



Our reference
F19/13/03-D21/26182

16 July 2026

Notice of Meeting

Notice is hereby given that, in accordance with Standing Order 8.5, an Extraordinary Meeting of Council has been called for **9.00am** on **Tuesday, 21 July 2026**, to confirm the preferred Head Start Pathway option. This meeting will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford.**

Additionally, notice is hereby given that, the **Policy and Services** Committee Meeting of Council will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford**, on **Tuesday 21 July 2026**, beginning at **3.00pm**.

The timetable is as follows:

9.00am	Extraordinary Meeting of Council To confirm the preferred Head Start Pathway option
10.00am	Workshop - Mana Whakahono a Rohe - Election Services Workshop Presentation to Council - Electoral System
12.00pm	Lunch for Councillors
12.30pm	Workshop Simplifying Local Government Presentation
2.30pm	Break for Councillors
3.00pm	Policy and Services Committee Meeting

Yours faithfully

Sven Hanne
Chief Executive

2026 - Agenda - Extraordinary - July (Heads Start Pathway)



21 July 2026 09:00 AM

Agenda Topic	Page
Notice of Meeting	1
Agenda	3
1. Welcome	4
1.1 Opening Karakia	4
1.2 Health and Safety Message	5
2. Apologies	
3. Declarations of Members Interest	
4. Decision Report – Head Start Pathway Proposal – confirmation of preferred option	6
5. Closing Karakia	71

AGENDA

Extraordinary



F25/96/05 – D26/27025

Date: Tuesday 21 July 2026

Venue: Council Chambers, 63 Miranda Street, Stratford

1. Welcome

- 1.1 Opening Karakia
D21/40748 Page 4
- 1.2 Health and Safety Message
D21/26210 Page 5

2. Apologies

3. Declarations of members interest

Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.

- 4. Decision Report - Heads of Agreement -- confirmation of preferred option.
D26/27030 Page 6

Recommendations

- 1. THAT the report be received.
- 2. THAT Council notes the decision of New Plymouth District Council to progress a multi-option "[Pathfinder](#)" submission under the Head Start pathway.
- 3. THAT Council notes the decision of South Taranaki District Council with regards to this subject matter, due to be made on Monday 20 July 2026.
- 4. THAT Council confirms a (*must strike out one*) **single / two** unitary council approach for Taranaki as its preferred option under the Simplifying Local Government Head Start process.
- 5. THAT Council authorises the Chief Executive to work with (*strike out one if necessary*) the Chief Executive(s) of South Taranaki District Council and New Plymouth District Council to draft an outline proposal in line with the adopted direction as per item 4 above for future council adoption prior to submission by 9 August 2026.

Recommended Reason

On 26 May 2026, Council agreed to participate in the Government's Head Start pathway. To achieve this outcome, direction is required as to Council's preferred model for local government in Taranaki to allow staff to prepare such a proposal.

/
Moved/Seconded

5. Closing Karakia

D21/40748 Page 71



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D22/17082

Health and Safety Message

In the event of an emergency, unless guided to an alternative route by staff, please exit through the main entrance. Once outside the building please move towards the War Memorial Centre congregating on the lawn area outside the front of the council building.

If there is an earthquake, please drop, cover and hold where possible. Remain indoors until the shaking stops and you are sure it is safe to exit or remain where you are until further instruction is given.

DECISION REPORT



F25/96/004- D26/27030

To: Council
From: Chief Executive
Date: 21 July 2026
Subject: Head Start Pathway Proposal - confirmation of preferred option

Recommendations

1. THAT the report be received.
2. THAT Council notes the decision of New Plymouth District Council to progress a multi-option "[Pathfinder](#)" submission under the Head Start pathway.
3. THAT Council notes the decision of South Taranaki District Council with regards to this subject matter, due to be made on Monday 20 July 2026.
4. THAT Council confirms a (*must strike out one*) **single / two** unitary council approach for Taranaki as its preferred option under the Simplifying Local Government Head Start process.
5. THAT Council authorises the Chief Executive to work with (*strike out one if necessary*) the Chief Executive(s) of South Taranaki District Council and New Plymouth District Council to draft an outline proposal in line with the adopted direction as per item 4 above for future council adoption prior to submission by 9 August 2026.

Recommended Reason

On 26 May 2026, Council agreed to participate in the Government's Head Start pathway. To achieve this outcome, direction is required as to Council's preferred model for local government in Taranaki to allow staff to prepare such a proposal.

/
 Moved/Seconded

1. Purpose of Report

- 1.1 The decision sought is which of the options for a Head Start proposal is preferred by Council. If one or more of the other Taranaki territorial authorities agree with the same option, an outline proposal will be drafted and presented to Council for approval. This will ensure that a Head Start proposal can be submitted by the 9 August deadline.

2. Executive Summary

- 2.1 The Government announced its Simplifying Local Government Proposal in November 2025 and after receiving feedback from councils on this proposal, developed the Head Start pathway which was released in early May. This pathway enables councils to accelerate local government reform, providing a three-month window (ending 9 August 2026) to submit proposals to simplify and strengthen local governance arrangements in their regions. Councils are encouraged to develop locally led reorganisation proposals to improve efficiency, accountability and service delivery. The Government has signalled that where councils do not put forward credible proposals within the timeframe, it will proceed with Government determined reforms through the Backstop Process.
- 2.2 On 26 May 2026, Council agreed to participate in the Government's Head Start pathway.

- 2.3 The results of the survey indicate overwhelming support for two unitary authorities in Taranaki with Stratford and South Taranaki amalgamating and New Plymouth District Council becoming a unitary authority on its own.
- 2.4 Council officers across Taranaki have been working together to share information and provide advice to their elected members on the proposed options and how regional council functions can be delivered in the future.
- 2.5 This report asks Council to confirm its preferred option for the Head Start pathway so that a draft outline proposal can be developed and presented to Council for approval ahead of the government's 9 August deadline.

3. Local Government Act 2002 - Section 10

Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		<i>This report impacts the overarching governance structure for Stratford and Taranaki, therefore directly impacts the delivery against the 4 wellbeings across the district</i>	
Social	Economic	Environmental	Cultural
X	X	X	

This decision supports the purpose of local government by enabling democratic local decision-making on how local governance in the Stratford district should be structured in response to central government's Head Start pathway and likely mandated reform in the future.

4. Background

- 4.1 The Government's Head Start pathway enables regions to develop and submit their own reform proposals ahead of any compulsory backstop process to follow the 2028 local elections. Head Start proposals must be submitted by groups of two or more territorial local authorities, not individual councils acting alone. It should be noted that regional councils are not able to submit proposals under the Head Start pathway.
- 4.2 If a council does not participate in the Government's voluntary Head Start pathway, it will instead be subject to a mandatory Backstop process. Under this process, central government will mandate the reorganisation of councils following the 2028 local elections, with decisions on the structure and governance of future local government arrangements to be determined by Ministers. This may include standardised approaches to restructuring, such as the formation of larger unitary authorities and the introduction of transitional governance arrangements (for example, boards of mayors or other interim bodies). The Backstop process is intended to apply to all councils that do not progress through Head Start or whose proposals are not accepted.
- 4.3 The Head Start pathway includes key milestones with an outline proposal to be submitted by 9 August 2026 and if that proposal is accepted, a detailed design phase to be completed by March 2027.
- 4.4 A Head Start proposal is intended to be 'light touch', high level and strategic with no strict content requirements and no thresholds for meeting each of the five criteria the proposals will be assessed against. The five criteria are:
- **Deliverability:** proposals are realistic and demonstrate how new arrangements can be implemented in a timely manner.
 - **Supports the new planning system:** shows clear support for implementing the new planning system – including progress on spatial and natural

environment plan development – and avoids or minimises disruption to that work.

- **Simplifies local governance:** proposes more efficient regional governance arrangements, consolidating decision-making and improving alignment between a region's councils.
- **Economies of scale:** supports regional strategic planning and effective delivery of key regional functions (such as transport and catchment management) and demonstrates responsible and affordable asset management, infrastructure investment and service delivery.
- **Maintains local voice:** demonstrates fair and effective representation for local communities of interest and how decisions will be made at the local level, balancing urban and rural interests.

- 4.5 Outline proposals should provide for the amalgamation of at least two territorial authorities or unitary authorities into a new unitary authority. While the most straight forward approach may be for all territorial authorities in a region to combine to form a single unitary authority, the government will also consider proposals for sub-regional unitary authorities and cross-boundary proposals, providing they clearly meet the criteria and do not lead to fragmentation of service delivery for key regional functions.
- 4.6 If a sub-regional unitary authority is being proposed, the proposal needs to outline how that proposal benefits the region as a whole and what the impact is on councils not included in the proposal.
- 4.7 In all discussions held between Councillors and officers across the region, there has been a clear desire to work together, recognising that there are local government functions that are either legally required to be delivered regionally or would be best delivered regionally, for example regional spatial planning, river catchment management and civil defence.
- 4.8 If an agreed proposal for the region is ultimately submitted and approved, details around the structure of local governance (e.g. representation, boundaries etc) and service delivery, particularly of any regionally delivered functions, will need to be worked through as part of the detailed design phase.

5. Consultative Process

5.1 Public Consultation - Section 82

The parties most directly affected by this decision, are the communities within the Taranaki region.

All three territorial authorities in Taranaki undertook a community survey to help inform them in making a decision on a preferred option for a Head Start proposal. If an outline proposal is accepted by Cabinet, there will be further opportunities to consult the community during the detailed design phase before final decisions are made in May 2027.

5.2 Māori Consultation - Section 81

Te Rūnanga o Ngāti Ruanui provided feedback on the options and indicated strong support for Stratford and South Taranaki District Councils amalgamating into one unitary authority.

If a Head Start proposal is submitted and approved by the government, Councils will be expected to engage with all iwi within their rohe to demonstrate how existing Treaty settlement arrangements could be transferred to new unitary authorities. The Government will also work with post-settlement governance entities directly on proposed arrangements.

The decision to submit a Head Start proposal does not result in any immediate changes to Council's relationships with iwi, hapū, or post-settlement governance entities. However, if a proposal is approved, it will have implications for representation, decision-making, and how councils engage with Māori and iwi input will be an important aspect of the next phase of detailed structural design.

6. Risk Analysis

- 6.1 The principal risks relate to public concern about loss of local voice or ‘amalgamation by stealth’, uncertainty in the national reform direction and pressure on staff and financial resources. These risks can be managed through transparent communications, clear governance, staged decision points and continued council oversight if the Head Start proposal is submitted and accepted by Cabinet.
- 6.2 There is a risk that if all the territorial authorities in Taranaki do not agree on a proposal for the Head Start pathway, this may be viewed by central government as a lack of regional coordination and would likely weaken the credibility of any proposal put forward. Central government has signalled a preference for regionally aligned approaches for the Head Start pathway, meaning a unified proposal is more likely to be considered favourably.
- 6.3 There is also a risk that the Head Start and Backstop pathways could be derailed by a change in Government at the national elections in November 2026. This is mitigated to some degree by remaining well informed of the platforms and policy positions of the various political parties in the lead up to the elections. It is also possible that some degree of local government reorganisation is supported by all major political parties and will continue.

7. Sustainability Consideration

There are no direct environmental sustainability considerations inherent in the decision sought.

8. Decision Making Process - Section 79

8.1 Direction

	Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	There is no direct link but a future organisation would likely utilise Council's strategic documents for direction to start with while it establishes its own direction and priorities over time.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	A future entity would meet these needs as well as any additional responsibilities assigned through future legislation, such as the transfer of regional council functions.

The decision to confirm a preferred option for a Head Start pathway proposal is not, in itself, inconsistent with any current Council policy, plan, or strategy. However, any proposed structural changes resulting from the Council's preferred option being proposed and accepted may result in significant departures from the existing governance structure, plans and policies.

8.2 Data

The rushed nature of these reforms and resulting lack of detailed analysis has been well covered in the lead-up to this report. The safeguard to address this is the ability to alter or abandon a proposal during the second stage, should it become clear that there are financial or operational obstacles impacting its viability or if further community and iwi engagement impacts elected members' view on the adopted direction.

8.3 **Significance**

	Yes/No	Explain
Is the proposal significant according to the Significance and Engagement Policy in the Long Term Plan?		
Is it:		
• considered a strategic asset; or	YES	It affects all of council's strategic assets
• above the financial thresholds in the Significance and Engagement Policy; or	YES	
• impacting on a CCO stakeholding; or	YES	Council's CCO would be impacted by the outcome of the reforms
• a change in level of service; or	Maybe	It is likely that there would be standardisation of LoS across a future authority
• creating a high level of controversy; or	YES	This is already happening
• possible that it could have a high impact on the community?	YES	
In terms of the Council's Significance and Engagement Policy, is this proposal of high, medium, or low significance?		
High	Medium	Low
X		

8.4 **Options**

- 8.4.1 Given the number of territorial authorities in Taranaki, the Council has two practicable options in the Head Start pathway – forming a unitary authority with New Plymouth and Stratford District Councils or forming a unitary authority with only one of these councils.
- 8.4.2 The Council agreed to participate in the Head Start pathway on 26 May. Since then a community survey was released and 633 responses were received. The survey asked respondents whether they would prefer one council or two councils covering the region – 83.3% were in favour of having two councils – one covering North Taranaki and one covering Stratford and South Taranaki combined. Only 16.7% of respondents preferred one council for the whole region.
- 8.4.3 Another question in the survey asked respondents what their biggest concerns were arising from a change in Council structures. The biggest concerns were a loss of local voice and representation (e.g. decision-making may become less responsive to local issues and priorities) and one size fits all policies that don't suit different communities (e.g. city vs rural).
- 8.4.4 The greatest opportunities respondents saw with a change in council structure were shared services opportunities, less duplication and simplification of local governance arrangements (one or two councils instead of four).
- 8.4.5 In regard to a question on what matters most about how council services are delivered, respondents said that fair representation for different communities of interest, keeping a strong local voice and affordability and cost efficiencies were the most important.
- 8.4.6 These results give a strong message to the Council that local representation and control over council functions is important to our communities. It should be noted that the survey did not give any information on the likely cost implications or potential impacts on service delivery of the different options as this information was not available at the time.
- 8.4.7 South Taranaki and Stratford District Councils jointly engaged Morrison Low Advisory to undertake research, analyse the options and provide an

assessment of those for the Councils to consider. This was done to ensure a degree of independence in the analysis and advice the Council received. Morrison Low's report is attached as **Appendix 1**.

- 8.4.8 Once Council has confirmed its preferred option for a Head Start proposal and at least one other territorial authority agrees with this option, Morrison Low will draft an outline proposal which the Council will consider at an Extraordinary Council meeting to be submitted by the 9 August deadline.

Assessment of options

- Option One:** Approve Stratford District Council's preferred option for a Head Start pathway proposal is to amalgamate with the South Taranaki District Council.

This option enables a Head Start proposal to be submitted, pending South Taranaki District Council's decision on their preferred option. This should be known by the time of this meeting.

Effectively this option meets the threshold of two or more territorial authorities needed to submit a proposal. It would mean that the region would have two unitary authorities (if it is approved by Cabinet). With more than one unitary authority being proposed the outline proposal would need to address how the regional functions which are best delivered regionally can be governed and delivered. Some options the Council has considered include a joint committee or similar entity of the two unitary authorities to govern over regionally delivered functions.

- Option Two:** Approve Stratford District Council's preferred option for a Head Start pathway is to amalgamate with both South Taranaki and New Plymouth District Councils to form a single unitary authority in Taranaki.

This option is not the preferred option indicated through the community survey and feedback from other partners and stakeholders. There is a fear that one unitary council for the region will result in a loss of voice for the smaller rural communities and a loss of control over the services and facilities that the Councils provide.

- Option Three:** Agree not to participate any further in the Head Start pathway and wait for the Backstop process to be initiated.

If the Council declines to participate further in the Head Start pathway the Council will become part of the Backstop process. Under the Backstop process the Government has signalled they will set a standard approach for reorganising local government. The rules and approach to the Backstop process by central government seems somewhat fluid and there may be more flexibility around options considered than what was originally indicated. There will be transitional governance arrangements from the 2028 local elections.

There is a general election in November 2026 and it is possible that a new government will have different views on local government reform. This could result in either or both the Head Start and Backstop processes halting or changing. However if the Council chooses to wait and declines to participate further at this stage, there is a possibility that amalgamation of councils is mandated in the future.

8.5 Financial

The financial implications of drafting and submitting a proposal through the Head Start pathway relate to coordination, analysis, specialist advice, governance support, and engagement activity. However, it is envisaged that staff resources can largely be absorbed within existing budgets.

8.6 Prioritisation & Trade-off

It should be noted that prioritising this work may result in some other Council priorities not being achieved within the 2026/27 financial year.

If a proposal is approved, the government has indicated that any support required to develop detailed reorganisation proposals will be determined with the councils and agreed by Cabinet. This does not necessarily indicate any financial support will be provided by the government and costs associated with the detailed design phase are not budgeted.

8.7 Legal Issues

There is no current legislative requirement for the Council to proceed down the Head Start pathway. The current decision is being made in the context of the Government's Simplifying Local Government reform programme and the Head Start pathway announced on 5 May 2026.

8.8 Policy Issues - Section 80

The decision to confirm a preferred option for a Head Start pathway proposal is not, in itself, inconsistent with any current Council policy, plan, or strategy. However, any proposed structural changes resulting from the Council's preferred option being proposed and accepted may result in significant departures from the existing governance structure, plans and policies.

Attachments:

Appendix 1 Morrison Low Comparison of Head Start Options Report

A handwritten signature in blue ink, appearing to read 'S Hanne', is shown within a rectangular box.

Sven Hanne
Chief Executive

Date 16 July 2026



Comparison of Head Start Options

Stratford District Council

South Taranaki District Council

JULY 2026



Contents

Acronym list	4
Executive summary	5
Head Start	5
Options assessed	5
Approach	5
Assessment	6
Key trade-offs	8
Section 1: Setting the scene	9
1. Introduction	9
1.1. Background	9
1.2. Purpose	10
2. Taranaki context	10
2.1. Communities of interest	11
2.2. Comparative financial information	14
2.3. Road resurfacing	16
3. Description of options	17
3.1. Option 1: Taranaki Unitary Council	17
3.2. Option 2: Two unitary councils	18
3.3. Summary of options	19
4. Key concepts	20
4.1. Accountability	20
4.2. Legislated collaboration	21
5. Important factors that follow this decision	21
5.1. Detailed design of local representation	22
5.2. Financial arrangements	24
Section 2: Evidence based assessment	26
6. Supports the new planning system	26
6.1. Overview of the new planning system	26
6.2. Delivery of the new planning system	27
6.3. Making coordination easier	29
6.4. Integrated catchment management	30
6.5. Summary of assessment against ‘supports the new planning system’	32
6.6. What this means for decision makers	33
7. Simplifies local governance	33
7.1. Status quo	33
7.2. Reduction in duplication	34
7.3. Removal or addition of governance layers	34



7.4.	Clarity of roles and responsibilities	35
7.5.	Ease of understanding for communities	36
7.6.	Ongoing Delivery Risks	36
7.7.	Summary assessment against 'simplifying local governance'	37
7.8.	What this means for decision makers	37
8.	Economies of scale	38
8.1.	Financial Benchmarking	38
8.2.	Demonstrating model fit and validity	40
8.3.	How do the options compare?	40
8.4.	Summary assessment against 'economies of scale'	42
8.5.	What this means for decision makers	42
9.	Maintains local voice	43
9.1.	Status quo	43
9.2.	Indicative council structures	44
9.3.	Addressing local voice	45
9.4.	Iwi representation	46
9.5.	Summary assessment against 'Maintains local voice'	48
9.6.	What this means for decision makers	48
10.	Deliverability	49
10.1.	Community resistance	49
10.2.	Complexity	50
10.3.	Services and service levels	50
10.4.	Summary assessment against 'deliverability'	51
10.5.	What this means for decision makers	51
11.	Summary: Key trade-offs	52
11.1.	Simplicity and clarity vs flexibility and local variation	52
11.2.	Single point of accountability vs shared accountability requiring coordination	52
11.3.	Regional consistency governance vs ability to maintain different local governance arrangements	53
11.4.	Benefits of scale vs benefits of being local	53
11.5.	Resolving competing priorities internally vs externally	53
11.6.	Summary of key differences	54

Tables

Table 1	Summary of assessment against Head Start Criteria	6
Table 2	Key workings of Option 1: Taranaki Unitary Council	18
Table 3	Key workings of Option 2: two unitary councils	19
Table 4	Summary of key workings of options	19
Table 5	Comparison of community boards and local boards	22
Table 6	Roles and responsibilities under the new planning system	27
Table 7	Complexity in supporting the new planning system	29
Table 8	Summary of assessment against 'supports the new planning system'	32



Table 9	Clarity of roles and responsibilities in local governance	35
Table 10	Ease of understanding for communities	36
Table 11	Ongoing delivery risks	36
Table 12	Summary assessment against ‘simplifying local governance’	37
Table 13	Activities that have a relationship between scale and total cost	39
Table 14	Activities that have no significant relationship between scale and total cost	39
Table 15	Summary assessment against ‘economies of scale’	42
Table 16	Existing representation arrangements	43
Table 17	Indicative Option 1 representation structure	44
Table 18	Indicative Option 2 representation structure	44
Table 19	Opportunities for iwi representation	47
Table 20	Summary assessment against ‘Maintains local voice’	48
Table 21	Community response to Head Start	50
Table 22	Summary assessment against ‘deliverability’	51
Table 23	Summary of key differences in options	54

Figures

Figure 1	Existing Taranaki region boundaries	10
Figure 2	Māori population split	11
Figure 3	Rural/Urban split	12
Figure 4	Population profile by deprivation index	12
Figure 5	Predicted age profile by 2028	13
Figure 6	Labour movements	13
Figure 7	Top three industries by %GDP	14
Figure 8	Debt to asset ratio, excluding 3 Waters – higher means more debt or older assets	15
Figure 9	Total operating cost per person, excluding 3 Waters	15
Figure 10	Non-rates revenue as percentage of total operating revenue, excluding 3 Waters	16
Figure 11	Cycle of road resurfacing in years	16
Figure 12	Option 1: Taranaki Unitary Council	18
Figure 13	Option 2: Taranaki Unitary Council with two community councils	18
Figure 14	The accountability triangle	20
Figure 15	New planning framework	26
Figure 16	Stratford District Council that is in Horizons region	31
Figure 17	Existing council structure	33
Figure 18	Benchmarked costs compared to actual costs per council to test validity	40
Figure 19	Costs and income per rateable property across options	41
Figure 20	Simple comparison of Taranaki unitary authority versus South Taranaki & Stratford Unitary	41
Figure 21	Spectrum of options for local body delegation	45



Acronym list

Acronym	Definition
CC	Community Council
CCO	Council Controlled Organisation
CCTO	Council Controlled Trading Organisation
DIA	Department of Internal Affairs (local government function is transferring to MCERT on 1 July 2026)
FAR	Funding Assistance Rate
LUP	Land Use Plan
LTP	Long Term Plan
MCERT	Ministry for Cities, Environment, Regions, and Transport
NEP	Natural Environment Plan
NPDC	New Plymouth District Council
TRC	Taranaki Regional Council
TUC	Taranaki Unitary Council
OPEX	Operating Expenditure
RSP	Regional Spatial Plan
SRE	Shared Regional Entity
STDC	South Taranaki District Council
SDC	Stratford District Council
UC	Unitary Council



Executive summary

Head Start

The Head Start Pathway was announced by the Government on 5 May 2026. It enables two or more councils to submit an outline proposal to the Minister of Local Government by 9 August to form a unitary council. Following initial assessment by Cabinet, a final proposal is then submitted by the Councils with Cabinet approval expected in May 2027. The new council would then begin in October 2028. Head Start significantly shortens the existing legislative process for a merger and removes the Local Government Commission review and any need for a poll of electors to approve a merger.

It is part of a broader direction to simplify local government and improve the effectiveness of regional systems over time. At a high level, this includes a shift toward fewer, larger entities with clearer accountability and stronger capability to deliver key regional functions such as planning, transport, and catchment management.

The guidance is explicit that outline proposals should rely on existing information, distinguish between evidence and assumption, and be transparent about uncertainty. The intent is said to be to provide Cabinet with sufficient confidence that the proposal is credible, internally consistent, and that the implications of the proposed option are understood well enough to justify progressing to detailed design.

The deadline to submit proposals by 9 August has left councils with very little time to undertake the sort of analysis that would normally be expected for a decision of this magnitude or engage and consult with their communities in the traditional way.

Options assessed

This report considers two options for the future structure of Local Government in Taranaki:

- Option one – a single Taranaki unitary council
- Option two – two unitary councils, a New Plymouth and a combined Stratford/South Taranaki unitary council

Approach

The analysis focuses on assessing the two options using the Government's five criteria. The assessment is undertaken using a structured analytical approach, drawing on available data and evidence at a regional and national level. It uses comparative analysis with other councils and unitary authorities.

The emphasis in this report is not on detailed modelling but on providing clear evidence that shows how the different options perform against the five Head Start criteria, where the benefits arise, and what trade-offs and risks are involved.



Assessment

None of the options considered will achieve all that the councils and communities of Taranaki seek from their local government. The choice about what is the best Local Government Structure requires balancing difficult trade-offs.

The fundamental choice for Taranaki is between a single unitary council for all of Taranaki (option one) and two unitary councils (option two).

A single unitary council maximises the potential benefits of scale. It brings together resources, capability, and systems into one organisation, reducing duplication and enabling more effective and efficient service delivery in functions where scale matters.

The ‘local’ in local government is a key part of what makes a local authority relevant to its community and a larger organisation can feel more distant from the communities it serves. Local priorities must be expressed through delegated structures such as local bodies. Delegating meaningful authority to local bodies can mitigate this perception, however, this needs to be consistent across the unitary council area and adequately supported by the council organisation.

A two unitary model retains decision-making closer to communities through smaller organisations with their own mandates. They retain flexibility to allow for each unitary council to have their own representation structure, including for example their own approach to Māori wards and to design their own local body, or second-tier representation layer in terms of how many bodies there may be and what level of delegation is given to them. This flexibility comes at the cost of creating complexity around the management of the regional functions and the lost opportunity for maximising the benefits of scale.

Head Start has a very short window for councils to identify options, consider those and develop outline proposals. More time would allow for all of the options to be better refined with more detail and in some cases that more detail may result in addressing some of the risks and challenges we have identified. However, that time is not available and the assessment has been made on the best information and evidence available in the time provided.

A summary of the assessment of each option is set out in the table below with a short description of benefits, challenges, risks, and key trade-offs of each option described following.

Table 1 Summary of assessment against Head Start Criteria

Criteria	Option 1 Single unitary council comprising Stratford, South Taranaki and New Plymouth districts	Option 2 A Stratford/South Taranaki unitary council and a New Plymouth unitary council
1. Supports the new planning system		
2. Simplifies local governance		
3. Economies of scale		



Criteria	Option 1 Single unitary council comprising Stratford, South Taranaki and New Plymouth districts	Option 2 A Stratford/South Taranaki unitary council and a New Plymouth unitary council
4. Maintains local voice		
5. Deliverability		

Option one – single unitary council

- Brings planning, funding, and delivery into one organisation, providing a single point of accountability and making trade-offs transparent.
- Offers the greatest opportunity to realise benefits of scale, particularly in capability, coordination, and potential efficiency gains, although financial impacts are likely to be modest and take time to emerge.
- Simplifies the system externally, with one council responsible for all functions, but requires strong internal capability and well-designed local representation to maintain connection with communities.
- Requires region-wide consistency in governance and representation settings, limiting the ability to reflect different local preferences across Taranaki.

Option two – two unitary councils

- Community engagement shows a very high level of support for the creation of two unitary authorities.
 - In Stratford, 83% of over 600 respondents supported the two unitary model
 - In South Taranaki 94% of almost 1400 respondents supported the two unitary model
- Maintains locally focused decision-making through two independent unitary councils with their own mandates, allowing representation and governance arrangements to reflect different community preferences.
- Retains a need for regional coordination through a shared entity, meaning key decisions on planning, strategic infrastructure, environmental management and in particular the management of four of the six water catchments, must be agreed regionally.
- Delivers less benefits of scale compared to a single unitary model, with duplication of governance, policy, and corporate functions only slightly reduced from the status quo.
- Creates a system where regional alignment must be actively maintained through legislation. Careful design and legislative drafting are required to prevent delays on cross-boundary issues.



Key trade-offs

The differences in the options are summarised in the following key trade-offs that must be addressed when selecting between a one unitary and two unitary model. No option can provide all the benefits.

One unitary features		Two unitary features
Simplicity and clarity	V	Flexibility and local variation
Single point of accountability		Shared accountability requiring coordination
Regional consistency		Ability to maintain different local governance arrangements
Benefits of scale		Benefits of being local
Resolving competing priorities internally		Resolving competing priorities externally



Section 1: Setting the scene

1. Introduction

1.1. Background

The Government's Head Start Pathway (Head Start) is a voluntary programme established as part of the Simplifying Local Government reform programme. It provides councils with an opportunity to proactively develop and submit proposals for new local government arrangements ahead of the Government's planned backstop reforms, which are expected to apply to regions that do not progress through Head Start following the 2028 local elections.

Head Start is intended to enable locally led solutions that simplify governance arrangements, improve accountability, strengthen strategic planning, and support more effective delivery of local and regional functions. It recognises that councils are best placed to understand the unique needs, opportunities and challenges of their communities and provides an opportunity for regions to shape future governance arrangements that reflect local circumstances rather than relying on nationally determined models.

Head Start requires the formation of unitary councils. Unitary councils combine the functions of both territorial authorities and regional councils into a single new council. The Head Start process has also confirmed that there will be no regional councillors beyond 2028 with either new unitary councils being formed or the Backstop process being initiated.

If the councils chose to submit a proposal for anything other than a single unitary council (Option 1), there is a need to demonstrate in the Outline Proposal that Taranaki is a large and complex region, and how the preferred option addresses that complexity. Should that be the decision, then in our view there is sufficient evidence in this report to make that case. It would in effect be the reasons why the councils chose that option.

Stratford District Council (SDC) and South Taranaki District Council (STDC) have come together to consider and assess the potential options for Head Start which would need to be submitted by 9 August 2026, otherwise the backstop reforms would apply. The councils acknowledge that this is an opportunity to ensure that any future governance arrangements are designed around the specific needs of Taranaki communities and support long-term regional success, which can better serve current and future communities while preserving the unique characteristics and identities that make Taranaki distinct.

1.1.1. The 'regional vs local' issue

The Head Start pathway exists partly because the Government sees the current structure as a barrier to efficient service delivery and wants reorganisation that is fit for the new planning system.

The new planning system is explicitly moving away from more than 100 overlapping plans across local authorities toward 17 regional combined plans, with regional spatial planning sitting above more detailed plan components. That makes the existence of a regional layer harder to avoid.

At the same time, there is a strong expectation that governance remains connected to local communities. Taranaki is characterised by distinct communities of interest with different identities, priorities, and service expectations.



Any future arrangement therefore needs to balance effective decision-making at a regional scale with maintaining meaningful local representation and influence over place-based decisions.

This creates a fundamental tension. The functions that benefit from scale, integration, and coordination increasingly sit at a regional level, while the expectation for representation, responsiveness, and community identity sits at a more local level. The question is how they are brought together within a coherent governance model.

1.2. Purpose

The purpose of this report is to provide the councils with sufficient information on the potential governance options to enable them to make an informed decision on the preferred option to progress with development of an Outline Proposal.

This report has several purposes:

- Provides a detailed analysis for each option, how each governance structure would operate and the key differences between each.
- Provides the evidence base that supports the analysis for each option.

Given the timeframe available to develop this report, it is important to note the following qualifications:

- The Planning Bill and Natural Environment Bill are currently undergoing the select committee process and are subject to change. The versions released in December 2025 are drafted around the current 'regional' and 'territorial' council structure. Some interpretation is required as to how these may be applied to the options presented in this report.
- Given the short timeframes available within the Head Start process, this report has been prepared primarily with publicly available information, with sources quoted as applicable.

2. Taranaki context

Taranaki comprises the SDC, STDC and NPDC districts. Together, these districts form a single regional council area administered by Taranaki Regional Council and are home to approximately 129,000 residents which is expected to reach 138,000 within the next 20 years.



Figure 1 Existing Taranaki region boundaries

Taranaki is geographically large, covering approximately 7,236 square kilometres, and contains a diverse mix of urban, rural, and coastal communities. New Plymouth is the region's primary urban



centre, but a significant proportion of the population lives in smaller towns, rural communities, and coastal settlements.

Māori comprise approximately 22 percent of Taranaki’s population, compared with approximately 18 percent nationally.

Taranaki’s communities are connected through common economic, environmental and infrastructure systems. Taranaki’s river catchments, freshwater systems, flood management schemes, and coastal environments also operate across existing territorial authority boundaries and require coordinated management at a regional scale.

2.1. Communities of interest

2.1.1. Profiles across the region¹

This section provides a snapshot of the population profiles within the region and how they vary by district, highlighting differences and similarities in how communities are distributed and who lives within them. Together, these factors help to illustrate the diversity of communities across the region and provide important context for understanding current needs and future service demands.

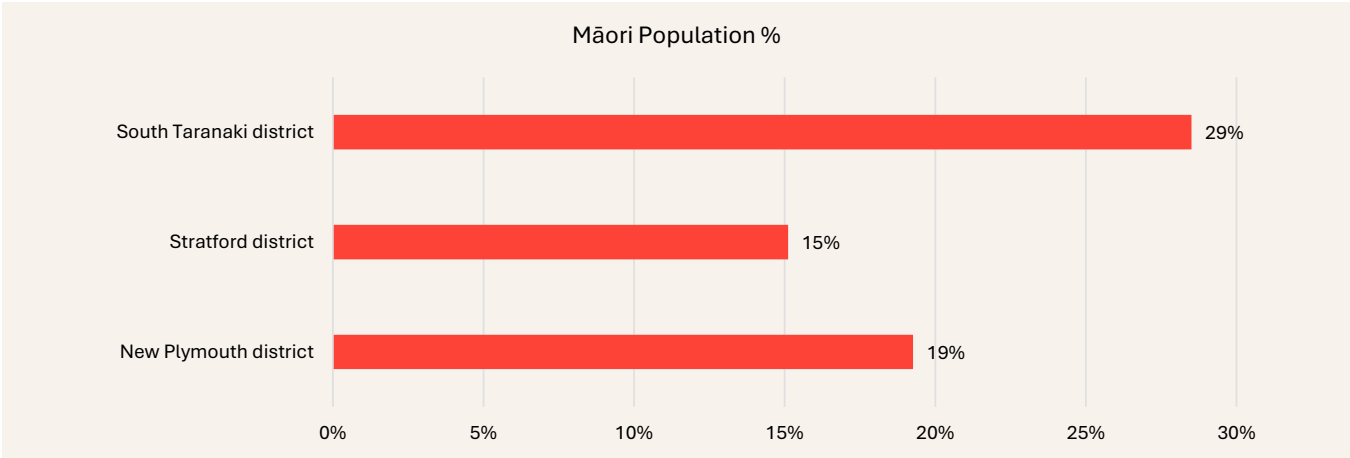


Figure 2 Māori population split

Figure 2 shows that STDC has a significantly higher proportion of Māori population than both SDC and NPDC.

¹ All information in this section from Statistics New Zealand, 2023 Census Data

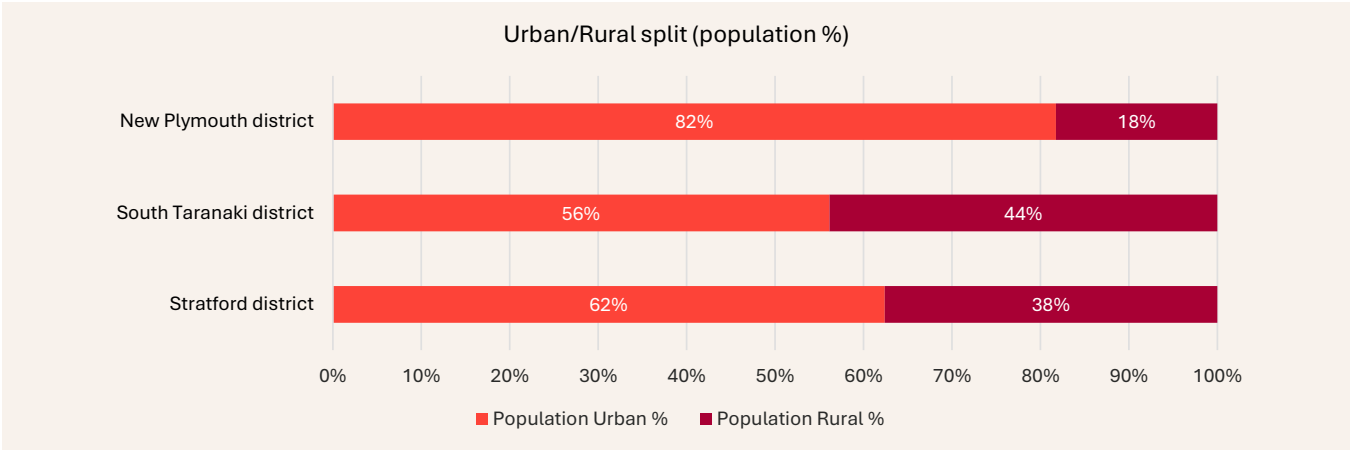


Figure 3 Rural/Urban split

Not surprisingly NPDC has a significantly higher proportion of urban population than both SDC and STDC.

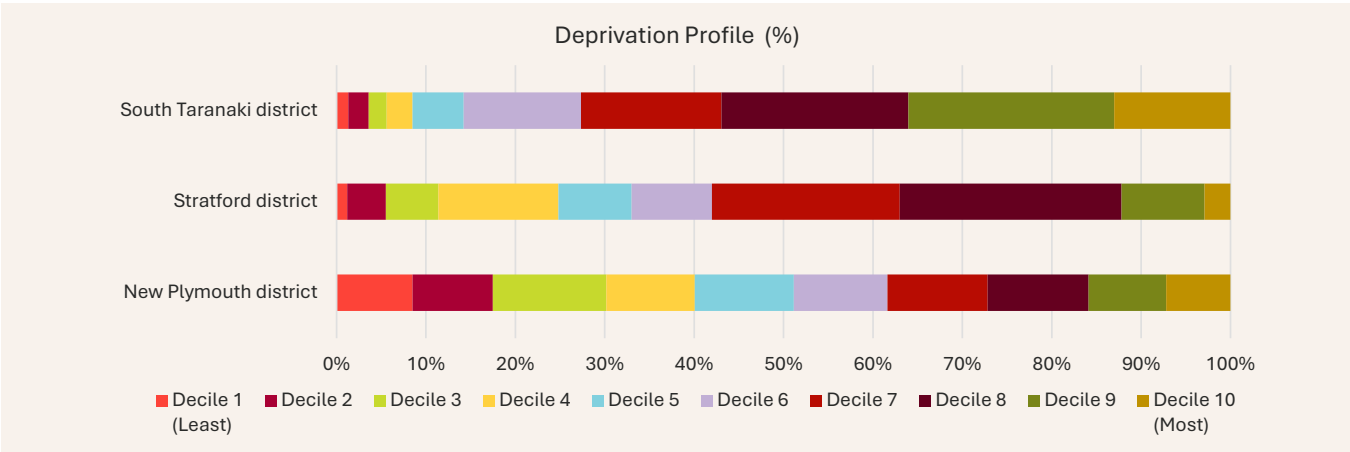


Figure 4 Population profile by deprivation index

Figure 4 shows that STDC by comparison has over 60% of its population living in the most deprived quintile of the population (deprivation index levels 9 and 10). This is comparatively high when compared to both SDC and NPDC and the nationwide average of 20%.

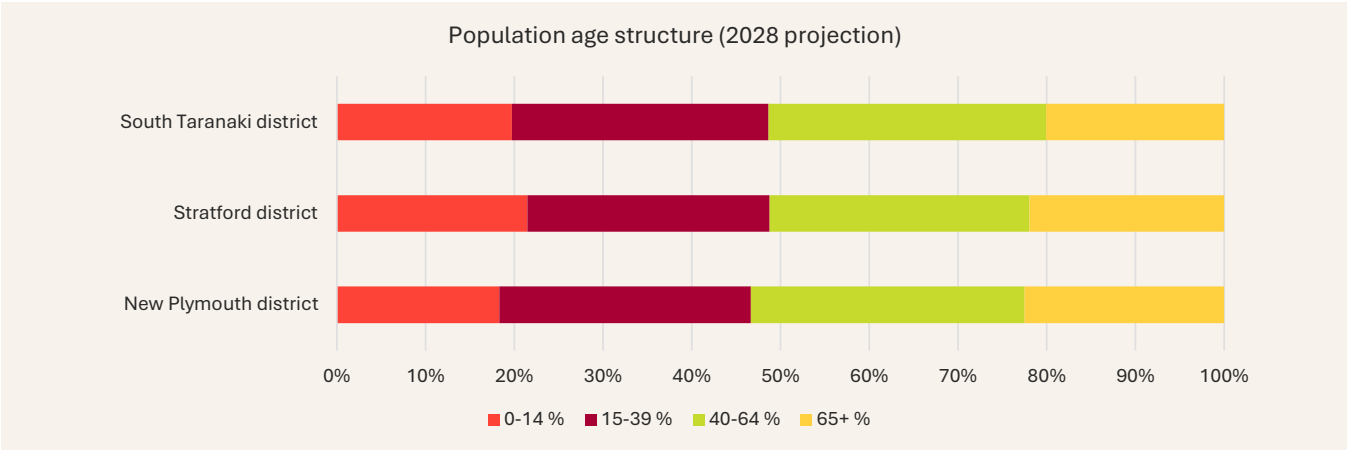


Figure 5 Predicted age profile by 2028

Figure 5 shows age profiles are similar across the three districts.

2.1.2. Analysis of daily travel information

Analysis of daily travel movements from the 2023 Census travel-to-work and education data shows how Taranaki can be understood as a set of geographic communities of interest. These communities reflect how people actually live day-to-day. At the same time, the region also operates as a connected system, with economic activity and infrastructure linking these communities together.

This pattern is already reflected in how communities are identified locally.

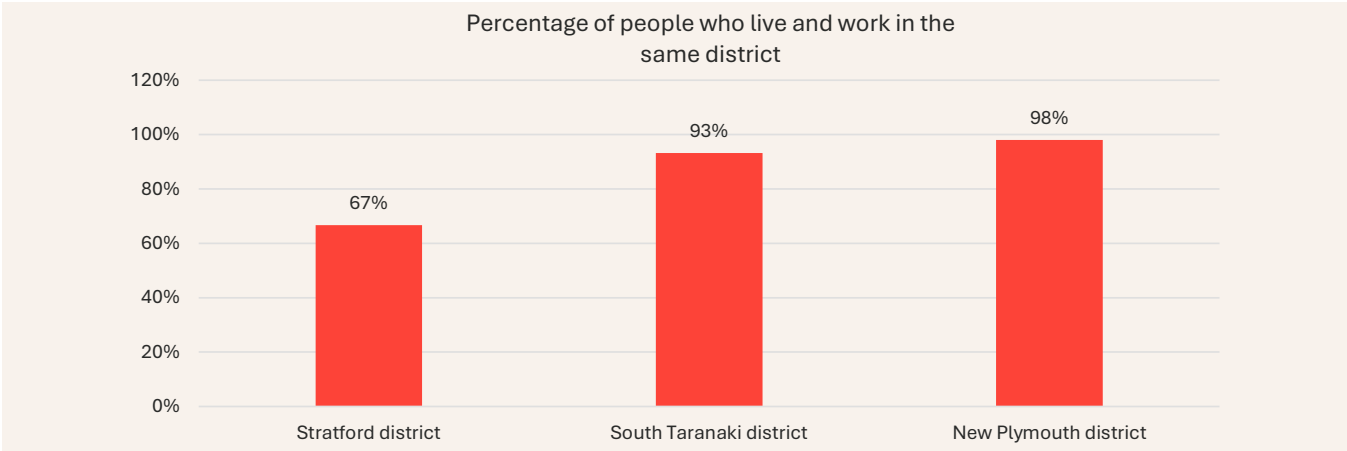


Figure 6 Labour movements

The three communities generally live and work within the same district with Stratford District residents being the most mobile to places of employment.



2.1.3. Infrastructure and economic activity

The Taranaki economy is distinguishable by local government areas with SDC and STDC dominated by agriculture, and New Plymouth dominated by forestry, mining and utilities.

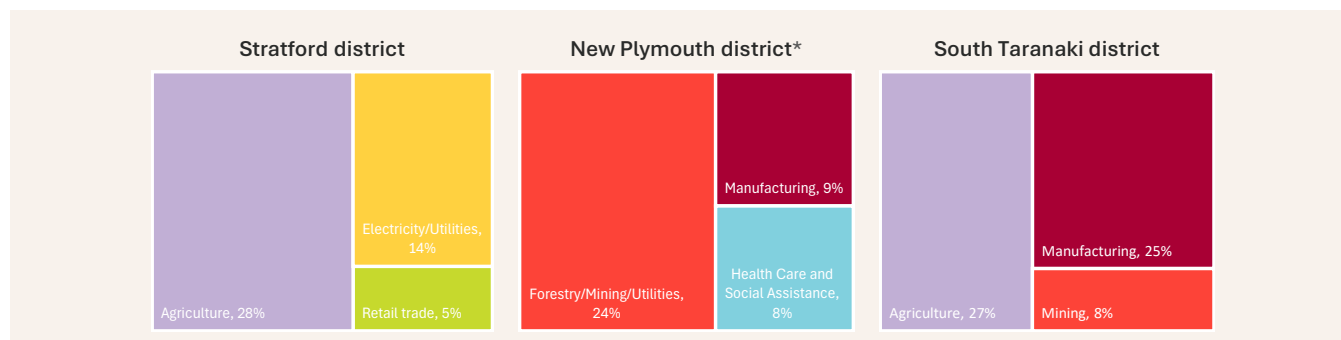


Figure 7 Top three industries by %GDP²

New Plymouth has a diversified economic base, in addition to forestry, mining and utilities it includes professional services, retail, and health care. This positions New Plymouth as a key centre for employment, services, and infrastructure, supporting both its own community but also SDC and STDC.

Across Taranaki, the industry mix highlights a clear structural pattern:

- New Plymouth functions as the primary economic and employment hub.
- Stratford has a strong base in agriculture and utilities. Its third largest industry and self-contained movement data suggest it is largely self-contained.
- South Taranaki reflects locally based activity with some outward connections.

2.1.4. What this means in practice

The combined evidence provides a clear and consistent foundation for understanding communities of interest across Taranaki. The journey-to-work analysis confirms that the areas identified through current representation arrangements align closely with observed patterns of daily movement, but that those communities operate within a wider regional system shaped by movement toward key centres, infrastructure, and economic activity.

For the purposes of considering the two options, this evidence supports a clear conclusion that the current identification of communities provides a sound and locally grounded foundation, and the journey data strengthens this by providing a consistent, evidence-based view of how those communities function in practice.

2.2. Comparative financial information

The information provided in this section is for comparative purposes and context. To make the analysis more meaningful, the following graphs exclude waters services where possible. In these charts a reference to Taranaki Unitary or South Taranaki and Stratford Unitary are the relevant existing territorial authorities combined.

² Infometrics regional economic profile information, year to March 2025.



2.2.1. Debt to asset ratio

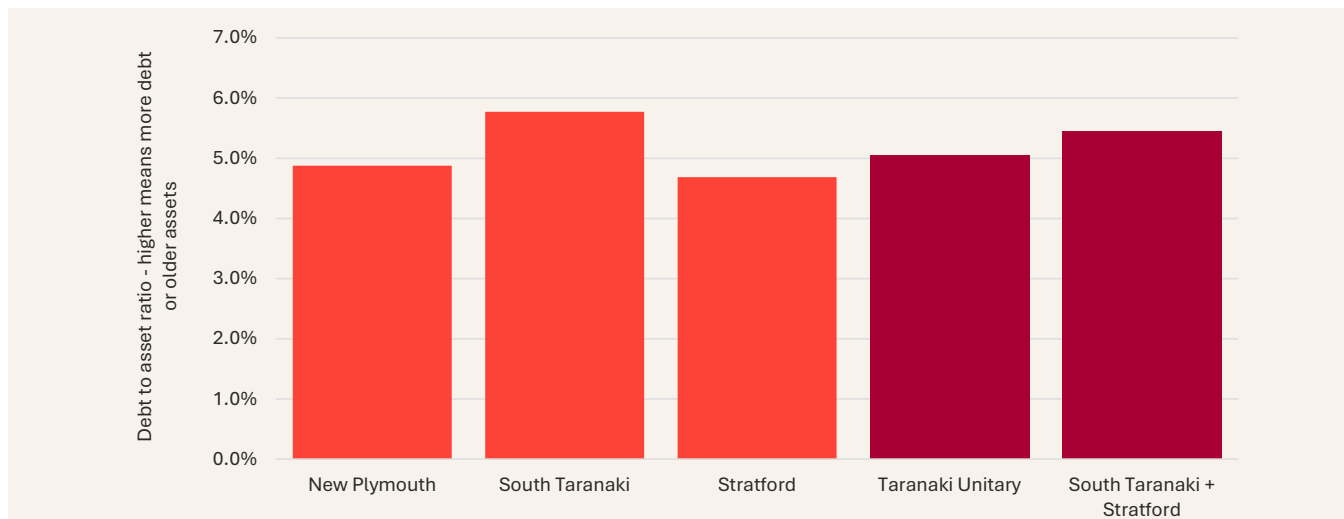


Figure 8 Debt to asset ratio, excluding 3 Waters – higher means more debt or older assets³

The debt to asset ratio compares total lending to the value of each council's non-current assets. Because asset value is based on depreciated costs, this shows the amount of debt held by each council relative to its investment in assets. A higher debt to asset ratio indicates that a council has either relied more heavily on borrowing to fund asset investment, has borrowed for other purposes, or has not invested as much into its assets as other councils.

Debt to asset ratio is lowest in SDC and highest in STDC and combined to represent a single unitary or a South Taranaki and Stratford unitary council.

2.2.2. Operating revenue per person

Operating revenue per rateable property is shown in the chart below. It shows that the operating revenue per person for SDC and STDC are almost equal and slightly higher than NPDC.

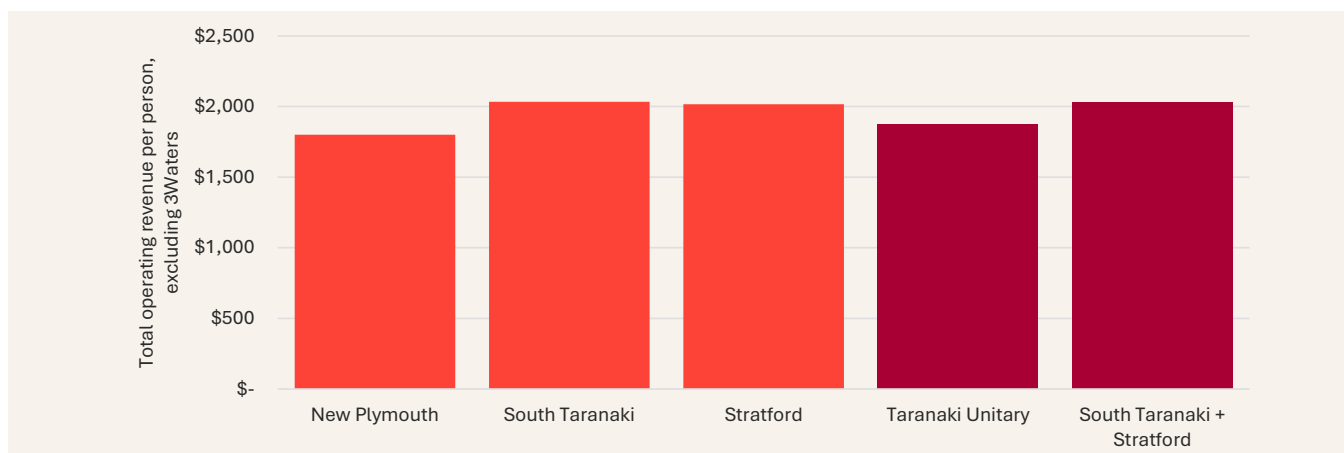


Figure 9 Total operating cost per person, excluding 3 Waters

³ Note that 'assets' does not include the STDC investment fund



2.2.3. Non-rates revenue as a percentage of total revenue

The three territorial authorities currently rely on different proportions of their revenue coming from non-rates sources. This indicates that the councils have quite different approaches to revenue and financing policy settings. STDC has a greater proportion of non-rate revenue including income from their investment fund. While there are variances between the councils there are a lot of tools available to manage this variance of non-rate revenue under any option to ensure equity for each community.

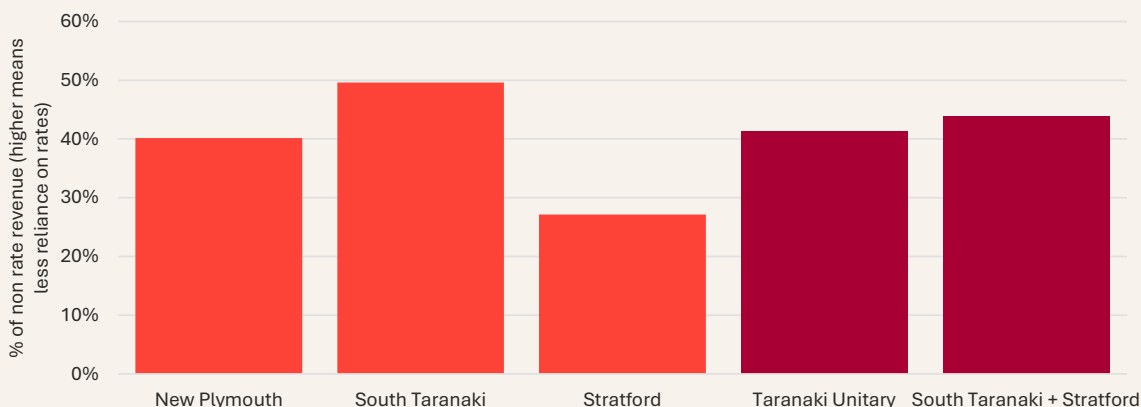


Figure 10 Non-rates revenue as percentage of total operating revenue, excluding 3 Waters

2.3. Road resurfacing

The figure below shows the road resurfacing cycle rate of each council and compares that to a minimum benchmark of 20 years⁴. The data is expressed as the estimated number of years to resurface the entire network based on actual resurface rate over 6 years.

South Taranaki is below the benchmark of 20 years (i.e. performing better than the benchmark) and below the NZ average of 22.2 years.

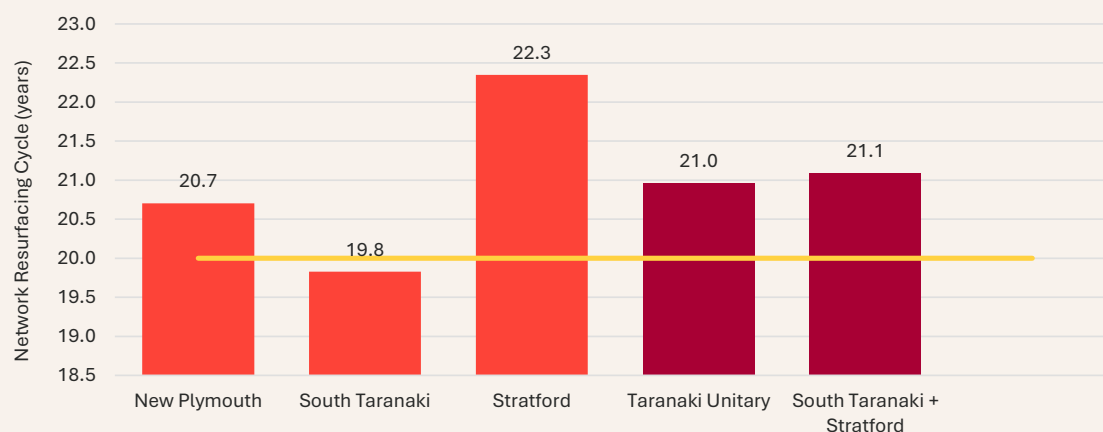


Figure 11 Cycle of road resurfacing in years

⁴ This equates to renewing 5% of the network annually



3. Description of options

The choice being considered by the councils essentially comes down to whether a single unitary council or two unitary councils is the most appropriate structure for local government. These options are:



- Option one – Taranaki unitary council comprising SDC, STDC and NPDC



- Option two – a Stratford & South Taranaki unitary council and a New Plymouth unitary council

An overview of the two options is described in this section with the more detailed analysis set out further in the report that identifies, demonstrates, and assesses the relative benefits, challenges and risks of the differences between them.

To provide substantive analysis on the key differences, a range of assumptions and professional judgement on the structure, functions or operations of each option has been adopted to sufficiently develop each option. These should be viewed as representations of what the option could be for the purposes of this analysis and not the final form of any new council. Where relevant, assumptions and professional judgements have been clearly explained and their rationale.

3.1. Option 1: Taranaki Unitary Council

A single unitary authority for the whole of Taranaki, combining the current regional and territorial functions into one council. The governing body would hold full statutory responsibility for both regional and local government functions across the region.

A single unitary council covering the whole region, without any form of representation below the governing body, is not considered a feasible model. It would not provide a credible mechanism for maintaining local voice or reflecting the distinct communities of interest that exist across Taranaki.



Accordingly, Option 1 has been assessed on the basis that a layer of local bodies would sit beneath the unitary council. These bodies are assumed to provide local representation and hold delegated decision-making authority for place-based matters. At this stage, no assumption is made about their specific form. They are not defined as community boards or local boards, but as a functional layer of local governance that can be designed in detail at a later stage.

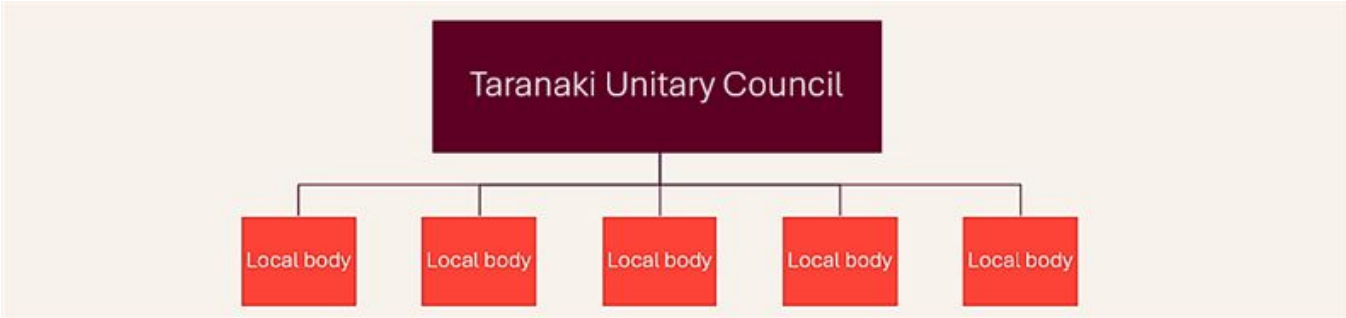


Figure 12 Option 1: Taranaki Unitary Council

Table 2 Key workings of Option 1: Taranaki Unitary Council

Aspect	Description
Governance	A single unitary council for the whole region. All decision-making authority sits within one council. Likely that a second-tier, local representation layer is required to maintain community representation.
Funding	There is a single funding and rating system. Service levels are set either regionally or vary with local body input.
Service Delivery	All services are delivered through one organisation. Service delivery is coordinated across the region with local variation achieved through delegation to local bodies.
Requires legislation	Possibly for delegation to local bodies (applies to all options if local boards are desired).

3.2. Option 2: Two unitary councils

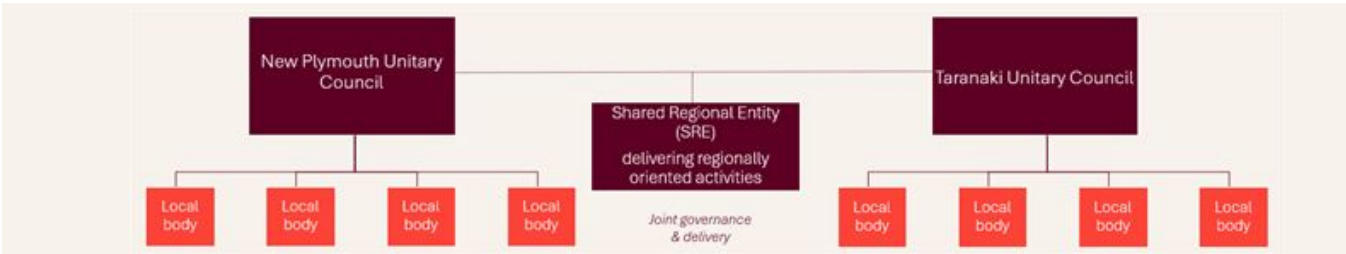


Figure 13 Option 2: Taranaki Unitary Council with two community councils

Two new unitary authorities, supported by a single jointly controlled regional entity for a defined set of regional and cross-boundary functions. The two unitary councils would retain democratic mandate,



rating powers, and ultimate accountability to their communities. The shared entity would provide the delivery platform for functions where fragmentation would create material inefficiency, inconsistency, or risk. This is not intended to recreate a general-purpose regional council. It is a limited regional entity designed to preserve coherence where a regional approach remains necessary⁵.

Table 3 Key workings of Option 2: two unitary councils

Aspect	Description
Governance	This is a two subregional unitary council model. Each council holds the democratic mandate, rating powers, and ultimate accountability for their area. The SRE is the mechanism that keeps a small number of regional functions whole. The SRE is governed by a joint council comprising elected members from both unitary councils (plus potentially independent elected members). The SRE does not have an independent mandate.
Funding	Each unitary council retains its own rating powers. Funding for the SRE has to be guaranteed and not renegotiated each year.
Service Delivery	The model assumes local by default, regional only by exception. The functions most likely to sit with the SRE are the ones that depend on scale, natural systems, or cross-boundary coordination. Everything else would stay with the two unitary councils (or be delegated to local bodies) unless there is a compelling reason otherwise.
Requires legislation	Yes – SRE model needs enabling legislation

3.3. Summary of options

Table 4 Summary of key workings of options

	Option 1	Option 2
Basic structure	One legal and political authority for the whole region, with all regional and territorial functions sitting in the same council.	Two separate unitary councils, each with its own mayor, councillors, and local mandate, plus one shared regional entity for a tightly defined set of regional functions.
How many councils exist?	One.	Two, plus one shared regional entity.
Where regional functions sit	All regional functions sit with the single unitary council.	Regional functions sit within a shared regional entity; everything else is intended to stay with the two unitary councils.
Design principle for function allocation	One authority holds everything, with any local delegation sitting underneath it.	Local by default, regional where there is a benefit.
Political connection between local and regional decisions	Regional and local decisions are ultimately made within one governing body; local decisions are delegated to local bodies.	The two unitary councils hold the democratic mandate, while representatives from both UCs form the joint council for the SRE.

⁵ The final form and functions would be determined through both the Outline Proposal (August 2026) and the Final Proposal (March 2027)



	Option 1	Option 2
Funding model	One rating base and one centre of financial authority.	The two unitary councils retain rating powers and financial accountability. Funding for the SRE must be agreed in advance and guaranteed.
Organisation and staffing	One organisation, one chief executive, one leadership structure, one shared workforce.	There are two organisations, chief executives, leadership structures and workforces for the unitary councils. The SRE has its own chief executive, staff, systems, and delivery capability, separate from the two unitary councils.
Ultimate accountability	The single unitary council holds ultimate legal, political, and financial accountability for all functions.	Ultimate democratic accountability sits with the two unitary councils. The SRE exists to deliver selected regional functions, not to replace the core democratic role of the two councils.

4. Key concepts

In order for these models to achieve the desired outcomes over the long term, the following key concepts need to be considered and understood.

4.1. Accountability

Under the Head Start process, councils must be able to demonstrate clearly their proposed model will work in practice, including where accountability sits.

Identifying and testing where accountability sits is therefore central to assessing each option. It provides a practical way to understand how the model would behave under pressure, how decisions would be made, and whether communities can clearly see who is responsible for results.

[Figure 14](#) below shows the relationship between making decisions on priorities/programmes, control over funding and other resources, and responsibility for performance and risk. These must sit together to achieve true accountability.



Figure 14 The accountability triangle



This aligns closely with standard multi-level governance thinking, which emphasises that effective systems need clear assignment of competences, financial decentralisation that matches responsibilities, and transparent accountability/oversight.

When this triangle is not kept intact, one of the following occurs:

- A funding entity (e.g. rates setting) without risk responsibility has no incentive to fund risk reduction.
- A decision-making entity without responsibility may prioritise spend according to ‘want’ and not ‘need’.
- No entity can be held accountable for outcomes without the ability to make decisions (within parameters) and raise the funds needed to address key issues.

Consequently, we consider this true accountability state as a valid diagnostic test, especially for politically sensitive public services where service levels, rates, and investment timing are contestable. In those settings, splitting programme, money, and responsibility across institutions usually creates blame-shifting rather than clarity.

In our view, Wellington Water demonstrates that when these elements are split across multiple entities, accountability becomes less transparent.

4.2. Legislated collaboration

The structure of any future governance model must ensure that the key elements required for effective delivery, including roles, responsibilities, and accountability, are clearly defined and enduring. While collaboration between councils can work well when relationships are strong, no governance model should rely on informal arrangements or assume that collaboration will remain durable across political cycles and changes in leadership.

New Zealand local government legislation already provides for coordination mechanisms such as joint committees and transfers of responsibility. The existence of these mechanisms reflects the reality that collaboration must be formalised to be sustained over time.

The Head Start pathway provides an opportunity to address this. Where options rely on shared or regional functions, embedding key elements of those arrangements in legislation, including participation, governance, and funding mechanisms, provides a means to ensure that the model functions as intended over time.

5. Important factors that follow this decision

In constructing a coherent operating and governance model there are numerous design choices that can be made to accommodate real or perceived strengths and weaknesses of the selected model.

The considerations in this section are important to the overall structure proposed, however we consider they are variables that can be addressed under any option and are not material to the decision on which option to progress with at this stage.



5.1. Detailed design of local representation

Local representation is an important consideration in assessing the options in this report. There are aspects of local representation that will influence the selection between the options presented in this report, and these are discussed in the ‘Maintaining Local Voice’ section of Section 3.

However other factors are independent of the option progressed and do not need to be fully resolved at this stage. These matters that do not need to be resolved in order to select between the options are outlined in this section.

5.1.1. Options for local representation

There are two types of sub-local governance; community boards and local boards in current legislation. The key difference is that community boards are used across most of New Zealand and local boards are available to unitary authorities and used only in Auckland Council currently. This is summarised in the table below. There are 110 community boards around the country and 21 local boards in Auckland.

A summary is provided below on the existing community board and local board options, however for the purpose of this comparative analysis, the design of this layer of local representation can be customised under any of the options presented.

Table 5 Comparison of community boards and local boards

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



Dimension	Community boards	Local boards (Auckland model)
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)

Ultimately the key issue for unitary councils to consider when weighing up community or local boards is:

- Do they want a formal structure for local input (community board model), or
- Do they want local decision-making authority (local board model), or
- Do they want a combination of both community boards and local boards to fulfil different communities' needs?

These questions apply to all options, and the level of complexity introduced to achieve the desired balance between local representation and efficiency or simplicity of process is also the same under all options.

Further consideration can be given both before and after submitting an Outline Proposal to additional options not currently existing in legislation, such as:

- Whether local boards may be able to set targeted rates for specific purposes. This option can be explored but it is unclear how this would operate under proposed rates-capping legislation at this stage.
- Whether there is any crossover between local body representation and unitary council representation (i.e. potential for a chair of a local body to have a dual role as an elected member on the council).

5.1.2. Proposed principles for allocating decision making and delivery responsibilities

For the purposes of these principles:

- A *function* refers to a broad area of responsibility (e.g. parks, transport, planning).
- An *activity* refers to specific services, actions, or decisions within a function.

These principles are provided as a starting point for later discussion and are primarily intended to guide the allocation of activities and decision-making responsibilities, rather than the wholesale allocation of entire functions, which are often shared across governance levels.

In any of the options presented, these principles could apply both to deciding what was delegated to a local body, and in Options 2, what was delivered at the subregional level and the regional level.

1. Subsidiarity (Default Position)

We would suggest this is the starting position. Decision-making should sit at the lowest level able to deliver effectively. Activities should be allocated to local bodies unless there is a clear and demonstrable benefit in retaining them at a council level.



2. Functions should be allocated according to where the benefits are primarily realised. Activities delivering predominantly local benefits should sit with local bodies, while those with region-wide benefits should sit with the governing body.
3. Functions requiring a uniform approach across the region should be managed regionally. Where variation between local areas is acceptable or desirable, decision-making should sit with local bodies.
4. Functions that are part of an integrated network or system should be managed at the level that best enables coordination and optimisation of that system. Standalone or place-based services are more appropriately delivered locally.
5. Functions should be allocated to the level that can deliver them most effectively and efficiently, taking into account economies of scale, specialist expertise, and administrative overhead.
6. Functions that require tailoring to local needs, preferences, and identity should be delivered by local bodies, particularly where outcomes depend on strong community engagement.
7. Decision-making responsibility should align with funding responsibility and accountability. The level making decisions should be clearly accountable to the community that funds those decisions.
8. Functions with significant strategic implications, region-wide impacts, or high regulatory or legal risk should be retained at the regional level. Operational or lower-risk decisions should be delegated where appropriate.

Note that these principles are presented in this part of the report because though activity assignment is a fundamental part of the design of how a future council might operate, it is not a deciding factor between the options presented in this report.

5.2. Financial arrangements

The three territorial authorities differ in their approach to funding and financing, including:

- Their approach to borrowing and financing capital expenditure
- Their approach to funding depreciation
- Their mixture of targeted rates, general rates, and universal annual general charges.
- Their existing and projected post three waters debt balances

While these differences may mean that it will take some time for a combined unitary authority to develop regional consistency, there is currently nothing in the Local Government Act 2002 that would prevent different approaches from being applied on a geographical basis.

Specifically, a new unitary authority could be expected to:

- Set policies regarding funding of depreciation at a local and aggregated level with a planned transition towards consistency of approach across its new area.
- Apply consistency in the types of capital expenditure that are funded by debt or rates, potentially from day one.
- Continue to apply a mixture of targeted rates where the tests required under section 101(3) of the Local Government Act can be met.
- Ringfence the repayment or servicing costs of existing/transferred debt to the specific area in which the debt was originally incurred and collect these costs through a targeted rate.



Broadly, we would expect that any new unitary authority would consider the beneficiaries, exacerbators, and community outcomes of all activities that it delivers when determining how it sets its rates and charges. The precise arrangements would be matters to be considered by a future group of elected members, and these decisions would be made independently of any decisions to establish one, or two, unitary authorities.

5.2.1. Strategic assets

Each of the Taranaki councils holds a range of strategically significant assets, some of which are held directly and others through council-controlled organisations (CCOs) or council-controlled trading organisations (CCTOs). These include commercial investments, investment funds, infrastructure-related businesses, and other long-term holdings such as port and airport interests. For the purposes of this report, these are collectively referred to as strategic assets.

Investment assets are typically treated as part of the financial position of the owning council, with benefits flowing to the ratepayers of that council through revenue and balance sheet strength.

Outline Proposals may be submitted with the future of strategic assets still to be determined.

In practice, there are a small number of well-understood principles used to manage these assets when council structures change, broadly centred around a “no worse off” approach.

1. Keep things broadly where they are today

Assets would generally stay with the council (or transfer with the council) that currently owns them, so existing communities continue to receive the benefit of those assets.

2. Treat regional assets separately

Assets currently held by TRC were funded across the whole region, so they would need to be considered separately and either shared, divided, or managed at a regional level.

3. Avoid creating winners and losers (particularly with TRC assets)

Changes in structure should not result in one community being significantly better or worse off purely because of how assets are redistributed.

4. Make sure each council is financially viable

The allocation of assets should support each resulting council to be financially sustainable over time.

5. Keep it simple to manage in practice

Arrangements should avoid unnecessary complexity (where possible), such as shared ownership or ongoing negotiations, unless there is a clear reason for it.

While these assets are significant, and their treatment will be important to councils and communities, they do not materially affect the choice between the governance options. The approaches required to transfer or allocate these assets are well understood and can be resolved under any of the options through established legal and financial mechanisms.

For the purposes of this report, strategic assets have therefore been identified and considered but are not treated as a determining factor in the decision on which option to progress.



Section 2: Evidence based assessment

This section of the report assesses the benefits, challenges and risks of each option using the structure of the five Head Start Pathway criteria. Evidence is provided throughout and referenced in the appendices.

6. Supports the new planning system

6.1. Overview of the new planning system

New Zealand is heading into a new planning age, where the Resource Management Act is being replaced by a planning framework comprising:

- The Planning Bill, which governs where and how growth occurs, covering housing, infrastructure, transport corridors, and long-term land use.
- The Natural Environment Bill, which establishes and manages environmental limits for water quality, freshwater allocation, and flood management.

A central intent of the reform is to move away from fragmented district and regional plans toward a consolidated regional planning approach. This would replace multiple local plans with a smaller set of regionally integrated plans, supported by long-term spatial strategies.

Each region must produce a Regional Spatial Plan (RSP), which describes the 30-year regional strategic direction for growth and development. This plan identifies areas for urban growth, strategic infrastructure investment, and environmental protection, bringing together land use, cultural considerations and environmental limits at a strategic level.

The Natural Environment Plan establishes the controls. It sets the limits, rules and allocation regimes at a catchment level (or higher) across the region.

The Land Use Plan is developed at the district level and together with district council's Infrastructure Strategies and Long Term Plans, this provides district councils with the work programmes and funding pathways for delivery and execution.

The Natural Environment Plan and Land Use Plan(s) must give effect to the Regional Spatial Plan.

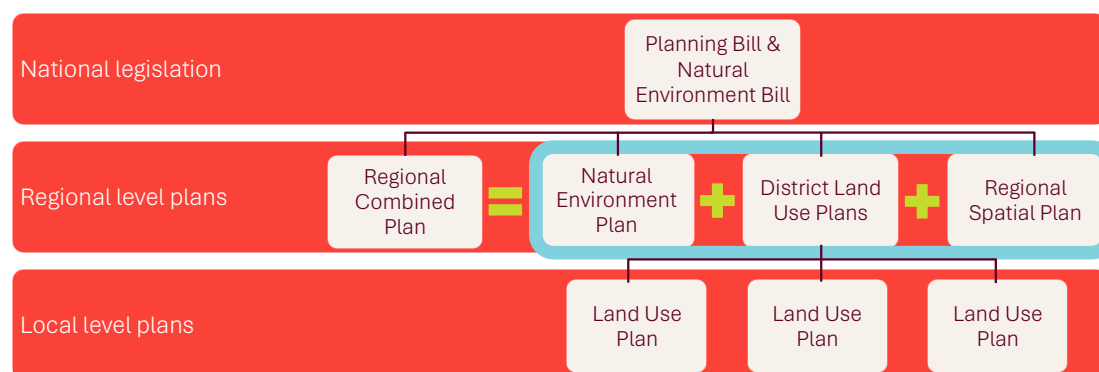


Figure 15 New planning framework



Of all the factors considered in this analysis, the physical environment is the least flexible. Mountains, rivers, and catchments do not move, and existing regional council boundaries have largely been drawn around these natural systems.

This move towards planning at the regional level places considerable emphasis on having governance arrangements that work for natural systems, not merely administrative ones. The key test for any restructuring option is whether a single authority can plan land use, strategic infrastructure, and environmental effects together within coherent natural systems. In practical terms, examples of this include asking whether the same council issuing discharge consents is also responsible for water quality downstream; whether water allocation decisions account for all users along a river; and whether a flood mitigation project in one area considers its impacts on neighbouring properties beyond the council's jurisdiction. Actions in one part of a catchment can have unintended consequences downstream - a function currently managed end-to-end by regional councils. Splitting that responsibility raises a fundamental question about how integrated river and catchment management would be maintained under a new governance structure.

While it is possible to work across catchment boundaries, doing so introduces additional complexity.

6.2. Delivery of the new planning system

6.2.1. Roles and responsibilities

The table below outlines which party would be responsible for which activity under the new planning system under each of the Taranaki options.

We note that the existing bills have been drafted with the current regional and district council structures in mind. Some interpretation is required to apply the proposed bills to the options with new entities.

Table 6 Roles and responsibilities under the new planning system

Function	Status Quo	Option 1	Option 2
Regional Spatial Plan	All four councils appoint the Spatial Plan Committee to develop the plan.	Single council appoints the Spatial Plan Committee to develop the plan.	Both councils, either directly or through the joint council, appoint the Spatial Plan Committee to develop the plan, through the SRE.
Natural Environment Plan	TRC leads development of a single regional plan	Unitary council leads development of a single regional plan	SRE leads development of a single regional plan, while unitary councils influence local environmental priorities and delivery issues. ⁶
District Land Use Plan	NPDC, STDC and SDC each prepare a District Land Use Plan.	Unitary council develops single integrated Land Use Plan	Each unitary council would prepare their own Land Use Plan Note that this reflects the new planning system's separation of regional environmental regulation from territorial land-use planning.

⁶ This responsibility would likely need to be explicitly assigned to the SRE in legislation, to make it the body legally responsible for developing and upholding the NEP on behalf of both unitary authorities.



Function	Status Quo	Option 1	Option 2
Infrastructure Strategy (delivery of RSP)	Multiple organisations at regional and local level with multiple funding pathways	One organisation with integrated regional and local strategy	Each unitary council develops an Infrastructure Strategy, which includes their obligations to deliver commitments of the RSP.
Long Term Plan (funding)	Four organisations each develop an LTP	One organisation developing an LTP	Each unitary council develops an LTP, that includes their obligations to deliver commitments of the RSP.
Strategy, policy and plans	All four councils need to approve draft RSP for notification and adopt final RSP, each with its own decision-making process. Deadlocks referred to the Minister.	Single governing body approves everything.	Both councils need to approve draft RSP for notification, and adopt final RSP, with deadlocks referred to the Minister. Joint council governing SRE adopts Natural Environment Plan and any regional strategies, policies and plans. Each unitary council approves their own Land Use Plan and other sub-regional strategies, policies and plans.
Infrastructure Delivery	Split between regional and three district councils.	Consolidated in one administration.	Most delivery by the two unitary councils, unless compelling reason to deliver regionally.
Consent and Enforcements	Split between TRC and three district councils.	One consent authority that is more integrated and easier to explain.	Split between SRE and two unitary councils. Potential to be integrated into the Shared Regional Entity.
Monitoring & Reporting	Monitoring is split and can be hard to compare.	One monitoring system can track outcomes consistently.	SRE monitors regional outcomes; each council monitors local delivery.
Community Consultation	Multiple engagement rounds across separate plans and budgets.	One main engagement process for each plan, plus local refinement.	Two-level consultation - regional strategy through the SRE, local matters through the two councils.
Iwi Engagement	Multiple relationships and multiple plan-making processes across four councils.	One primary strategic process, with clearer consultation triggers.	Regional partnership with SRE and with both unitary councils.

6.2.2. Delivery of the Regional Spatial Plan

Once adopted, the RSP sets the strategic direction e.g. growth areas, infrastructure corridors etc for a 30-year period. The RSP does not address sequencing, timing, or funding of the projects required to deliver the RSP. These are determined by the unitary council's LTPs and funding cycles.



The options are similar at the strategy level but diverge materially at the delivery and funding coordination level.

- Under Option 1 the single unitary council has autonomy over the funding and delivery decisions needed to deliver the RSP.
- Under Option 2, there is a funding and delivery risk to be managed, or designed out through legislation, to address the potential lack of coordination between the unitary councils around timing and prioritisation of regionally strategic projects within the RSP. This could be addressed through the SRE preparing a 3-5 year work programme, that once adopted by the unitary councils becomes binding, and then must be supported by each unitary council's Infrastructure Strategies and Long Term Plan budgets. There is complexity here, but with careful design and bespoke legislation it most likely can be resolved in detailed design.

6.3. Making coordination easier

The number of core statutory plans is similar across all options; however, each plan represents a significant statutory process, requiring formal preparation, consultation, hearings, and approval. As the number of councils involved increases, so does the number of decision-making bodies required to approve and adopt these plans, resulting in more complex and potentially slower plan-making processes overall.

Additional implementation documents, such as Action Plans used to give effect to environmental limits, may need to be developed separately by each council.

As the number of councils increases, the potential for duplication in these supporting documents increases, even where the underlying plans are shared.

The table below summarises the complexity inherent in each process.

Table 7 Complexity in supporting the new planning system

	Status Quo	Option 1	Option 2
No. of Regional Spatial Plans	1	1	1
Councils involved in drafting RSP	4	1	2
Council resolutions required to adopt RSP (both the draft for notification & final to adopt)	8	2	4
Potential for deadlock to refer to Minister	High	Low	Medium
No. of Natural Environment Plans developed	1	1	1 (SRE)
No. of Land Use Plans developed	3	1	2
Action Plan frameworks	3-4 potentially	1	1 or 2

6.3.1. Iwi engagement in the planning process

The legislation requires meaningful engagement with iwi in the development of both Regional Spatial Plans and Natural Environment Plan, reflecting their central role in shaping environmental and land use outcomes. While the number of these core plans remains constant across the options, the number of councils and decision-making bodies involved varies.



This impacts the complexity of the formal consultation processes, by increasing the number of parties involved and the level of coordination required between them. In practice, this can increase the resources required by iwi to engage effectively with multiple organisations involved in shaping a single plan or outcome.

6.4. Integrated catchment management

6.4.1. Description of catchments

Taranaki Regional Council manages water and catchments under the current regional structure. District boundaries do not determine catchment management in the present system, although the proposed two-unitary model would create new internal governance boundaries that would need careful coordination.

Water catchments are a key criterion under the Natural Environment Bill and are an important consideration in the assessment of options. Catchments are important because water does not follow council boundaries. Rivers, tributaries, wetlands and groundwater systems often cross district and regional borders, which makes it harder to manage water quality, allocation and environmental limits consistently. If a catchment is split between councils, then planning, monitoring and enforcement can become fragmented, which increases the chance of duplication and inconsistent decisions.

The Taranaki Regional Council manages freshwater across the region using six proposed Freshwater Management Units. These group waterways of similar types to help set specific targets and limits in the region's proposed Natural Resources Plan.

The six proposed FMUs are:

- Volcanic Ring Plain
- Waitara Catchment
- Pātea Catchment
- Northern Hill Country
- Southern Hill Country
- Coastal Terraces

Taranaki features over 530 named rivers and streams distributed across 286 main river catchments. These catchments vary widely in length, flow and usage. Because there are so many, the council often assesses and monitors regional water availability and allocation across its largest catchments.

The council categorises catchments by size to help determine allocation limits, ensuring that smaller, more sensitive catchments receive higher levels of ecological protection.

It should be noted that a catchment within the Stratford DC is split with Ruapehu DC and is currently the responsibility of Horizons Council (shown in Figure 16 below). Whichever unitary option is adopted, the decision needs to be made about whether this catchment would move to Ruapehu DC or become part of one of the unitary councils.

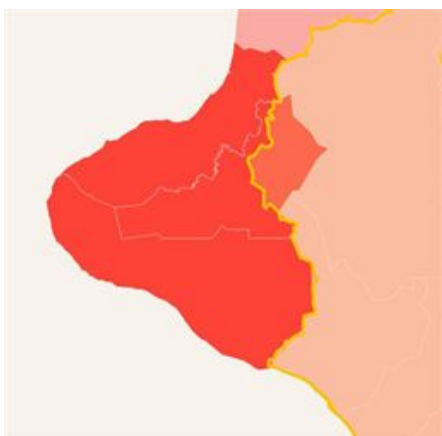


Figure 16 Stratford District Council that is in Horizons region

6.4.2. Delivery and complexity of catchment management

Under the structural options, the six Freshwater Management Units (FMUs) in Taranaki will experience varying levels of administrative division because catchment boundaries are based on natural topography (watersheds), whereas local government boundaries are based on political lines.

The table below provides an overview of the proposed FMUs across the different options and indicates those FMUs that are split across Territorial Authority boundaries.

Option 1

Under the single unitary option, the unitary council would manage all six catchments across the region.



Option 2

Under a two unitary council model, four of the six catchments would be split across the two unitary councils, specifically

- Volcanic Ring Plain
- Waitara Catchment



- Northern Hill Country
- Coastal Terraces

This is likely to require catchment management to be the responsibility of the SRE, to ensure stable and consistent management of catchments.



6.5. Summary of assessment against ‘supports the new planning system’

Table 8 Summary of assessment against ‘supports the new planning system’

Option	Rating	Pros	Cons
Option 1		Single planning authority with regional integrated planning and strategic infrastructure strategy and sequencing. No catchment fragmentation. Simplest plan development process with no potential for deadlocks.	Needs strong processes for engagement
Option 2		Simpler than the status quo for delivering the new planning system. Regional functions and catchments kept intact by SRE. Autonomy maintained at the sub-regional level, with no higher ‘approval’ needed.	More complex than Option 1. Requires bespoke legislation to protect purpose of SRE, and to enforce coordination of investment timing on regional projects. Potential for deadlocks and Ministerial resolution. Splits four of the six catchments between the two unitary councils requiring collaboration between them to provide effective catchment management.



6.6. What this means for decision makers

All options operate within the same Regional Spatial Plan, which sets a shared long-term direction for growth, infrastructure, and environmental management across Taranaki. This means the overall strategic intent of the planning system is broadly consistent regardless of governance structure.

All options would support the new planning system better than the status quo.

The key difference between the options is in how alignment between strategy, funding, and delivery is achieved and maintained.

- Option 1 has strongest alignment with the intent of Head Start pathway by creating a single planning authority with regional integrated planning and strategic infrastructure strategy and sequencing. This should lead to the simplest plan development process with no potential for deadlocks. Almost all six catchments under one authority.
- Under Option 2, the six catchments are split across the two authorities. This is a simpler framework than current and regional functions and catchments can be kept intact by a joint entity but this adds complexity to relationships, plan making and approval processes creating potential for delay and deadlocks. This likely requires legislation for regional entity to be effective and enforce coordination.

In practical terms, this choice is between alignment that is inherent within a single system, and alignment that must be explicitly designed and enforced through legislation.

7. Simplifies local governance

The Head Start Pathway criteria assumes that the creation of larger unitary councils will lead to simpler local governance based on streamlining of responsibilities and reducing duplication.

With one council managing local services delivery and environmental management, the Government expectation is improved accountability and reduced complexity for communities to access services.

7.1. Status quo

The current arrangements comprise a two-tier local government structure, with Taranaki Regional Council responsible for regional functions and SDC, STDC, and NPDC responsible for local services. While these roles are formally defined, this structure will require increased coordination across multiple organisations under the new planning system, which can add complexity for decision-making, planning, and delivery.

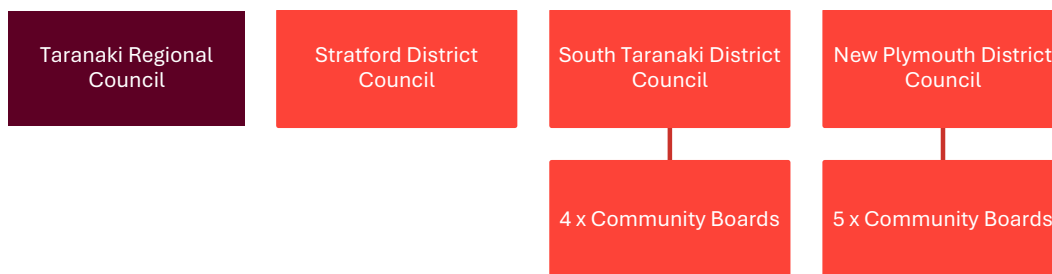


Figure 17 Existing council structure



7.2. Reduction in duplication

Each council currently has their own policy frameworks, meaning decisions about funding, priorities, and engagement are made independently.

Under all the options presented in this report, there would be a consolidation of core statutory and planning documents, e.g. replacing four separate Long Term Plans, Annual Plans, Annual Reports, and associated plans. While the statutory requirements under the Local Government Act would remain, duplication across councils would be removed.

For example, asset management planning would shift from multiple council-specific approaches to a single, consistent regional framework, enabling more coordinated investment decisions and clearer prioritisation. The result is fewer parallel processes and documents, and a more streamlined, coherent planning, monitoring and reporting cycle.

Strategies, policies, bylaws and supporting documents (e.g. asset management plans, internal reporting, etc) will likely reduce by a similar proportion. Bylaws, which are relatively standardised across councils, could likely be reduced to a smaller set of region-wide instruments. Policies would also be rationalised over time, reducing duplication and inconsistency.

The impact of consolidation is not limited to the number of instruments. It also materially reduces the effort required to develop, maintain, update, and consult on these documents, which under the current arrangements is undertaken separately by each council. In addition, consistency across the region provides an opportunity to present a more coherent and aligned approach to policy and planning, making it easier for communities to understand requirements and for a coordinated approach to community consultation.

7.3. Removal or addition of governance layers

The most significant change is the removal of the regional–territorial split. This eliminates a formal layer of governance and, importantly, removes the need for coordination between regional and district councils.

Whether this removes a layer of governance depends on whether local bodies are introduced. As mentioned in the description of Option 1, this option assumes the inclusion of local bodies. With Option 2 this decision is optional and at the discretion of each unitary council. Currently only SDC has no community boards.

- Option 1: Replacing the regional council layer with a local body layer. No overall change in number of layers, likely increase in number of elected representatives (including local body representatives)
- Option 2: No change in number of layers if local bodies are included, or a reduction in layers if no local body layer. Coordination is no longer between ‘layers’ but between two unitary councils. Inclusion of local bodies would increase overall number of elected representatives.

The key difference between the status quo and Options 1 and 2 is that representation is shifted closer to communities, potentially strengthening local voice.



7.4. Clarity of roles and responsibilities

Clarity of roles and responsibilities can be assessed by the alignment between three core elements discussed earlier in this report around the Key Concept of Accountability:

- Decision-making — who sets priorities and makes trade-offs
- Funding — who controls resources, sets rates and allocates funding
- Performance — who is responsible for delivery and outcomes.

Where these elements sit together within the same entity, accountability is clear and direct. This makes it easier for communities to understand who is accountable and reduces ambiguity about who is responsible for decisions and outcomes.

Note that this is equally important in Option 1, the single unitary model, but in that case, accountability is delegated internally and is less transparent to those outside the organisation.

Table 9 Clarity of roles and responsibilities in local governance

	Option 1	Option 2
Where does accountability sit? - Decision-making - Funding - Performance	In the unitary council.	Primarily in each unitary council within their respective area, being the entities that set rates and adopt plans. Provided a funding commitment to the SRE is present, there is a secondary triangle with the SRE to achieve the outcomes adopted within the agreed budget.
Overall clarity	Highest clarity. There is no other entity to create any confusion.	Moderate. Requires legislation to maintain clarity of accountability across entities.
Key risks	Concentration of decision-making may reduce perceived local influence. Mitigated through local representation design.	Requirement for durable funding mechanism for regional activities, such as legislated funding arrangements. Dependence on effective joint governance to make and implement regional decisions.

Overall, Option 1 aligns all elements of the accountability triangle within a single entity, while Option 2 introduces a degree of separation, requiring stronger alignment mechanisms (i.e. legislation) to maintain clarity of roles and responsibilities, decisions in the main, however, are made closer to the communities that are most impacted. Maintaining clear accountability is still possible but needs more careful planning in design and drafting of legislation.



7.5. Ease of understanding for communities

Table 10 Ease of understanding for communities

Option	Ease of understanding
Status quo	While district and regional council roles are clearly defined, for many residents the difference is not always obvious, and the need for two separate layers of governance can be unclear.
Option 1	This option is the simplest for the community to understand, there is only a single entity and therefore an easily identifiable point of accountability. Evidence from Auckland suggests that the relationship of a single unitary with local boards was/is not well understood and is still a work in progress, however the complexity of a local body would apply equally to all options.
Option 2	Easier to understand than the status quo, but more complex than Option 1. Each subregional unitary council is fully accountable to the public for the delivery of services within its area. The SRE functions as a shared arm of the two unitary councils may cause confusion, however from the public's perspective, their unitary council is accountable. The addition of local bodies would introduce the same level of confusion as Option 1.

7.6. Ongoing Delivery Risks

Without careful planning, design, implementation and ongoing management, these two different models will show evidence of failure in quite different ways:

Table 11 Ongoing delivery risks

Option 1	Option 2
A slow degradation of performance, typically internal for a reasonable length of time before being visible externally, e.g.: - Accountability is not clearly and consistently delegated within the organisation. - Duplication creeps in across departments. - Scale creates coordination overhead that offsets any efficiency gains. The model keeps functioning but becomes progressively less efficient over time.	Different priorities between the two unitary councils e.g. Difficulty agreeing on regional priorities, sequencing, or funding timelines. This would lead to an increased reliance on legislation and intervention to break deadlocks, rather than collaboration and consensus. New legislation developed during establishment would need to ensure SRE delivery was not compromised while issues were resolved.



7.7. Summary assessment against ‘simplifying local governance’

Table 12 Summary assessment against ‘simplifying local governance’

Option	Assessment	Pros	Cons
Option 1		One council makes the decisions, sets the budget, and delivers the services. Single body for accountability with no room for confusion. Maximum reduced duplication of effort, from four councils down to one. Simplifies planning and reporting. Simple for public understanding. Clear interface for communities and stakeholders.	Decision-making is more centralised, which may reduce perceived local influence. Requires well-designed local representation to maintain connection to communities. One set of policies, plans, bylaws etc requires a high degree of alignment, with identified areas of variation. Variation adds complexity, it can be accommodated but should be limited to where it has the most impact, with alignment as the default position. Internal complexity can still exist but is less visible externally.
Option 2		Reduces four councils to two with clearer accountability than the status quo and simpler at a high level. Handles variation in policy, planning and strategy better than Option 1, as each UC maintains their own (with SRE). Each unitary council is clearly accountable within its own area.	Two councils still mean two sets of policies, plans, and systems i.e. some duplication still exists. Though not a council, the SRE is still a separate legal entity, creating a third entity in the local government space. Effectiveness at regional decision-making relies on ability of legislation to avoid deadlocks.

7.8. What this means for decision makers

All options reduce the number of councils, reduce duplication to some extent and simplify aspects of the current system. The key difference is how far that simplification goes, and where complexity sits.

- Option 1:
 - Matches the intent of Head Start.
 - One council makes the decisions, sets the budget, and delivers the services. Single body for accountability with no room for confusion.
 - However, the decision-making is more centralised, which may reduce perceived local influence.
 - Maximum reduced duplication of effort, from four councils down to one. Simplifies planning and reporting.
 - Simple for public understanding. Clear interface for communities and stakeholders.
 - Coordination is internal within the unitary council.



- Option 2:
 - Reduces four councils to two with clearer accountability than the status quo. Each unitary council is clearly accountable within its own area.
 - While some reduction in duplication, two councils still mean two sets of policies, plans, and systems i.e. some duplication still exists.
 - However, can handle variation in policy, planning and strategy necessary to reflect differences better than single Taranaki Unitary, as each UC maintains their own.
 - Relies on effectiveness of regional decision-making for success.
 - Coordination is external between UCs.

8. Economies of scale

8.1. Financial Benchmarking

In the time available our approach to assessing whether the options can deliver efficiencies is to use a benchmarking approach that considers the existing data sets in New Zealand about council services and their costs (Unitary, Regional and Territorial Authority). We have then looked at where the councils sit in comparison to those benchmarks individually and collectively.

8.1.1. Approach and methodology

To evaluate the potential economies of scale that could be achieved through different unitary council configurations across the region, we undertook an internal benchmarking study that considered the actual functional cost structures of existing local authorities in New Zealand.

Rather than asking whether larger councils are always cheaper in general, we used regression analysis to test whether there was a statistically significant relationship between cost and scale across a range of local government activities, using public financial data and a set of service-specific cost drivers. Instead of population being the only measure of scale, we considered the different metrics that drive cost in each activity e.g. consents as a driver for planning and regulation, infrastructure asset value as a driver for property, urban population as a driver for recreation and sport.

The results do not produce an actual operating budget or detailed cost estimate but show what a mature council that shares the same attributes as the Taranaki region could be reasonably expected to cost.

8.1.2. Is there a relationship between cost and scale?

To answer this question, we completed an analysis of the Local Authority Financial Statistics data collected by Statistics New Zealand. This was used because:

- It has a consistent grouping of activities⁷
- It is a publicly available, national data set
- It has been compiled by a reputable organisation.

⁷ A detailed definition of activities used by Statistics New Zealand can be provided.



We compared this to a range of potential cost drivers that were selected because:

- They were publicly available
- We considered that they may be relevant to the underlying cost structure of one or more of the activities carried out by territorial authorities and regional councils.

We analysed this data to identify any relationship between our set of potential cost drivers and the actual costs incurred for each activity in the national dataset. Regression analysis was completed to determine whether any findings were statistically significant.

Overall, however, we found that 10 of the 13 activities that we examined had a statistically significant relationship between cost and scale with at least a moderate correlation between the two.

Table 13 Activities that have a relationship between scale and total cost

Activity	Cost driver
Environmental protection	Urban Land Area
Planning and regulation (regional councils)	Number of consents
Roading	Population
Solid waste/refuse	Population
Culture	Urban Population
Recreation and sport	Urban Population
Property	Infrastructure asset value
Planning and regulation (territorial authorities)	Consents
Community development	Urban Population
Economic development	Urban Population

Table 14 Activities that have no significant relationship between scale and total cost

Activity	Alternative approach
Governance	Compared to existing costs with allowance to reduce duplication
Emergency management	Sum of existing costs from each council
All other activities	Sum of existing councils, adjusted for observed efficiencies across benchmarked costs when compared to actual results

The analysis found that across all the activities considered, costs increase linearly with scale, each with a fixed and variable component.

- The variable component reflects how much a cost increases for each additional person (or other cost driver).
- The fixed component represents the minimum or “base” cost, regardless of the number of people.

When scale increases, the fixed cost is spread over more people, while the variable costs increase by a consistent amount.



This means that as population grows there are diminishing benefits of scale. While each new head of population adds some cost, it also funds a share of the base cost.

8.2. Demonstrating model fit and validity

To test the validity of our benchmarking approach, we compared the projected costs from the benchmarking exercise with the actual costs in each council. The results of this are shown in the chart below. It shows that at a simple combined level⁸ the actual cost of all three councils combined are in line with the top end of our cost range.

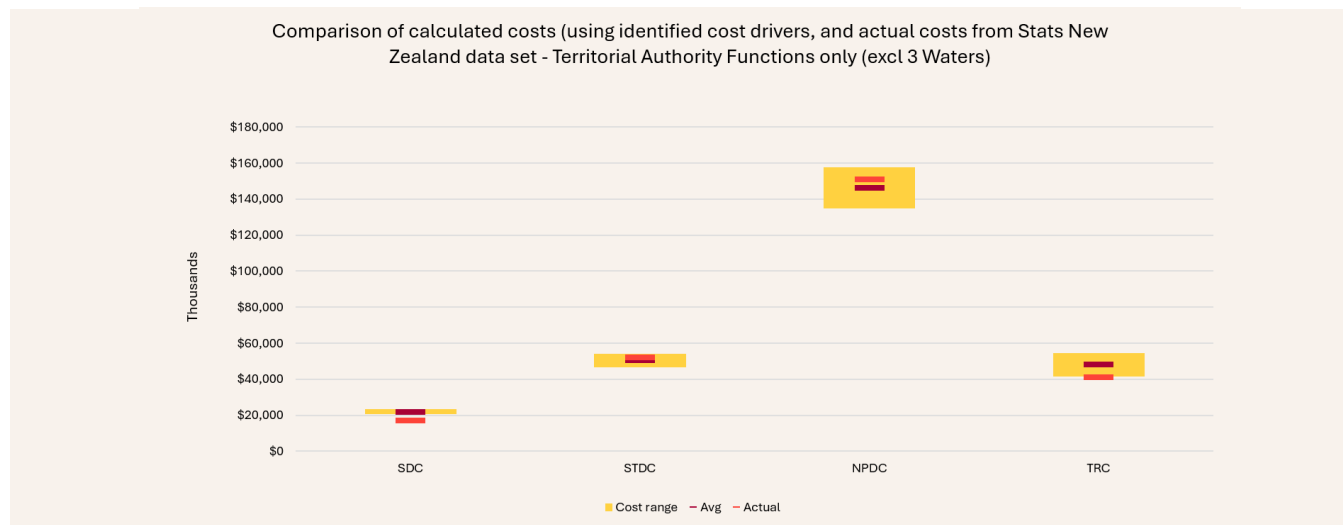


Figure 18 Benchmarked costs compared to actual costs per council to test validity

We also compared our benchmarking for regional council costs against the actual costs for TRC using a similar approach. We note that there are fewer regional councils in New Zealand, and therefore benchmarking of regional council costs is less reliable than territorial authorities.

On this basis, we believe the benchmarking is a relatively good tool for predicting an estimate of the cost of service across Taranaki and can provide useful insights into what the options being considered might cost.

8.3. How do the options compare?

The previous exercise (testing the fit of the benchmarking data) does not consider the increasing benefits of scale that may arise from establishment of one or more unitary authorities. To test this, we used the benchmarking approach to determine what the reasonable costs of the options for one or two new unitary authorities in Taranaki could be. Because we were unable to disaggregate actual costs for regional council functions across the territorial authority areas reliably, we have compared the costs on a per ratable property basis. This means that the “combined actual costs” per property are a weighted average cost per property across the region, not the actual cost per property of each individual council.

⁸ Costs for all three councils combined, with no assumptions made around efficiencies or adjustments for combined scale.



The results of the benchmarking approach shows that the potential for efficiency gains is greater in a single unitary authority model than it is across two unitary authorities. On a per property basis, costs for an SDC & STDC unitary authority are expected to be higher than the Taranaki unitary authority.



Figure 19 Costs and income per rateable property across options

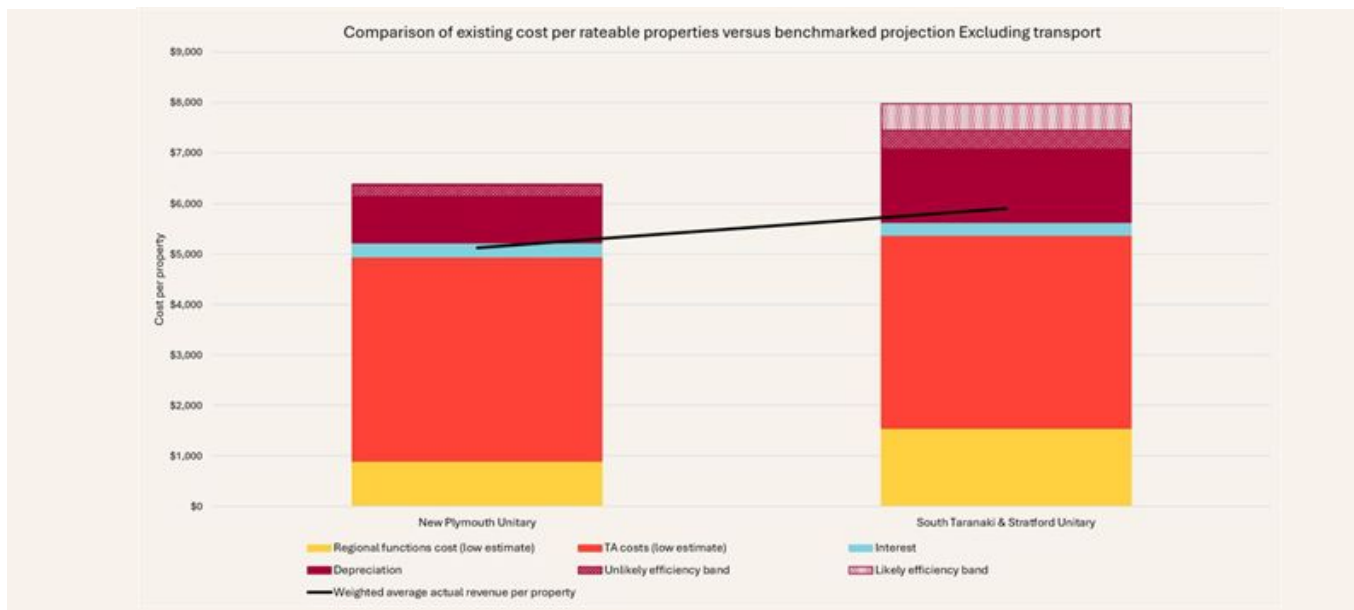


Figure 20 Simple comparison of Taranaki unitary authority versus South Taranaki & Stratford Unitary



8.4. Summary assessment against ‘economies of scale’

Table 15 Summary assessment against ‘economies of scale’

Option	Assessment	Pros	Cons
Option 1		This option will maximise the economies of scale that are available, both financial and non-financial Larger rating base lowers the cost to serve per household. Combining teams increases capability and provides workforce resilience.	Transition costs likely to be higher to fully align four councils into a single entity. Costs to serve an informed and effective local body layer will reduce financial savings. Benefits may take time to realise and may be non-financial.
Option 2		SDC/STDC achieves benefits through larger population and asset base. NPDC and SDC/STDC gain regional functions and greater autonomy.	Scale benefits are uneven. SDC and STDC likely to have to pay more. Duplication of governance, policy and corporate functions remain across three entities. Benefits of regional alignment rely on informal collaboration.

8.5. What this means for decision makers

The more consistent benefits of scale are in capability, coordination, and resilience. Larger organisations are better able to support specialist roles, manage complex infrastructure and regulatory functions, and make more integrated decisions. These benefits tend to improve how councils operate and what they can deliver, but do not necessarily result in lower overall costs to ratepayers.

From the financial benchmarking we can conclude that:

- Option 1: has the greatest financial benefits of options benchmarked and potentially for greater efficiencies, with one organisation able to prioritise investment and deploy resources across Taranaki.
- Option 2: the average cost per rateable property is predicted to be higher under the two unitary council model than the single unitary council model. A two unitary model with the SRE delivers significantly less of scale benefits, as three entities continue to deliver services separately in the region. Regional collaboration is still possible but relies on voluntary collaboration. There is no change for New Plymouth.



9. Maintains local voice

The Government's Head Start programme includes maintaining local voice as a core assessment criterion. For consideration of a one or two unitary council model, this means considering how the governance would preserve community identity, provide fair and effective representation, and remain practical to operate.

A future representation model design would need to decide:

- Whether members are elected at large, by wards, or through a mixed model.
- The total number of councillors and how they are distributed across the area.
- Whether community boards, local boards, or another sub local structure are needed to preserve local voice.
- How Māori wards would be treated as part of the overall design, rather than added later.

In general, a large representation suits places with a strong shared identity and compact geography, wards suit places with distinct communities of interest, and a mixed model can help balance region wide leadership with local representation.

Any representation model needs to explicitly resolve:

- Regional efficiency versus local identity
- Population equality versus community integrity
- Scale versus accessibility
- Technical compliance versus community acceptance.

9.1. Status quo

Under the status quo, there is a variety of local representation models across the region. There is a high degree of similarities between the councils in how local voice is structured and expressed.

- All of the electoral populations are included in a ward
- All councils have Māori Wards
- New Plymouth District and South Taranaki District Councils have community boards, while Stratford does not.

Table 16 Existing representation arrangements

District Council	General Wards	Māori Wards	Community Boards	Number of Councillors	Population per Member
New Plymouth District	Yes (3)	Yes (1)	Yes (5)	15	5800
Stratford District	Yes (2)	Yes (1)	No	12	875
South Taranaki District	Yes (4)	Yes (2)	Yes (4)	14	2128



9.2. Indicative council structures

This section estimates what the council level representation structure might look like under the different options, making comparison with other councils across New Zealand of similar populations. This section does not attempt to design a local body layer, as this is discussed in the next section.

These examples of what representation could be under the different options is provided to help the councils determine which options is preferred. Should the councils choose to develop an outline proposal then we would expect that these would be further developed.

Of note is that the existing four smaller unitary authorities (Gisborne, Marlborough, Nelson and Tasman District Councils) with population of 50,000 to 60,000, each have 13 councillors, a ward structure and all have community boards.

Given the population size and land area of the one and two unitary authority options it is highly likely that elections by ward will provide the best local voice option at the unitary council level.

9.2.1. Option 1: Taranaki Unitary Council

Under a Taranaki Unitary Council model, indicative representation could look like this. For the purposes of estimating the number of elected councillors a Taranaki Unitary has been compared to a similar sized New Zealand Council, Dunedin City Council.

Table 17 Indicative Option 1 representation structure

	Population	Elected Councillors	Number of Wards (including Māori Wards)	Population per Councillor	Has Community Boards
Taranaki Unitary	127,292	14	14	9,093	TBD
Dunedin City Council	132,800	14	Nil	9,485	Yes

The total number of elected members in Taranaki could be assumed to reduce by approximately 60% from the current 41 across the region down to 14, based on the levels of representation in the similar-sized council.

9.2.2. Option 2: Two unitary councils

Under a two unitary council model, indicative representation may look like this:

Table 18 Indicative Option 2 representation structure

	Population	Elected Councillors	Number of Wards (including Māori Wards)	Population per Councillor	Has Community Boards
SDC/STDC Unitary	40,292	12	9	3,357	TBD
Taupo District Council	42,690	12	3	3,558	Yes

Assuming an SDC/STDC unitary council had a similar number of elected representatives as Taupō District this would result in around 12 elected representatives overall, which is a 50% reduction from the status quo. It is also less than South Taranaki currently has. If representation was maintained at the same level as South Taranaki, then the population per councillor would 2,878.



9.3. Addressing local voice

9.3.1. The local body layer of representation

A key difference between the options when it comes to maintaining local voice, is the design of the local body representation layer.

In Option 1 the inclusion of local bodies of some description is essential for maintaining a connection between the unitary council (representing the region) and the different communities of interest that exist within the region. Local bodies can strengthen representation, but they do not replicate the autonomy currently held by territorial authorities.

In Options 2, there is already subregional representation, and the inclusion of local bodies is a design choice for each of the subregional entities.

The figure below represents a spectrum of options for how much authority could be devolved to local bodies, framed as a continuum between two contrasting models.



Figure 21 Spectrum of options for local body delegation

At one end sits a "governance only" model, where local bodies hold a governance role with no service delivery responsibility. This is the position currently occupied by community boards and local boards⁹. This approach makes it feasible to have a larger number of local bodies, each covering a smaller area, with highly targeted input and responsibility.

At the other end is a "governance plus service delivery responsibility" model, in which local bodies take on both governance and delivery functions. This implies fewer local bodies, each spanning a larger area such as an existing district, with a role similar to today's district councils, less anything determined to be regionalised.

The central trade-off is one of granularity versus scope: many small bodies with very targeted remits, against fewer larger bodies carrying broader operational responsibility. The status quo is positioned firmly at the governance-only end.

⁹ Auckland's local boards have operating budgets to direct, but delivery is through council or CCO staff.



9.3.2. Relevance to option comparison

This is an important distinction between the options, because overall Option 1 requires alignment on the structure, purpose and functions of local bodies at the development stage, while Option 2 leaves room for these decisions to be made independently within the same timeframe.

Iwi representation on local bodies is possibly the exception, which could be determined at the local body level in Option 1 and vary across the region.

Prior to Auckland Council's amalgamation, there was 28 community boards across six of the seven district councils. The Royal Commission on Auckland Governance recommended 6 second-tier local councils beneath a single unitary council. The Government agreed with single unitary council but rejected the 6 second-tier councils in favour of 21 local boards, with greater powers than community boards, but less than the second-tier councils proposed by the Commission.)

In a single unitary model, the following decisions need to be made at the unitary council level and be consistent across the region:

- Whether local bodies exist or not
- The population each local body represents, or the representation model that defines them
- Level and scope of delegation and in what activities
- Whether functions to be defined in legislation or determined by unitary council
- Governance only or governance plus service delivery

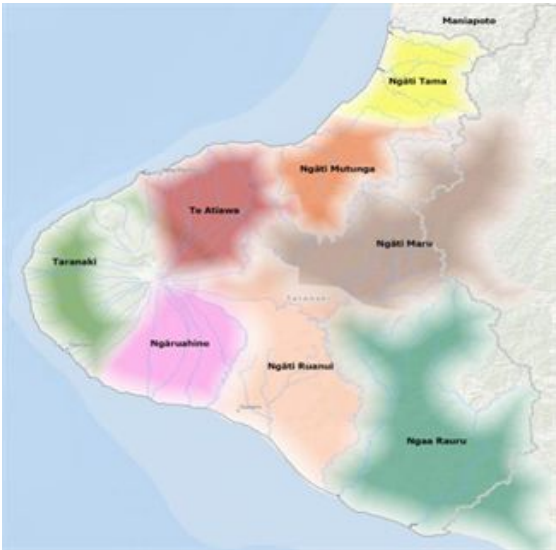
In a two unitary model the same decisions can be made independently by each unitary council.

For example, with two unitary councils:

- One unitary council could adopt local bodies with delegated decision-making powers, while the other could retain community boards focused on advocacy only, or have no boards at all, reflecting different preferences.
- One council could create fewer, larger local bodies with greater responsibilities around budget control and decision-making delegated to them, while the other could establish a greater number of smaller local bodies focused on advisory input.
- One council could choose to tailor service levels by locality (e.g. parks maintenance, local facilities, community funding), while the other could apply more consistent subregional standards across its area.

9.4. Iwi representation

The purpose of this report is to identify the differences between the options and the trade-offs. It does not recommend a preferred approach to Māori representation. There are a number of Iwi areas (shown below) impacting any structure and there has been no consultation with Iwi or Māori communities on these approaches to date. Any changes to representation arrangements would require detailed engagement and consultation with Iwi, hapū, and communities.



The table below shows the similarities and differences of the representation options available at the unitary council level.

Table 19 Opportunities for iwi representation

Opportunity for iwi representation	Option 1	Option 2
Inclusion of Māori wards	Single unitary council would need consistency in approach.	Each unitary council would make an independent decision on their position on Māori wards.
Representation at local body level	Potential for Māori representation to be determined at the local body level and vary across the region to reflect local preferences.	Potential for Māori representation to be determined at the local body level, as well or instead of Māori wards.
Representation through other mechanisms (such as appointments, advisory groups, or partnership arrangements)	Would need to be agreed during detailed model development.	Can be determined by each unitary council independently.



9.5. Summary assessment against ‘Maintains local voice’

Table 20 Summary assessment against ‘Maintains local voice’

Option	Assessment	Pros	Cons
Option 1		Local Bodies are an essential part of this option to maintain local voice. Iwi representation can be determined at the local body level and vary across the region to reflect different preferences.	The overall design of the local bodies and the activities delegated to them needs to be consistent across the region, requiring agreement during the detailed design phase. Local body representation is not as autonomous as councils currently enjoy.
Option 2		Allows for self-determination at the subregional level with each unitary council making independent decisions about Māori wards and local bodies. Structure and delegations to the local bodies can be determined by each unitary council independently.	The cost of maintaining a local voice is higher.

9.6. What this means for decision makers

The primary difference between the options on this criterion is whether local body representation looks largely the same across the region or not.

- Option 1: Creates the most significant change in representation and accountability to the community for both Stratford and South Taranaki by increasing electors per representative. It requires a consistent regional approach to representation i.e. local body delegation and design, Māori wards but has the potential for iwi representation at local body level to be determined locally. The scale change for Stratford and South Taranaki likely requires local bodies to ensure your communities of interest are fairly represented.
- Option 2: Each unitary can determine its own representation approach i.e. local body delegation and design, Māori wards while maintaining comparatively high levels of representation for both councils. Local bodies may still be important to ensure identified communities of interest are fairly represented.



10. Deliverability

Local government and the public sector more broadly have a history of responding to reform and reshaping themselves following Government decisions. In recent times, local government in New Zealand has responded at pace to the removal of water and the creation of Water CCOs with some being stood up on or before 1 July 2026.

Our interpretation of this criterion is that the Government is looking for confidence that the proposed merger can be delivered and that is demonstrated by a clear implementation plan that recognises what needs to be achieved for day one, what can be delivered after day one, and manages the potential risks.

Given that, our view is that any proposal, including all the options considered in this report can be delivered in the Head Start pathway timeframe. However, for the purposes of this assessment, we have drawn on our experience with the Auckland amalgamation and Australian council mergers in New South Wales and Queensland which both suggest that mergers or amalgamations are not without challenge.

In doing that we have identified those factors which create or increase risk when implementing mergers and can affect the likelihood of achieving the expected benefits of change.

10.1. Community resistance

In New Zealand, New South Wales and Queensland there has in the past been strong community concerns about the loss of identity and local decision making from council mergers. Local lobby groups were successful in some cases in stopping mergers, frustrating the operation of the new council or successful in having future governments unwind the merged councils to return to the original councils. Some political parties at the NSW and QLD state government level campaigned on unwinding unpopular mergers and were successful in becoming the incoming government. These governments enabled a demerger process subject to conditions and to date, four in QLD and two in NSW have progressed to implementation and either have or will return to the original councils. In Auckland, similar sentiment reached the point where the Local Government Commission considered two proposals; one to remove North Rodney from Auckland and another to separate Waiheke Island. Both were rejected.

While overall, the history is that most merged councils do not experience a significant community backlash and after a period of time they achieve community acceptance there is a very high degree of community support for a two unitary model in both STDC and SDC. When combined with the significant number of responses both received when compared with typical response rates from the community, lessons from previous mergers would suggest that going against the prevailing community view creates a risk.

The results of the community engagement are set out in the table below.



Table 21 Community response to Head Start

Council	Number of responses	% in favour of the two unitary council model	% of population responded
Stratford District Council	633	83%	6%
South Taranaki District Council	1392	94%	4.7%

10.2. Complexity

The history of local government demonstrates that all options are deliverable. However, the experience across New Zealand, Queensland and NSW where mergers have most recently taken place is that that more complex or novel governance arrangements, particularly those involving multiple entities or shared accountabilities and new structures or models require stronger alignment, clearer role definition, and more sustained implementation effort to operate effectively in practice.

Our experience is that larger councils created under mergers become more complex and typically set and adopt higher standards of performance. Larger councils need to adopt comprehensive internal processes such as communication, Work Health and Safety and project management capability as well as other specialist roles to support the larger organisation. Initially some surplus positions may be moved into new roles supporting new or larger organisational processes and over time these expand. We found that within a short period of the merger, Queensland councils experienced an increase in the number of administrative staff positions while the ‘outside’ staff number remained static. Auckland staff costs exceeded budgets for the first three years following their amalgamation.

Additionally, some elements of a merger are more complex and time consuming to implement. The alignment of corporate information systems, account structures and records was a prime example. With a limited number of council corporate systems providers and the high cost of systems, some councils delayed integration processes, or when they were undertaken, they took two plus years to implement. Costs in most cases exceeded original budgets.

10.3. Services and service levels

Almost all councils we are aware of faced the challenge of aligning different service levels between constituent local authorities. New South Wales and Queensland councils typically had few documented service levels for each of the councils that were merged so it was impossible to cost and consider service level changes easily. As a result, much of the pressure for service level changes was from anecdotal arguments about what one community received versus another or through political lobbying.

Whether it was quality and condition of assets like swimming pools or libraries, the frequency and quality of maintenance of parks or roads, or the type and frequency of domestic waste collection services, these were generally equalised to the highest service levels increasing the cost to all ratepayers. Councillors were naturally reluctant to reduce services or decrease service levels and face a community backlash from parts of the community, so the highest service level was adopted.

In smaller communities the council workforce made up a large portion of the community and sustained community infrastructure such as schools, town commercial centres and community



groups. Ward councillors were reluctant to adopt efficiencies that otherwise impacted their community.

10.4. Summary assessment against ‘deliverability’

Table 22 Summary assessment against ‘deliverability’

Criteria	Rating	Pros	Cons
Option 1		The most complex transition but simplest end state (4 entities into 1). Lack of community support is considered a risk.	Largest organisational transition and integration challenge but would be happening simultaneously with others in NZ.
Option 2		Less complexity in transition into two entities. Bespoke but highly likely to be similar to other areas in NZ. Level of community support may influence success, especially during initial operations.	How regional functions will be effectively governed and delivered is critical and the ongoing requirement for that adds complexity. Bespoke legislation required for ongoing arrangements.

10.5. What this means for decision makers

This report has been prepared and needs to be considered alongside community engagement. If there is a particularly strong sentiment regarding whether one unitary or two unitary councils are preferred, then being seen to go against the prevailing community view can be challenging and creates risk. Evidence from other jurisdictions suggests that unpopular mergers can significantly impact the deliverability of the new council’s implementation and operations.

Option 1 reflects a model that is already established within New Zealand local government. It requires the maximum transition of people, processes and systems into a single entity, and as a result it will face additional complexity during this transition. However, it will do so once and once only.

Option 2 requires two simultaneous transitions. While simpler, as each transition is of a much smaller scale, the allocation of Taranaki Regional Council functions, activities and staff across the two new unitary councils brings complexity. The creation of two unitary councils that align with different communities and their needs provides flexibility for those to respond to the community concerns of the mergers.



11. Summary: Key trade-offs

Based on the analysis in the previous sections, this section summarises the key differences between the options that are not design details that can be resolved through further work.

These four trade-offs are interrelated, and one model cannot and will not achieve everything.

They reflect fundamental choices about how governance in Taranaki would operate. Trade-offs will need to be made based on council and community preferences.

Across the assessment, five recurring trade-offs have emerged:

11.1. Simplicity and clarity vs flexibility and local variation

A single unitary council provides the simplest model. There is one organisation responsible for both regional and local functions, with a single point of accountability. This reduces duplication, enables consistent approaches across the region, and is easier for communities to understand.

This impacts council strategies, policies, plans and bylaws which influence the way councils operate. For example, a single unitary council would align financial strategies and procurement policies and make investment decisions on behalf of the region. This consistency and reduced duplication make the unitary council more efficient, and it makes it easier for businesses in the region to learn what to expect out of working with and for council.

By contrast, a two unitary model introduces deliberate complexity at the higher levels of local government to allow for greater flexibility at the subregional layer. This flexibility comes at the cost of a more complex system, both in governance and in how services are planned and delivered with the SRE delivering regional functions and bespoke legislation required.

The core choice is whether simplicity and consistency across Taranaki are prioritised, or whether flexibility to tailor different approaches under two unitary councils is more important.

11.2. Single point of accountability vs shared accountability requiring coordination

Under a single unitary council, decision-making, funding, and delivery responsibility sit within one organisation. This creates a clear line of accountability, with one entity responsible for outcomes.

Under a two unitary model, accountability for local services remains clear within each council's area. However, functions where natural systems, infrastructure networks, or statutory planning responsibilities operate across boundaries will continue to require a regional approach.

In these cases, the model relies on a shared regional entity and a mechanism for shared regional decision making. While this can be designed to provide clarity, it introduces complexity and the need for ongoing agreement to be reached (supported by legislation) between the councils.

The trade-off is between a single, clearly identifiable decision-maker, and a system where accountability is shared and depends on effective collaboration via a formalised regional decision-making process.



11.3. Regional consistency governance vs ability to maintain different local governance arrangements

A single unitary council requires region-wide consistency on key governance settings. This includes decisions such as representation arrangements, the treatment of Māori wards, and the structure, number, and role of local bodies.

A two unitary model allows each council to determine these settings for its own community. This includes the ability to take different approaches to representation, local bodies, and iwi and community engagement.

This trade-off is similar to the first but specifically on designing approaches to representation, between a consistent regional approach and the ability for different parts of Taranaki to adopt different positions on matters of local governance and representation.

11.4. Benefits of scale vs benefits of being local

A single unitary council maximises the potential benefits of scale. It brings together resources, capability, and systems into one organisation, reducing duplication, increasing capability and enabling more effective and efficient service delivery in functions where scale matters. This impacts not only council's own capability, but also council's ability to support business development in local communities through broader outcomes in procurement and more effective communication with local community groups.

A two unitary model retains decision-making closer to communities through subregional organisations with their own mandates. Local body representation, even working at its best, can never fully replace the autonomous decision-making each of the district councils currently enjoy.

The trade-off is between maximising efficiencies from scale and maintaining closer proximity between decision-makers and communities.

While a single unitary council maximises the potential benefits of scale, it is important to distinguish between operational efficiencies and financial outcomes.

Evidence from the case studies indicates that while amalgamation can deliver benefits associated with scale, including improved service capability, increased organisational resilience, and reduced duplication, these benefits do not consistently translate into lower rates for communities.

While these non-financial benefits of scale are important, they should not be assumed to result in reduced overall costs to ratepayers. In practice, savings in some areas are often offset by increased investment in service levels, infrastructure, and organisational capability.

11.5. Resolving competing priorities internally vs externally

Tensions exist under both models, with competing priorities around how funding is allocated, differences in service levels and investment, how local identity and representation are reflected, and how regional outcomes are balanced against local preferences. The difference is how they are resolved.



Under a single unitary model, competing priorities are resolved within one organisation. All trade-offs are made internally by a single governing body, with local views expressed through delegated local body structures. When priorities conflict, the unitary council makes the final decision.

Under a two unitary model, competing priorities are resolved between councils. Each council determines its own priorities locally, but where issues span boundaries, trade-offs must be negotiated and agreed across councils through the shared regional entity.

11.6. Summary of key differences

These trade-offs are further compared and contrasted in the table below.

Table 23 Summary of key differences in options

	Option 1	Option 2
Who makes the final decision when priorities conflict?	One governing body. All decisions sit within a single political and funding framework.	Multiple decision points. Local matters resolved within each council. Regional matters resolved between councils.
Local representation and identity	Expressed through a consistent regional framework (e.g. wards, local bodies). Identity is recognised but structured uniformly.	Locally determined. Each council can reflect its own identity, representation model, and local preferences.
Handling of Māori wards and governance approaches	Requires a single, region-wide position. Differences must be resolved as part of the overall structure. Iwi representation on local bodies may vary across the region.	Each council can adopt different approaches, reflecting their own communities and preferences.
Where effort and complexity sit	Internal. Aligning the system, maintaining consistency, supporting local bodies.	Between organisations. Maintaining alignment, governing shared functions, sustaining agreements over time.
Option behaviour under pressure (e.g. limited funding, competing demands)	Decisions are forced through one process. Trade-offs are made explicitly and centrally.	Pressure shifts to inter-council negotiation, which may slow or complicate decisions.



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F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.