Morrison Low Advisory

Head Start Option 4 Supplementary

Councils of Otago Region

22 July 2026

Morrison Low Advisory

Prepared for:

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

Purpose of this report

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

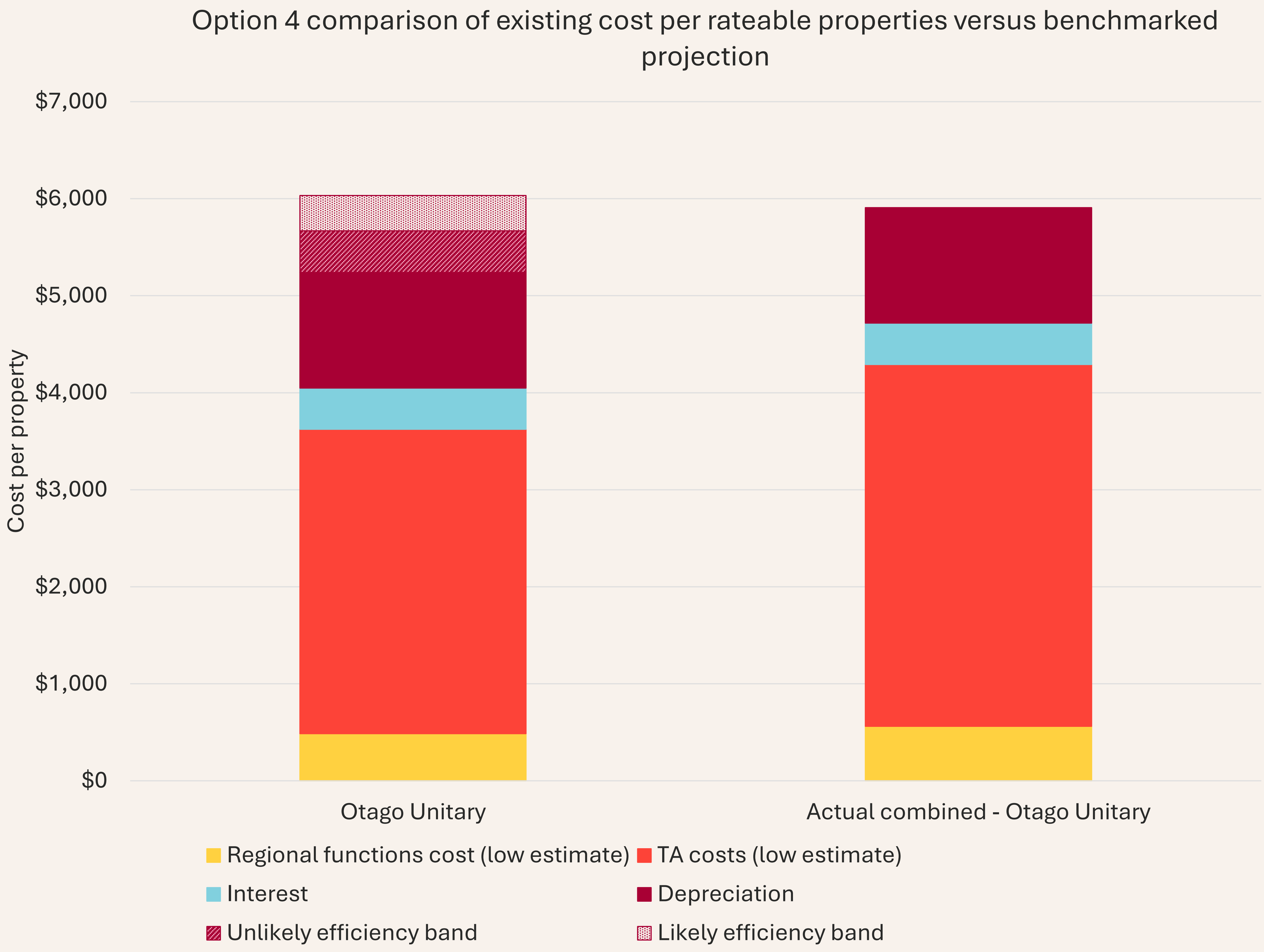
This report contains supplementary analysis regarding a fourth potential option for a unitary authority, being a combination of:

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

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

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

Option 4



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

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All options compared

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

Assessment against government criteria

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

Government Criteria	Option 4: two unitary authorities, QLDC+CODC+CDC, DCC
Supports the new planning system	• Simplifies catchment management for the large Clutha River, with other areas possibly being simplified through boundary adjustments. • One regional combined plan, but covering two councils. Dunedin and Queenstown require separate chapters regardless of model. • Increased number of steps to make regional planning decisions amongst two councils, and more plans overall. • This option connects Queenstown Lakes with supporting growth areas in Central Otago.
Simpler local governance	• Two councils instead of one, requires coordination between them. • Introduces regional entity (or in-house business unit) to deliver regional functions, that requires joint governance by two councils, reducing simplicity, but less coordination than in Option 2 or 3. • Duplication of some effort by each unitary, but less than Option 2 or 3. • Only one organisation to transact with for most customers.
Economies of scale	• Minor scale efficiencies possible for joint entity, while cost for DCC likely to be similar to status quo. • Regional functions require a joint entity or an in-house business unit servicing both unitary authorities. • Strategic decisions affecting broad Otago area likely to be progressed e.g. freight corridors, but less connected to Port in Dunedin. • Capability resilience improved over status quo, but not as strong as a single unitary. • Level of service specific to Wakatipu could be established separate from the remaining rural townships and rural areas.
Maintains a strong local voice	• A strong rural voice. • Address large differences between the city of Dunedin and the rural areas and towns across most of the second unitary authority. • Requires representation arrangements to address large differences specific to Wakatipu part of QLDC. • Disparate communities forced to come together and be represented collectively.
Deliverability	• Regional functions may require separate regional entity or DCC unitary could receive services from an in-house business unit of the other unitary. • Aligns more closely with community sentiment than a single unitary. • Aligns with the inland Regional Deal.

Assessment against government criteria

Government Criteria	Option 1: one region-wide Otago unitary	Option 2: two unitary authorities, inland and coastal	Option 3: three unitary authorities, urban and rural	Option 4: two unitary authorities, QLDC+CODC+CDC, DCC
Supports the new planning system	• Simpler planning system, cohesive catchment management.	• Increased complexity in planning decision, disjointed catchment management.	• Further complexity in planning and disjointed catchments.	• One authority to manage most catchments, less planning complexity than Option 2 or 3.
Simpler local governance	• Less duplication and clearer accountability.	• Introduces regional entity to deliver regional functions, less clear accountability and some duplication introduced.	• Same as option 2 but with three councils instead of two the complexity is at least doubled.	• Regional entity for regional functions, but could be less complex than Option 2 or 3.
Economies of scale	• Higher capability in resourcing improves decision making, but increased level of service reduces cost efficiencies.	• Scale efficiencies possible, but not as pronounced as single unitary. • Different efficiency outcomes for Inland and Coastal.	• Queenstown and Dunedin remain relatively unchanged. • Rural councils benefit from aggregation.	• Scale efficiencies possible, but not as pronounced as single unitary. • Level of service differences for Queenstown to be managed.
Maintains a strong local voice	• Disparate communities represented collectively and representation model requires equity across the region.	• Differences inland and coastal recognised but rural voice not as clear. • Each unitary establishes representation reflecting their community.	• Recognises different voices the most. • Each unitary establishes representation reflecting their community.	• Rural voice clearer. • Require representation to recognise Queenstown difference. • Dunedin representation unchanged from status quo.
Deliverability	• Simpler to establish, but not aligned with community sentiment, risking challenge during establishment.	• Aligns more closely with community sentiment, but requires separate regional entity establishment.	• Similar complexity to establish as option 2.	• Slightly less complex to establish than Option 2 or 3.

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Thank you

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