trust

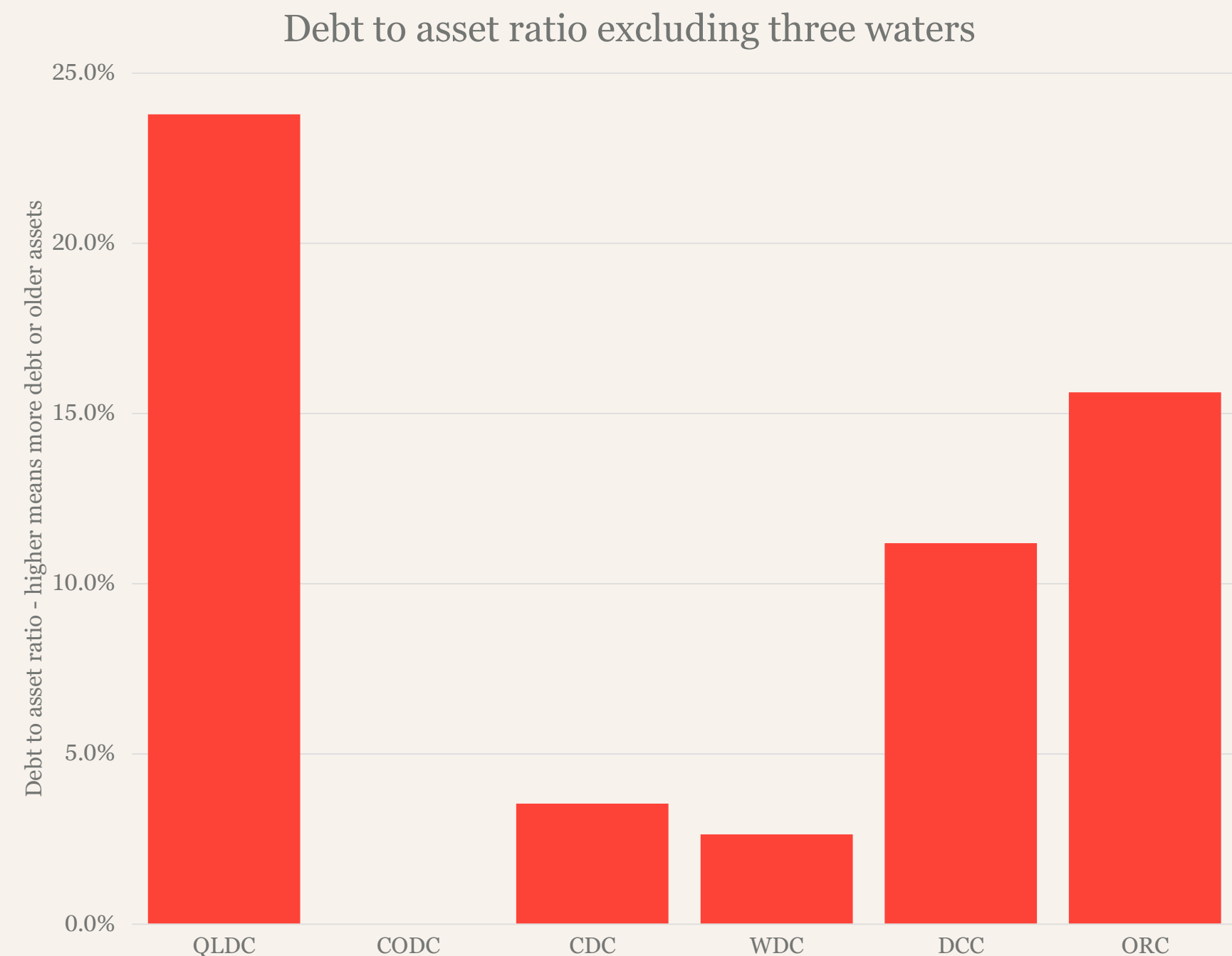
Omarama Airfield (50% share)

- Options for how these are combined under unitary models can be decided during transition
- The benefits of some CCOs can be ringfenced to particular communities

# Financial benchmarking

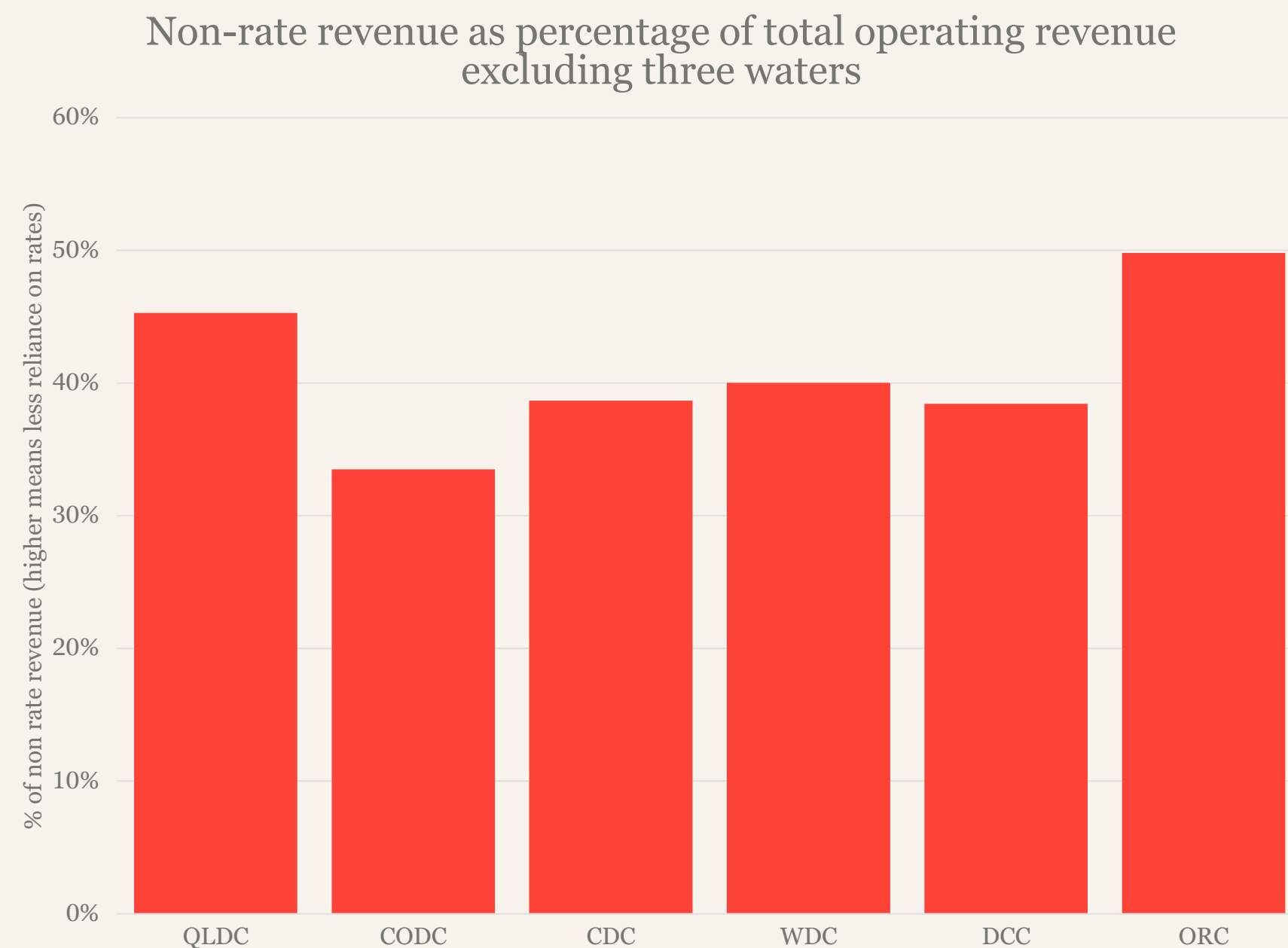
# Current state comparisons - debt

- Compares net debt to book value of non-current assets.
- A higher debt to asset ratio could mean:
  - The council has relied more heavily on debt to fund asset investment than other councils (for example this may be due to not funding depreciation in the past)
  - The council has older or fewer assets than the other councils
  - The council has used debt to fund costs that are not related to asset investment
- Structurally, will not change following amalgamation. However debt servicing costs can be ringfenced through targeted rates if future council agrees to do so.



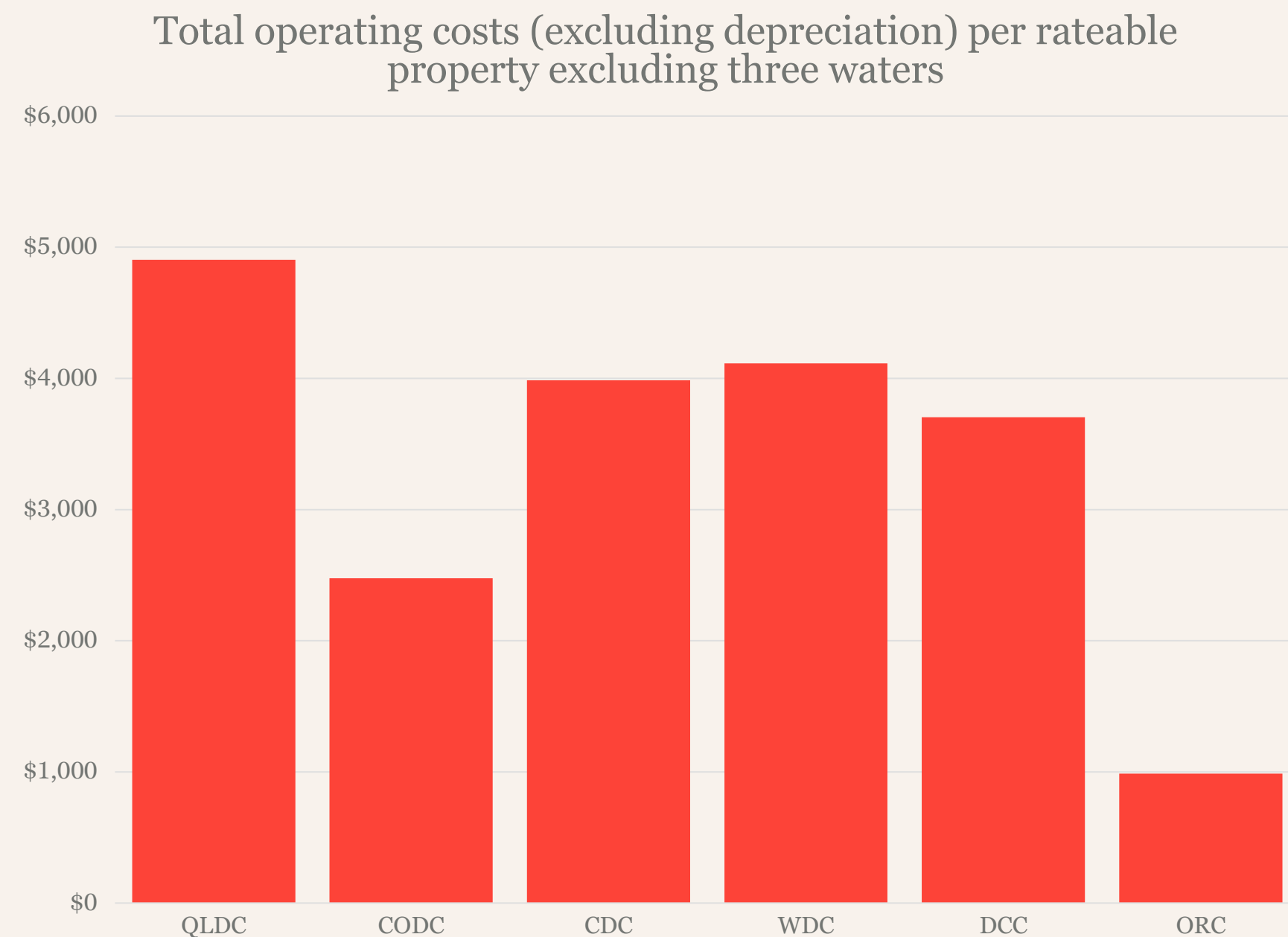
# Current state comparisons – non rates revenue

- Compares the extent to which each council relies on rates as a source of revenue
- A higher ratio means that the council relies less on rates revenue to cover its costs. This could relate to income from investments such as Ports of Otago or Queenstown Airport.
- Could change post amalgamation as revenue and financing policies are reviewed.
- Investment income would be expected to stay “where it lies”
- Port ownership is a matter that would need to be resolved.



# Current state comparisons – operating costs

- Shows differences in existing cost of services across councils
- Highlights that there are existing differences among the councils which may impact on the future share of costs under amalgamation options.
- QLDC has the highest operating cost per ratable property (reflective of high growth and visitor nights), while CODC has the lowest.
- There should be no expectation that these costs would be spread evenly under an amalgamation proposal. We would expect liberal use of targeted rates in the early years.



# Approach to estimating economies of scale

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Based on national benchmarking, and actual costs from each of the councils. Actual costs at a subregional level are based on high level allocations provided by ORC

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Considers what a reasonable cost base would be for a council with equivalent attributes as the new unitary authority

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Determined at a functional level based on statistically significant relationships using regression analysis

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Assumes “baseline” operating costs are the equivalent of the largest territorial authority in the group and then adjusts for additional scale

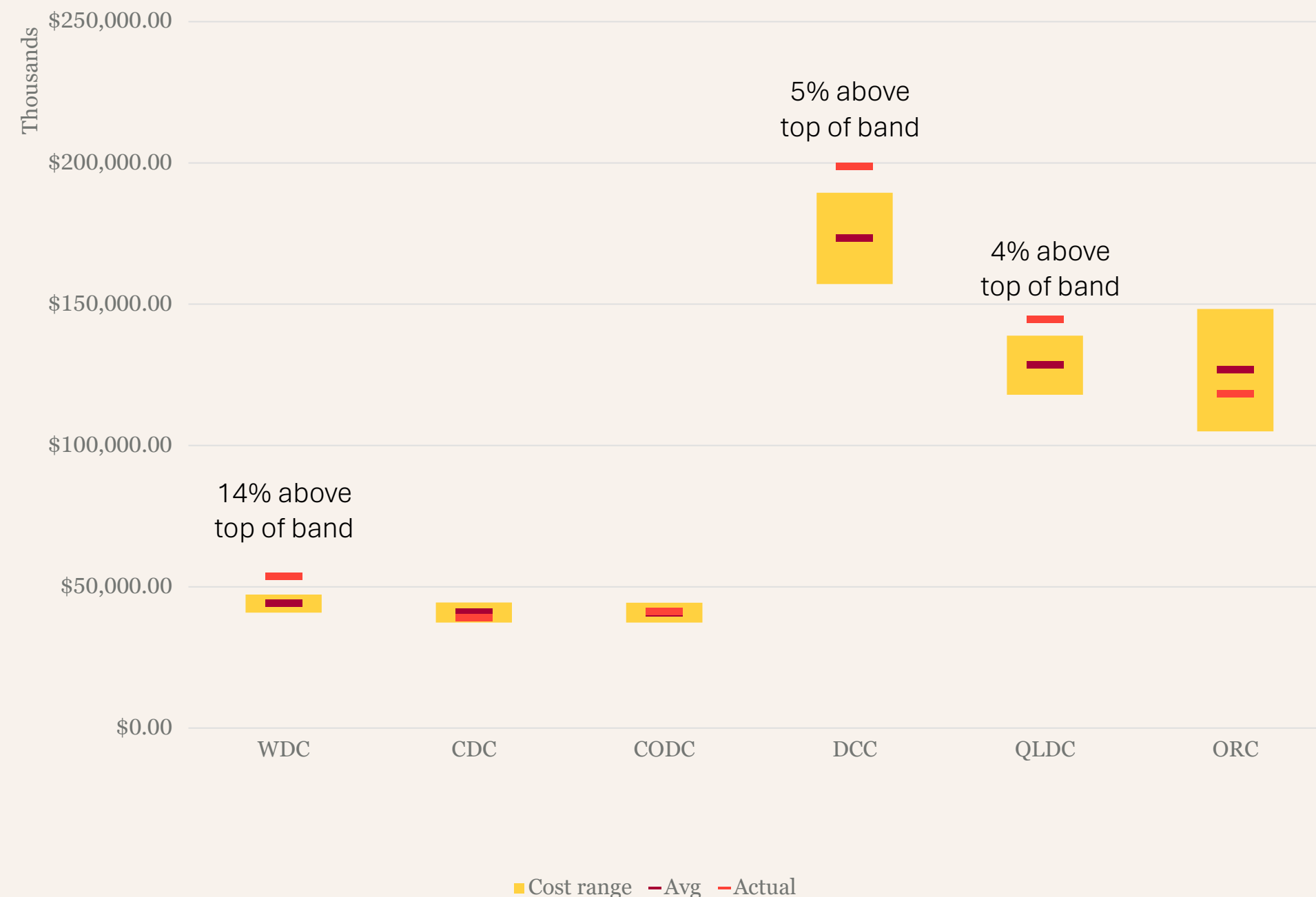
# Interpreting the data

- The costs and potential efficiencies presented here are at an organisational total or average level
- Actual distribution of these costs or benefits may differ between regions
- This will be determined by future elected members
- We would expect liberal use of targeted rates, aligned to differences in levels of service for at least the first few years
- All costs exclude public transport

# Considering model fit

- Compares costs produced from benchmarking exercise with actual costs for each council to test fit of the model.
- QLDC, DCC and WDC had actual costs exceeding the top of our estimated band, all other councils were within the cost band.
- At a combined level (not shown due to impacts on chart scale) combined costs were 3% lower than the top of our price band.
- This may indicate that either:
  - Service delivery in QLDC, DCC and WDC is inherently more expensive than elsewhere in the country and any future model including these councils will likely cost closer to the top end of our bands.
  - There is additional scope for efficiencies within those councils.
- Based on review of literature and for conservatism our view is that the former is more likely to be correct.

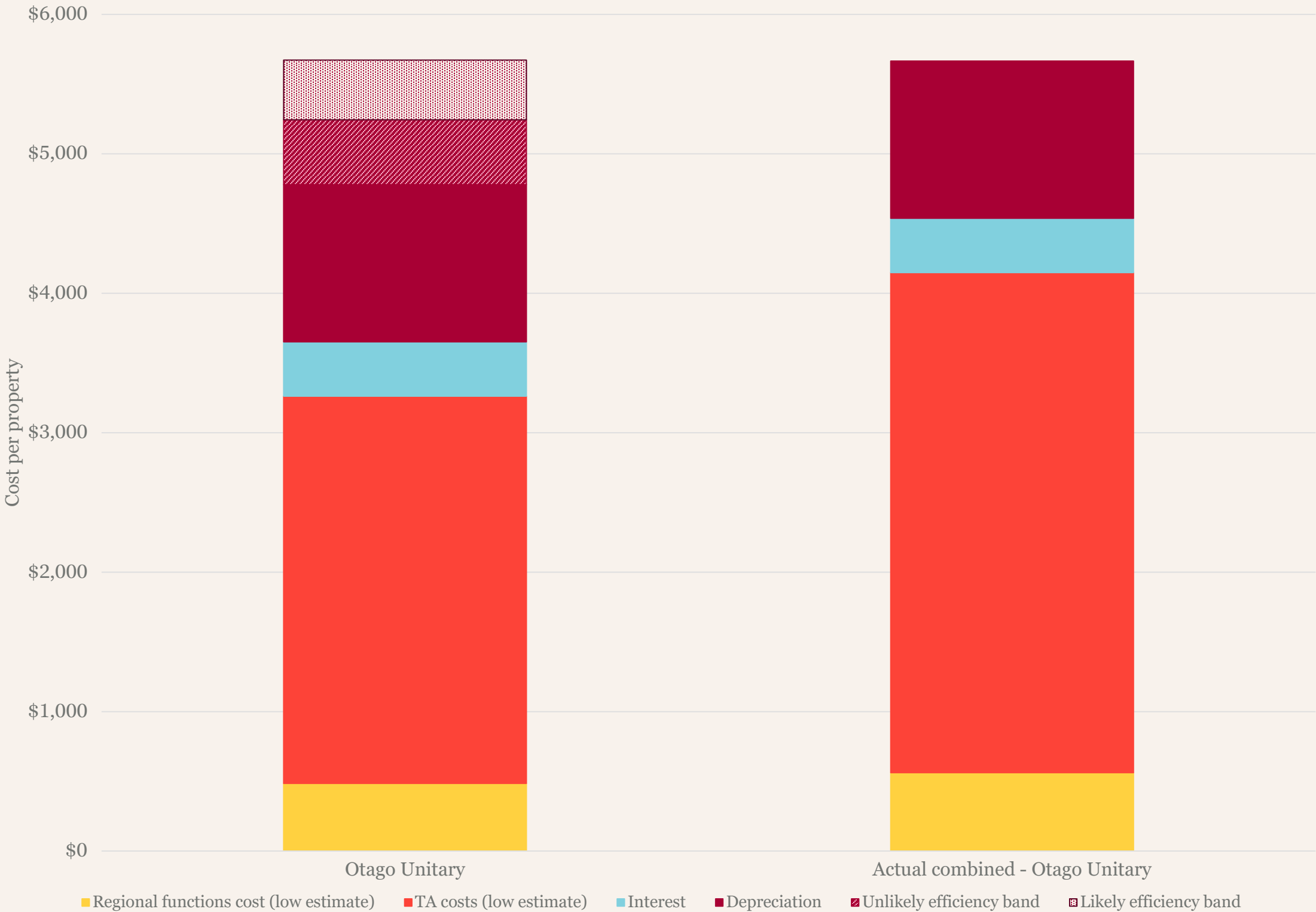
Testing fit – benchmarked costs versus actual costs for included councils



# Option 1

- Efficiencies between 0% – 7% compared to actual combined costs
- Assumes no efficiencies on DCC’s existing costs, and costs increased only for additional scale
- The lowest cost range
- Costs would not be likely to be spread evenly
- Benchmarked costs are between 0 – 16% lower than actual costs, but efficiencies beyond 7% are considered unlikely

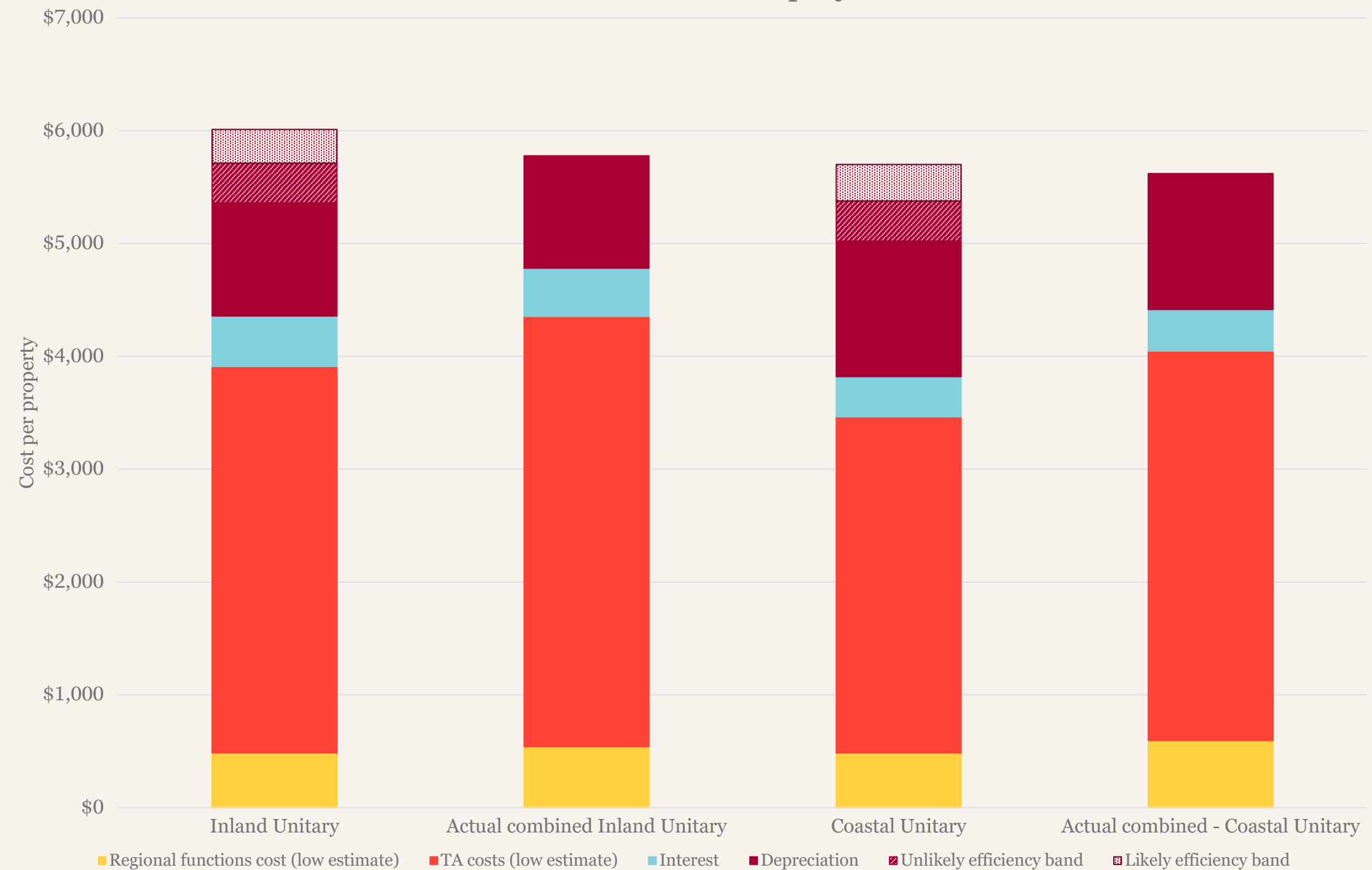
Option 1 comparison of existing cost per rateable property versus benchmarked projection



# Option 2

- Between 4% more expensive and 1% more efficient compared to actual combined costs for Inland unitary
- Between 1% more expensive and 4% more efficient compared to actual combined costs for Coastal unitary
- Assumes no efficiencies on DCC's or QLDC's existing costs, and costs increased only for additional scale
- Assumes a shared regional entity for delivery
- Benchmarked costs are between 4% higher and 7% lower for an Inland Unitary, and 1% higher to 11% lower for a Coastal Unitary

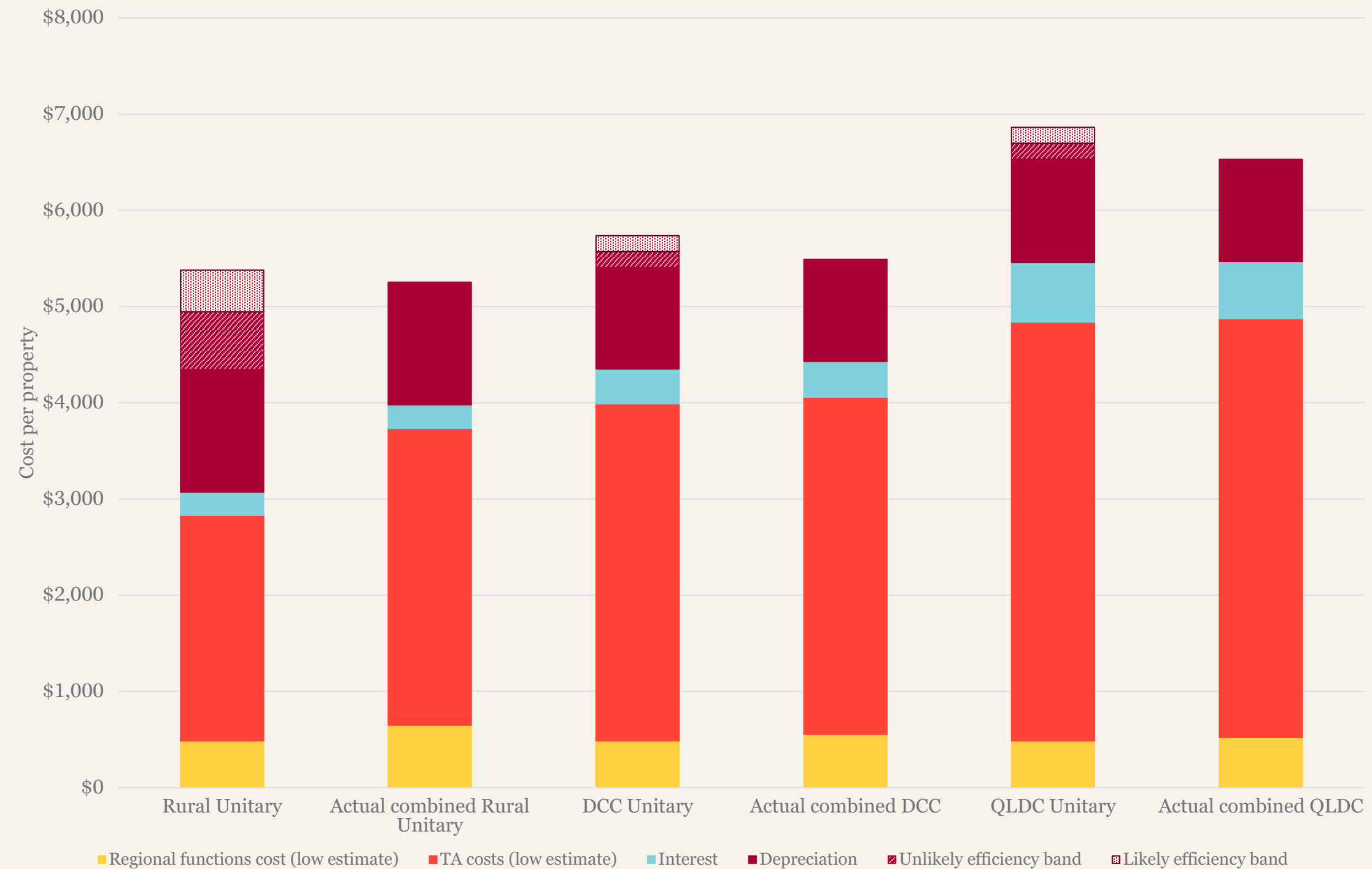
Option 2 comparison of existing cost per rateable property versus benchmarked projection



# Option 3

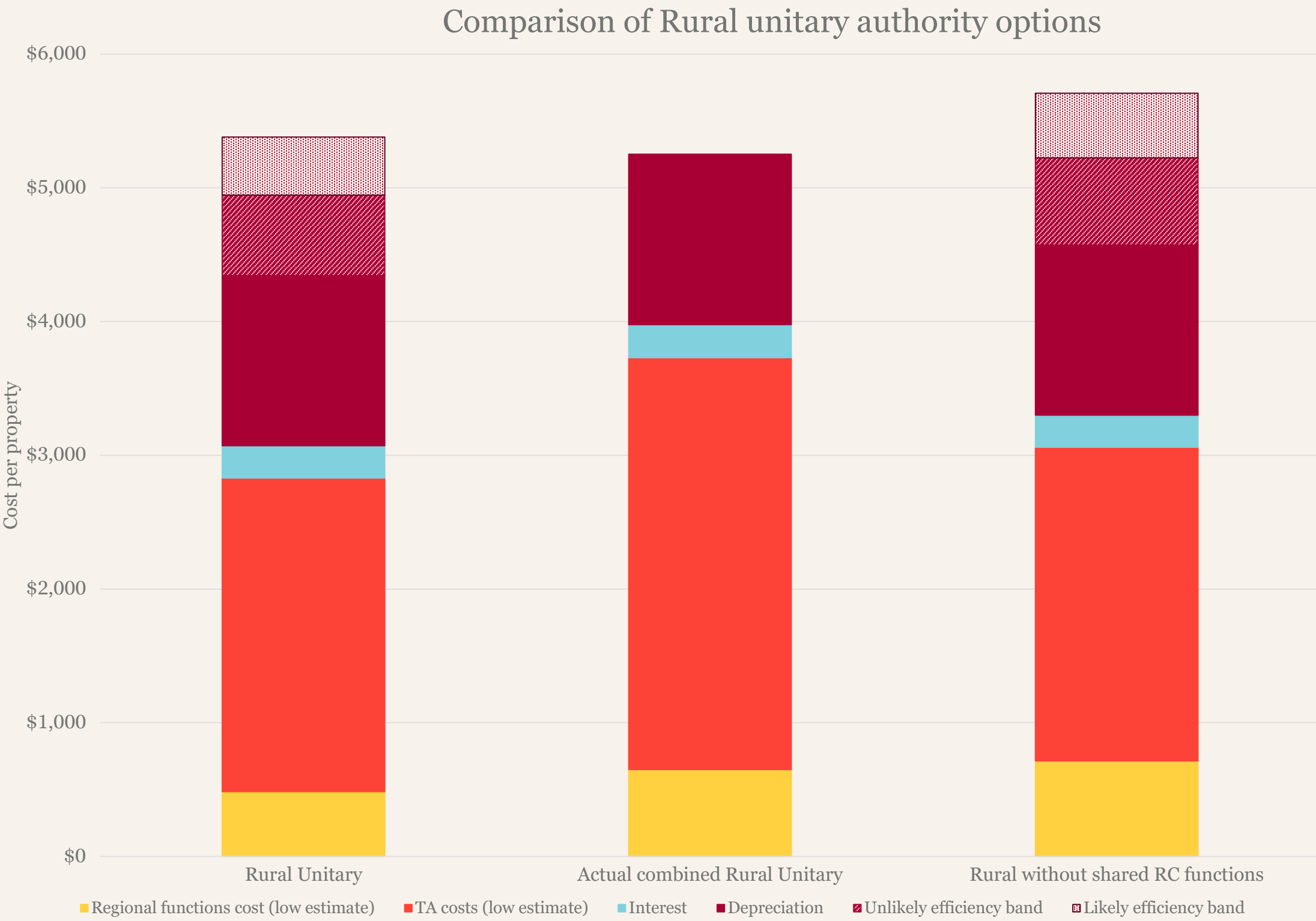
- Costs for a Rural Unitary are between 2% higher and 6% lower than the actual combined costs.
- Costs for DCC and QLDC Unitary authorities are essentially the same as the status quo, with some uncertainty regarding the regional council functions
- Assumes no efficiencies on WDC's, DCC's or QLDC's existing costs, and costs increased only for additional scale
- Assumes a shared regional entity for delivery
- Benchmarked costs for a rural unitary are between 2% higher and 17% lower than actual costs, but efficiencies beyond 6% are considered unlikely

Option 3 comparison of existing cost per rateable property versus benchmarked projection



# Rural unitary without shared regional functions

- Without shared regional functions, costs for a rural unitary authority could be between 9% greater or 1% lower than actual current costs per rateable property
- Costs would be 5% -6% higher than with a regional shared entity.
- Difference may also reflect differences in cost of delivering local services – even with a regional entity, a rural unitary may pick up a greater share of the costs.

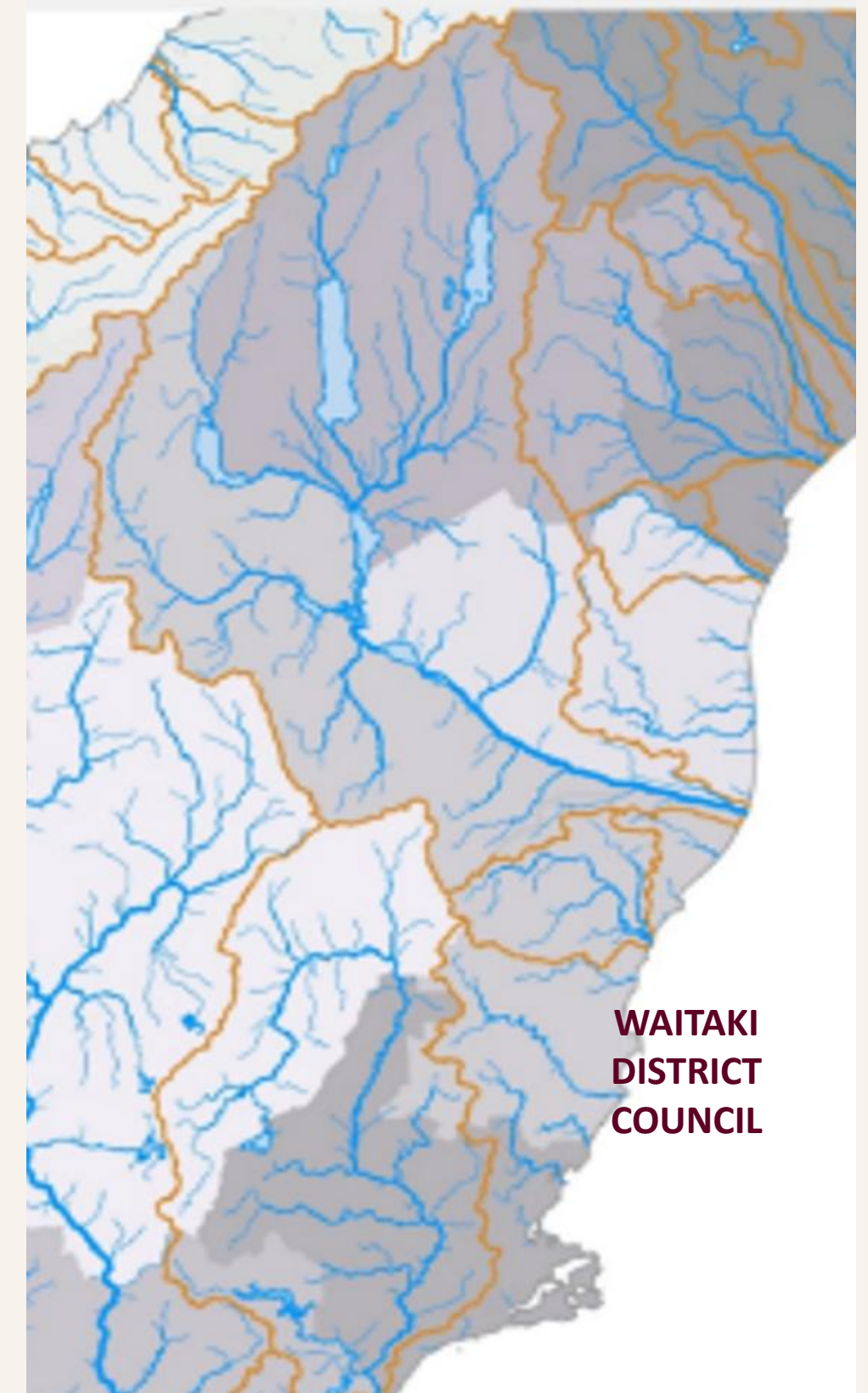


# All options compared

|                 | Mid point efficiency | Range                     |
|-----------------|----------------------|---------------------------|
| Otago Unitary   | 7.4% reduction       | 0% - (16%)                |
| Coastal Unitary | 4.3% reduction       | 1% - (11%)                |
| Inland Unitary  | 1.1% reduction       | 4% - (7%)                 |
| Rural Unitary   | 5.8% reduction       | 2% - (17%)                |
| DCC Unitary     | No material change   | <i>No material change</i> |
| QLDC Unitary    | No material change   | <i>No material change</i> |

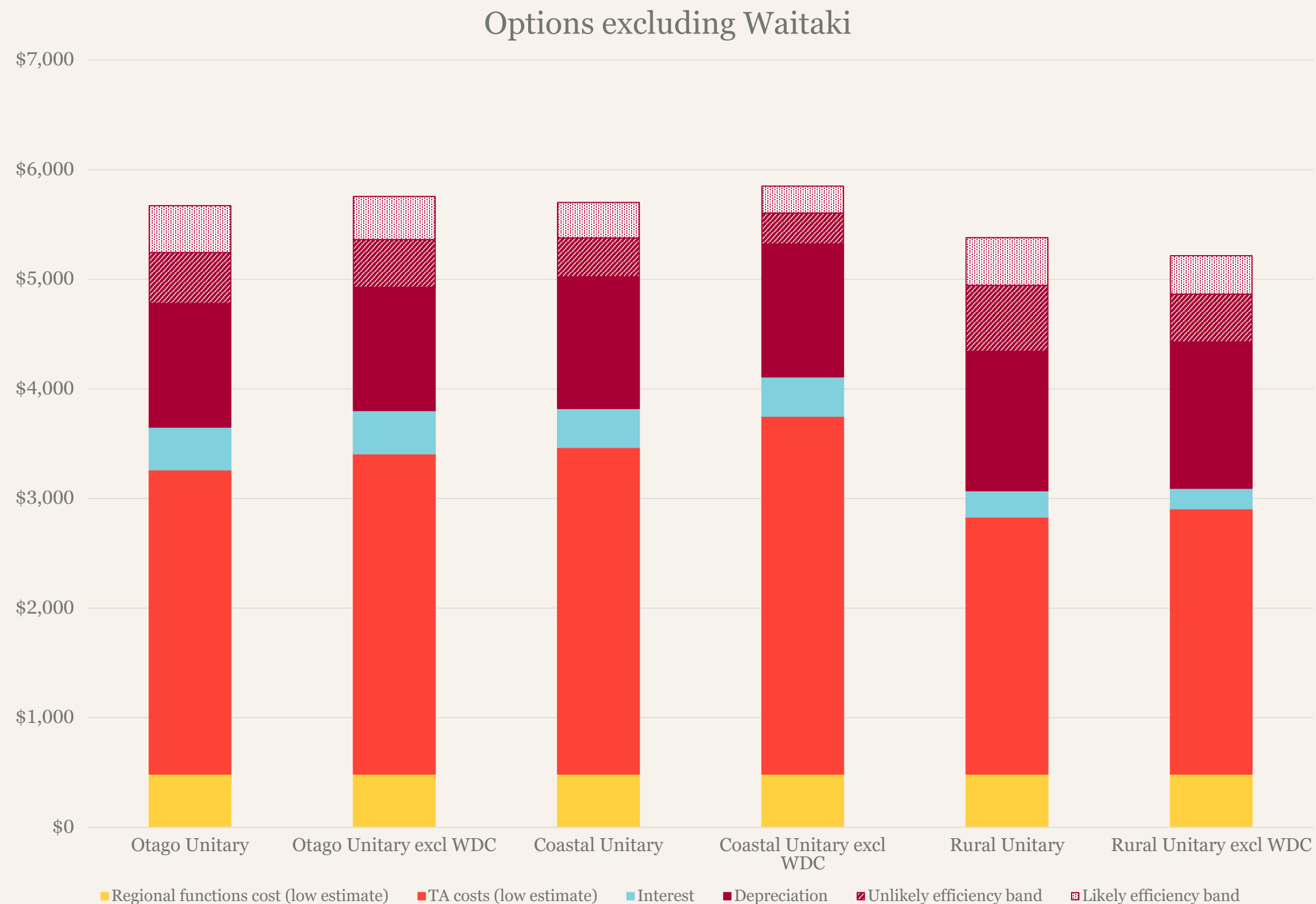
# Waitaki considerations

- Waitaki River catchment straddles Waitaki, Waimate and Mackenzie districts
- Env. Canterbury delivers catchment management functions for the river
- The Waitaki catchment portion of the district is a separate ward
- Southern parts of Waitaki affiliate with North Otago



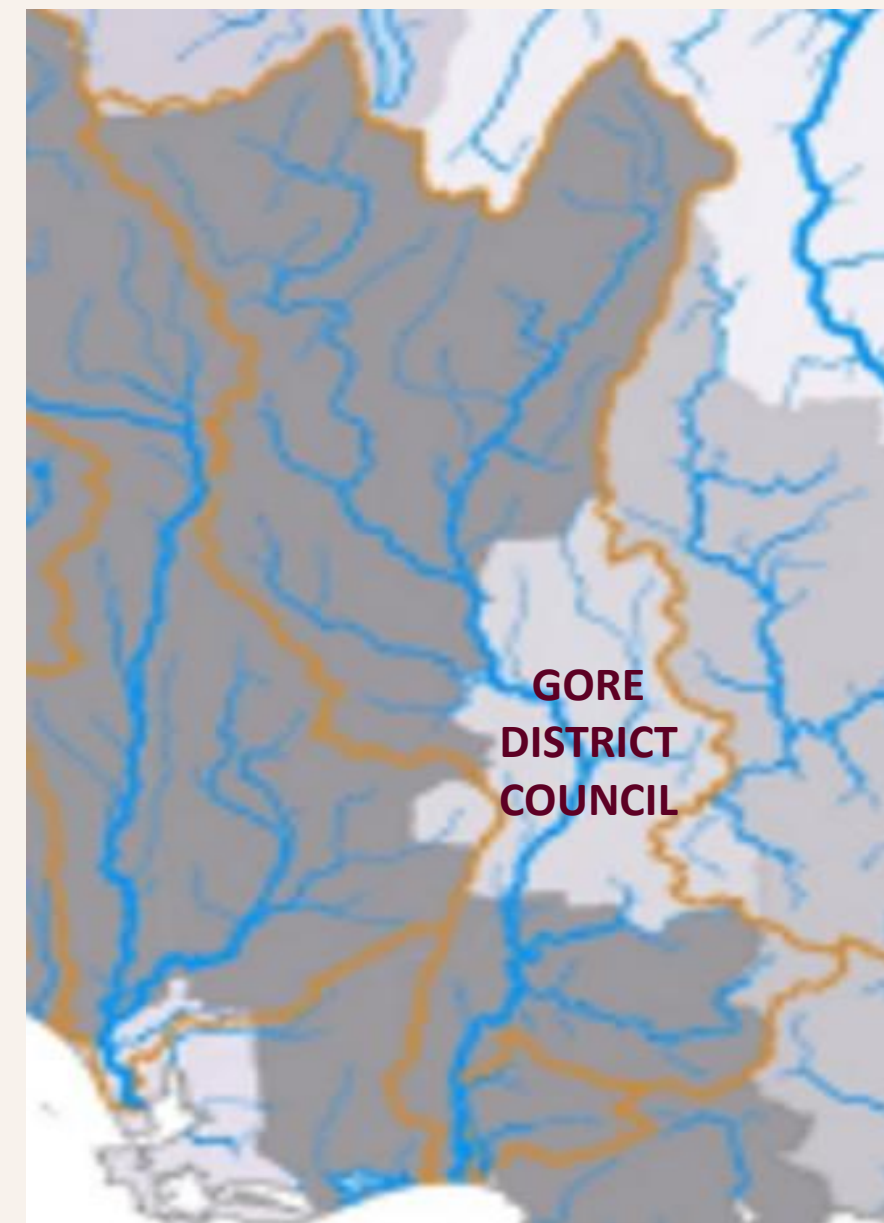
# Options excluding Waitaki

- Exclusion of Waitaki results in costs per rateable property that are:
  - between 1% - 3% higher than an Otago unitary that includes Waitaki.
  - between 3% - 6% higher than a Coastal unitary that includes Waitaki.
  - between 2% higher - 3% lower than a Rural unitary that includes Waitaki.
- The difference in costs between options may not be evenly distributed.
- Assumes a shared regional entity for delivery



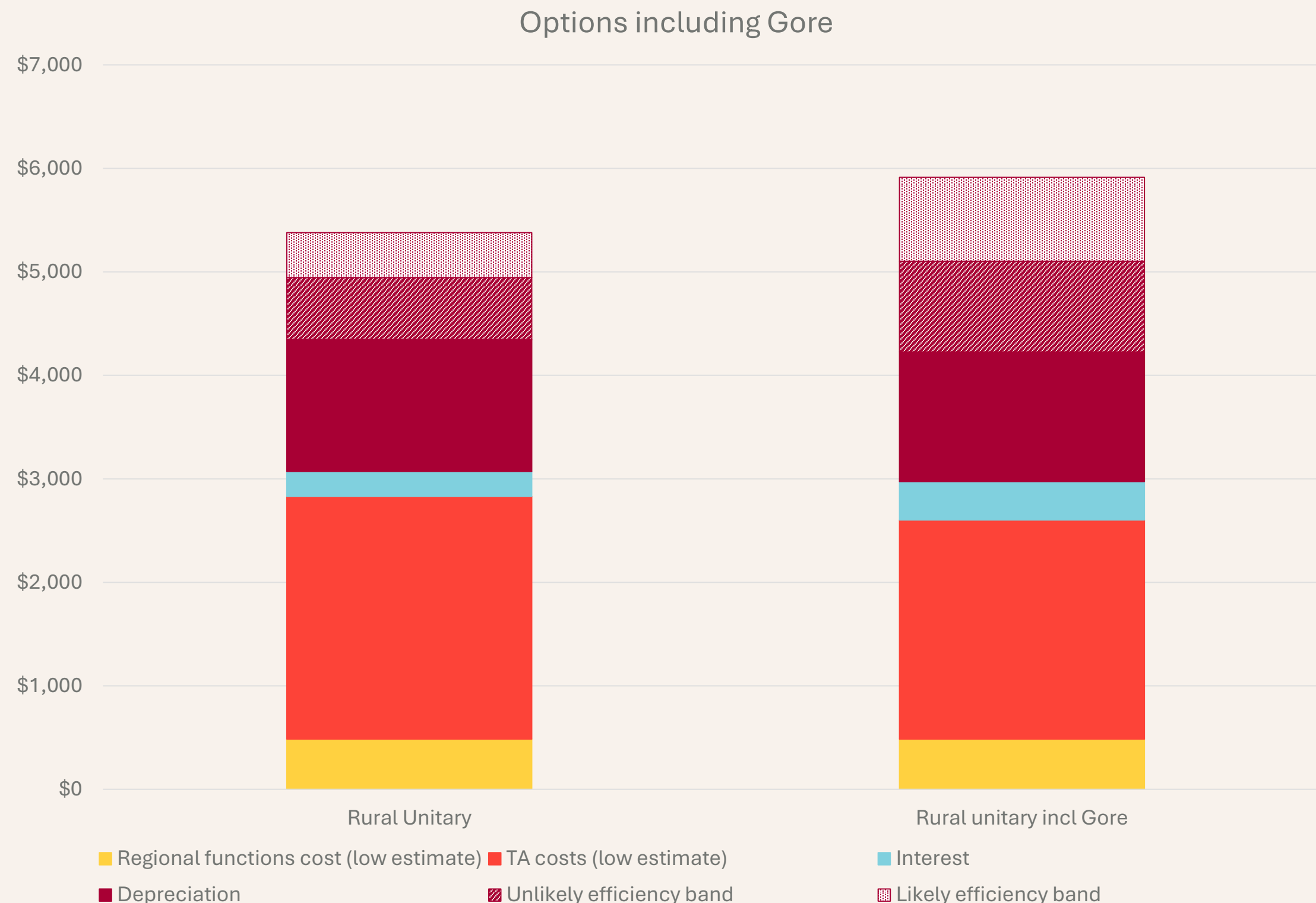
# Gore considerations

- Gore is part of Southern Waters
  - Along with Clutha, Central Otago and Waitaki
- Regional functions for Gore are delivered by Environment Southland not ORC
- Mataura River flows through Gore
  - Most of this river's catchment is within Southland District
- Could be resolved with regional functions delivered to Gore by Southland
  - Similar to current Env. Canterbury arrangement for Waitaki
- An alternative to Option 3 could be established
  - Gore and Southland combined with the rural unitary authority
  - Invercargill remains a separate unitary authority
  - The Regional Entity crosses the two regions



# Option 3 including Gore

- Inclusion of Gore results in costs per rateable property that are between 3% - 10% higher than a Rural unitary that excludes Gore.
- The difference in costs between options may not be evenly distributed.
- Cannot compare to actual costs because we do not have the Environment Southland share.
- Assumes a shared regional entity for delivery.
- The lower end of the benchmarking range suggests the inclusion of Gore could result in costs that are up to 3% lower than a rural unitary without Gore, however we consider this is unlikely.



# Assessment against government criteria

- These are not Morrison Low Advisory criteria nor those of the Otago mayors or councils.
- Rather, this assessment seeks to demonstrate how aligned the options are with what the government has said they see as important.
- Aligning with the government's criteria does not necessarily mean the option is recommended.

| Government Criteria                     | Option 1:<br>one region-wide Otago unitary                                                                                                                                                                                                                                                                                                                                                         | Option 2:<br>two unitary authorities,<br>inland and coastal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Option 3:<br>three unitary authorities,<br>urban and rural                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Supports the new planning system</b> | <ul style="list-style-type: none"> <li>• One regional combined plan.</li> <li>• Fewer plans overall.</li> <li>• One council making planning decisions.</li> <li>• Catchment management mostly contained within the region's boundary.</li> <li>• Waitaki catchment in Canterbury region would require special catchment management arrangements (like occurs now) or a boundary change.</li> </ul> | <ul style="list-style-type: none"> <li>• One regional combined plan, but covering two councils.</li> <li>• Increased number of steps to make regional planning decisions amongst two councils.</li> <li>• More plans overall.</li> <li>• This options connects Queenstown Lakes with supporting growth areas in Central Otago.</li> <li>• Catchment management crosses council boundaries, requiring decisions amongst two councils.</li> <li>• While catchment centred around upper Clutha possible with some boundary changes, downstream effects would require decisions amongst two councils.</li> <li>• Waitaki catchment boundary issue remains.</li> </ul> | <ul style="list-style-type: none"> <li>• Same as option two but further complexity with coordination between three councils instead of two.</li> <li>• Cuts off Queenstown from supporting growth areas in Central Otago.</li> <li>• While the upper Clutha catchment aligns reasonably well with the Queenstown boundary, defining a boundary for the Dunedin council that aligns with catchment boundaries is difficult.</li> <li>• Waitaki catchment boundary issue remains.</li> </ul> |

| Government Criteria      | Option 1:<br>one region-wide Otago unitary                                                                                                                                                                                                            | Option 2:<br>two unitary authorities,<br>inland and coastal                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Option 3:<br>three unitary authorities,<br>urban and rural                                                                                    |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Simpler local governance | <ul style="list-style-type: none"><li>• Simpler overall with fewer councils.</li><li>• Less duplication and clearer accountability.</li><li>• Simpler for customers with one organisation to transact with and receive communications from.</li></ul> | <ul style="list-style-type: none"><li>• Two councils instead of one, requires coordination between them.</li><li>• Introduces regional entity to deliver regional functions, that requires joint governance by two councils, reducing simplicity.</li><li>• Duplication of effort by each unitary, but focused on the issues in that area.</li><li>• Only one organisation to transact with for most customers, but some commercial customers (e.g. developers working across the two areas) will transact with two councils.</li></ul> | <ul style="list-style-type: none"><li>• Same as option 2 but with three councils instead of two the complexity is at least doubled.</li></ul> |

| Government Criteria       | Option 1:<br>one region-wide Otago unitary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Option 2:<br>two unitary authorities,<br>inland and coastal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Option 3:<br>three unitary authorities,<br>urban and rural                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Economies of scale</b> | <ul style="list-style-type: none"> <li>• Greatest opportunity for efficiency and effectiveness with scale.</li> <li>• More likely to have sufficient resources to cover both day to day operations and strategic functions and cover when there are resourcing gaps / vacancies.</li> <li>• Strategic decisions affecting wide areas more likely to be progressed e.g. freight corridors.</li> <li>• Includes two large population centres, which likely require equal servicing, reducing scale efficiencies e.g. two distinct public transport networks, two airports, two event centres.</li> <li>• Level of service generally increases to the urban level, reducing cost-efficiencies from scale.</li> </ul> | <ul style="list-style-type: none"> <li>• Scale efficiencies possible but the extent of efficiencies differs between the two unitary authorities.</li> <li>• Each unitary has a large population centre to service the unitary.</li> <li>• Again, likely to have sufficient resources to cover both day to day operations and strategic functions, although not quite at the same level as one unitary.</li> <li>• Strategic decisions likely to be progressed and no tension between Queenstown-centred decisions and Dunedin-centred decisions.</li> <li>• Like one unitary, level of service generally increases to the urban level.</li> </ul> | <ul style="list-style-type: none"> <li>• Queenstown and Dunedin remain relatively unchanged.</li> <li>• Rural councils benefit from aggregation, but not to the same extent as one unitary.</li> <li>• Requires a joint entity to deliver regional functions to achieve efficiencies</li> <li>• Capability resilience decreases with more councils, existing capability challenges continue in Queenstown and Dunedin.</li> </ul> |

| Government Criteria            | Option 1:<br>one region-wide Otago unitary                                                                                                                                                                                                                                                                                                                                                                                                                        | Option 2:<br>two unitary authorities,<br>inland and coastal                                                                                                                                                                                                                                                                                                                                                                                                             | Option 3:<br>three unitary authorities,<br>urban and rural                                                                                                                                                                                                                                                                                                           |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maintains a strong local voice | <ul style="list-style-type: none"><li>• Disparate communities forced to come together and be represented collectively.</li><li>• Possible to address some of the variation in communities of interest through representation at governing body (wards) and lower tier (local or community boards) but the model is set up to fairly represent the whole region as opposed to tailored arrangements at a sub-regional level in the multi-unitary models.</li></ul> | <ul style="list-style-type: none"><li>• Addresses the large differences between Queenstown (tourism and growth focus) and Dunedin (and the coastal communities connected to Dunedin)</li><li>• Rural voice and differences in rural voice in different parts of the region are still not well represented.</li><li>• The two unitary authorities can establish representation arrangements and delegations to second tier governance tailored to their needs.</li></ul> | <ul style="list-style-type: none"><li>• Addresses the large differences between Queenstown and Dunedin, whilst also establishing a unitary that has a strong rural voice.</li><li>• The three unitary authorities have even greater control in establishing representation arrangements and delegations to second tier governance tailored to their needs.</li></ul> |

| Government Criteria | Option 1:<br>one region-wide Otago unitary                                                                                                                                                                                                                                                            | Option 2:<br>two unitary authorities,<br>inland and coastal                                                                                                                                                                                                                                                                                                   | Option 3:<br>three unitary authorities,<br>urban and rural                                                                                                                             |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deliverability      | <ul style="list-style-type: none"><li>Not as complex as other options to establish but still requires significant change (six councils into one).</li><li>Not aligned with community sentiment (from the community surveys), risking the arrangement being challenged during establishment.</li></ul> | <ul style="list-style-type: none"><li>Requires establishment of separate regional entity in addition to transitioning six councils into two.</li><li>Aligns more closely with community sentiment (from the community surveys), reducing the risk the arrangement will be challenged during establishment.</li><li>Aligns with inland Regional Deal</li></ul> | <ul style="list-style-type: none"><li>Similar complexity to establish as option 2.</li><li>Most aligned to community sentiment, least risk establishment will be challenged.</li></ul> |

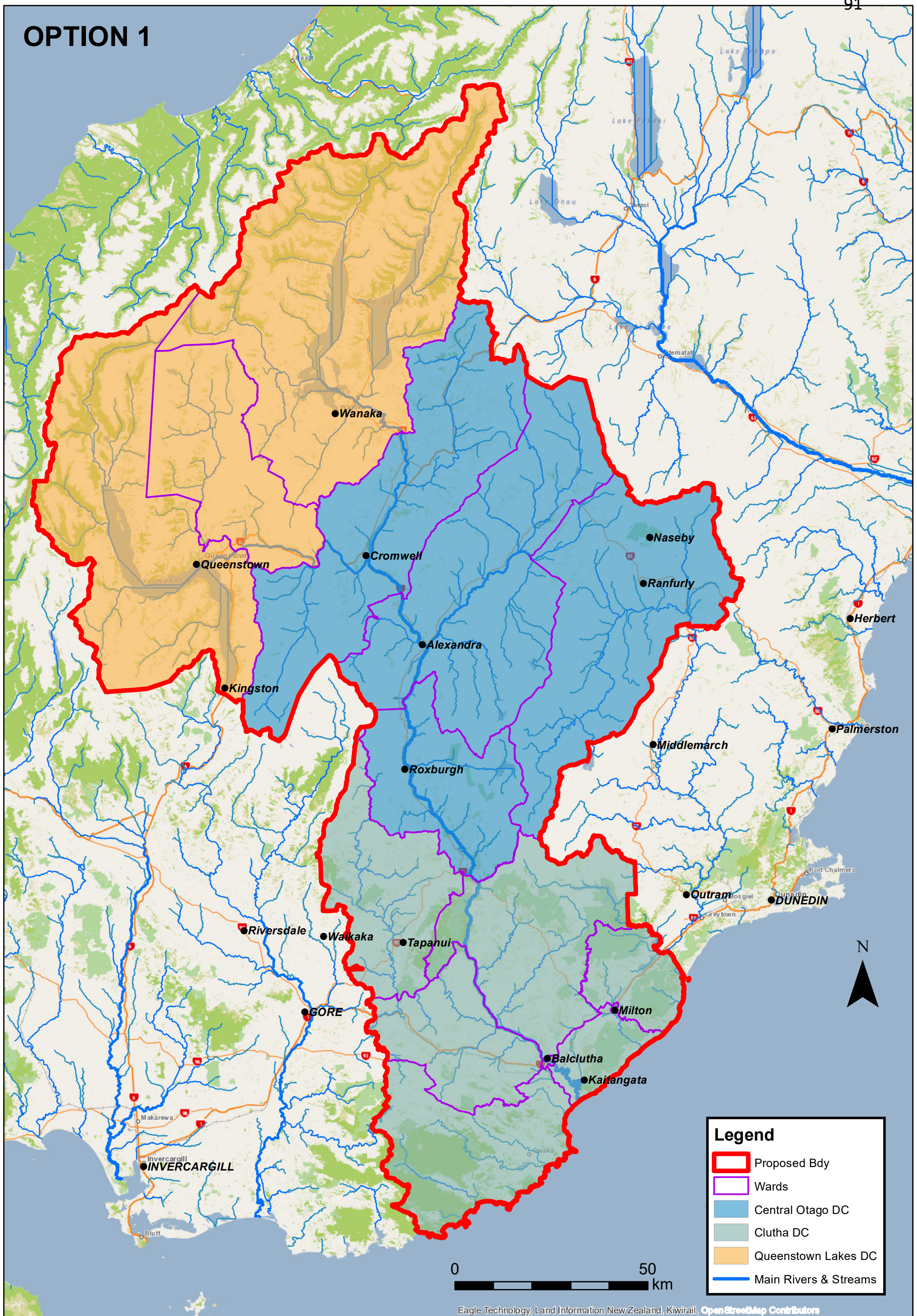
# Assessment against government criteria

| Government Criteria              | Option 1:<br>one region-wide Otago unitary                                                                                                                            | Option 2:<br>two unitary authorities,<br>inland and coastal                                                                                                                                            | Option 3:<br>three unitary authorities,<br>urban and rural                                                                                                           |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supports the new planning system | <ul style="list-style-type: none"> <li>Simpler planning system, cohesive catchment management.</li> </ul>                                                             | <ul style="list-style-type: none"> <li>Increased complexity in planning decision, disjointed catchment management.</li> </ul>                                                                          | <ul style="list-style-type: none"> <li>Further complexity in planning and disjointed catchments.</li> </ul>                                                          |
| Simpler local governance         | <ul style="list-style-type: none"> <li>Less duplication and clearer accountability.</li> </ul>                                                                        | <ul style="list-style-type: none"> <li>Introduces regional entity to deliver regional functions, less clear accountability and some duplication introduced.</li> </ul>                                 | <ul style="list-style-type: none"> <li>Same as option 2 but with three councils instead of two the complexity is at least doubled.</li> </ul>                        |
| Economies of scale               | <ul style="list-style-type: none"> <li>Higher capability in resourcing improves decision making, but increased level of service reduces cost efficiencies.</li> </ul> | <ul style="list-style-type: none"> <li>Scale efficiencies possible, but not as pronounced as single unitary.</li> <li>Different efficiency outcomes for Inland and Coastal.</li> </ul>                 | <ul style="list-style-type: none"> <li>Queenstown and Dunedin remain relatively unchanged.</li> <li>Rural councils benefit from aggregation.</li> </ul>              |
| Maintains a strong local voice   | <ul style="list-style-type: none"> <li>Disparate communities represented collectively and representation model requires equity across the region.</li> </ul>          | <ul style="list-style-type: none"> <li>Differences inland and coastal recognised but rural voice not as clear.</li> <li>Each unitary establishes representation reflecting their community.</li> </ul> | <ul style="list-style-type: none"> <li>Recognises different voices the most.</li> <li>Each unitary establishes representation reflecting their community.</li> </ul> |
| Deliverability                   | <ul style="list-style-type: none"> <li>Simpler to establish, but not aligned with community sentiment, risking challenge during establishment.</li> </ul>             | <ul style="list-style-type: none"> <li>Aligns more closely with community sentiment, but requires separate regional entity establishment.</li> </ul>                                                   | <ul style="list-style-type: none"> <li>Similar complexity to establish as option 2.</li> </ul>                                                                       |

# Thank you

If you have any enquiries or need more information about the services we provide, don't hesitate to contact us. We look forward to helping you succeed.

# OPTION 1



**Legend**

Proposed Bdy

Wards

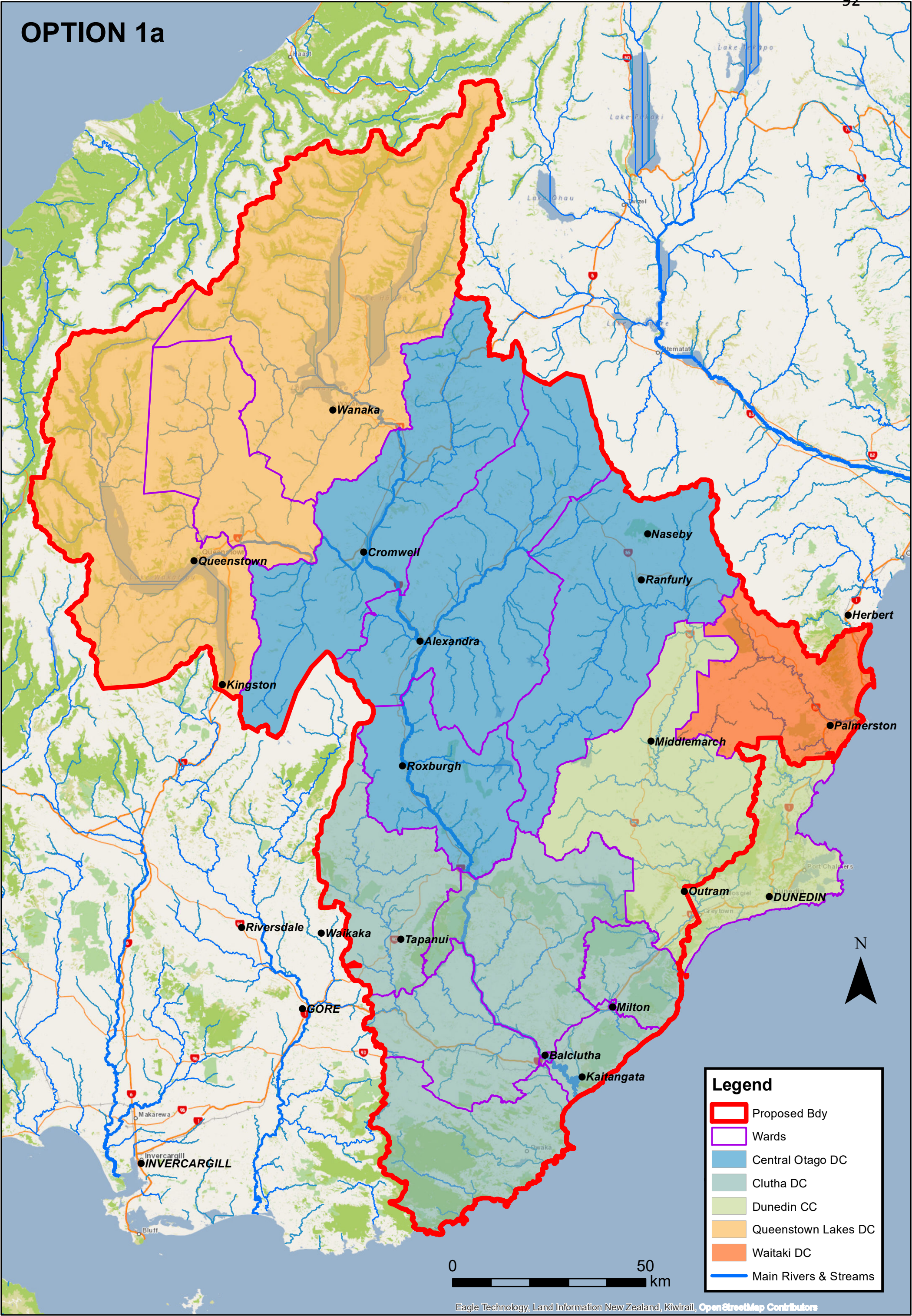
Central Otago DC

Clutha DC

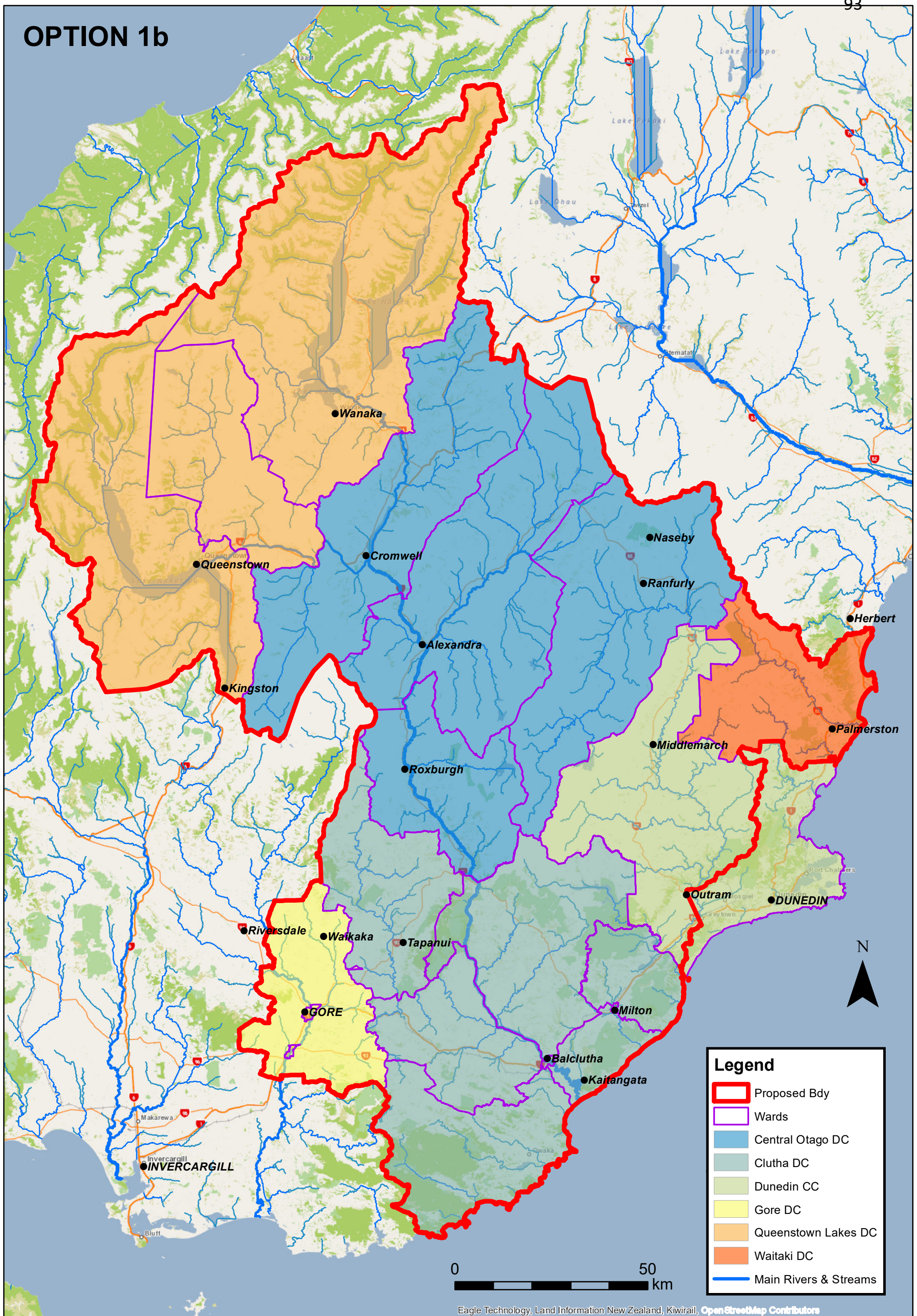
Queenstown Lakes DC

Main Rivers & Streams

OPTION 1a



# OPTION 1b



**Legend**

Proposed Bdy

Wards

Central Otago DC

Clutha DC

Dunedin CC

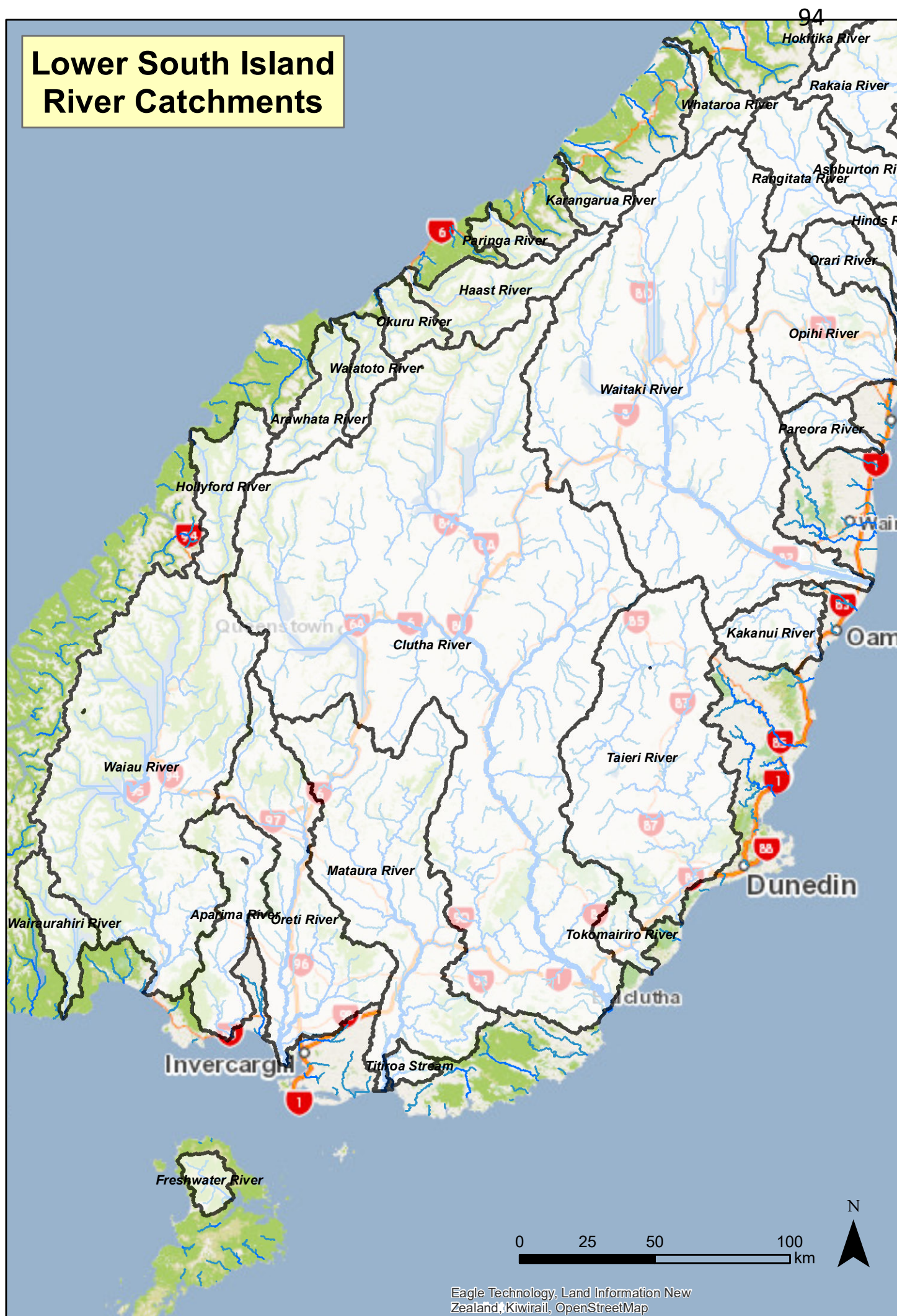
Gore DC

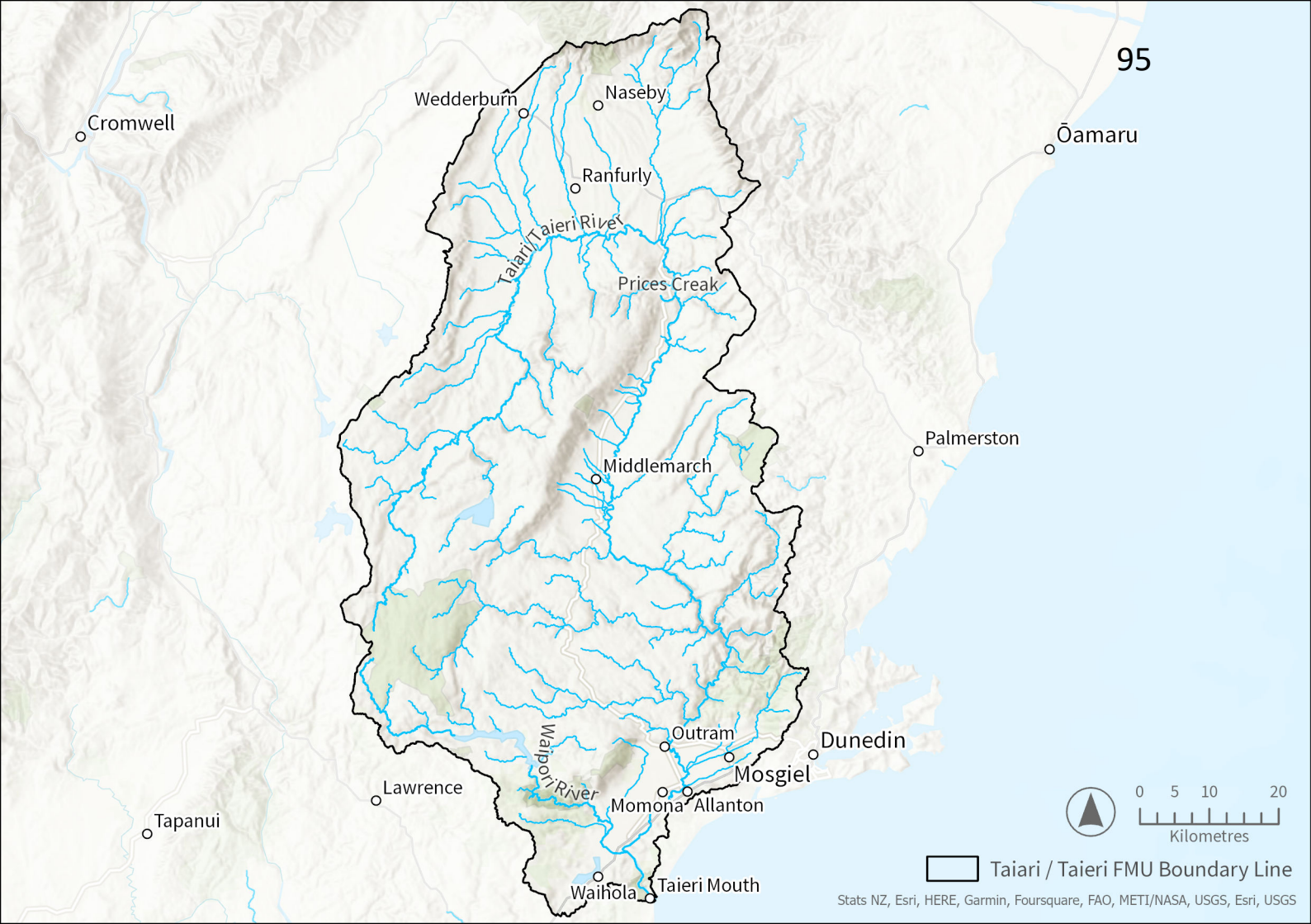
Queenstown Lakes DC

Waitaki DC

Main Rivers & Streams

# Lower South Island River Catchments





## ATTACHMENT D

| Option           | Area Included                                                                                                | Estimated Population                 |
|------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------|
| <b>Option 1</b>  | QLDC + CODC + CDC                                                                                            | <b>98,400</b>                        |
| <b>Option 1a</b> | Option 1 + Waihemo Ward + Taieri catchment portion of DCC (excluding Mosgiel, Outram and Momona urban areas) | <b>approximately 102,000–103,000</b> |
| <b>Option 1b</b> | Option 1a + Gore District                                                                                    | <b>approximately 115,000–116,000</b> |

**Rural Otago Unitary Authority Structure Option 1**

*(From the Mountains to the Sea, Including Queenstown Lakes District)*

**1. Governance**

- **Single Unitary Council:** A unified governing body overseeing all areas within its jurisdiction, ensuring streamlined decision-making and effective resource management.
- **Representation:** Council members elected from various regions, ensuring representation from Clutha, Central Otago, and Queenstown Lakes District, with a focus on inclusivity and diverse perspectives. Recent engagement with local iwi and feedback from the Otago mayoral forum and Clutha District Council's survey highlighted the importance of amplifying rural voices in governance.

**2. Geographical Boundaries**

- The authority would encompass:
  - **Clutha District**
  - **Central Otago District**
  - **Queenstown Lakes District**

**3. Key Functions and Responsibilities**

- **Otago Regional Council Functions:** This can be carried out through one entity (a CCO?) being responsible for the entire Otago Catchment area, being owned by this new authority and Dunedin City Council.

- **Resource Management:** Oversee regional spatial planning, land use and development planning, for sustainable development, considering historical contexts and community connections.
- **Community Services:** Provide local services tailored to rural communities, reflecting their cultural diversity.
- **Economic Development:** Support local industries, tourism initiatives, and agricultural innovation to promote economic sustainability while valuing social connections and historical narratives.
- **Tourism Management:** Develop strategies to manage tourism impact in Queenstown Lakes, ensuring benefits for local communities while preserving natural beauty and cultural heritage.

#### 4. Community Boards/Local Boards for Local Voice and Representation

- **Establishment of Community Boards/Local Boards:** Create community boards/local boards for various regions within the unitary authority to ensure local voices, including those of diverse nationalities, are heard in decision-making processes.
- **Local Engagement:** Community boards/local boards would focus on addressing specific local issues, facilitating community engagement, and providing input on council policies while celebrating unique histories and social connections.

#### 5. Collaboration and Engagement

- **Local Advisory Committees:** Form committees with local stakeholders to provide input on regional issues and ensure community voices are heard, recognizing the importance of historical and cultural contexts.
- **Partnerships:** Collaborate with neighbouring councils and regional authorities to address broader issues and share resources, fostering connections that respect the diverse backgrounds of all communities.

#### 6. Benefits of a Rural Otago Unitary Authority

- **Streamlined Governance:** Reduce bureaucracy and create a more efficient decision-making process for rural and urban communities alike.
- **Tailored Services:** Provide services designed for the unique needs of rural and urban areas, ensuring better resource allocation while honouring community histories.
- **Enhanced Community Engagement:** Community boards would encourage local participation in governance, leading to more responsive and accountable leadership that reflects the population's diversity.

#### 7. Challenges to Consider

- **Diverse Needs:** Balancing the varied needs of urban and rural populations while respecting different cultural backgrounds and histories.

- **Resource Allocation:** Ensuring fair distribution of resources and funding across all regions, taking historical and social connections into account.
- **Integration of Services:** Effectively integrating services from previous councils and managing transitions while acknowledging the unique heritage of each area.
- **Tourism Impact:** Addressing challenges and opportunities presented by tourism in Queenstown Lakes District, ensuring sustainable practices are implemented to protect the environment and community wellbeing.

## Conclusion

The proposed Rural Otago Unitary Authority aims to foster a cohesive and responsive governance structure that addresses the specific needs of its diverse communities while promoting sustainability, economic growth, and effective resource management across the region.

## Rural Otago Unitary Authority Structure Option 1a

*(From the Mountains to the Sea, Including Queenstown Lakes District)*

### 1. Governance

- **Single Unitary Council:** A unified governing body overseeing all areas within its jurisdiction, ensuring streamlined decision-making and effective resource management.
- **Representation:** Council members elected from various regions, ensuring representation from Clutha, Central Otago, Strath Taieri, Taieri Plains, Waihemo, and Queenstown Lakes District, with a focus on inclusivity and diverse perspectives. Recent engagement with local iwi and feedback from the Otago mayoral forum and Clutha District Council's survey highlighted the importance of amplifying rural voices in governance.

### 2. Geographical Boundaries

- The authority would encompass:
  - **Clutha District**
  - **Central Otago District**
  - **Queenstown Lakes District**
  - **Strath Taieri**
  - **Taieri Plains**
  - **Waihemo**

### 3. Justification for Incorporating Strath Taieri, Taieri Plains, and Waihemo

- **Strath Taieri:** Incorporating Strath Taieri recognizes the importance of agricultural land use and community needs. This area has a rich farming heritage, and its inclusion ensures that agricultural voices and community perspectives are represented in governance.
- **Taieri Plains:** The Taieri Plains are a vital agricultural region that contributes significantly to the local economy through farming and irrigation. Including this area in the Unitary Authority allows for focused resource management, ensuring sustainable practices are implemented to benefit local farmers.
- **Waihemo:** Incorporating Waihemo recognizes the unique cultural heritage and social connections of rural communities. This area emphasizes the importance of community services and local initiatives, ensuring that the needs of rural residents are prioritized in decision-making processes.

### Rural Otago Unitary Authority Structure Option 1b

*(From the Mountains to the Sea, Including Queenstown Lakes District)*

#### 1. Governance

- **Single Unitary Council:** A unified governing body overseeing all areas within its jurisdiction, ensuring streamlined decision-making and effective resource management.
- **Representation:** Council members elected from various regions, ensuring representation from Clutha, Central Otago, Strath Taieri, Taieri Plains, Waihemo, Queenstown Lakes District, and Gore District with a focus on inclusivity and diverse perspectives. Recent engagement with local iwi and feedback from the Otago mayoral forum and Clutha District Council's survey highlighted the importance of amplifying rural voices in governance.

#### 2. Geographical Boundaries

- The authority would encompass:
  - **Clutha District**
  - **Central Otago District**
  - **Queenstown Lakes District**
  - **Strath Taieri**
  - **Taieri Plains**
  - **Waihemo**
  - **Gore District**

### 3. Justification for Incorporating Strath Taieri, Taieri Plains, Waihemo, and Gore District

- **Strath Taieri:** Incorporating Strath Taieri recognizes the importance of agricultural land use and community needs. This area has a rich farming heritage, and its inclusion ensures that agricultural voices and community perspectives are represented in governance.
- **Taieri Plains:** The Taieri Plains are a vital agricultural region that contributes significantly to the local economy through farming and irrigation. Including this area in the Unitary Authority allows for focused resource management, ensuring sustainable practices are implemented to benefit local farmers.
- **Waihemo:** Incorporating Waihemo recognizes the unique cultural heritage and social connections of rural communities. This area emphasizes the importance of community services and local initiatives, ensuring that the needs of rural residents are prioritized in decision-making processes.
- **Gore District:** Including the Gore District acknowledges the diverse needs of both rural and urban communities. This region is essential for agriculture and local industry, and its inclusion ensures that the voices of these communities are heard in governance, promoting balanced development and resource allocation.



# Head Start Option 4 Supplementary Councils of Otago Region

22 July 2026



Prepared for:

| Job #  | Version | Written  | Reviewed | Approved | Report Date  |
|--------|---------|----------|----------|----------|--------------|
| 314302 | 1       | A. Grace | S. Cross | S. Cross | 22 July 2026 |

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# Purpose of this report

This report should be read alongside Morrison Low Advisory's earlier report dated 3 July 2026.

This report contains supplementary analysis regarding a fourth potential option for a unitary authority, being a combination of:

- Central Otago District Council
- Clutha District Council
- Queenstown Lakes District Council

For consistency, Option 4 also assumes a joint entity for the delivery of regional functions.

The full analysis presented in our earlier report is not repeated within this report, but remains relevant to the extent that it relates to the communities included within this grouping, or for comparative purposes.



# Option 4

- Efficiencies of around 4% compared to actual combined costs
- Assumes no efficiencies on QLDC's existing costs, and costs increased only for additional scale
- Costs would not be likely to be spread evenly
- Benchmarked costs are between 2% higher and 11% lower than actual costs, but efficiencies beyond 4% are considered unlikely

Option 4 comparison of existing cost per rateable properties versus benchmarked projection



# All options compared

|                 | Mid point efficiency | Range                     |
|-----------------|----------------------|---------------------------|
| Option 4        | 4% reduction         | 2% - (11%)                |
| Otago Unitary   | 7.4% reduction       | 0% - (16%)                |
| Coastal Unitary | 4.3% reduction       | 1% - (11%)                |
| Inland Unitary  | 1.1% reduction       | 4% - (7%)                 |
| Rural Unitary   | 5.8% reduction       | 2% - (17%)                |
| DCC Unitary     | No material change   | <i>No material change</i> |
| QLDC Unitary    | No material change   | <i>No material change</i> |

# Assessment against government criteria

- These are not Morrison Low Advisory criteria nor those of the Otago mayors or councils.
- Rather, this assessment seeks to demonstrate how aligned the options are with what the government has said they see as important.
- Aligning with the government's criteria does not necessarily mean the option is recommended.

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Government Criteria              | Option 4:<br>two unitary authorities,<br>QLDC+CODC+CDC, DCC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Supports the new planning system | <ul style="list-style-type: none"> <li>• Simplifies catchment management for the large Clutha River, with other areas possibly being simplified through boundary adjustments.</li> <li>• One regional combined plan, but covering two councils. Dunedin and Queenstown require separate chapters regardless of model.</li> <li>• Increased number of steps to make regional planning decisions amongst two councils, and more plans overall.</li> <li>• This option connects Queenstown Lakes with supporting growth areas in Central Otago.</li> </ul>                                                                                                                    |
| Simpler local governance         | <ul style="list-style-type: none"> <li>• Two councils instead of one, requires coordination between them.</li> <li>• Introduces regional entity (or in-house business unit) to deliver regional functions, that requires joint governance by two councils, reducing simplicity, but less coordination than in Option 2 or 3.</li> <li>• Duplication of some effort by each unitary, but less than Option 2 or 3.</li> <li>• Only one organisation to transact with for most customers.</li> </ul>                                                                                                                                                                          |
| Economies of scale               | <ul style="list-style-type: none"> <li>• Minor scale efficiencies possible for joint entity, while cost for DCC likely to be similar to status quo.</li> <li>• Regional functions require a joint entity or an in-house business unit servicing both unitary authorities.</li> <li>• Strategic decisions affecting broad Otago area likely to be progressed e.g. freight corridors, but less connected to Port in Dunedin.</li> <li>• Capability resilience improved over status quo, but not as strong as a single unitary.</li> <li>• Level of service specific to Wakatipu could be established separate from the remaining rural townships and rural areas.</li> </ul> |
| Maintains a strong local voice   | <ul style="list-style-type: none"> <li>• A strong rural voice.</li> <li>• Address large differences between the city of Dunedin and the rural areas and towns across most of the second unitary authority.</li> <li>• Requires representation arrangements to address large differences specific to Wakatipu part of QLDC.</li> <li>• Disparate communities forced to come together and be represented collectively.</li> </ul>                                                                                                                                                                                                                                            |
| Deliverability                   | <ul style="list-style-type: none"> <li>• Regional functions may require separate regional entity or DCC unitary could receive services from an in-house business unit of the other unitary.</li> <li>• Aligns more closely with community sentiment than a single unitary.</li> <li>• Aligns with the inland Regional Deal.</li> </ul>                                                                                                                                                                                                                                                                                                                                     |

# Assessment against government criteria

| Government Criteria              | Option 1:<br>one region-wide Otago unitary                                                                                                                            | Option 2:<br>two unitary authorities,<br>inland and coastal                                                                                                                                            | Option 3:<br>three unitary authorities,<br>urban and rural                                                                                                           | Option 4:<br>two unitary authorities,<br>QLDC+CODC+CDC, DCC                                                                                                                                           |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supports the new planning system | <ul style="list-style-type: none"> <li>Simpler planning system, cohesive catchment management.</li> </ul>                                                             | <ul style="list-style-type: none"> <li>Increased complexity in planning decision, disjointed catchment management.</li> </ul>                                                                          | <ul style="list-style-type: none"> <li>Further complexity in planning and disjointed catchments.</li> </ul>                                                          | <ul style="list-style-type: none"> <li>One authority to manage most catchments, less planning complexity than Option 2 or 3.</li> </ul>                                                               |
| Simpler local governance         | <ul style="list-style-type: none"> <li>Less duplication and clearer accountability.</li> </ul>                                                                        | <ul style="list-style-type: none"> <li>Introduces regional entity to deliver regional functions, less clear accountability and some duplication introduced.</li> </ul>                                 | <ul style="list-style-type: none"> <li>Same as option 2 but with three councils instead of two the complexity is at least doubled.</li> </ul>                        | <ul style="list-style-type: none"> <li>Regional entity for regional functions, but could be less complex than Option 2 or 3.</li> </ul>                                                               |
| Economies of scale               | <ul style="list-style-type: none"> <li>Higher capability in resourcing improves decision making, but increased level of service reduces cost efficiencies.</li> </ul> | <ul style="list-style-type: none"> <li>Scale efficiencies possible, but not as pronounced as single unitary.</li> <li>Different efficiency outcomes for Inland and Coastal.</li> </ul>                 | <ul style="list-style-type: none"> <li>Queenstown and Dunedin remain relatively unchanged.</li> <li>Rural councils benefit from aggregation.</li> </ul>              | <ul style="list-style-type: none"> <li>Scale efficiencies possible, but not as pronounced as single unitary.</li> <li>Level of service differences for Queenstown to be managed.</li> </ul>           |
| Maintains a strong local voice   | <ul style="list-style-type: none"> <li>Disparate communities represented collectively and representation model requires equity across the region.</li> </ul>          | <ul style="list-style-type: none"> <li>Differences inland and coastal recognised but rural voice not as clear.</li> <li>Each unitary establishes representation reflecting their community.</li> </ul> | <ul style="list-style-type: none"> <li>Recognises different voices the most.</li> <li>Each unitary establishes representation reflecting their community.</li> </ul> | <ul style="list-style-type: none"> <li>Rural voice clearer.</li> <li>Require representation to recognise Queenstown difference.</li> <li>Dunedin representation unchanged from status quo.</li> </ul> |
| Deliverability                   | <ul style="list-style-type: none"> <li>Simpler to establish, but not aligned with community sentiment, risking challenge during establishment.</li> </ul>             | <ul style="list-style-type: none"> <li>Aligns more closely with community sentiment, but requires separate regional entity establishment.</li> </ul>                                                   | <ul style="list-style-type: none"> <li>Similar complexity to establish as option 2.</li> </ul>                                                                       | <ul style="list-style-type: none"> <li>Slightly less complex to establish than Option 2 or 3.</li> </ul>                                                                                              |

# Thank you

If you have any enquiries or need more information about the services we provide, don't hesitate to contact us. We look forward to helping you succeed.