

Full Council

3 August 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Chief Executive

Title | Taitara: Head Start – Council Amalgamation Next Steps

Purpose of the Report | Te Take mō te Pūroko

This report seeks Council direction in relation to the government's Head Start process.

Executive Summary | Whakarāpopototaka Matua

The Government's Head Start process provides a voluntary pathway for councils to submit early proposals for local government structural reform, including potential amalgamation and unitary authority arrangements, ahead of any future backstop process after the 2028 local elections. Otago councils have worked collaboratively through the Otago Mayoral Forum to keep the region's options open, supported by preliminary options analysis, community engagement, and early discussions with Ngāi Tahu and neighbouring councils.

The work to date indicates that no single option currently presents a compelling or sufficiently evidenced case for change, particularly as projected cost savings are modest and subject to caveats. This notwithstanding, on July 29 Central Otago District Council (CODC) agreed to submit a Head Start proposal that comprises Queenstown Lakes District Council (QLDC), CODC and Clutha District Council (CDC).

QLDC has the option to support or not support the Head Start proposal that CODC and CDC have put forward. Additionally, Dunedin City Council has expressed interest in the development of an alternative proposal – 'twin unitaries' with creation of two unitaries, inland and coastal Otago. QLDC and CODC would form an Inland Otago unitary council, with regional council functions being delivered through a shared services model with the Coastal Otago unitary council.

If accepted into the Head Start process with either proposal, QLDC will need to continue to collaborate with other councils, the community and Ngāi Tahu to explore detailed design solutions.

This report does not present an officer recommended option, given the inherently political nature of the decision required and the lack of evidence and information available to provide such analysis within the timeframe available.

Recommendation | Kā Tūtohu

That the Council:

1. **Note** the contents of this report and its attachments;

Either:

2. **Agree** that QLDC does not support a unitary authority comprising of QLDC, Central Otago District Council and Clutha District Council and:
 - i. **Instruct** the Chief Executive to prepare a letter to Minister Bishop to this effect.
 - ii. **Authorise** the Mayor to sign the abovementioned letter, subject to the review of all Councillors.

Or:

3. **Agree** that QLDC does support a unitary authority comprising of QLDC, Central Otago District Council and Clutha District Council;

And either:

4. **Agree** that QLDC does not support submitting a Head Start proposal with Dunedin City Council in support of a 'twin unitaries' model– being Inland Otago and Coastal Otago with regional council functions supported through a shared services arrangement;

Or:

5. **Agree** that QLDC submits a Head Start proposal with Dunedin City Council in support of a 'twin unitaries' model – being Inland Otago and Coastal Otago with regional council functions supported through a shared services arrangement and:
 - i. **Instruct** the Chief Executive to develop the Head Start proposal.
 - ii. **Authorise** the Mayor to sign the abovementioned proposal, subject to review of all Councillors.
6. **Note** that submission of the proposal will require the agreement and joint participation of Dunedin City Council; and
7. **Note** that QLDC will continue to partner with Ngāi Tahu during the detailed design phases that will follow.

Prepared by:



Name: Michelle Morss
Title: Interim Chief Executive
29 July 2026

Context | Horopaki

1. The Government is progressing a programme of local government reform aimed at simplifying structures and improving efficiency. Following consultation in late 2025, it has adopted a two pathway approach, a voluntary “Head Start” pathway for early movers, and a later compulsory “backstop” process after the 2028 local body elections. It currently remains unclear as to what the backstop process will involve.
2. The Head Start pathway enables groups of councils to develop and submit outline proposals for structural reform, including the potential creation of unitary authorities that combine regional and territorial functions. Proposals must be submitted by 9 August 2026 and will be assessed by Cabinet against criteria such as deliverability, simplified governance, economies of scale and maintenance of local representation.
3. Any two or more territorial and/or unitary authorities (except for Auckland) including cross-boundary groupings, may submit if they represent a majority of either the directly affected territorial authorities, or population across directly affected areas. Proposals cannot be submitted by minority groupings, individual territorial authorities or unitary authorities, regional councils, individuals or other organisations. Further information is available in the policy document at Attachment A.
4. Government assessment criteria include:
 - Deliverability;
 - Support for the new planning system;
 - Simplification of local governance;
 - Economies of scale; and
 - Maintenance of local voice and representation.
5. The pathway was designed to move quickly:
 - Head Start announced: May 2026;
 - Outline proposals due: 9 August 2026;
 - More detailed design work: 2027; and
 - Wider “backstop” reforms commence after the 2028 local elections.

6. The Otago Mayoral Forum agreed to take a collaborative regional approach in considering reform. This involved developing shared analysis and options across councils, alongside coordinated engagement with communities and mana whenua. This work was progressed within timeframes that keep the option of participating in the Head Start pathway open, while not committing any individual council to a specific proposal. Further information is available at the Otago Mayor Forum's website: <https://www.otagomayors.org.nz/>
7. Activity has included a region-wide community survey (results at Attachment B) and a local-level chat forum (both hosted in QLDC's case on the Let's Talk website), early engagement with Kāi Tahu and neighbouring councils, and commissioning of an independent options analysis through Morrison Low. A copy of the Morrison Low report is at Attachment C.
8. In addition to the work of the Otago Mayoral Forum, QLDC has also addressed the matter through the June CE Report at full Council, two public workshops and three public drop-in sessions to explore options in Queenstown, Arrowtown and Wānaka. The Queenstown Chamber has also provided a letter to express views on behalf of the Queenstown business community. A copy of this is provided at Attachment D.
9. Through attendance at the Otago Mayoral Forum and Otago Te Rōpū Taiao, Ngāi Tahu has expressed a strong interest in participating in the amalgamation work. Te Rūnanga o Ngāi Tahu considers these reforms an important opportunity and as such are encouraging participation in the Head Start process. Ngāi Tahu has expressed that the following four principles should be considered:
 - 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/ South Island "Centre of Expertise" entity should be established to provide shared back-office and specialist functions on behalf of new unitary councils; and
 - Future arrangements should incorporate genuine cooperation between councils and Papatipu Rūnanga.
10. During the course of the work there have been a number of variables adding complexity to the analysis of options. For example, in response to public pressure, Waitaki has elected to advance discussions with Timaru, Mackenzie and Waimate District Councils as opposed to Otago. Southland Mayors were also invited to explore options with the Otago Mayors, but only Gore has expressed an interest in this approach to date. Clutha District is also keen to explore a further catchment-based option that considers amalgamation with QLDC and CODC.

Analysis and Advice | Tatāritaka me kā Tohutohu

11. The Morrison Low report at Attachment C examined the financial case for change, whilst also considering a range of other economic and community factors. The report considered three core options with a small range of variations:
 - An Otago wide unitary option;
 - An inland unitary and a coastal option; and
 - A rural unitary, alongside two other unitary councils – Queenstown Lakes and Dunedin.
12. The report did not present a definitive option with a compelling financial case for change. It has become apparent that cost savings will not be the key driver in decision making, as the predicted cost savings and efficiencies in these options are relatively low and subject to a number of caveats.
13. Initially, the Mayoral Forum held a shared position that based upon the findings of the reports, surveys and conversations, preparation of an agreed Head Start proposal by 9 August 2026 was impractical. As such, a shared letter of intent was considered. This letter was intended to outline the work and conversations to date, as well as provide a commitment to continue working collaboratively together.
14. On 29 July, CODC voted to prepare a Head Start proposal rather than participate in the letter of intent process. They will submit a Head Start proposal for a unitary authority including CODC, CDC and QLDC – provided that either QLDC or CDC also vote in support. QLDC was not party to the development of this option and as CODC and CDC represent the majority of the affected territorial authorities, this approach is permitted under the rules of the process if both choose to support. The paper as discussed at the CODC meeting can be found at p. 213 here: [Agenda of Council meeting - Wednesday, 29 July 2026](#)
15. Whilst Otago has undertaken a large amount of preliminary analysis in the time available, there has not been sufficient time nor notice to undertake an appropriate analysis of the proposal put forward by CODC and CDC.
16. Given the existing communities of interest, close proximity, relationship with the regional deal and the Queenstown Chamber's recommendation, exploring ongoing amalgamation with CODC appears appropriate. QLDC's relationship with CDC is broadly limited to the relationship at the Mayoral Forum level due to fewer shared communities of interest and greater distance from the Queenstown Lakes District.
17. Subsequently, Dunedin City Council (DCC) has indicated an appetite to submit a separate Head Start proposal, that recommends creation of a 'twin unitaries' model for Otago, with an inland and coastal unitary. QLDC and CODC would form an Inland Otago unitary council, with regional council functions being delivered through a shared services model with the Coastal Otago unitary

council. Dunedin, CDC and potentially Waitaki District Council (WDC) would constitute the Coastal unitary. Regional functions currently delivered by the Otago Regional Council would be delivered through a shared regional services platform operating across both unitary authorities.

18. Arguably, this model offers appropriate scale, aligns communities of interest, retains catchment management integrity through a shared service provision and is in keeping with the collaboration required under the Regional Deal. Noting, that at the time of writing this paper, no detailed analysis (beyond the findings of the Morrison Low report) has been undertaken. Staff have started to conceptualise the scope of a proposal, but a draft is not available to append to this report.

Options

19. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

Head Start Proposal – with CODC and CDC

20. Option 1 – Support the Head Start proposal prepared by CODC and CDC.

Advantages

- Enables time for greater analysis of the opportunities this may present.

Disadvantages

- Challenges the ability to consider alternative proposals.

21. Option 2 – Do not support the Head Start proposal prepared by CODC and CDC and write a letter to Minister Bishop to that effect.

Advantages

- States QLDC's position clearly for consideration in the Head Start process.
- Enables alternative options to be considered.

Disadvantages

- Full analysis of this option has not been possible and may present unforeseen opportunity.
- Misses the opportunity to participate in the Head Start process and leaves QLDC in the unclear 'backstop' process.

Head Start Proposal – with Dunedin City Council (DCC)

22. Option 3 – Prepare a Head Start Proposal with DCC to propose a ‘twin unitary’ model for Otago.

Advantages

- States QLDC’s position clearly for consideration in the Head Start process.
- Allows for detailed design work to continue.
- Builds upon the relationship with CODC established through the regional deal.
- Allows for partnership with Ngāi Tahu during the detailed design phase.

Disadvantages

- Challenges the ability to consider alternative proposals.

23. Option 4 – Do not prepare a Head Start Proposal with DCC to propose a ‘twin unitary’ model for Otago.

Advantages

- States QLDC’s position clearly for consideration in the Head Start process.
- Enables alternative options to be considered.

Disadvantages

- Full analysis of this option has not been possible and may present unforeseen opportunity.
- Misses the opportunity to participate in the Head Start process and leaves QLDC in the unclear ‘backstop’ process.

Take no Action

24. Option 5 – Do nothing and do not participate in either process.

Advantages

- Reduces time and resources required to participate.
- Enables alternative options to be considered outside of the Head Start process.

Disadvantages

- Misses the opportunity to participate in the Head Start process and leaves QLDC in the unclear 'backstop' process.

25. This report does not present an officer recommended option, given the inherently political nature of the decision required and the lack of evidence and information available to provide such analysis within the timeframe available.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi i kā Whakaaro Hiraka

26. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2024 given the early stage of the process.
27. The persons who are affected by or interested in this matter are Ngāi Tahu, and all residents and ratepayers of the Queenstown Lakes district community.
28. Whilst there has been community engagement on the matter, the timeline has not enabled this to be sufficient.

Māori Consultation | Iwi Rūnaka

29. Te Rūnanga o Ngāi Tahu has been engaged in the process to date via the Otago Mayoral Forum and Te Rōpū Taiao.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

30. This matter relates to several Tier 1 risks within the QLDC Risk Register. It relates most directly to RISK 10019 – Central Government reform programmes impact Council's ability to achieve its objectives. This risk has been assessed as having a moderate residual risk rating.
31. This matter also relates to RISK10015 (Ineffective Governance), RISK10020 (Ineffective Communication) and RISK10044 (Failure to work effectively with Mana Whenua).
32. Approval of the recommended option mitigates these risks by enabling QLDC to remain constructively engaged in the reform process, while avoiding premature commitment to a formal amalgamation proposal before adequate analysis, community engagement and partnership work with Ngāi Tahu have been completed.

Financial Implications | Kā Riteka ā-Pūtea

33. Approving the recommended option does not commit Council to specific expenditure. Financial commitments arising from the work will be subject to councils' Long Term Plan and other decision-making processes.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

34. The following Council policies, strategies and bylaws were considered:

- The outcomes and principles of the Vision Beyond 2050: Our Strategic Framework | Queenstown Lakes District Council;
- Queenstown Lakes Spatial Plan 2021;
- The Long Term Plan 2024-34.

35. The recommended option is consistent with the principles set out in the documents listed above.

36. This matter is not included in the Long Term Plan/Annual Plan. Financial commitments arising will be developed through other decision-making processes.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

37. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The Regional Deal supports building economic growth across the district, while in parallel addressing infrastructure constraints and housing affordability challenges. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

38. The recommended option:

- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	Head Start Policy Document
B	Region-wide Community Survey Results
C	Morrison Low Report
D	Letter from Queenstown Chamber of Commerce