

Head Start Outline Proposal

Coastal Otago and Inland Otago Unitary Authorities

Executive summary

This proposal establishes two unitary authorities within Otago, supported by a shared regional services structure for functions requiring scale, specialist capability and regional coordination.

The proposal builds on the strengths of Otago's two largest centres - Dunedin and Queenstown - which together provide the region's largest concentration of population, infrastructure capability, planning expertise, regulatory capacity, specialist services, educational institutions, economic activity and investment attraction.

The proposal also builds directly on the agreed Otago Central Lakes (OCL) Regional Deal. The Regional Deal recognises the increasingly integrated nature of the inland economy and provides a strong platform for future growth, infrastructure investment and governance integration.

The proposal captures many of the benefits of two unitary authorities through shared regional services. It establishes a practical pathway to greater integration while maintaining momentum for reform. The proposal is deliberately evolutionary rather than disruptive. It simplifies governance, strengthens regional capability and future proofs options for the region.

The proposal creates:

Coastal Otago Unitary Authority

- Dunedin City
- Clutha District
- Waitaki District (subject to Waitaki's final boundaries)

Inland Otago Unitary Authority

- Queenstown Lakes District
- Central Otago District

Regional functions currently delivered by the Otago Regional Council would be delivered through a shared regional services structure operating across both unitary authorities.

The proposal recognises that catchments provide an enduring framework for integrated planning, investment and stewardship across Otago.

This proposal simplifies governance, strengthens capability, supports planning reform, reduces duplication and creates a pathway for future consolidation.

We recognise that Otago's needs are diverse, while at the same time the region is becoming increasingly interconnected. We propose that two unitary authorities, supported by shared regional services, provide the best balance of scale, capability, local voice, regional integration, and future flexibility.

Strategic case for change

Otago's current governance arrangements reflect historic boundaries rather than modern communities, infrastructure networks, catchments, growth pressures and service needs.

The region currently supports multiple councils, governance structures and service delivery models across a relatively small population base.

Councils face rising infrastructure costs, growing regulatory obligations, workforce constraints and increasing competition for specialist capability.

Reform provides an opportunity to work in partnership with Ngāi Tahu, reduce duplication and support the new planning system. It also, subject to detailed analysis, has the potential to:

- strengthen capability
- improve financial sustainability
- support economic growth
- better align governance with communities and catchments
- create authorities better equipped to respond to future challenges.

A single Otago-wide unitary authority could be a future option. Achieving this, however, would require significant further work to ensure effective governance, fair representation, strong Treaty relationships, efficient service delivery, appropriate regional functions, and broad community support.

Two unitary authorities for Otago

The proposed model establishes:

- an Inland Otago Unitary Authority centred on Queenstown Lakes and Central Otago
- a Coastal Otago Unitary Authority centred on Dunedin and Clutha, with Waitaki's future position to be determined
- shared regional services delivering functions best undertaken at regional scale.

The model simplifies governance, builds capability and preserves future options. This proposal assumes existing boundary lines, but this would be addressed during detailed design.

Leveraging Otago's strengths

The proposal is centred on two authorities working together to deliver on shared regional priorities.

Together they provide the region's greatest concentration of:

- planning capability
- infrastructure expertise
- regulatory capability
- specialist professional services
- educational and research institutions
- economic activity
- population growth
- investment attraction.

The proposed structure allows both centres to support surrounding districts while retaining strong local representation and accountability. The proposal utilises the strengths that already exist within the region and makes them available across Otago.

Across the two proposed authorities there are strengths in both the urban and rural economies.

Urban Otago

Otago's urban centres are key drivers of the regional economy and provide services that support the region. They are home to major tertiary education and healthcare institutions, attract significant visitor activity through tourism, and are increasingly contributing to economic growth through a developing tech sector. Together, these industries support employment, innovation, and investment, strengthening Otago's role as a regional hub.

A two-unitary-authority model would provide a stronger foundation for coordinating growth, infrastructure, housing, and economic development across Otago's urban areas. With greater scale and capability, the new authorities would be better positioned to support the continued success of the education, healthcare, tourism, and technology sectors while delivering more integrated planning and services for communities.

Rural Otago

Otago's rural economy is a defining feature of the region, underpinning local communities, employment, exports, and infrastructure investment. Sheep and beef farming remain central to land use across much of inland and northern Otago, while dairy production is a major contributor in areas such as North Otago and parts of Central Otago. The region has also developed internationally recognised viticulture industries, particularly in Central Otago, alongside a growing horticultural sector producing cherries, apples, apricots and other high-value crops. Together, these industries depend on effective management of water resources, transport networks, biosecurity, environmental regulation, and workforce planning across council boundaries.

A two-unitary-authority model would provide an opportunity to align governance more closely with the distinct characteristics and needs of Otago's rural areas while strengthening strategic decision-making at scale. Two unitary authorities may be better placed to coordinate land-use planning, freshwater management, climate resilience, rural infrastructure, and economic development across connected catchments and productive landscapes. This would help ensure the needs of farming, viticulture and horticulture communities are considered holistically, while providing the capacity and resources needed to support the continued growth and resilience of Otago's primary production sector.

Inland Otago

The Inland Otago Unitary Authority would comprise:

- Queenstown Lakes District
- Central Otago District.

This proposal builds directly on the agreed *Queenstown Lakes–Central Otago Regional Deal*.

The Regional Deal recognises common challenges relating to growth, housing, transport, tourism, infrastructure investment and economic development. The two councils are already increasingly planning and investing together.

The proposed unitary authority formalises and strengthens that existing direction. It provides a potential governance structure for a partnership that is already recognised as central to the future development of Inland Otago.

Coastal Otago

The Coastal Otago Unitary Authority would comprise:

- Dunedin City
- Clutha District

Coastal Otago has strong economic, transport, education, health, infrastructure and service connections across the coastal corridor and lower catchments.

Dunedin's scale, institutional capability and regional service capacity provide a strong foundation for a Coastal Otago authority and a regional shared service model.

Waitaki's future position is yet to be determined.

Waitaki

Waitaki District Council has indicated a preference to explore an amalgamation option with South Canterbury. If this option does not proceed, Waitaki's future alignment within Otago will require reconsideration.

Major catchments, environmental systems and regional functions extend across existing administrative boundaries and require integrated management. There is potential for parts of Waitaki District, including the Waihemo Ward, to align with a Coastal Otago model.

Waitaki is identified as a key matter to be addressed through the detailed design phase of this proposal.

Regional capability and shared services

This proposal focuses on building regional capability, not simply amalgamating existing councils. Its core purpose is to retain, strengthen and deploy specialist capability across Otago at a regional scale.

It would establish shared and co-ordinated functions that would be managed across the two unitaries, creating opportunities where scale creates value.

Regional functions could include:

- regional spatial planning
- natural environment planning
- catchment management
- flood protection
- biosecurity
- environmental monitoring
- public transport planning
- regional transport coordination
- science and technical services
- growing specialist capabilities
- other agreed regional functions.

Governance and delivery arrangements for shared services would be developed during detailed design. For example, a CCO model may provide a single regional organisation with the scale and specialist capability to deliver shared services efficiently while remaining accountable to the participating unitary authorities.

We propose:

Regional functions should largely continue to be delivered at regional scale, even where democratic governance is organised through two subregional unitary authorities.

Two Unitary Authorities

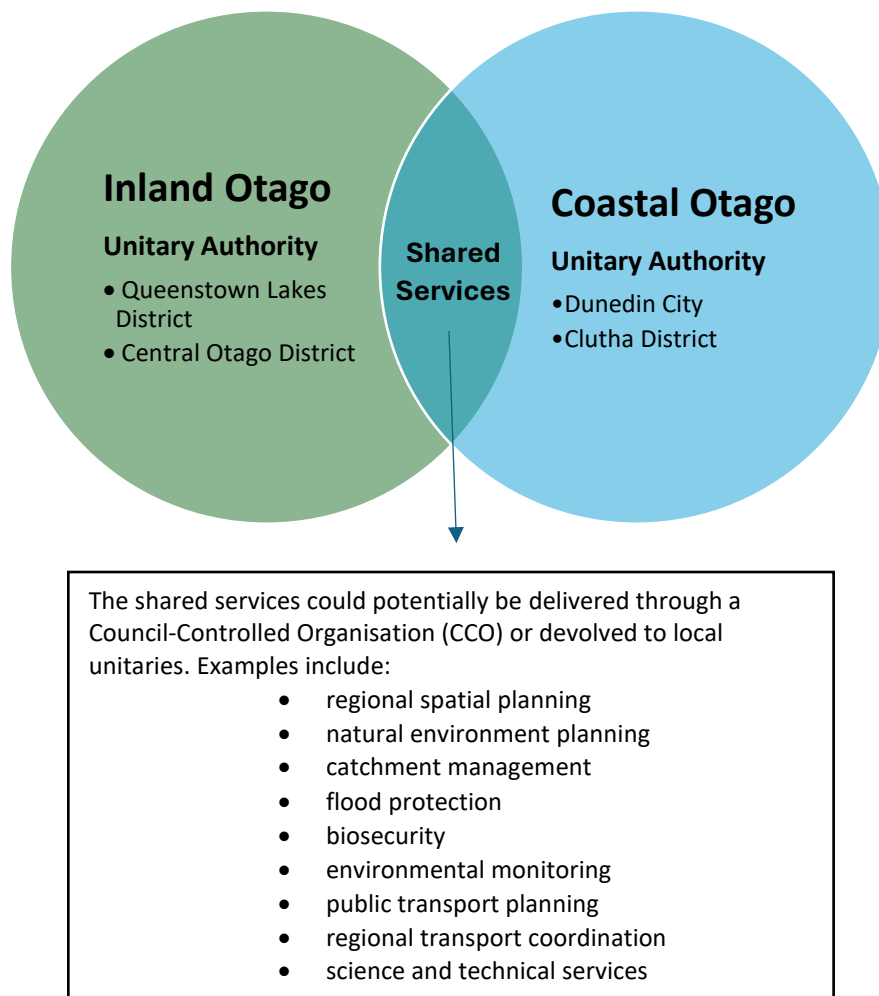


Figure 1: Proposed Unitary Authorities in Otago

Government Priorities

Supporting the new planning system

The proposal strongly supports implementation of the Government's proposed planning reforms.

The current structure requires planning, infrastructure and environmental management functions to be coordinated across multiple organisations.

The proposed model reduces the number of planning authorities while retaining a coordinated regional capability.

It would provide:

- integrated regional spatial planning
- coordinated infrastructure investment planning
- stronger catchment-based environmental management
- consistent science and monitoring capability
- improved alignment of transport, land use and infrastructure planning

- fewer planning organisations
- clearer accountability.

Sharing regional services is particularly important because it ensures that regional planning, environmental management and catchment functions continue to operate through a coordinated regional framework.

Economies of scale and service rationalisation

The proposal enables financial resilience while preserving local accountability.

This could benefit:

- procurement leverage
- specialist capability
- organisational resilience
- financial sustainability
- infrastructure planning
- delivery capability.

Existing service delivery arrangements vary across Otago, including water services.

The proposal leaves current delivery decisions in place and avoids predetermining future service models.

The detailed design phase will focus on opportunities for greater coordination, shared capability, service rationalisation and efficiency where these would improve outcomes for communities.

Ngāi Tahu and Treaty Settlements

Te Rūnanga o Ngāi Tahu has described the Head Start reforms as a once-in-a-generation opportunity to modernise local government structures and develop governance arrangements that are fit for the future of Te Waipounamu communities. This proposal is consistent with that objective and seeks to better align future governance structures with catchments, regional capability and enduring partnership arrangements.

The proposal recognises Ngāi Tahu as mana whenua and acknowledges the four principles identified by Te Rūnanga o Ngāi Tahu:

- Local government boundaries should align with the Ngāi Tahu takiwā boundary.
- River catchments should be the primary determinant of unitary council boundaries within the Ngāi Tahu takiwā.
- A joint takiwā-wide entity should be established to provide shared back-office and specialist functions on behalf of new unitary councils.
- Future arrangements should incorporate genuine cooperation between councils and Papatipu Rūnanga.

The proposal aligns strongly with the principles relating to catchment-based governance, the establishment of a shared regional services model providing specialist capability across the region, and genuine cooperation with Papatipu Rūnanga. The question of how future governance boundaries relate to the Ngāi Tahu takiwā is identified as a key matter for detailed design and engagement with Te Rūnanga o Ngāi Tahu and affected Papatipu Rūnanga.

The proposed shared regional services model supports integrated planning and environmental management at the catchment scale, creates a regional centre of expertise for planning, science,

environmental management and other specialist services, and provides a structure capable of supporting stronger regional engagement with Ngāi Tahu and Papatipu Rūnanga.

Detailed design would be undertaken in partnership with Te Rūnanga o Ngāi Tahu and affected Papatipu Rūnanga to ensure Treaty settlement arrangements continue with equivalent effect and that future governance arrangements appropriately reflect mana whenua aspirations.

Local voice and representation

Reform should protect local voice while creating a simpler and stronger local government system. Local accountability would remain central to detailed design.

The detailed design phase would consider:

- wards
- community boards
- local boards
- place-based governance arrangements
- rural representation
- mana whenua participation mechanisms
- other forms of local democratic representation.

We propose:

Regional matters should be managed at regional scale. Local matters should remain close to the communities affected by them.

Closing Statement

This proposal provides a practical and achievable pathway to reform. It is the preferred model for detailed investigation. It builds regional capability, aligns with the new planning system, and creates a model for future collaboration that will benefit local communities. It also addresses the critical matters that must be resolved before Otago can responsibly determine its final structure: formal public consultation, Ngāi Tahu partnership, catchments, Waitaki, planning reform, service delivery, local voice, financial implications and long-term governance scale. As this work progresses, we remain committed to working with Otago mayors and neighbouring regions to further consider boundary and catchment arrangements.

Indicative Timeline (October 2026 – March 2027)

If accepted in principle by Cabinet in September 2026, participating councils will establish a working group to oversee development of the final proposal. The indicative timeline will run from October 2026 to March 2027 and culminate in submission of a final proposal to Government in March 2027. Cabinet consideration of the final proposal is expected in May 2027.

October – November 2026

Community Engagement

- Commence engagement with communities, businesses and stakeholders.

Boundaries and Waitaki

- Commence assessment of Waitaki alignment options, including Waihemo Ward.
- Analyse catchment, service delivery, representation and community of interest implications.
- Define the coastal / inland boundaries.
- Draught special plan modelling and boundary mapping.

Ngāi Tahu Partnership

- Establish partnership process with Te Rūnanga o Ngāi Tahu and affected Papatipu Rūnanga.
- Commence review of Treaty settlement implications.

Regional Services

- Confirm design principles for shared regional services.
- Confirm the scope of regional functions.

November – December 2026

Governance and Representation

- Develop representation and local governance options.
- Assess ward, community board and local board models.

January – February 2027

Planning Reform and Catchment Management

- Finalise regional spatial planning arrangements.
- Finalise integrated catchment management arrangements.

Financial and Organisational Design

- Complete organisational design.
- Assess assets, debt and liabilities.
- Assess costs, including transition costs, ongoing operating costs and rating impacts.

Formal Public Consultation

- Special Consultative Procedure begins (Section 83 LGA 2002)
- Statement of Proposal, Summary Document, Public Notice, and Submission Process is undertaken.

March 2027

- Confirm preferred structure and arrangements.
- Submit final proposal to Government.