



**I give notice that
an Ordinary Meeting of Council will be held on:**

Date:	Tuesday, 28 July 2026
Time:	10.15am
Location:	Council Chamber Level 1, 67 Horomātangi Street Taupō

AGENDA

MEMBERSHIP

Chairperson Mayor John Funnell

Deputy Chairperson Cr Kevin Taylor

Members

- Cr Rachel Cameron
- Cr Duncan Campbell
- Cr Nicola de Lautour
- Cr Ngāhuia Foreman
- Cr Sandra Greenslade
- Cr Kylie Leonard
- Cr Steve Manunui
- Cr Wahine Murch
- Cr Christine Rankin
- Cr Yvonne Westerman
- Cr Hope Woodward

Quorum 7

**Julie Gardyne
Chief Executive**

Auditory Announcement

Please note that one of today's meeting participants has hearing loss. To support clear communication, please use the microphones, speak clearly, and keep your mouth visible to assist with lip-reading.

Reports Not Council Policy

The reports included in this agenda are provided for consideration only and do not represent Council policy unless or until they are formally adopted. If you require further information about any report, please contact the Chief Executive, the Chairperson, or the Deputy Chairperson.

Public Forum

Members of the public are welcome to address the Council or committee during the public forum at the start of the meeting. To participate, please complete the public forum request form available on Council's website by 4.00pm on the day prior to the meeting.

Livestreaming and Recording

Meetings held in the Council Chamber are livestreamed on Council's YouTube channel, and recordings are uploaded shortly after the meeting.

Karakia Tīmatanga – opening prayer gifted by Iraia Bailey of Ngāti Tūwharetoa to Taupō District Council

Tuia ki te mauri o te whenua	Connect to the life essence of the land
Tuia ki te mana o te tangata	Connect and respect to all
Tuia ki te pono, te aroha	Be honest and compassionate
Kia piki, kia eke	(As we seek) to improve, to exceed
Ki te taumata	Expectations
Hui e, Tāiki e	To aim/reach for the summit
	(As we) come together

Karakia Whakamutunga – closing prayer gifted by Iraia Bailey of Ngāti Tūwharetoa to Taupō District Council

Unuhia te rito o tēnei hui	Remove any angst/stress that may have arisen during this gathering
Kia wātea i runga	To be free of anything that impacts your wellbeing
Kia wātea i raro	
Aro ki te tika	That we will act with integrity
Aro ki te pae	As we pursue our goals
Hui e, Tāiki e!	(As we) come together

Order Of Business

- 1 **Karakia**
- 2 **Whakapāha | Apologies**
- 3 **Ngā Whakapānga Tukituki | Conflicts of Interest**
- 4 **Whakamanatanga O Ngā Meneti | Confirmation of Minutes**
 Nil
- 5 **Ngā Kaupapa Here Me Ngā Whakataunga | Policy and Decision Making**
 5.1 Head Start - consideration of options.....4
- 6 **Ngā Kōrero Tūmataiti | Confidential Business**
 Nil

5.1 HEAD START - CONSIDERATION OF OPTIONS

Author: Nick Carroll, Policy Manager

Authorised by: Julie Gardyne, Chief Executive

TE PŪTAKE | PURPOSE

This report provides Council with background information and seeks a decision on how to respond to the Government's Head Start process by the 9 August 2026 deadline.

This report references discussions which have taken place with elected members or officers of several neighbouring councils. However, it is important to note that those councils are still working through their own decision-making processes, and there is the potential that their positions stated in this report change. At the time that this report was prepared Waitomo and Ōtorohanga District Councils had agreed to prepare a Head Start proposal together. Ruapehu, South Waikato and Rotorua Lakes Councils had yet to make formal decisions on how to proceed.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

The Government has provided the Head Start pathway for councils who are ready to amalgamate to form new unitary authorities. This is currently a voluntary process, however there has also been a clear threat that remaining councils will be forcibly amalgamated through a future Backstop process.

Four options have been investigated to better understand the opportunities for Taupō District Council to amalgamate with others. It has become clear that Taupō District Council is in good financial condition with a strong and well managed asset base, and there is no amalgamation option where the Taupō community would be appreciably better off. Not pursuing amalgamation at this point is a good option for the Taupō district.

There is the potential that amalgamations become mandatory at some point in the future. The analysis suggests Taupō district would be better off as part of a smaller subregional unitary authority and should resist being pulled into a single Waikato unitary authority.

Depending on decisions by other councils, there may be the potential to join a Head Start proposal with South Waikato and Rotorua Lakes councils now. That would provide Council with more certainty but there are some challenges with that proposal. Instead of joining that proposal now it is recommended that Council wait for Cabinet to make decisions in September.

The Cabinet decisions will provide clarity on how real the risk is of Taupō district being required to join a single Waikato unitary authority, which subregional options are likely to be successful, and which one would offer Taupō district the best long-term outcomes. Waiting for more information is attractive but does come with the risk that there is no opportunity to join a subregional proposal that has already been submitted, leaving Council to work through a future Backstop process with less leverage.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)**That Council**

1. Acknowledges that the Head Start process is being driven by Central Government with a specific set of objectives, aimed at enabling councils who have been preparing already to amalgamate quickly.
2. Confirms its opposition to mandatory local government amalgamations and ongoing concerns that the Government's suggested efficiencies for local communities may not be realised.
3. Recognises that amalgamation discussions in the Waikato region involving Taupō District Council are not as well progressed as some other regions and require further engagement and exploration.
4. Acknowledges that under the current circumstances the Taupō district community would likely be worse off as a result of a mandatory amalgamation.
5. Acknowledges that the financial analysis shows that Taupō District Council could be a sustainable and viable unitary authority.
6. Confirms that if required to amalgamate in the future, a subregional unitary authority would deliver better long-term outcomes for the Taupō district compared to a single Waikato unitary authority.
7. Acknowledges that following the Cabinet decisions in September, more information will be available on potential risks and the likely success of subregional proposals.
8. Directs officers to prepare a response to be submitted to the Government by 9 August to:
 - a. Express concern at the threat of mandatory amalgamations in the future, particularly where the Taupō district community will likely be worse off.
 - b. Express frustration at the short timeframes associated with the Head Start process and particularly the challenges that has created engaging the community to build understanding and support for change.
 - c. Encourage flexibility through any subsequent amalgamation process, like Backstop, for councils to present their own agreed amalgamation proposals rather than having amalgamation arrangements dictated by Government.
 - d. Confirm that if required to amalgamate in the future our preferred approach is the formation of a subregional unitary authority.
 - e. Explain that Taupō District Council has an ongoing interest regarding the proposals of neighbouring councils and wants to engage Government officials to understand the impacts of Cabinet decisions on those proposals and the possible involvement of Taupō District Council.
 - f. Explain why Council is not supportive of being included in alternative proposals proposed by other councils.
9. Directs officers to report back to Council on 6 August 2026 with the proposed response to be submitted to the Government.
10. Directs the Chief Executive to actively engage with Government officials involved in the Cabinet decision-making process and report back to Council in September.

TE WHAKAMAHUKI | BACKGROUND

Council has had a previous workshop on the Head Start process on 9 June 2026. A workshop was also held on 7 July where officers from Waikato Regional Council provided an overview of the functions they deliver and the associated funding arrangements.

At a meeting on 30 June 2026 Council identified a series of priorities to be considered alongside the Government's own criteria for success and directed officers to investigate four options:

- A. A single unitary authority for the Waikato region.

- B. A central North Island unitary authority including Ruapehu, Waitomo, Otorohanga, South Waikato and Taupō district councils or various combinations of those councils.
- C. A cross-boundary unitary authority that could include various combinations of Rotorua Lakes, Ruapehu, South Waikato and Taupō district councils or various combinations of those councils.
- D. Don't submit a Head Start proposal, remain as Taupō District Council and prepare for a potential Backstop process.

The [agenda report](#) presented on 30 June set out the background to the Head Start process and the Government's intentions around reforming local government. It is important to remember that while the Government has clear intentions to reform local government, the Head Start process is voluntary, is reliant on legislation that has yet to be drafted and may be subject to change following the general election in November.

The Government has also signalled that councils not involved in the Head Start process can expect to be amalgamated into new unitary authorities sometime after 2028. The process and timeframes have yet to be decided, new legislation will be required and there is a risk that the progression of the process is similarly influenced by the November election.

Head Start proposals may not be submitted by minority groups of councils or individual territorial authorities. Two or more territorial authorities may submit a proposal if they represent a majority of either the:

- Directly affected territorial authorities, or
- Population across directly affected areas.

A directly affected authority is one that is proposed to be part of the creation of a unitary authority. It may or may not be a supportive party to the proposal.

The Government has signalled that it is open to considering up to three subregional unitary authorities in large and complex regions like the Waikato (see Attachment 5 for further details).

Council's starting position

Officers understand Council's starting position to be:

- The Government has not provided a compelling case for the need to amalgamate territorial authorities across the country to form new unitary authorities. There will be situations where amalgamation has the potential to deliver efficiencies, however the case has not been made to support wholesale amalgamation.
- The threat of forced amalgamations, through the yet to be designed Backstop process, has been unhelpful in achieving sensible and sustainable long-term solutions. There has been insufficient time for meaningful engagement to build understanding and support for change, nor has Taupō District Council had the necessary time to fully explore and discuss options with other councils. Council recognises that the best future unitary arrangement for the people of the Taupō district may not be able to be achieved through the Head Start process.
- There are some current local government arrangements where localised amalgamations could deliver benefits for the communities involved. Council acknowledges that the Head Start process provides a pathway where those affected councils are ready and willing to proceed. Taupō District Council is not currently in that position.
- Council acknowledges that some form of future change in local government structure is the most likely outcome as opposed to the maintenance of the status quo. The current Government has a clear policy intent that would be reinforced by legislation if it is re-elected. Even if there is a change in government there is a recognition that the previous Labour Government also signalled a need for long-term reform.
- The proposed Backstop process has the potential to result in the creation of a new unitary authority including the Taupō district, that has significant disadvantages for the existing community of the Taupō district. That risk is concerning and has driven the need to explore the four potential options so Council is better prepared to make informed decisions.
- The Head Start process offers the potential to have more influence over which councils form part of any new unitary authority. However, there is a trade-off between maintaining some control over the shape of a new unitary authority and settling for a suboptimal amalgamation arrangement.

Council's objectives should guide decision-making

The decision-making required in relation to the Head Start process is complex involving many variables, some of which are beyond the control of Council. The reality is that Government's process and timeframes have pushed Council into a position where it will need to make this decision in the context of imperfect information. However, keeping the Council's objectives at the forefront may well make it easier to navigate the complexity. Officers understand that Council's objectives are to:

1. Prioritise the future wellbeing of residents of the Taupō district, ideally ensuring that they are better off under future amalgamation arrangements.
2. Ideally maintain some control over which councils we might form a future unitary authority with. In the current circumstances, that could be achieved by proposing an amalgamation option through the Head Start process, however we won't do that at any cost to the Taupō community.
3. Continue to maintain good working relationships with other councils. That means being respectful of their individual circumstances and not including other councils in a proposal we submit when they are not supportive.
4. Make it clear to the Government why we do not support proposals from other councils that include the Taupō district.
5. Demonstrate to the Government that we are open to working constructively to achieve sensible and sustainable reform of local government structures. That needs to be done collaboratively and in a reasonable timeframe that involves the community in a meaningful way with a clear case for change.

NGĀ KŌRERORERO | DISCUSSION

This report examines the four options Council identified and seeks a decision from Council on how to proceed. If Council wishes to lodge a Head Start outline proposal it will need to be submitted to the Government by Sunday 9 August 2026.

There is no guarantee that a proposal will be accepted by the Government. Cabinet is set to make decisions in September on which proposals will proceed to the next stage. If successful in September, substantial further work is required to prepare a Head Start final proposal, which must be lodged by March 2027, setting out the details of the proposed amalgamation.

Attached to this report are:

- Background information on the assessment process. This includes a description of key terms, the assessment criteria that Council identified on 30 June 2026 and further information on the potential for subregional unitary authority proposals (**Attachment 1**).
- An assessment for each of the four options setting out a description, map, analysis against criteria and the potential challenges and opportunities. This assessment also provides commentary where Taupō has been included in options by other parties (**Attachment 2**).
- Supporting information to help elected members understand the contexts for the different options. There is a wide range of information, including maps, that cover aspects like the new planning system, economic profiles, catchment management (**Attachment 3**).
- The Government's original policy document (**Attachment 4**).
- The guidance from the Government on what Head Start proposals are expected to address (**Attachment 5**).
- A summary of the feedback received from the community on the Head Start process (**Attachment 6**).
- Written feedback received from iwi authorities at the time of preparing this report (**Attachment 7**).
- A presentation from Waikato Regional Council presented to a Council workshop on 7 July 2026. It explains the functions that the regional council currently delivers and how funding is currently arranged (**Attachment 8**).

NGĀ KŌWHIRINGA | OPTIONS

At a meeting on 30 June 2026, Council identified four options for further investigation. Information on each of the options has been included in Attachment 2 and the analysis below summarises that work highlighting the key trade-offs or points of difference.

Through the assessment work the following points have become clear:

- There are many factors to consider when weighing up various options for amalgamation.
- The views and preferences of the various councils have shifted over time in response to the many different factors.
- While the assessment provides a narrative highlighting the differences between the options, there simply has not been sufficient time to undertake all of the due diligence required to fully understand the implications of different amalgamation options.
- This is a very significant decision for elected members with long-term consequences. There are risks for the community in rushing that decision-making.
- Most of the factors involved in decision-making require subjective judgements. There are very few that are quantified and black and white. It is highly likely that different individuals will weigh the various factors differently in their decision-making and that is appropriate.
- Best endeavours have been made in providing the financial analysis however there are limitations to the information that is publicly available. To enable modelling, assumptions have had to be made on matters like the anticipated levels of efficiency gains or transition costs. There will remain high levels of uncertainty around some of those assumptions until more detailed work is undertaken on a specific option.
- The Assessment detailed in Attachment 2 looks at the Government's five criteria as well as the following criteria that Council identified on 30 June 2026: Decisions on important local issues are made locally.
- We have a strong voice on the significant decisions made by a unitary authority.
- Community infrastructure continues to meet our needs and is delivered when we need it.
- Local services continue to be delivered in a timely manner.
- Our key drivers of our economy are supported.
- The Vision and Strategy for the Waikato River continues to be delivered.
- Existing Treaty based settlement agreements, arrangements and obligations are upheld.
- Our urban growth and rural priorities are met so we are not held back.
- Our environment is protected, particularly through the integrated management of the Waikato River, Lake Taupō and its tributaries.
- We consider the potential liabilities associated with new or amplified natural hazard risks such as tsunamis, sea level rise, coastal erosion and inundation.
- Any new unitary authority should be financially resilient over the long term and ensure financial impacts on the Taupō community are mitigated.

Option A: A single unitary authority for the Waikato region.

This option would include all of the councils in the existing Waikato region with the exception of Rotorua Lakes Council who are located in both the Waikato and Bay of Plenty regions.

This option is unlikely to be feasible as a Head Start proposal given low levels of support from other councils in the region. Despite that there is still the potential that a small number of councils with a majority of the regional population promote this proposal without the support of the majority of councils. The Government may also promote this option via a future Backstop process.

Advantages	Disadvantages
✓ Simplest governance arrangement with one Council replacing 11 councils in two separate layers of local government. This aligns well with the cabinet paper outlining the Government's Head Start process suggesting 1-3 unitary authorities for a region. ✓ Opportunity for cost efficiencies through consolidating services, although evidence for achieving cost efficiencies is not strong, particularly when organisations become very large like this one would be. ✓ Provides a strong single entity with significant ability to advocate to Government on regional priorities. Would help to balance the influence of surrounding regions like Auckland and the Bay of Plenty. ✓ Larger urban centres, particularly Hamilton, have the potential to cross subsidise rural areas and smaller towns. ✓ Efficient delivery of regional services that require integration like transport, planning, and catchment management. ✓ Large organisational balance sheet and scale. ✓ Provides a one stop shop for customers. ✓ Potential for cheaper Infrastructure delivery through the purchasing power of a large organisation, however the large scale also poses risks that inefficiencies erode those savings. ✓ Supports implementation of the new proposed planning system, centred around a regional spatial plan and makes delivery of the new natural environment plan simpler.	✗ Larger organisation may mean more layers of management, complex operational decision-making and less innovation. ✗ The short-term transition is likely to be very complex and therefore disruptive to the delivery of the new planning system. It is unlikely that the two changes could be made in parallel. ✗ This option is likely to be the most expensive in terms of implementation costs for the councils involved given the substantial scale and complexity of merging 11 organisations. ✗ Difficult for customers dealing with an organisation that is physically remote, meaning customers are less likely to develop a relationship with those delivering services. ✗ Covers a very large geographic area, which may create challenges for service delivery and local responsiveness. ✗ Taupō district is likely to have a limited voice at the unitary council table where the significant integrated decisions are made. Higher cross subsidisation means more decisions are likely to be made at that table. ✗ Taupō district would be competing with the rest of the communities across the region for resources and funding. ✗ A large city will have different priorities and challenges to those of the provincial towns and rural areas. Balancing of the two may be difficult. ✗ Greater risk of local service delivery gradually being geographically centralised over time to achieve economies of scale. ✗ Local relationships may be less personal between the unitary authority and iwi and hapū. ✗ No clear evidence a unitary authority at this scale would deliver the efficiencies expected. ✗ Risk of financial cross-subsidisation and rating inequities, including the inheritance of existing debt and liabilities. ✗ Substantially greater implementation costs compared to other options. ✗ Travel distances across the region are significant, appropriate arrangements will be needed to ensure elected members can participate fairly and effectively in council meetings and associated responsibilities.

Option B: A central North Island unitary authority including Ruapehu, Waitomo, Otorohanga, South Waikato and Taupō district councils or various combinations of those councils.

Waitomo and Ōtorohanga district councils have resolved to submit their own proposal. In addition, Ruapehu has indicated that they may not be in a position to offer formal support for a proposal at this time. South Waikato appears to be more aligned with Rotorua Lakes and Taupō district. That means that a feasible Head Start proposal based on a central North Island unitary authority model is unlikely to be possible.

However, there may be future opportunities to work with these councils depending on whether other proposals are successful through the Head Start process, or the Backstop process provides sufficient flexibility for councils to propose new amalgamation arrangements. This should be clearer following Cabinet decisions in September.

Advantages	Disadvantages
✓ Greater likelihood that Taupō district retains significant influence over planning and investment decisions relative to the single Waikato unitary authority. ✓ Retains strong alignment with the Waikato River catchment management frameworks, and Waikato River governance arrangements. ✓ Dependent on the final arrangement, this option could support regional spatial planning and coordination, however there would need to be coordination with other unitary authorities. ✓ Maintains established local iwi and hapū relationships, assisting with the implementation of joint management agreements and Treaty-based arrangements. ✓ The financial impacts on ratepayers in the Taupō district are likely to be smaller than other options. This option has relatively low levels of existing debt to inherit. ✓ We have established working relationships with iwi in the South Waikato district. Introducing the Ruapehu district would pick up a relatively small area of the Ngāti Tūwharetoa rohe in the northern part of the Ruapehu district.	✗ May be more challenging to deliver at an operational level given the large geographic extent of the authority. ✗ Less ability to cross-subsidise between large urban centres and smaller or rural communities, with Taupō being the main urban centre. ✗ Including Ruapehu in this option makes it more challenging to deliver the new planning system. It means needing to coordinate with the other councils in the Horizons region on spatial planning and the natural environment plans. ✗ Catchment management becomes substantially more complex. At the moment most of our focus is on Lake Taupō and the Waikato River. Including Ruapehu would mean needing to work with other councils in the Horizons region to manage the Whanganui River catchment along with a number of other smaller catchments. There are also new challenges associated with coastal management. ✗ Amalgamating with Ruapehu district would introduce a number of new iwi authorities that Council does not have any existing relationship with. There is also the likelihood that their rohe would be fractured by separating Ruapehu from the rest of the Horizons region with their natural orientation toward the coast. ✗ Other governance arrangements may be required for regional functions such as roading, catchment management, and planning. ✗ The other districts potentially involved have much higher levels of Government subsidies for roading costs with large rural roading networks. There is a risk that those subsidy rates are reduced in the future transferring more costs onto ratepayers.

Option C: A cross-boundary unitary authority that could include various combinations of Rotorua Lakes, Ruapehu, South Waikato and Taupō district councils or various combinations of those councils.

South Waikato and Rotorua Lakes councils are expected to consider the option of forming a new unitary authority that could also include Taupō District Council. This option has a reasonable chance of being a feasible Head Start proposal.

Ruapehu district may not be a strong fit with those other districts given their communities of interest, economic alignment and the challenges of the geographic separation. Given that, and the added complexities that Ruapehu district brings, this option is most likely to be successful as a Head Start proposal if reduced to South Waikato, Rotorua Lakes and Taupō districts.

Advantages	Disadvantages
✓ This currently appears to be the only option for Taupō district to be part of a feasible Head Start proposal. ✓ There are shared communities of interest and housing markets between South Waikato, Rotorua Lakes and Taupō districts. ✓ A reasonably geographically compact unitary authority with three main urban centres. That may make it easier to support the smaller rural settlements and areas. That changes if Ruapehu is added into the arrangement. ✓ Strong economic alignment with shared industries (geothermal, agriculture, tourism) and some shared labour markets. ✓ Much simpler organisational structure than single Waikato unitary authority making this proposal less costly and simpler to deliver. ✓ South Waikato, Rotorua Lakes and Taupō districts are all expected to continue to experience reasonably high population and economic growth.	✗ This option crosses into the Bay of Plenty and if Ruapehu was included, Horizons regions creating more complexity for delivering the new planning system. ✗ The current Taupō district would have a strong voice at the unitary council table, however it would likely be less than South Waikato and Rotorua combined. ✗ Decision making may become less responsive to local issues and priorities. The main office may be in Rotorua based on it being the largest urban centre with service centres in Tokoroa and Taupō. That would move a significant number of professional employment opportunities from Taupō to Rotorua. ✗ Multiple lake and river catchments that need to be managed. This is likely to require coordination with other council entities. However, we already have working relationships with both the Waikato and Bay of Plenty regions. Those strong working relationships do not exist with the Horizons region. ✗ Integrated catchment management becomes more difficult where catchments are fragmented, and governance frameworks differ across regions. ✗ Some Iwi and Treaty Settlement areas/rohe may be split by new unitary boundaries. That is likely to be a more significant issue in the context of Ruapehu and Te Awa Tupua (the Whanganui River). That could be mitigated through consideration of boundary adjustments in the northern part of Ruapehu. ✗ Regional service delivery could be more challenging across multiple catchments and the need to work with more subregional unitary authorities to achieve integration. ✗ Without a structure that provides protection for Taupō district ratepayers, the financial analysis of this option is the least favourable.

Option D: Don't submit a Head Start proposal, remain as Taupō District Council and prepare for a potential Backstop process.

The Head Start process is voluntary and designed for a small number of councils who are well progressed in their planning. However, the Government has created an impetus for all councils to consider amalgamation options now because of the threat of mandatory amalgamations through the Backstop process. There is a risk that by not submitting a Head Start proposal now, Taupō District Council will have limited or no influence over what a future amalgamation arrangement looks like.

Based on the signals from the Government's policy direction the most likely results of a future Backstop process would be:

- An amalgamation of all the territorial authorities in the Waikato region into a single unitary authority (excluding Rotorua Lakes), or
- Two or three subregional unitary authorities across the Waikato region.

There is also a reasonable likelihood that future amalgamations do not eventuate as a result of changing Government priorities or a change in who makes up the Government.

Advantages	Disadvantages
✓ This would provide the time for Council to work with other councils to better understand the potential options and how risks or negative effects on the Taupō district community could be managed. ✓ Council staff and elected members can focus on existing priorities and delivering important services and infrastructure. ✓ Allows Council to focus on implementation of the new planning system based on current boundaries. This is particularly relevant given the speed at which the new system is expected to be implemented. ✓ Provides the opportunity to continue to work with other councils on future reform in a less time pressured environment. ✓ Provides time to undertake meaningful engagement with iwi and the community on amalgamation options. ✓ Taupō District Council continues to operate until at least 2031. Potentially longer if Government priorities change or amalgamations don't become mandatory. ✓ Avoids the risks associated with compressed timeframes and rapid decision-making. This is a significant decision with long-term consequences for the community, not all of which may be well understood at this stage. ✓ Enables learnings from councils that have pursued Head Start to be understood and then applied to ongoing discussions about amalgamation options.	✗ Government may end up defining future amalgamation options and we may lose the opportunity for local determination. ✗ There may be less options through Backstop if some councils have already amalgamated through the Head Start pathway. Those who are organised and motivated may already be amalgamated. ✗ We could be pulled into another Head Start proposal as a nonconsenting authority, initiated by other councils. ✗ May result in limited local influence or control over governance outcomes. ✗ May lead to less optimal or less locally tailored solutions. ✗ Creates uncertainty in the interim period prior to final Government decisions. ✗ Could lose the momentum for change.

ANALYSIS OF OPTIONS

Financial analysis

The following table sets out a summary of the key financial metrics for each of the options, where the "Taupō" column represents Taupō District Council together with its allocated share of regional council finances. The financial analysis sitting behind this summary table can be found in Attachment 2.

Other councils have also undertaken their own financial analysis to aid their decision-making. They may not always align with Taupō District Council's analysis because of different assumptions on aspects like efficiency gains, a choice of different metrics or the use of different base data.

The key takeaways from the financial options analysis are:

- The key financial metrics are presented in a table below, showing the least favourable to most favourable financial options against the current baseline (Taupō District Council together with its allocated share of regional council finances). This supports a summary that all options will be unfavourable from the current baseline from a financial perspective. It is possible to structure an amalgamation in a way that protects existing ratepayers, but doing so would require far more than simply ring-fencing historical debt.
- To genuinely prevent the transfer of financial obligations between communities, any debt ring-fencing would also need to extend to the associated depreciation funding, operating costs, asset renewals, local capital expenditure, and the rates that fund those activities. Without these complementary measures, cross-subsidies are unavoidable, undermining the purpose of ring-fencing and resulting in some communities contributing towards the historical investment decisions of others.
- For the amalgamation options that present the largest financial impact to Taupō District, such as the proposed options A and C, it may be possible to negotiate financial protections that reduce the impact on Taupō district ratepayers. This is particularly important for Taupō District Council due to its strong balance sheet. However, these negotiations would involve multiple parties with differing financial positions and priorities. We also recognise while it may be possible to negotiate arrangements that protect Taupō district ratepayers, doing so would create a more complex funding and rating system that would need to operate for many years after amalgamation.
- Even if these protections were achieved, they would largely only preserve Taupō district's current financial position, rather than create additional value for its ratepayers. This is supported by financial metrics which are modelled after efficiencies and Taupō District Council's strong balance sheet, AA credit rating, and favourable borrowing costs, meaning the financial upside of amalgamation for Taupō district ratepayers would likely be limited. This needs to be balanced against non-financial metrics and the risk of Central Government intervention which forces Taupō district into a less favourable financial position, without the ability to negotiate.

OPTION COMPARISON: KEY METRICS RANKED					
(Ranked from Best to Worst)					
Metric	Better Direction	Taupō	Option A	Option B	Option C
Opex per RU (\$000)	Lower ↓	5.20	5.23	5.29	5.34
Debt per RU (\$000)	Lower ↓	4.32	7.16	3.74	7.89
Debt/Revenue Ratio	Lower ↓	72.2%	120.5%	64.3%	130.5%
Transport Asset Score	Higher ↑	78.8	76.8	75.4	71.6
Building Asset Score	Higher ↑	89.8	73.5	71.4	73.9
Operating Surplus Ratio	Higher ↑	13.0%	5.6%	5.6%	7.6%
LEGEND:					
	1st (Best)	2nd	3rd	4th (Worst)	

Taupō District is better off not amalgamating

Based on an assessment of the financial information and non-financial criteria, it appears that the Taupō district would be worse off as a result of any of the potential amalgamation options that have been assessed. This view is supported by:

- Taupō District Council's strong financial position with a high level of financial resilience as evidenced by Taupō District Council's relatively strong credit rating. This was also recently highlighted by the Government's support for Council to continue to deliver three waters services inhouse. Amalgamating with other councils may result in the Taupō district community having to take on more debt and subsidise infrastructure and costs of other districts.
- The uncertainty about achieving supposed efficiencies. The Government's policy position suggests that large unitary authorities will be able to deliver efficiencies, however there is little evidence to suggest that being bigger will achieve that. In the meantime, there would be substantial costs for the community, in the tens of millions, to undertake a successful amalgamation process.

- The Government's own objectives are aimed at facilitating quick amalgamation of councils who have already been planning for this over many years. The reality is that Taupō district has not been having those discussions, there has not been the imperative given the position the Council is in. In contrast, there are other councils around the country facing significant financial pressures, closely sharing housing and labour markets and having closely related infrastructure needs.
- The pressing need to implement the new planning system. The bills to replace the Resource Management Act 1991 are expected to be enacted in September 2026. That will kick off an intense period of four years where regional spatial plans, natural environment plans and land use plans will all have to be created. This is a massive undertaking in tight timeframes. Taupō district would be in a stronger position to take on this generational change in the planning system without the challenges of simultaneous amalgamation.
- The absence of any coastal marine area which would make it simpler for Taupō District Council to take on the regional council functions as a unitary authority. There would still be some challenges bringing specialist skills into the organisation, although many of those services are already delivered from the local Waikato Regional Council office which could assist with the transition.

A subregional approach is better if amalgamations become mandatory

While Taupō District might be in a strong position on its own there remains the threat of mandatory amalgamations as part of a future Government process. If that were to eventuate then there are risks to Taupō district being pulled into a single Waikato unitary authority:

- We would have limited representation in decision-making, particularly where decisions impacted the wider region.
- We would probably be competing with the large urban centre of Hamilton and surrounding urban centres that support it. Our growth priorities and economic development may not be prioritised.
- Taupō would probably become a service centre resulting in the loss of a substantial number of professional jobs from the local economy.
- The Taupō district community would probably need to help fund the debt of high growth councils even if there was some interim ring-fencing.
- While the region might have a strong voice with Government given its size our own issues might get sidelined.
- The sheer size of the region raises concerns that the areas at the extremities like our own will get poorer service delivery or that service delivery might degrade over time through centralisation.
- A unitary authority at such a scale has more potential to become a bloated bureaucracy actually costing more rather than delivering cost efficiencies for the Taupō district community.
- There may be less flexibility around how local board structures and financial delegations could be set up, with a standardised approach more likely to be applied compared to a smaller subregional approach.

In contrast, forming a smaller subregional unitary of three or four existing districts would enable Taupō district to:

- Have a stronger voice on significant unitary decisions, even if Taupō district has a minority of the elected representatives.
- Argue for bespoke local board structures with associated financial delegations, helping to ensure that many of the decisions that impact the local community can continue to be made locally.
- Have a stronger case for maintaining local service delivery regardless of where the main office might be located.
- Promote our own urban growth and rural priorities. There would be less competition for resources and more likely to be a mutually supportive approach.
- Take advantage of greater purchasing power that comes with a unitary authority with a scale of more like 100,000 residents, while avoiding the inefficiencies that can come with much larger organisations.

- Take a less complicated pathway to transition to the new planning system. Forming a smaller subregional unitary authority is likely to be more deliverable in parallel to the new planning system. There would still be some challenges having to integrate with surrounding unitary authorities.

There are limited subregional options

We have looked at a range of neighbouring councils to gauge what a subregional unitary could look like. There is no perfect amalgamation arrangement with a variety of challenges and opportunities outlined in Attachment 2.

We know that Waitomo and Ōtorohanga districts have resolved to submit a Head Start proposal. That currently removes the option for Taupō district to join with them in a subregional option, however that could change depending on Cabinet decisions in September.

Similarly, discussions to date have indicated that council papers to South Waikato and Rotorua Lakes Councils will consider the option of a joint proposal that could include Taupō District Council. Joining that proposal is realistically the only option that Council has if there was a desire to be part of a Head Start proposal now.

We have had discussions with Ruapehu District, but more time is required to better understand how they could form part of a subregional unitary authority with other councils that provided long-term benefits to the community of the Taupō district.

By waiting for the Cabinet decisions in September, Council keeps options open and can make decisions when there is more information available. The Cabinet decisions will provide an indication of what scale of subregional unitary authority the Government is willing to approve and how open they are to cross boundary arrangements. If both of the above proposals are successful it also opens the possibility for Taupō District Council to argue to become a single unitary authority.

The risk that we are trying to manage is being forced into mandatory amalgamation of all the Waikato into a single unitary authority. At this time we don't know how real that risk is, however waiting until September will help us gauge the degree of risk and then make informed decisions about which subregional option might best help us mitigate that risk. Waiting for more information is attractive but does come with the risk that there is no opportunity to join a subregional proposal that has already been submitted, leaving Council to work through a future Backstop process with less leverage.

This approach is more attractive than rushing into a potentially suboptimal amalgamation arrangement now, sacrificing the long-term outcomes of the Taupō district community for short term certainty.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

No funding has been provided for work related to potential amalgamation processes in the 2026/27 year or subsequent years.

There are a number of different decisions that are open to Council at this point in the process, each with their own financial consequences.

Waiting until September for Cabinet decisions will provide more information around potential risks and subregional options. At that stage Council could weigh the likely costs of joining a subregional proposal. The expectation is there would be a need for substantial external support to progress through the detailed proposal design phase in a short space of time before March 2027. Best estimates at this early stage simply to get to the detailed design stage put those costs at between \$700,000 and \$1,000,000 (excluding GST), however there is substantial uncertainty around those costs.

In response to public feedback, advice is being sought regarding the ongoing protection of Council's Taupō Electricity (TEL) fund as an important community asset in the case of any amalgamation.

Looking further into the future, the amalgamation of council organisations comes at significant costs to ratepayers. While transition costs have been assumed to be debt funded by the new entity, there would be transition costs that would fall to existing entities, such as redundancies, data transition, aligning computer systems, and using consultants to help fill resourcing gaps. No detailed work has been done for Taupō District Council, with the scale of a future amalgamation proposal driving the likely costs.

In terms of the financial analysis found in Attachment 2, it is important to note that has been conducted in the limited time available and was primarily collected from publicly available information, with some verification

completed with councils as required. The financial analysis was also supported by Artificial Intelligence (AI), particularly with the outputs and objective/fairness checks (rather than data collection and composition itself). Financial data was collected manually, with an internal peer review completed to support accuracy.

The main financial metrics were budgeted metrics at a set point in time - 30 June 2026 (from 2025/26 Annual Plans), which was the most up to date financial information available at the start of this process. This was also supported by data from the 2024/25 Annual Reports, 2025 Water Service Delivery Plans, and other publicly available financial information. Financial information from the 2026/27 Annual Plans was available nearer to the end of this process and was collected and compared to 2025/26 data but council officers did not replace the dataset in the final metrics due to additional complexities with the transition of water services for most councils. The longer-term outlook was gathered from Councils' Long-term Plans, asset management plans, valuations, and other available data.

Ngā Aronga Ture | Legal Considerations

Part 3 of the Local Government Act 2002 provides processes for the reorganisation of councils. The reality is that those processes have proven time consuming with hurdles that are hard to overcome. The Government has recognised those limitations and proposed the Head Start pathway as an alternative.

At this point the Head Start and Backstop processes that the Government has been promoting are only a policy direction. They will require new legislation to enable them to have actual effect. The Government has indicated that new legislation is being planned for 2027 assuming that they are re-elected.

The Government has been pushing the Head Start process at pace, however the reality for councils is that the decision-making requirements in Part 6 of the Local Government Act still need to be complied with. This is particularly challenging when it comes to section 78 that requires a Council to give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.

The tight timeframes have meant that Council has not been able to undertake the level of engagement with the community that would normally be the case. A summary of the results of the public survey and feedback from iwi authorities has been attached to this report to help guide Council's decision-making.

If Council decides to join a Head Start proposal there would be the opportunity to undertake more detailed engagement during the design phase, between October 2026 and March 2027, before deciding whether to submit a final proposal.

Ngā Hīraunga Kaupapa Here | Policy Implications

This is a workstream that was not anticipated in the Annual Plan 2026/27 or the current version of the Long-term Plan.

A decision to join a proposal for amalgamation would have far reaching implications for the organisation and the community. Council's policy framework would be overhauled as part of transitioning to a new organisation. That has the potential to create a period of uncertainty for the community in terms of strategic direction and transparent, consistent decision-making.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory obligations including in relation to Te Tiriti o Waitangi/Treaty of Waitangi principles, consideration of Māori interests and meaningful engagement with Māori. In meeting its statutory obligations, Council is committed to acting reasonably and in good faith and consistently with a partnership-based approach. Te Tiriti/Treaty principles include but are not limited to active protection of Māori interests, informed decision-making and enabling effective Māori participation in Council processes.

In line with these obligations and commitments we've made Council has undertaken a series of hui with iwi partners. These have been focused on explaining the Government's process, how it potentially impacts Council, the proposed options and decision-making process that Council is using.

The feedback that has been received is attached and has helped inform the assessment of options. In particular, there has been a focus on:

- How water management can be undertaken in an integrated way.
- Maintaining the integrity of the rohe.
- Preserving and implementing existing agreements and Treaty settlement obligations.
- Enabling iwi representation and involvement in future decision-making processes along with appropriate funding and resourcing to enable that involvement.

Ngā Tūraru | Risks

The primary risk we are concerned about is being pulled into a single Waikato unitary authority by a future Government process. We are unsure how real that risk currently is and propose to mitigate that by waiting for Cabinet decisions in September. At that stage we could then decide if a subregional option would be required to mitigate that risk and if so which option would be best for the Taupō district.

Council has decision-making requirements in the Local Government Act 2002 that need to be met. This is challenging in the face of the Government's curtailed timeframes. Council can partially mitigate this risk by undertaking further engagement as part of the detailed design phase if a proposal is lodged. This risk is decreased if Council adopts the approach signalled in the recommendation at the start of this report.

Iwi authorities have expressed deep concerns about the potential risks to their established relationships and agreements with Council. This needs to stay forefront as part of Council's decision-making now and as part of any future work on amalgamation options.

Being part of a successful proposal approved by Cabinet brings a new set of risks for Council. There would be a substantial amount of work required in a short matter of months to prepare a final proposal. That would drive the need for a large amount of unbudgeted expenditure and there would be a very significant drain on existing staff resources.

There are specific risks for the development of the next Long-term Plan if a Head Start proposal were to be successful. The Long-term Plan development will be peaking at exactly the same time that the detailed design of the Head Start proposal is demanding substantial time from the Executive team and elected members.

This process has been very challenging for our neighbouring councils. There are risks that our good working relationships are undermined by the pressures created by this process. We have tried to manage those risks through open dialogue at governance and staff levels and by avoiding proposals that force other councils to be part of a proposal. Maintaining respectful relationships is key to achieving sustainable long-term change.

The threat of future amalgamation has been disruptive for staff worried about change that they don't fully understand. This has the potential to adversely impact staff engagement and retention. The Executive team have been actively addressing this risk through open communication and engagement with staff.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the [Significance and Engagement Policy \(2022\)](#), and are of the opinion that the proposal under consideration is of high significance. This means that Council needs to take a considered and thorough approach to meeting the decision-making requirements in the Local Government Act 2002.

Officers have undertaken a substantial assessment process that has been documented in this agenda report and attachments demonstrating how Council has adhered to those decision-making requirements.

Realistic efforts have been made to ensure that Council has an idea of the views and preferences of those who might have an interest in the matter. However, if Council is going to be part of a Head Start proposal it is recommended that further detailed engagement with the community occurs prior to any final proposal being considered for lodgement in March 2027.

TE KŌRERO TAHI | ENGAGEMENT

Engagement took place with the community via a survey, face to face meetings and through communications via the Council website and social media channels. A summary of the results has been attached to this report and elected members have been provided with full copies of the original community feedback.

While the community has been able to express their thoughts on potential amalgamation options, they have not had the ability to review the assessment material attached to this report. Nor have they been able to express their views on the four options that elected members asked officers to investigate.

The Government's tight deadline has made it impossible for any further rounds of engagement prior to this decision being made on 28 July. If Council is going to continue to explore amalgamation options, it is important that engagement is built into the review process.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

Council's decision in relation to this matter will be communicated to the community via a proactive media release, through digital media channels and through direct communication with Council's iwi partners.

WHAKAKAPINGA | CONCLUSION

The Government has created the Head Start pathway for councils who are ready to amalgamate. They intend to bypass the existing difficult processes in the Local Government Act 2002 and set up a new legislative pathway. At this point the process is voluntary, however the Government has made it clear that the remaining councils across the country will eventually be amalgamated into a series of unitary authorities.

Faced with the possibility of mandatory amalgamation Council has asked officers to investigate whether there are feasible and attractive amalgamation options. This report responds to that request and sets out the assessment of four potential options.

It is clear that Taupō District Council is in a good financial position compared to many of our neighbouring councils, and that amalgamation is unlikely to provide a net improvement for the Taupō district community.

However, the threat of future amalgamation is still there. Being required to be part of a single Waikato unitary authority would likely have negative consequences for the Taupō district. Instead, the options analysis suggests Taupō district would be better off as part of a smaller subregional unitary authority.

To help manage that risk it is recommended that Council wait until Cabinet makes decisions in September. That will help clarify how real the risk of a single Waikato unitary authority is, whether other subregional proposals have been successful and which options would best help Council mitigate the risk.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Background Information for Head Start Options Analysis [↗](#)
2. Head Start Option Assessment [↗](#)
3. Supporting Information [↗](#)
4. Head Start Pathway - Government policy document [↗](#)
5. Guidance for Head Start outline proposals [↗](#)
6. Taupō District community survey results summary - June 2026 [↗](#)
7. Written feedback from iwi authorities [↗](#)
8. Waikato Regional Council presentation on regional council functions [↗](#)

Background information

Key terms

1. Head Start Pathway

The Government's fast tracked amalgamation process for local government. Territorial authorities have three months (from 5 May to 9 August 2026) to prepare proposals for the amalgamation of councils to form unitary authorities. Territorial authorities can decide not to participate in Head Start.

2. Backstop

A mandatory amalgamation process for Councils that are not selected to participate in the Head Start process. The details for this process are currently unknown. Based on information available at this time, timing is expected to result in new unitary authorities being in place by the 2031 local body elections.

3. Territorial authority

Responsible for a wide range of local services including roads, management of solid waste, libraries, parks and reserves, recreation services, local regulations, community facilities and economic development, policy and planning. A number of territorial authorities still deliver and manage water services.

4. Regional council

Regional councils play a core role in the management of natural resources including land, air, and water; supporting biodiversity and biosecurity; providing regional transport services and the management of natural hazards and climate change.

5. Unitary authority

The Government is seeking to establish unitary authorities. These are a combination of both territorial and regional councils, who deliver both functions and services to the areas they serve. An example of an existing unitary authority is the Gisborne District Council.

6. A subregional proposal

A subregional proposal involves only some of the councils in a region being grouped together to form a new unitary authority.

7. Cross-boundary groupings

A cross-boundary grouping would include territorial authorities that are not located within the same region. These groupings need to consist of two or more territorial authorities.

8. New planning system

This refers to the replacement of the Resource Management Act (RMA) with two new pieces of legislation: the Planning Bill and the Natural Environment Bill. The Planning Bill introduces integrated spatial planning through Regional Spatial Plans alongside new Land Use Plans to guide land use and development. The Natural Environment Bill establishes Natural Environment Plans to manage resources within environmental limits. All three plans will be consolidated into a single regional combined plan.

9. Catchment management

Integrated planning and management of land, water, and natural resources within a river or lake catchment, taking a holistic approach to matters such as ecosystem health, water quality, biosecurity, and flood protection.

10. Representation (Elected Members/Councillors)

[1]

Taupō District Council's current representation arrangements are based on the statutory ±10 percent rule. For our district this equates to approximately one councillor for every 2,900–3,600 residents. The Council currently comprises a Mayor and 12 councillors.

Head Start proposals can propose bespoke representation arrangements to accommodate amalgamation scenarios, however it is unlikely that the Government would support a wide variation of representation models across the country.

A good outcome for the Taupō District

11. Council have identified the following outcomes that describe what a good amalgamation arrangement should deliver for the Taupō community. There is no weighting between the different outcomes. It may be that these outcomes can be achieved via a number of amalgamation arrangements.
 - a. Decisions on important local issues are made locally.
 - b. We have a strong voice on the significant decisions made by a unitary authority.
 - c. Community infrastructure continues to meet our needs and is delivered when we need it.
 - d. Local services continue to be delivered in a timely manner.
 - e. Our key drivers of our economy are supported.
 - f. The Vision and Strategy for the Waikato River continues to be delivered.
 - g. Existing Treaty based settlement agreements, arrangements and obligations are upheld.
 - h. Our urban growth and rural priorities are met so we are not held back.
 - i. Our environment is protected, particularly through the integrated management of the Waikato River, Lake Taupo and its tributaries.
 - j. We consider the potential liabilities associated with new or amplified natural hazard risks such as tsunami, sea level rise, coastal erosion and inundation.
 - k. Any new unitary authority should be financially resilient over the long term and ensure financial impacts on the Taupo community are mitigated.

The practicable options

12. A Head Start proposal must come from two or more territorial authorities (city or district councils). The group must either:
 - represent a majority of the territorial authorities directly affected, or
 - represent a majority of the population in the affected area.
13. Proposals can:
 - Cover all or part of a region.
 - Include neighbouring councils from different regions (where it makes sense).
 - Result in one or more unitary authorities (generally one, but in some cases two or three per region).
14. Taupō district currently sits within four regional council boundaries – Waikato, Bay of Plenty, Hawkes Bay and Horizons (Manawatū-Whanganui) Regional Council.
15. Based on the above criteria and work undertaken to date, there are four broad options that are being investigated by Council with no identified preference:
 - **Option A:** Form a single unitary authority with all other councils in the Waikato region.

[2]

- **Option B:** Form a central North Island subregional unitary authority including various combinations of Ruapehu, Waitomo, Otorohanga, South Waikato and Taupo district councils.
- **Option C:** Form a cross-boundary unitary authority that could include various combinations of Rotorua Lakes, South Waikato, Ruapehu and Taupo district councils.
- **Option D:** Don't submit a Head Start proposal, remain as Taupo District Council and prepare for a potential Backstop process.

Opportunity for subregional unitary authorities

16. The Government has signalled that it is open to considering subregional outline proposals where there is an improvement of outcomes for the whole region. Any such proposal will clearly be considered within the context of the broader region suggesting that proposals that only have a benefit for part of the region to the detriment of other parts are less likely to be successful.
17. For subregional proposals the Government is interested in:
 - a. How the delivery and governance of regional services will be improved.
 - b. How different subregional unitary authorities could work together to deliver regional planning outcomes and regional services such as catchment management in an integrated way despite being separate organisations.
 - c. Whether the subregional approach delivers better outcomes for communities of interest or labour market areas. Conversely, they want to understand whether there would be some communities that would be negatively impacted.
 - d. Why a subregional approach would deliver better outcomes compared to a single regional unitary authority.
 - e. How regional functions and services might be delivered if only part of the region is amalgamated through Head Start.
18. The Government is very clear that any subregional unitary authority formed through the Head Start pathway would still be required to contribute to the development of the first regional spatial plans based on existing regional boundaries. Once new unitary authority boundaries are confirmed there is likely to be a rationalisation of the regional spatial plans to better align with the new regional boundaries.

[3]

Option A

A single unitary council for the Waikato region

All the territorial authorities in the Waikato region, excluding Rotorua Lakes, would combine to form one unitary authority.

There could be further discussion about whether any boundary adjustments take place for the likes of the Rotorua and Taupō districts where parts of the district are in adjacent regions. There has been insufficient time to progress discussions about potential boundary adjustments as part of this options analysis. That could be signalled as an area for further investigation as part of any Head Start proposal that is lodged.

There would be a group of elected members who would form the new unitary council, making decisions that have impacts across the region. Based on current legislation, that representation would be based on population with larger urban areas having more elected representatives than less populated areas.

The expectation is that there would also be groups of elected members chosen to represent local communities at more of a district scale – like the local boards in Auckland. They could make decisions and have financial delegations that only impact their local communities.

The assumption is that service centres would be located at strategic points across the region, including Taupō town, with frontline operational staff to deliver services like animal control and reserve maintenance. The head office staff looking after functions like IT, human resources, planning and asset management would likely be located in Hamilton.



[1]

Criteria for Government and the Taupō community

Economies of scale

Central Government has suggested that larger entities are fundamentally more efficient than smaller ones. However, there is little evidence to suggest that population alone delivers any efficiencies¹. Population density is however strongly correlated with efficiency when it comes to the provision of capital-intensive services such as transport, water and wastewater. It is important to note that fundamentally none of the proposals that could be submitted to government alter the density of existing districts or urban centres. This means that minimal efficiency gains can be expected from any proposal with respect to infrastructure.

Numerous studies cite a U-shaped efficiency curve when it comes to the size of local government authorities. They suggest that optimal sizes range between 60,000 and 100,000 people^{2 3}. This single unitary model would have a population of over 500,000.



A large unitary authority may provide a greater resource pool and therefore opportunities to innovate and improve delivery. Things like creating centres of excellence for asset management, introducing new digital tools, and removing single person risks with larger teams.

Delivery of regional services that traverse most of the region, like catchment management and integrated transport planning, would probably be most efficiently delivered via this option.

However, given the size of an all of Waikato unitary authority, from both a population and geographic extent, any efficiency gains may be absorbed by increased complexity, multiple layers of decision-making and split attentions. At that scale there is also a greater risk of reduced accountability to the more remote communities of the region.

¹ Does size matter? The impact of local government structure on cost efficiency, New Zealand Infrastructure Commission July 2022 (<https://tewaihang.govt.nz/our-work/research-insights/does-size-matter-the-impact-of-local-government-structure-on-cost-efficiency>)

² Drew, J., Kortt, M. A., & Dollery, B. (2016). Did the Big Stick Work? An Empirical Assessment of Scale Economies and the Queensland Forced Amalgamation Program. *Local Government Studies*, 42(1), 1–14.

³ Governance Options for the Wellington and Wairarapa Regions: An Economic and Financial Assessment (TDB-Advisory-Assessing-regional-governance-options-2013.pdf)

Financial resilience and impacts on the Taupō community

The financial analysis indicates this option is unfavourable for Taupō when compared with the baseline (Taupō District Council together with its allocated share of regional council finances).

A single Waikato unitary authority would have a larger balance sheet and greater overall financial scale. While this option provides the greatest opportunity for efficiencies, the modelling shows higher operating costs per rating unit than the Taupō baseline, even after optimistic efficiency assumptions. This creates risk in a future rates cap environment, where higher operating costs could reduce the ability to maintain current service levels.

Option A is also less favourable for debt measures due to the higher debt levels of some councils in the grouping and would likely involve significant transition costs because of the scale and complexity of merging 11 councils.

Asset condition also needs to be considered alongside the financial metrics, as it is a predictor of future renewal demand, capital expenditure and asset-related liability. The financial analysis indicates that the Taupō baseline is the most favourable for transport assets, while Option A has the strongest transport asset score of the amalgamation options. However, building asset scores remain less favourable than the Taupō baseline. This means Option A may still expose Taupō ratepayers to comparatively more future renewal and capital investment pressures across a much larger asset base.

As with Option C, it is possible to negotiate financial protection for Taupō ratepayers but would require complex and long-running funding and rating arrangements, not just debt ringfencing. These things would likely protect Taupō's financial position, rather than improve it but it is recognised that this needs to be balanced with non-financial factors and the risk of a government decision without the ability to negotiate any ring-fencing.

Further detail is provided in the financial analysis section.

Deliverability

There are challenges making this option deliverable. It requires the support of most if not all of the councils in the region to be successful, which is unlikely in the short term under the timeframe available for Head Start. It would likely require the additional time via the Backstop process to coordinate all the parties and achieve a reasonable level of buy in.

Implementing this option will involve 11 councils merging into one new entity. That is expected to be very complicated, not only in terms of the new operational arrangements but also in terms of the new governance arrangements. As an example, the complicated Auckland amalgamation process only involved eight councils in a much smaller geographic area.

While transition costs have been assumed to be debt funded by the new entity, there would be transition costs that would fall to existing entities, such as redundancies, data transition, aligning computer systems, and using consultants to help fill resourcing gaps.



[3]



Supports the new planning system

This option aligns well with the new planning system.

Given that most of Taupō District falls within the Waikato Region, and the new combined plan for the Waikato region will be prepared on a regional basis, there are likely to be benefits from maintaining alignment with existing regional boundaries. An amalgamated Waikato region would support a more coordinated approach to spatial planning and reduce the complexity that could arise from changes to governance boundaries during the implementation of the new planning framework.

However, the challenge with this option is that a Head Start proposal requires confidence that the new combined plan can be delivered in parallel to a proposed amalgamation process. It is highly unlikely that could be achieved in the timeframes that the Government has indicated for both the Head Start and new planning system processes.

Simplifies local governance

A single unitary authority for the entire region would be very effective at simplifying local governance, consolidating two tiers of local government and 11 councils.

From a customer perspective it would be clear where to go for all local government matters. However, there could be some challenges for customers dealing with an organisation located physically remote from them, and at a scale where it is much harder to have a personal relationship and interaction with the people delivering the services.

There would still need to be at least one other layer of elected members who could make local decisions that have a limited impact on other areas. As has been observed with the local board arrangement in Auckland, any local decision-making bodies would need to have suitable decision-making and financial delegations to be truly effective. That could be harder to achieve with a single unitary where there may be less opportunity for bespoke arrangements compared to smaller unitary authorities.

Maintains local voice

The benefits of scale and integration of regional service delivery that this option provides contrast directly with the loss of local voice.

Decisions that impact communities across the region would sit with an elected unitary council. Given population across the region, Taupō district may have only limited representation at the table. While the district would continue to have a voice in regional decision making, that voice would be one among many. Influence over the big decisions made by a unitary is likely to be limited.

There is the opportunity to propose a lower layer of elected member representation to make decisions about matters that are largely limited to impacts on local areas. These could operate like the local boards in Auckland and make decisions on matters like local bylaws and place-making.

Such arrangements could help retain local decision making on issues important to Taupō communities. However, the effectiveness of these mechanisms would depend on the scope of delegated authority, funding arrangements, and the extent to which decision-making powers are retained by the unitary council. This could also be challenging given the higher level of cross subsidisation.



[4]



Infrastructure and service delivery

Community infrastructure may well be delivered more cost effectively given the larger organisation would have good purchasing power. However, there would be competition from communities right across the region for the limited resources. The Taupō community would need to make a case for investment alongside all the other communities.

The expectation is that there would likely be a local service delivery office located in Taupō. However, that is not a guarantee and there is a risk that over time a single unitary authority may choose to further consolidate service delivery to reduce costs. As an example in our local context, over many years we have seen some services that were previously delivered in Tūrangi being consolidated into a district wide delivery model for efficiency and staff wellbeing reasons.



Economic drivers and growth priorities

There are risks that the growth priorities for communities of the Taupō district are not met in a timely manner. There would be competition from communities across the region for the same resources and funding with areas of high growth and poor existing infrastructure likely to be prioritised. As an example, investment in growth related infrastructure in the dense metropolitan centre of Hamilton is likely to deliver more housing per dollar compared to Taupō.

There are some synergies across the wider Waikato region in terms of economic drivers like agriculture, pockets of high tourism activity and forestry. A unitary authority at this scale would represent a substantial economic unit. Undoubtedly it would have significant national influence. That could be important when it comes to competing with Auckland and the Bay of Plenty for Government investment.

However, there are also risks that operating at a whole of the region scale moves the primary focus of effort to the strong agricultural base in the lower Waikato and the services concentrated in the Hamilton urban centre. Taupō may become less important in that context and struggle for economic support resources and investment.



Vision and Strategy for the Waikato River and Treaty settlement obligations

This option retains the current Waikato Regional Council boundary, enabling an integrated catchment-based whole-of-wai and whole of awa (Lake Taupō and the Waikato River) approach that supports Te Ture Whaimana o Te Awa o Waikato (Vision and Strategy). This supports Council in meeting partnership obligations that have come out of Treaty settlements, including existing Joint Management Agreements (JMAs). Consolidating the 11 Waikato councils into a single unitary authority would make it easier for the relevant iwi to work with local government to achieve the Vision and Strategy.

While this option would retain Taupō's existing Treaty settlement and co-governance arrangements, it would also incorporate a significant number of obligations from across the wider region, including 178 Treaty settlement obligations, 215 Joint Management Agreement obligations, 27 co-managed land agreement obligations, 77 upcoming Treaty settlement obligations, seven settlements yet to reach Bill stage, seven pending Mana Whakahono ā Rohe arrangements, and 80 statutory acknowledgement areas. Collectively, these arrangements represent a substantial governance and operational responsibility and would require a high level of organisational capability to effectively manage relationships and meet statutory obligations across the region.

[5]

Natural Hazards & Emergency Management

This entire region model would encompass a diverse range of natural hazards, from coastal hazards in Thames-Coromandel to the volcanic and earthquake risks associated with the Taupō Volcanic Zone. While a regional approach may provide greater capability, some of Taupō's hazard issues are unique and will require specific focus within a wider Waikato hazard management framework.

On one hand a single unitary provides the opportunity to pool substantial resources to deal with natural hazards. On the other hand, it creates a situation where the people of the Taupō community would then be contributing to deal with high-cost hazard areas.



Taupō is already an active participant in the Waikato Civil Defence Emergency Management Group and is connected to the Waikato Group Emergency Coordination Centre (GECC). The GECC provides regional coordination for large-scale emergency events, shared expertise, and shared funding of regional response and recovery capability. While a Waikato-wide amalgamation would maintain Taupō's existing connection with the GECC, some of Taupō's hazard risks are closely aligned with the central North island and Bay of Plenty. Accordingly, strong cross-regional emergency management relationships would remain important under any future governance arrangement.

Indication of representation based on population



- This option would have an overall population of 535,071 with the current population of the Taupō district being approximately 8% of the overall population.
- The actual governance arrangements of any future unitary authority would need to be the subject of further negotiations between the parties as well as being subject to current or future legislative requirements.

[6]

Potential opportunities

- ✓ Simplest governance arrangement with one Council replacing 11 councils in two separate layers of local government. This aligns well with the Government's Head Start guidance.
- ✓ Opportunity for cost efficiencies through consolidating services, although evidence for achieving cost efficiencies is not strong, particularly when organisations become very large like this one would be.
- ✓ Provides a strong single entity with significant ability to advocate to Government on regional priorities. Would help to balance the influence of surrounding regions like Auckland and the Bay of Plenty.
- ✓ Larger urban centres, particularly Hamilton, have the potential to cross subsidise rural areas and smaller towns.
- ✓ Efficient delivery of regional services that require integration like transport, planning, and catchment management.
- ✓ Large organisational balance sheet and financial resilience.
- ✓ Provides a one stop shop for customers.
- ✓ Potential for cheaper Infrastructure delivery through the purchasing power of a large organisation.
- ✓ Supports implementation of the new proposed planning system, centred around a regional spatial plan and makes delivery of the new natural environment plan simpler.

Potential challenges

- ✗ Larger organisation may mean more layers of management, complex operational decision-making and less innovation.
- ✗ The short-term transition is likely to be very complex and therefore disruptive to the delivery of the new planning system. It is unlikely that the two changes could be made in parallel.
- ✗ This option is likely to be the most expensive in terms of implementation costs for the councils involved given the substantial scale and complexity of merging 11 organisations.
- ✗ Difficult for customers dealing with an organisation that is physically remote, meaning customers are less likely to develop a relationship with those delivering services.
- ✗ Covers a very large geographic area, which may create challenges for service delivery and local responsiveness.
- ✗ Taupō is likely to have a limited voice at the unitary council table where the significant integrated decisions are made. Higher cross subsidisation means more decisions are likely to be made at that table.
- ✗ Taupō would be competing with the rest of the communities across the region for resources and funding.
- ✗ A large city will have different priorities and challenges to those of the provincial towns and rural areas. Balancing of the two may be difficult.
- ✗ Greater risk of local service delivery gradually being geographically centralised over time to achieve economies of scale.
- ✗ Local relationships may be less personal between the unitary authority and iwi and hapu.
- ✗ No clear evidence a unitary authority at this scale would deliver the efficiencies expected.

[7]

- ✖ Risk of financial cross-subsidisation and rating inequities, including the inheritance of existing debt and liabilities.
- ✖ Substantially greater implementation costs compared to other options.
- ✖ Travel distances across the region are significant, appropriate arrangements will be needed to ensure elected members can participate fairly and effectively in council meetings and associated responsibilities.

[8]

Option B

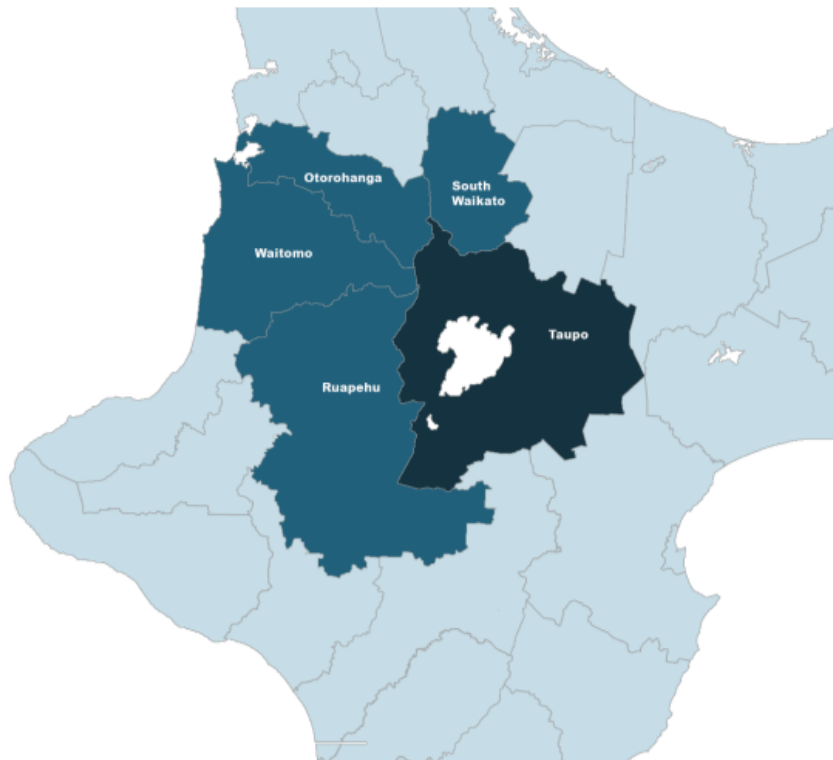
A central North Island unitary authority including Ruapehu, Waitomo, Otorohanga, South Waikato and Taupō district councils or various combinations of those councils

A subregional unitary authority is one that involves only some of the councils in a region. The Government has indicated that for large and complex regions it is open to considering subregional outline proposals that improve the outcomes for the region as a whole. In larger more complex regions, like the Waikato, two or at most three subregional unitary authorities could be considered.

Taupō district could be part of a subregional unitary authority that combines a number of councils in the southern part of the Waikato region. That would achieve the Government's intention of only having two or three subregional unitary authorities. A variation could also include Ruapehu District Council, given their close proximity, making it a cross-regional proposal as well.

This option would leave the balance of the Waikato region needing to be reorganised into one or two subregional unitary authorities. There are a number of subregional unitary authority options being explored by other councils in the region. Matamata-Piako, Hauraki and Thames Coromandel all sit outside of the Waikato River catchment, creating less certainty about where they might sit in terms of a northern or southern subregional unitary authority or indeed potentially a third unitary authority.

The Head Start timeframe does not allow for a detailed review of district boundaries. Given more time, it may be worth considering whether boundaries better reflect communities of interest, catchments, or rohe, particularly in Ruapehu where northern areas are more connected to Taupō and southern areas to Whanganui.



[9]

Criteria for Government and the Taupō community

Economies of scale



Central Government has suggested that larger entities are fundamentally more efficient than smaller ones. However, there is little evidence to suggest that population alone delivers any efficiencies⁴. Population density is however strongly correlated with efficiency when it comes to the provision of capital-intensive services such as transport, water and wastewater. It is important to note that fundamentally none of the proposals that could be submitted to government alter the density of existing districts or urban centres. This means that minimal efficiency gains can be expected from any proposal with respect to infrastructure.

Numerous studies cite a U-shaped efficiency curve when it comes to the size of local government authorities. They suggest that optimal sizes range between 60,000 and 100,000 people⁵. This proposed entity would be marginally above the upper band of this range with 102,800 people.

The current delivery of many regional services is cross subsidised by the large urban population in Hamilton City. Moving to this unitary model in the south of the region with its very large land area and relatively small population could pose funding challenges in terms of delivery of regional services. Including Ruapehu exacerbates those cost tensions further. It also increases an already extensive rural roading network that is heavily reliant on Government subsidies further.

Financial resilience and impacts on the Taupō community

The financial analysis indicates this option has the least unfavourable financial impact of the amalgamation options assessed, although it is still less favourable than the Taupō baseline overall.

Option B performs comparatively well on debt measures, with low debt across the councils included in the option. However, the modelling still shows operating costs per rating unit above the Taupō baseline, even after optimistic efficiency assumptions.



There is also revenue risk because some councils in this option have higher NZTA Funding Assistance Rates, which may be reset following amalgamation. This option could also face cost increases due to potential of cross-subsidisation of regional services across a large geographic area with a relatively small rating base.

Asset condition also needs to be considered alongside the financial metrics, as it is a predictor of future renewal demand, capital expenditure and asset-related liability. The financial analysis indicates that Option B is less favourable than the Taupō baseline for both transport and building asset scores and building asset scores are the weakest of the options assessed. This suggests a comparatively higher risk that future expenditure requirements may emerge over time, particularly where asset condition or data quality is weaker.

Further detail is provided in the financial analysis section.

⁴ Does size matter? The impact of local government structure on cost efficiency, New Zealand Infrastructure Commission July 2022 (<https://tewaihang.govt.nz/our-work/research-insights/does-size-matter-the-impact-of-local-government-structure-on-cost-efficiency>)

⁵ Drew, J., Kortt, M. A., & Dollery, B. (2016). Did the Big Stick Work? An Empirical Assessment of Scale Economies and the Queensland Forced Amalgamation Program. *Local Government Studies*, 42(1), 1–14.

⁶ Governance Options for the Wellington and Wairarapa Regions: An Economic and Financial Assessment (TDB-Advisory-Assessing-regional-governance-options-2013.pdf)

Deliverability

A southern subregional unitary authority would be less challenging to deliver compared to a single unitary, given the reduced number of councils involved.

Amalgamating four councils (possibly five with Ruapehu) will still present challenges for these smaller sized councils, particularly in terms of resourcing. Additional resource would be needed to manage the implementation of new governance and operational arrangements, while continuing to serve current communities during this time.



While transition costs have been assumed to be debt funded by the new entity, there would be transition costs that would fall to existing entities, such as redundancies, data transition, aligning computer systems, and using consultants to help fill resourcing gaps.

Taupō District Council delivers waters services in-house, with South Waikato, Waitomo and Ōtorohanga joining the Waikato Waters entity. Ruapehu has formed a Council Controlled Organisation (CCO) with Whanganui District Council. Should this option progress, this matter would need to be addressed early through the implementation phase.

Support for the new planning system

The initial regional spatial plans, natural environment and land use plans are expected to align with existing regional council boundaries.

Because forming a subregional unitary authority at this scale would be less complex, there would be less risk that the delivery of the first set of plans under the new planning system would be adversely affected.



Long-term it would mean several subregional entities continuing to work together to deliver subsequent plan versions and ongoing monitoring. That is a more complex approach but still reasonable given the large geographic scale of the region.

Introducing the Ruapehu district into this option increases the complexity. It involves a new regional spatial plan and associated natural environment and land use plans that would need to be integrated with the relevant parts of the equivalent Waikato plans. In the long-term this would also mean needing to work closely with other subregional unitary authorities in the Horizons region in addition to those in the Waikato region.

Simplifies local governance

A subregional unitary authority would be very effective at simplifying local governance, consolidating two tiers of local government and four or five councils.



There would still need to be at least one other layer of governance, for example a local board who could make local decisions that have a limited impact on other areas, this would also contribute to ensuring local voice is maintained in a new arrangement. Communities will still have their unique characteristics in the short to medium term, such as bespoke bylaws to address a matter important to that community.

A smaller subregional unitary arrangement offers more opportunity for bespoke local board arrangements where decision-making and delegations can be tailored to community needs.

[11]



Maintains local voice

Under this option, the area currently administered by Taupō District Council contains approximately 40% of the population represented within the proposed unitary authority. South Waikato would make up 25% with the remaining share split between Ruapehu, Ōtorohanga and Waitomo. However, representation arrangements for a new authority would be determined through a future representation review and would not necessarily align with existing council boundaries. Representation would instead be based on factors such as population distribution and communities of interest.

This option presents some challenges for local voice given the sheer number and diversity of communities involved across such a large geographic area.

A subregional authority could still enable local decision-making on issues important to the current Taupō district. However, the consolidation of services and funding across a larger area may result in greater levels of cost sharing and cross-subsidisation than occur under current arrangements, depending on the final governance, rating and funding model adopted.



Infrastructure and service delivery

Community infrastructure may be delivered more cost effectively through greater purchasing power compared to the current situation, but there would also be increased competition for limited resources. Investment decisions would need to be prioritised across the subregion, requiring the current Taupō communities to make a case alongside other communities in any new structure.

It is expected that a local service delivery presence would be retained in Taupō, supporting continued access to services and responsiveness to local needs. There may also be a case for bolstering a service centre offering in Tūrangi to serve the needs of communities in the northern Ruapehu area.

An assumption may be that the main office would be in Taupō given its role as the largest urban centre.



Economic drivers and growth priorities

This option creates a more coherent rural and resource-based economic area where Taupō is a major anchor for GDP, jobs, business activity, population and tourism. The districts in this option share similar economic foundations across primary industries, forestry, manufacturing, rural services and natural resource use. This makes the economic story easier to explain and gives Taupō strong influence within the grouping especially in the rural sector.

The trade-off is that the combined area has less overall scale and a more fragmented services base, with several districts relying on neighbouring centres for health, tertiary, government and infrastructure services that would sit in other regional authorities.

Vision and Strategy for the Waikato River and Treaty Settlement Obligations

All options being considered will need to recognise and provide for existing Treaty (Te Tiriti o Waitangi) partnership obligations, co-governance entities and Joint Management Agreements (JMAs) across the area covered by the new unitary authority. This would require careful consideration of representation and decision-making arrangements to ensure the interests of all iwi partners are appropriately recognised and provided for.

While this option would retain a strong connection between Lake Taupō and the upper Waikato River catchment, it would not provide the same level of integrated management across the wider Waikato River system as a Waikato-wide unitary authority. Ongoing collaboration with neighbouring councils, iwi authorities and co-governance entities would therefore remain important to ensure a catchment-based approach continues to support the delivery of the Vision and Strategy for the Waikato River and associated Treaty settlement responsibilities.

Ruapehu District sits across several iwi rohe and settlement areas, including interests associated with:



- Ngāti Rangī
- Uenuku
- Whanganui iwi and hapū
- Ngāti Maniapoto
- Ngāti Hāua (Taumarunui area)

This means a southern unitary authority including Ruapehu would need to work across a broader range of Treaty settlements, statutory acknowledgements, relationship agreements and iwi governance entities than a Waikato-only arrangement.

The most significant distinguishing feature is the presence of the Whanganui River headwaters within Ruapehu District. The Te Awa Tupua settlement established the Whanganui River as a legal person and created a unique governance framework that applies to the River from the mountains to the sea. This framework differs substantially from the Waikato River co-governance arrangements and would need to be recognised alongside them in any future governance model.

Natural hazards & Emergency Management

Volcanic, geothermal, and faultline hazards present across the central plateau and Ruapehu sections of the proposed region. Coastal hazards including potential need for future managed retreat present in Ōtorohanga and Waitomo.



Taupō is an active participant in the Waikato Group Emergency Coordination Centre (GECC). While a sub-regional unitary authority could weaken this existing connection with the Waikato GECC, some of Taupō's hazard risks are closely aligned with the central North island and Bay of Plenty. Accordingly, strong cross-regional emergency management relationships would remain important under any future governance arrangement.

[13]

Indication of representation based on population



- This option would have an overall population of 102,800 with the current population of the Taupō district being approximately 40% of the overall population.
- The actual governance arrangements of any future unitary authority would need to be the subject of further negotiations between the parties as well as being subject to current or future legislative requirements.

Potential opportunities

- ✓ Greater likelihood that Taupō retains significant influence over planning and investment decisions relative to the single Waikato unitary authority.
- ✓ Retains strong alignment with the Waikato River catchment management frameworks, and Waikato River governance arrangements.
- ✓ Dependent on the final arrangement, this option could support regional spatial planning and coordination, however there would need to be coordination with other unitary authorities.
- ✓ Maintains established local iwi and hapū relationships, assisting with the implementation of joint management agreements and Treaty-based arrangements.
- ✓ The financial impacts on ratepayers in the Taupō district area are likely to be smaller than other options. South Waikato and Ruapehu district councils have relatively low levels of existing debt.
- ✓ We have established working relationships with iwi in the South Waikato district. Introducing the Ruapehu district would pick up a relatively small area of the Ngāti Tūwharetoa rohe in the northern part of the Ruapehu district.

Potential challenges

- ✗ May be more challenging to deliver at an operational level given the large geographic extent of the authority.
- ✗ Less ability to cross-subsidise between large urban centres and smaller or rural communities, with Taupō being the main urban centre.
- ✗ Including Ruapehu in this option makes it more challenging to deliver the new planning system. It means needing to coordinate with the other councils in the Horizons region on spatial planning and the natural environment plans.
- ✗ Catchment management becomes substantially more complex. At the moment most of our focus is on Lake Taupō and the Waikato River. Including Ruapehu would mean needing to work with other councils in the Horizons region to manage the Whanganui River catchment along with

[14]

a number of other smaller catchments. There are also new challenges associated with coastal management.

- ✱ Amalgamating with Ruapehu district would introduce a number of new iwi authorities that Council does not have any existing relationship with. They are likely to have established Treaty settlement arrangements and obligations we are not familiar with. There is also the likelihood that their rohe would be fractured by separating Ruapehu from the rest of the Horizons region with their natural orientation toward the coast.
- ✱ Other governance arrangements may be required for regional functions such as roading, catchment management, and planning.

[15]

Option C

A cross-boundary unitary authority with a combination of Rotorua Lakes, South Waikato, Ruapehu, and Taupō, district councils.

While the Government has confirmed that combining councils in a region is the most straightforward approach, they have also noted that a cross-boundary grouping could include territorial authorities from neighbouring regions. This is particularly relevant for Taupō given we have a foot in four different regions.

There is an opportunity to establish a unitary authority comprising Taupō, Rotorua Lakes and South Waikato with the ability to also consider the inclusion of Ruapehu. Depending on the final configuration, the unitary authority could span the Waikato, Manawātū-Whanganui, and Bay of Plenty regions.

It is not feasible in the context of the Head Start timeframes to properly explore the opportunities to amend district boundaries. However, if the amalgamation process is given more time there may be value in considering how current boundaries could be better aligned to communities of interest, catchments or rohe. This is particularly relevant for Ruapehu where there are more connections with the Taupō district in the northern areas of Ruapehu, while the southern areas may be more aligned with Whanganui.



[16]

Criteria for Government and the Taupō community

Economies of scale



Central Government has suggested that larger entities are fundamentally more efficient than smaller ones. However, there is little evidence to suggest that population alone delivers any efficiencies⁷. Population density is however strongly correlated with efficiency when it comes to the provision of capital-intensive services such as transport, water and wastewater. It is important to note that fundamentally none of the proposals that will be submitted to government alter the density of existing districts or urban centres. This means that minimal efficiency gains can be expected from any proposal with respect to infrastructure.

Numerous studies cite a U-shaped efficiency curve when it comes to the size of local government authorities with optimal sizes ranging between 60,000 and 100,000 people⁸. This proposed entity is significantly past the upper band of this range with 160,150 people.

Delivery of regional services under this option may have some cost implications depending on the final geographic area. A combination of Rotorua, South Waikato and Taupō is relatively tight and more likely to provide economies of scale. Introducing Ruapehu substantially increases the land area without providing a substantial increase in rating base. This is particularly pertinent for the delivery of regional services like catchment management, biodiversity, pest management as well as management of the roading network.

⁷ Does size matter? The impact of local government structure on cost efficiency, New Zealand Infrastructure Commission July 2022 (<https://tewaihang.govt.nz/our-work/research-insights/does-size-matter-the-impact-of-local-government-structure-on-cost-efficiency>)

⁸ Drew, J., Kortt, M. A., & Dollery, B. (2016). Did the Big Stick Work? An Empirical Assessment of Scale Economies and the Queensland Forced Amalgamation Program. *Local Government Studies*, 42(1), 1–14.

⁹ Governance Options for the Wellington and Wairarapa Regions: An Economic and Financial Assessment (TDB-Advisory-Assessing-regional-governance-options-2013.pdf)

Financial resilience and impacts on the Taupō community

The financial analysis indicates this option is less favourable for Taupō when compared with the current baseline (Taupō District Council together with its allocated share of regional council finances) and other options.

Option C performs least favourably on operating costs per rating unit and debt measures which are two key financial indicators. This creates risk in a future rates cap environment, where higher operating costs could reduce the ability to maintain current service levels. This option could also face cost increases due to potential of cross-subsidisation of regional services. It is more favourable than Options A and B in relation to operating surplus. Asset condition also needs to be considered alongside the financial metrics, as it is a predictor of future renewal demand, capital expenditure and asset-related liability. The financial analysis indicates that Option C has the weakest transport asset score of the amalgamation options, although it has the strongest building asset score of the options assessed. Overall, it remains less favourable than the Taupō baseline and may expose Taupō ratepayers to comparatively higher future asset renewal and capital investment pressures, particularly given the larger and more varied asset base associated with the inclusion of other Councils.

As with Option A, it is possible to negotiate financial protection for Taupō ratepayers but would require complex and long-running funding and rating arrangements, not just debt ringfencing. These would likely protect Taupō's financial position, rather than improve it but it is recognised that this needs to be balanced with non-financial factors and the risk of a government decision without the ability to negotiate any ring-fencing.

Further detail is provided in the financial analysis section.

Deliverability

A cross boundary unitary authority with Rotorua, South Waikato and Ruapehu district councils would be more deliverable as this involves only five Councils.

Amalgamating four councils (possibly five with Ruapehu) will still present challenges, although the greater resourcing of Rotorua would support the transition. Additional resource would be needed to manage the implementation of new governance and operational arrangements, while continuing to serve current communities during this time.

While transition costs have been assumed to be debt funded by the new entity, there would be transition costs that would fall to existing entities, such as redundancies, data transition, aligning computer systems, and using consultants to help fill resourcing gaps.

Both the Taupō District Council and Rotorua Lakes Council currently deliver waters services in-house, while South Waikato District Council is part of the Waikato Waters entity and Ruapehu also part of a separate CCO. Should this arrangement progress, the parties would need to consider how this is managed through the implementation phase.



Supports the new planning system

This option is the least aligned with the new planning system during the transition period, as the first generation of Regional Spatial Plans will be developed using existing regional boundaries. A cross-boundary unitary authority spanning parts of the Waikato, Bay of Plenty and Manawātū-Whanganui regions would need to work across multiple regional planning frameworks, creating additional complexity until future planning arrangements are reviewed and aligned with new governance boundaries.



Because forming a subregional unitary authority at this scale would be less complex, there would be less risk that the delivery of the first set of plans under the new planning system would be adversely affected.

Long-term it would mean several subregional entities continuing to work together to deliver subsequent plan versions and ongoing monitoring. That is a more complex approach but still reasonable given the large geographic scale of the region.

Having Rotorua Lakes and Ruapehu districts in this option increases the complexity. It involves regional spatial plans and associated natural environment and land use plans that would need to be integrated with the relevant parts of the equivalent Waikato plans. In the long-term this would also mean needing to work closely with other subregional unitary authorities in the Bay of Plenty and Horizons regions in addition to those in the Waikato region.

Simplifies local governance

A cross-boundary unitary authority would be effective at simplifying local governance, consolidating two tiers of local government and five councils.



There would still need to be at least one other layer of governance, for example a local board who could make local decisions that have a limited impact on other areas, this would also contribute to ensuring local voice is maintained in a new arrangement. Communities will still have their unique characteristics in the short to medium term, such as bespoke bylaws to address a matter important to that community.

A smaller unitary arrangement offers more opportunity for bespoke local board arrangements where decision-making and delegations can be tailored to community needs.

[19]

Maintains local voice

Of the options presented this option is a middle ground when it comes to local voice when compared to current District Council arrangements and a full Waikato region unitary option. Based on current populations, the area presently administered by Taupō District Council would comprise approximately 30% of the population of the proposed unitary authority, with Rotorua accounting for around 50%, South Waikato around 20%, and Ruapehu contributing a relatively small share. However, representation arrangements for a new authority would be determined through a future representation review and would not necessarily align with existing council boundaries. Representation would instead be based on factors such as population distribution.



There are existing communities of interest that extend across current district boundaries, including connections between Taupō and South Waikato communities such as Mangakino and Tokoroa, and between Taupō and Rotorua communities such as Broadlands and Reporoa.

A cross boundary unitary authority could continue to support local decision-making on issues important to Taupō communities, particularly where there are shared interests in tourism, geothermal resources, and economic development. However, decision-making would need to balance needs and priorities across multiple communities with differing regional contexts, reducing the focus on Taupō-specific outcomes.

Taupō would likely have a strong level of representation at the governance table, but this influence would be moderated by the broader cross-boundary structure and the need to reconcile different regional priorities and planning frameworks.

Infrastructure and service delivery

Community infrastructure may be delivered more cost effectively through greater purchasing power compared to the current situation, but there would also be increased competition for limited resources. Investment decisions would need to be prioritised across the subregion, requiring Taupō to make a case alongside other communities. There is the potential for the larger urban centre of Rotorua to dominate the demands for resources and funding.



A local service delivery presence in Taupō may be retained. However, there is potential for some services and decision-making functions to be centralised in Rotorua, removing a range of jobs from the local economy.

Economic drivers and growth priorities

By including Rotorua, this option creates a larger and more diversified economic platform. Rotorua adds significant weight in health, education, professional services, tourism, public services, population and infrastructure. This makes the grouping stronger from a services, workforce, investment and regional corridor perspective. It also creates broader industry coverage by connecting Taupō's energy, geothermal, tourism and primary sector strengths with South Waikato's manufacturing base, Ruapehu's rural and visitor economy, and Rotorua's larger service and tourism economy. The trade-off is that Taupō has less direct influence within the new region but a stronger voice at the national level because of its scale.



[20]

Vision and Strategy for the Waikato River and Treaty settlement obligations

While this option would retain a connection between Lake Taupō and the upper Waikato River catchment, it would not provide the same level of integrated management across the wider Waikato River system as a single Waikato unitary authority.

Ongoing collaboration with neighbouring councils, iwi authorities and co-governance entities would therefore remain important to ensure a catchment-based approach continues to support the delivery of the Vision and Strategy for the Waikato River and associated Treaty settlement responsibilities.

Ruapehu District sits across several iwi rohe and settlement areas, including interests associated with:

- Ngāti Rangi
- Uenuku
- Whanganui iwi and hapū
- Ngāti Maniapoto
- Ngāti Hāua (Taumarunui area)



The most significant distinguishing feature is the presence of the Whanganui River headwaters within Ruapehu District. The Te Awa Tupua settlement established the Whanganui River as a legal person and created a unique governance framework that applies to the river from the mountains to the sea. This framework differs substantially from the Waikato River co-governance arrangements and would need to be recognised alongside them in any future governance model.

Rotorua Lakes Council has a partnership arrangement with Te Arawa. One of the most significant Treaty settlements in Rotorua relates to the Te Arawa Lakes, which recognises the special relationship of Te Arawa with 14 lakes across the Rotorua district and established ongoing arrangements for lake management.

Rotorua also sits within a wider Bay of Plenty network of co-governance arrangements relating to freshwater management, including:

- Te Maru o Kaituna River Authority
- Rangitāiki River Forum
- Tarawera Awa Restoration Strategy Group

Overall, a Rotorua-Taupō-South Waikato-Ruapehu unitary authority would need to operate within a diverse and complex iwi partnership environment. While this would create opportunities for stronger collaboration across a wider area, it would also require careful consideration of governance, representation and engagement arrangements to ensure the various settlement frameworks and iwi partnerships are appropriately recognised and provided for.

[21]

Natural hazards & Emergency Management



Volcanic, geothermal, and faultline hazards are present across the central plateau, Rotorua and Ruapehu sections of the proposed region. This option does have the advantage of not including any coastal areas with associated hazards and potential future liabilities.

While a cross-boundary unitary authority presents the greatest complexity from an emergency management perspective, some of Taupō's hazard risks are closely aligned with the central North island and Bay of Plenty. Accordingly, strong cross-regional emergency management relationships would remain important under any future governance arrangement.

Indication of representation based on population



- This option would have an overall population of 160,150 with the current population of the Taupō district being approximately 30% of the overall population.
- The actual governance arrangements of any future unitary authority would need to be the subject of further negotiations between the parties as well as being subject to current or future legislative requirements.

Potential opportunities

- ✓ There are shared communities of interest and housing markets between South Waikato, Rotorua and Taupō.
- ✓ A reasonably geographically compact unitary authority with three main urban centres. That may make it easier to support the smaller rural settlements and areas. That changes if Ruapehu is added into the arrangement.
- ✓ Reasonably strong economic alignment with shared industries (geothermal, agriculture, tourism) and some shared labour markets.
- ✓ Much simpler organisational structure than combining 11 councils making this proposal less costly and simpler to deliver.
- ✓ South Waikato, Rotorua and Taupō are all expected to continue to experience reasonably high population and economic growth.

[22]

- ✓ There is strong alignment in terms of managing the Waikato River catchment. With South Waikato, Rotorua and Taupō all having reasonably large areas in the Waikato catchment.

Potential challenges

- ✖ This option crosses into the Bay of Plenty and Horizons regions creating more complexity for delivering the new planning system.
- ✖ Taupō would have a strong voice at the unitary council table, however it would be balanced by South Waikato and Rotorua.
- ✖ Decision making may become less responsive to local issues and priorities. The main office is likely to be in Rotorua with service centres in Tokoroa and Taupō. That moves a significant number of professional employment opportunities from Taupō to Rotorua.
- ✖ Multiple lake and river catchments that need to be managed. This is likely to require coordination with other council entities. However, we already have working relationships with both the Waikato and Bay of Plenty regions. Those strong working relationships do not exist with the Horizons region.
- ✖ Integrated catchment management becomes more difficult where catchments are fragmented and governance frameworks differ across regions.
- ✖ Some Iwi and Treaty Settlement areas/rohe may be split by new unitary boundaries. That is likely to be a more significant issue in the context of Ruapehu. That could be mitigated through consideration of boundary adjustments in the northern part of Ruapehu.
- ✖ Regional service delivery could be more challenging across multiple catchments and the need to work with more subregional unitary authorities to achieve integration.

[23]

Option D

Don't submit a Head Start proposal, remain as Taupō District Council and prepare for a potential Backstop process.

The Head Start pathway is a voluntary process, Council could choose not to submit a formal outline proposal. The Government has signalled that councils which are not part of Head Start would be part of a subsequent process called Backstop.

At this stage the future Backstop process is expected to be mandatory. It is unclear exactly what it will look like, however the Government has said that its design will pick up on the lessons learned through the Head Start process. There are likely to be further opportunities for councils to influence the design and outcomes of the Backstop process. There does remain the risk that future reforms result in amalgamation arrangements being imposed that do not suit the Taupō community.

Just as the design of the Backstop process has yet to take place, there is uncertainty around the timing. The assumption at this stage is that any new unitary authorities created through Backstop would be formed in time for the 2031 local body elections.

If Council does not submit a Head Start proposal, or its proposal is not accepted, then the expectation is that work would continue with other councils to prepare for the Backstop process.

While local government reform has been on the Government agenda for some time, there is no guarantee that the Backstop process will eventuate. It is currently a policy signal by the current Government and does not yet have a legislative basis. Both the Head Start and Backstop processes will require new legislation. The national election in November has the potential to change the makeup of the Government, and changing circumstances and Government priorities could also influence the timing and nature of future legislation.

Potential opportunities

- ✓ Council staff and elected members can focus on existing priorities and delivering important services and infrastructure.
- ✓ Allows Council to focus on implementation of the new planning system based on current boundaries. This is particularly relevant given the speed at which the new system is expected to be implemented.
- ✓ Provides the opportunity to continue to work with other councils on future reform in a less time pressured environment.
- ✓ Provides time to undertake meaningful engagement with iwi and the community on amalgamation options.
- ✓ Taupō District Council continues to operate until at least 2031. Potentially longer if Government priorities change.
- ✓ Avoids the risks associated with compressed timeframes and rapid decision-making. This is a significant decision with long-term consequences for the community, not all of which may be well understood at this stage.
- ✓ Enables learnings from councils that have pursued Head Start to be understood and then applied to ongoing discussions about amalgamation options.

[24]

Potential challenges

- ✖ Government may end up defining future amalgamation options and we may lose the opportunity for local determination.
- ✖ There may be less options through Backstop if some councils have already amalgamated through the Head Start pathway. Those who are organised and motivated may already be amalgamated.
- ✖ We could be pulled into another Head Start proposal as a nonconsenting authority, initiated by other councils.
- ✖ May result in limited local influence or control over governance outcomes.
- ✖ May lead to less optimal or less locally tailored solutions.
- ✖ Creates uncertainty in the interim period prior to final Government decisions.
- ✖ Could lose the momentum for change.

[25]

Financial Analysis

Methodology

Financial analysis has been conducted in the limited time available and was primarily collected from publicly available information, with some verification completed with Councils as required. The financial analysis was also supported by Artificial Intelligence (AI), particularly with the outputs and objective/fairness checks (rather than data collection and composition itself). Financial data was collected manually, with an internal peer review completed to support accuracy.

The main financial metrics were budgeted metrics at a set point in time - 30 June 2026 (from 2025/26 Annual Plans), which was the most up to date financial information available at the start of this process. This was also supported by data from the 2024/25 Annual Reports, 2025 Water Service Delivery Plans, and other publicly available financial information. Financial information from the 2026/27 Annual Plans was available nearer to the end of this process and was collected and compared to 2025/26 data but council officers did not replace the dataset in the final metrics due to additional complexities with the transition of water services for most Councils. The longer-term outlook was gathered from Councils' Long-term Plans, asset management plans, valuations, and other available data.

The Regional Council allocations have been completed based on rating units, using the primary regional Council as the cost base; however, it is understood that there is substantial cross subsidisation across regions. We have not been given detailed information in relation to specific cross subsidisation of all regional councils, although it is believed that the Taupō District is not being subsidised. That means there is risk of increased operating costs due to cross subsidisation of Councils in option B&C but minimal risk in the modelling of the Taupō baseline (Taupō District Council together with its allocated share of regional council finances) and option A (given it covers most of the Waikato Regional Council area).

Based on reports referenced in early sectors from our Australian Local Government counterparts (most notably Victoria) and the NZ Infrastructure Commission, efficiencies are likely less optimistic than what has been modelled for this options analysis. It was chosen to model efficiencies and costs based on the original Auckland Super City Amalgamation projected efficiencies (pre-amalgamation as no post-amalgamation report was readily available).

Efficiencies have also been modelled to be realised immediately, which is an extremely optimistic state (as any efficiencies would be much longer term). Transition costs are also based on present day value of Auckland Super City projected amalgamation costs (pre-amalgamation), scaled to population. These are assumed to be debt funded (rather than adding into operating costs). Based on recent projections for water services entities, the amalgamation cost projections are likely to be understated, given significant cost forecasts for water services entities are only transitioning a segment of Council services.

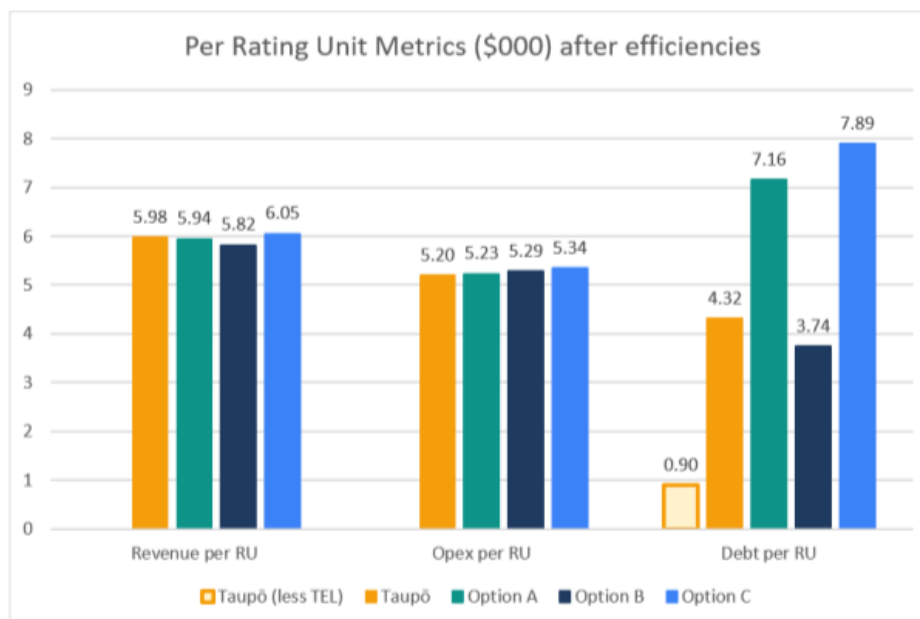
The modelling is favourable to the amalgamation options and ensures there was no bias to the Taupō baseline (Taupō District Council together with its allocated share of regional council finances); by providing best-case modelling of wider amalgamation costs and benefits.

It should be noted in response to public feedback regarding the protection of Councils Taupō Electricity (TEL) fund, that Council is seeking advice regarding how it can achieve specific protection for this important community asset in case of any amalgamation.

Financial modelling - metrics assessment

Financial metrics have been provided after modelling efficiencies on a per rating unit basis. This provides a way to look at the metrics consistently across the options which are of various sizes and scales. Key metrics have been presented in the graph below and include revenue, operating costs, and debt.

[26]



Revenue per rating unit has been modelled across the options and is very similar, with a slightly lower revenue per rating unit for option B. The expected rates capping legislation is likely to limit the extent to which revenue can increase over time. This makes operating costs a more relevant measure, because they indicate how readily each option could continue to deliver services within future revenue constraints.

It should be noted that some significant non-rates revenue may be uncertain over the long-term, particularly New Zealand Transport Agency (NZTA) subsidies, which may be reset post any amalgamation and growth revenue, which relies on projected growth to materialise. This is particularly relevant for options which include Councils who have a higher Funding Assistance Rate (FAR) from NZTA, particularly option B, with higher FAR (of up to 75% subsidy on transportation costs) as it creates a higher future revenue risk due to the uncertainty of FAR post amalgamation. Higher growth Councils such as the larger Councils in option A also provide more revenue uncertainty in the longer term, given the reliance on growth revenue to service past and future growth costs.

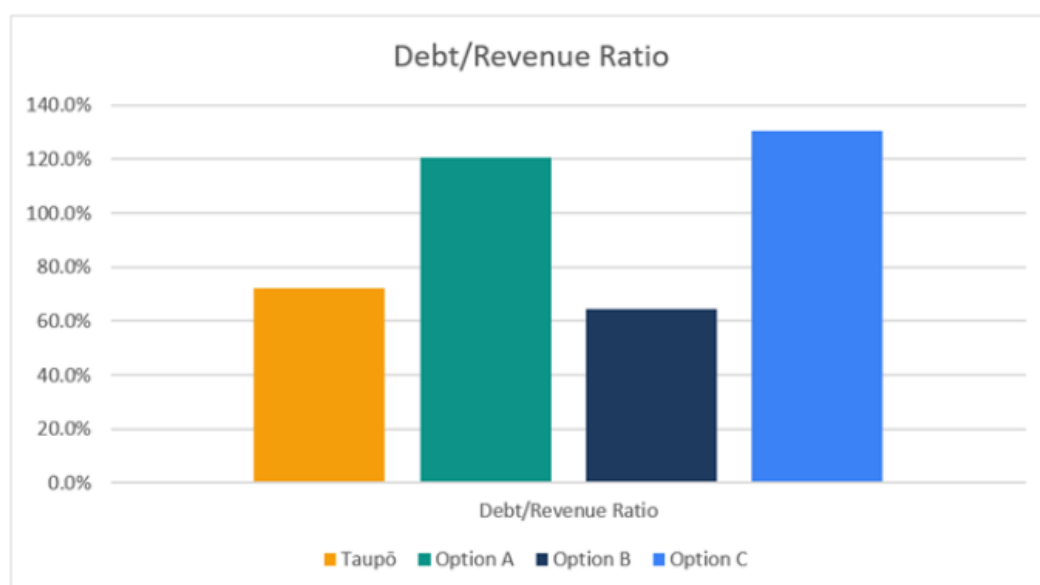
Even with the generous efficiencies applied, the Taupō baseline (current state plus Taupō's share of regional council costs) has lower Operating Costs per rating unit than all options, providing good evidence that the baseline is the lowest cost overall and all options have the potential to have an unfavourable impact on operating costs, with a flow-on effect on the longer-term delivery of services to the community under a rates cap environment.

The debt per rating unit, and debt to revenue ratio show option B being the most favourable with low debt across these Councils. Option A and C are significantly less favourable due to the relative higher debt of Councils in these options, comparative to the Taupō baseline and Councils in option B. These metrics were modelled from a gross debt perspective, but Taupō would be by far more favourable if the Taupō Electricity Limited (TEL) fund was deducted (as an indicator of net debt). These metrics also need to be read in conjunction with asset condition metrics as indicators of future capital expenditure (and associated debt).

[27]

Further supporting the assessment of the financial strength of Taupō District Council over the long-term are Councils credit ratings. Taupō District Council has an AA credit rating from SP Global (previously Standard and Poors), which holds the largest market share in the global credit rating landscape, rating large organisations and governments globally. Not only is this independent assessment but it is also a reliable, standardised and objective measure which supports the assessment of forward-looking financial sustainability and creditworthiness of Taupō District Council comparatively. Only 3 other Councils in New Zealand have an AA (stable) rating with SP global; Auckland Council, New Plymouth District Council, and Whangarei District Council.

Comparing this with the options, the larger Councils in option A have credit ratings with the highest being an AA+ (negative outlook) with rating agency Fitch and the lowest being an A with SP Global, with the latter being the largest Council in the group. No other Councils from option B have credit ratings. The largest Council in Option C (Rotorua) has an AA- credit rating with rating agency Fitch with the others being unrated. While credit ratings would need to be assessed on their merits post any potential amalgamation, all options would likely be unfavourable from a credit rating perspective.

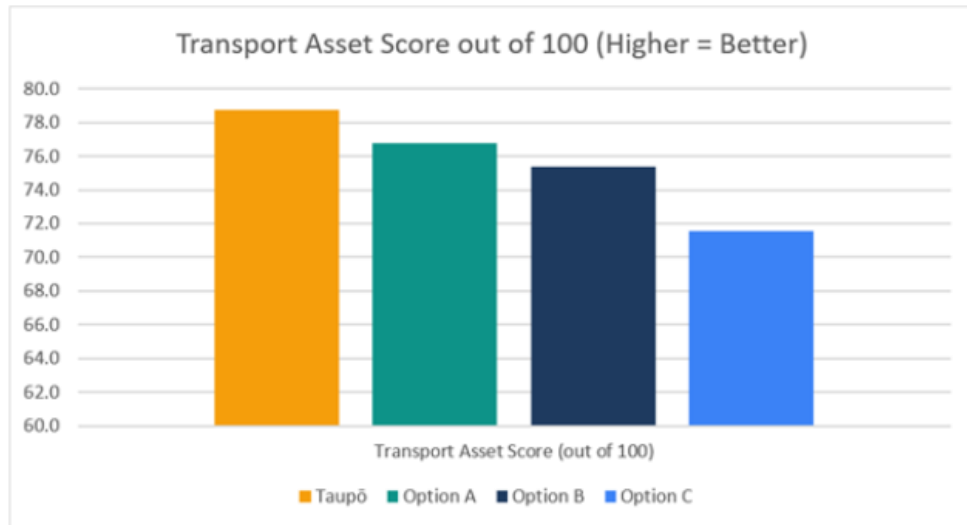


While present day data was used in these assessments, long-term plan projected debt was gathered from Long-term Plan information and Councils' asset management plans. This information has not been included in this summary given the historic unreliability of later years of Councils' long-term plans. We have included asset information as a more relevant dataset, being a predictor of required spend and future liability.

Waters asset information was gathered for Taupō District Council and Rotorua Lakes Council, given the waters are currently delivered in house but it was not considered a key financial consideration for options analysis, given all other Councils are planning to deliver water services externally, making it more consistent to exclude water services. This was also supported by the ability of both Taupō District Council and Rotorua Lakes Council to deliver water services through alternative methods.

The more relevant considerations were two of the larger asset classes which will remain after the transfer of council's water services (excluding Taupō and Rotorua). These are transportation (roading) assets and councils' building assets. These have been given scores out of 100 based on the combination of asset condition and data quality and are shown on the next two graphs. These show the quality of these asset classes in relation to the various options, providing a good indication of future expenditure and/or asset related liability.

[28]



The transport asset scores across the options were able to be assessed for all Councils and has been averaged across options. This has been checked for consistency and fairness using AI and shows the Taupō assets being the most favourable, with option A providing the best transport asset scores out of the options, followed by options B then C.



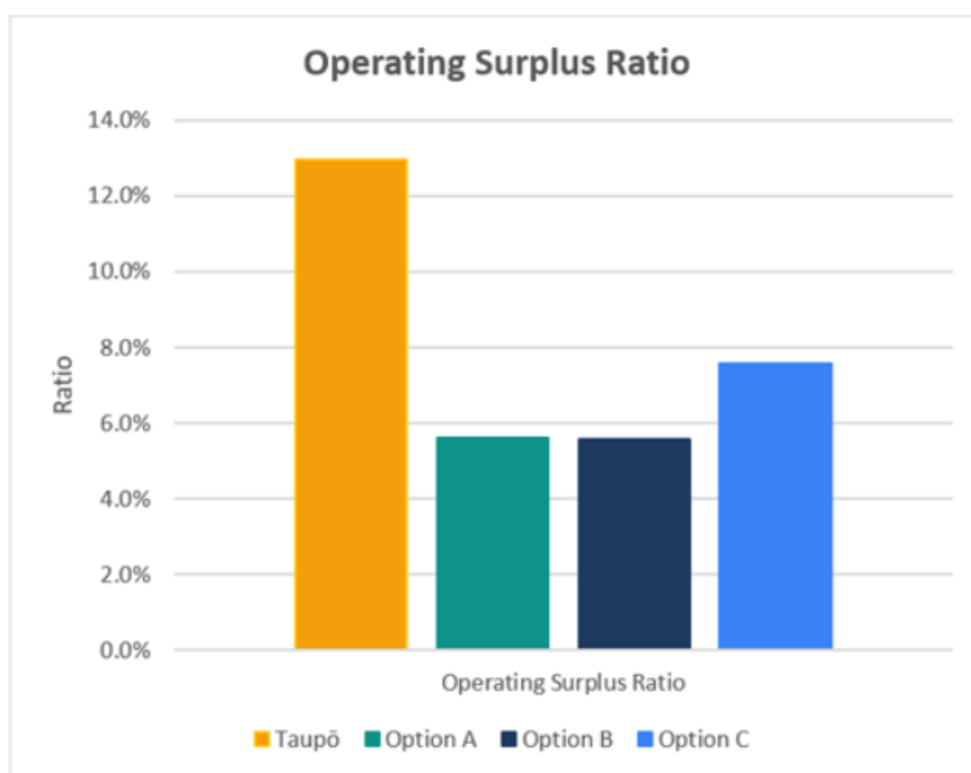
The building asset scores across the options were assessed based on the available data, with 5 Councils missing across all options. The average was still able to be assessed across each option and the larger

[29]

Councils had available data. This also shows the Taupō baseline to be the most favourable (significantly so), with option C providing the best building asset scores out of the options, followed by options A and B.

Operating surplus shows the extent to which operating revenue exceeds operating costs. Although measured at a point in time, it is generally a useful indicator of long-term financial sustainability because it shows whether current revenue is sufficient to cover the cost of delivering services, including depreciation. A positive operating surplus can also indicate the capacity to contribute to debt repayment or future capital investment, based on current revenue. In a rates cap environment, an operating surplus is critical to Council's ability to maintain financial sustainability, given future revenue constraints.

Where depreciation is not fully funded, operating revenue will generally be lower than the full cost of service delivery and use of a council's assets, which can negatively affect the operating surplus ratio. This may occur even where a council is repaying debt, as debt repayment is a financing decision rather than an operating expense. The Taupō District Council baseline shows a far superior operating surplus, reflecting Council's financial strategy to keep debt at sustainable levels. Option A and B have the lowest operating surpluses, with option C being slightly more favourable than either other option.



Key financial metric comparison and financial summary:

The key financial metrics are presented on a table below, showing the least favourable to most favourable financial options against the current baseline (Taupō District Council together with its allocated share of regional council finances). This supports a summary that all options will be unfavourable from the current baseline from a financial perspective. However, it is possible to structure an amalgamation in a way that protects existing ratepayers, but doing so would require far more than simply ringfencing historical debt.

[30]

To genuinely prevent the transfer of financial obligations between communities, any debt ringfencing would also need to extend to the associated depreciation funding, operating costs, asset renewals, local capital expenditure, and the rates that fund those activities. Without these complementary measures, cross-subsidies are unavoidable, undermining the purpose of ringfencing and resulting in some communities contributing towards the historical investment decisions of others.

For the amalgamation options that present the largest financial impact to Taupō District, such as the proposed options A and C, it may be possible to negotiate financial protections that reduce the impact on Taupō ratepayers. This is particularly important for Taupō District Council due to its strong balance sheet. However, these negotiations would involve multiple parties with differing financial positions and priorities. We also recognise while it may be possible to negotiate arrangements that protect Taupō ratepayers, doing so would create a more complex funding and rating system that would need to operate for many years after amalgamation.

Even if these protections were achieved, they would largely only preserve Taupō's current financial position, rather than create additional value for its ratepayers. This is supported by financial metrics which are modelled after efficiencies and Taupō District Council's strong balance sheet, AA credit rating, and favourable borrowing costs, meaning the financial upside of amalgamation for Taupō ratepayers would likely be limited. This needs to be balanced against non-financial metrics and the risk of Central Government intervention which forces Taupō into a less favourable financial position, without the ability to negotiate.

OPTION COMPARISON: KEY METRICS RANKED					
(Ranked from Most Favourable to Least Favourable)					
Metric	Better Direction	Taupō	Option A	Option B	Option C
Opex per RU (\$000)	Lower ↓	5.20	5.23	5.29	5.34
Debt per RU (\$000)	Lower ↓	4.32	7.16	3.74	7.89
Debt/Revenue Ratio	Lower ↓	72.2%	120.5%	64.3%	130.5%
Transport Asset Score	Higher ↑	78.8	76.8	75.4	71.6
Building Asset Score	Higher ↑	89.8	73.5	71.4	73.9
Operating Surplus Ratio	Higher ↑	13.0%	5.6%	5.6%	7.6%
LEGEND:					
		1st (Most Favourable)	2nd	3rd	4th (Least Favourable)

SUMMARY: RANKING POSITION COUNT				
Position	Taupō	Option A	Option B	Option C
1st Place (Most Favourable)	4	0	2	0
2nd Place	2	1	0	2
3rd Place	0	4	2	0
4th Place (Least Favourable)	0	1	2	4
AVERAGE POSITION	1.3	3.0	2.7	3.3

NB: In the two metrics where the Taupō baseline is ranked a close second (debt per rating unit and debt to revenue), this is gross debt and if a net debt position was taken, these metrics would be substantially more favourable for the Taupō baseline, with Taupō ranking most favourable for every financial measure.

Other proposals where Taupō has potentially been included

Proposal	Council Proposing	Description	Response
Hamilton Metro Unitary (Futureproof boundaries) + Waikato Rural Unitary	Waikato District and Waipa	This model carves the major urban area of Hamilton City and the surrounding towns into a wider Hamilton Metro unitary authority along the current futureproof boundaries. The rest of the region is then placed into a Waikato towns/rural Unitary. The two unitary authorities would share regional Council functions.	This model provides more local voice to communities than the whole of Waikato option as the most populous urban area would be in its own unitary authority. However local decision making across such a geographically extensive area would still be diluted compared to the options assessed. Many of same challenges with a single unitary authority for the region also apply to this model given the significant distances, disparate communities of interest and lack of cohesion.
Extended Eastern Waikato Provincial Unitary	Hauraki	Hauraki, Matamata-Piako, Thames-Coromandel, South Waikato, Waipā, Taupō, Ōtorohanga and Waitomo Districts	This option presents challenges for local voice for Taupō District communities as it is a moderate sized authority over a significant geographic area. Additionally, there are limited shared communities of interest or economic linkages with the northern coastal councils. This option has a significant amount of coastal hazard areas especially with Thames-Coromandel's exposure to severe weather events. Other than South Waikato and Taupō these authorities are predominantly in the Waihou-Piako catchment rather than the Waikato River catchment.

[32]

Proposal	Council Proposing	Description	Response
East/West Split or Dual Catchment Authorities	Waipa, South Waikato, Hamilton	East/West Split or two catchment based unitary authorities based on the Waikato-Waipā and the Waihou-Piako catchments. With Taupō included in the Waikato-Waipā proposal or excluded entirely as there are multiple variants.	This option presents challenges for local voice given the inclusion of Hamilton City in the Waikato-Waipā catchment. It also carries significant debt related to growth infrastructure in north of the catchment.
Waikato Waters plus Taupō	Waipa	Water services based unitary authority	While this unitary option aligns with water entity arrangements, and Taupō's previous consideration of joining Waikato Waters, it also comes with a sizeable amount of debt due to the growth infrastructure in the north of the catchment. Local voice would also be spread further out when compared to some of the other options as Waipa has a population of approximately 62,000 people and we share fewer potential communities of interest with some of the Councils.

[33]

Supporting information

Functions of Territorial Authorities & Regional Councils	2
The New Planning System	3
Sequencing of Planning and Local Government Reform	5
Catchment Management	7
Economy, Industries & Services Assessment for Options B & C	10
Treaty Settlements & Co-Governance Arrangements	19
Land Area & Population Stats	22
Current Elected Representation	26
Overview of Waikato Council's Financials	27
Maps	30
Appendix 1 – Department of Internal Affairs Council Performance Profiles	41

[1]

Functions of Territorial Authorities & Regional Councils

Territorial Authority

A territorial authority is a city or district council. Territorial authorities cover smaller geographic areas and are responsible for:

- essential local services, such as roads, water supply, wastewater, stormwater, rubbish collection and disposal and recycling services, parking and public toilets
- community facilities, including libraries, parks, sports fields, pools and playgrounds
- resource management planning, developing and monitoring district plans for land use and subdivisions
- community health and safety, including animal control, building control and liquor licensing.

Regional Councils

New Zealand currently has 11 regional councils. Regional councils are responsible for functions that are best delivered at a regional scale, including:

- managing natural resources such as water, soil, air, geothermal areas and coasts
- planning regional transport and providing passenger transport services
- protecting and restoring indigenous biodiversity
- biosecurity - controlling harmful plant and animal pests
- providing flood protection and drainage schemes
- keeping water users safe
- responding to pollution incidents
- helping communities prepare for civil defence emergencies and coordinating responses when disasters occur.

Most functions relate to cross-boundary environmental systems and major regional or catchment-based infrastructure assets. These clearly relate to a defined community of interest and manage externalities that cross TA boundaries and urban-rural environments.

[2]

The New Planning System

The Government has introduced two bills to replace the current Resource Management Act:

- The Planning Bill plans for and manages the use, development and enjoyment of land. The objective is to provide for a more enabling system centred on the enjoyment of private property rights.
- The Natural Environment Bill manages the use of natural resources and protects the environment. The new system introduces clear, nationally set environmental limits for things like water quality and air pollution. This is intended to give stronger and more consistent protection for the natural environment.

The intent of the reform is to simplify the planning system by moving away from separate district and regional plans towards a more integrated regional planning framework. The intention is to reduce duplication and improve consistency by replacing multiple planning documents with a coordinated set of regional plans.

In the new system, there must be a combined plan for each region consisting of a Regional Spatial Plan, a Land Use Plan for each district in the region, and a Natural Environment Plan.

The legislation also provides for:

- joint land use plans across multiple districts; and
- integrated planning documents prepared by multiple authorities together.

One of the five assessment criterion for the Government is how well a proposal supports the implementation of the new planning system. Proposals will need to demonstrate clear support for the ongoing development of Regional Spatial Plans and Natural Environment Plans and show that any transition arrangements would avoid or minimise disruption to those processes.

The timeframes indicated for transitioning to the new planning system are tight, which may create resourcing and capacity challenges for councils. The introduction of local government reform and potential amalgamation alongside these changes may create additional implementation challenges, as councils balance planning reform, organisational restructuring and service continuity. With all four proposed options, transition planning and adequate resourcing would be required to minimise disruption and maintain progress on both reform programmes.

Iwi Engagement in the planning process

The legislation also 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. With each option proposed the number of councils and decision-making bodies involved varies. This affects the complexity of consultation and plan making processes by increasing the number of parties involved and the level of coordination required between them. Options B and C would also encompass multiple catchments, Treaty settlement areas, co-governance arrangements, Joint Management Agreements, each with their own relationship and engagement requirements. In practice, this would increase the resources required to engage effectively and may create additional complexity in aligning the interests and aspirations of multiple iwi partners within a single planning framework.

[3]

Example of Who Develops Strategy, Policy & Plans

The number of core statutory plans is likely to be similar across all options. However, each plan represents a significant statutory process, requiring formal preparation, consultation, hearings, and approval. As the number of councils and communities involved increases, so too does the number of stakeholders, and decision-making bodies required to approve and adopt these plans. This is likely to result in more complex and potentially slower plan-making processes overall, which may extend the time required to develop and implement planning documents.

Function	Status Quo	Options B & C
Regional Spatial Plan	All councils within a region appoint the Spatial Plan Committee to develop the plan. Independent Hearings Panel hears submissions, recommends changes Taupō District Council actively contributes to the development of the Waikato Region Spatial Plan and, given that only small parts of the district fall within neighbouring regions, would likely take a more limited role in the preparation of those Regional Spatial Plans.	For the first generation of plans, it is assumed that councils would continue to participate in the Regional Spatial Plans prepared under existing regional boundaries. Taupō District Council would likely continue to be involved with the development of the Waikato Regional Spatial Plan and take a more limited role in the preparation of the other four regional plans that touch on our district. Longer term, planning arrangements would likely be reviewed and realigned to reflect any new unitary authority boundaries.
Natural Environment Plan	Prepared by Regional Councils Independent Hearings Panel hears submissions, recommends changes Waikato regional council leads development of a single regional plan	Dependent on timing of the Natural Environment Bill implementation, the first generation of Natural Environment Plans would be developed using existing regional boundaries OR the new Unitary council will lead development of the Plan.
Land Use Plan	Prepared by Territorial authorities Independent Hearings Panel hears submissions, recommends changes Taupō District Council and other councils within the Waikato region each develop a Land Use Plan that will be included as a chapter within the combined plan for the Waikato region.	Dependent on timing of Planning Bill implementation, the first Land Use plans will either be developed by each Territorial authority within the Waikato region OR the new Unitary council will lead development of a single integrated Land Use Plan

[4]

Sequencing of Planning and Local Government Reform

The Planning Bill establishes a mandatory sequence for plan-making. The Bill expressly states that regional spatial plans must be prepared first, followed by Natural Environment Plans and Land Use Plans. During transition, the Resource Management Act remains in force until the first generation of plans has been notified.

This means planning reform and local government reform occur at the same time. Spatial planning work will begin before any new unitary authority is established, but land use planning is likely to occur around the same time as the new governance arrangements come into effect.

Sequencing of Reform

Year	Planning Reform	Head Start Reform
2026	New legislation enacted Spatial Plan Committees established Regional Spatial Plan work programme established	Amalgamation proposals submitted Cabinet agrees proposals in principle
2027	Regional Spatial Plans prepared Draft notified within 15 months of Royal Assent (or 6 months after first National Policy Direction)	Final proposals completed and confirmed Governance design and transition planning Enabling legislation introduced
2028	Regional Spatial Plans approved (within 6 months of notification)	New unitary authorities established (1 July)
2028	Land Use and Natural Environment Plans prepared	New authorities assume functions Backstop begins
2029	Land Use and Natural Environment plans notified (within 9 months of the Regional Spatial Plan decisions)	Organisational transition – may potentially extend into the early 2030s.

Options Assessment

Option A

This option aligns well with the new planning system.

Given that most of Taupō District falls within the Waikato Region, and the new combined plan for the Waikato region will be prepared on a regional basis, there are likely to be benefits from maintaining alignment with existing regional boundaries. An amalgamated Waikato region would support a more coordinated approach to spatial planning and reduce the complexity that could arise from changes to governance boundaries during the implementation of the new planning framework.

However, the challenge with this option is that a Head Start proposal requires confidence that the new combined plan can be delivered in parallel to a proposed amalgamation process. That is likely to be difficult given the complexity of amalgamating 11 councils.

[5]

Option B

This option is less well aligned with the new planning system, at least during the development and implementation of the first generation of plans.

Under the Planning Bill, Regional Spatial Plans will initially be prepared on the basis of existing regional boundaries. As the majority of the proposed southern Waikato unitary would sit within the current Waikato Region, it would be included in the development and implementation of the first Waikato spatial plan during the transition to the new planning system.

The possible inclusion of Ruapehu District Council would introduce a cross-regional dimension, as Ruapehu primarily sits within the Manawātū-Whanganui region (Horizons Council). The legislation provides mechanisms to address inter-regional matters, and cross-boundary coordination could also be supported through the preparation of the Natural Environment and Land Use Plans. However, additional effort will be required to align planning frameworks, timeframes, and implementation across regions, particularly during the first generation of plans.

It is anticipated that regional planning boundaries would ultimately be reviewed and adjusted to align with the new governance structures. While transition arrangements would need to be managed, the longer-term direction would be towards a planning framework that reflects the revised regional configuration.

Option C

This option does not align well with the regional structure of the new planning system, compared to options A and B. It is assumed that the Waikato regional spatial plan will be developed using the current Waikato regional boundary, within which most of Taupō District sits. A cross-boundary unitary authority that includes Rotorua Lakes Council, South Waikato and Ruapehu would span Waikato, Bay of Plenty, and Horizons (Manawātū-Whanganui) regions, each with its own Spatial Plan. This would create greater complexity than options that align more closely with existing regional boundaries, particularly during the transition to the new planning system. Differences in planning priorities, implementation programmes and timeframes across regions may require additional coordination and governance arrangements.

While the legislation provides mechanisms for addressing cross-boundary issues through the preparation of Natural Environment Plans and Land Use Plans, these will be more complex to develop given the geographical spread of the districts and the need to implement three regional spatial plans.

Option D

The Government's Head Start Policy document states that Councils that do not progress through Head Start will continue to focus on delivering the new planning system, including development of the first generation of plans. Reform for those councils will not occur until after the 2028 local elections, through the compulsory backstop process.

This approach gives councils more time to concentrate on planning system implementation before any mandatory governance changes take effect, while still providing a strong indication of when and where future reform will occur.

Catchment Management

A key consideration under the Head Start pathway is the extent to which catchment management can continue to be delivered effectively.

River and catchment systems do not align neatly with administrative boundaries. Decisions relating to discharges, water takes, land use and flood protection in one location can have direct impacts elsewhere in the catchment. For example, would the authority responsible for issuing discharge consents also be accountable for downstream water quality outcomes? Regional councils currently provide a single point of oversight for these interconnected issues across entire river systems. A key challenge for any alternative governance arrangement would be ensuring that integrated catchment management is maintained and that decisions continue to reflect the cumulative effects of activities occurring throughout the catchment, rather than within individual jurisdictions alone.

The following outlines existing arrangements across the three regions that cover the four Head Start options being assessed.

Waikato Regional Council

Governance of Integrated Catchment Management

Waikato Regional Council has eight catchment zones – Coromandel, Waihou-Piako, Lake Taupō, Upper Waikato, Central Waikato, Lower Waikato, Waipā, West Coast.

There is an Integrated Catchment Management Committee who are responsible for:

- Providing governance oversight of Council's science, biodiversity, biosecurity, catchment planning and management, flood protection, river management and land drainage activities.
- Guiding the development and implementation of regional, sub-regional, catchment and community plans and fostering community-led and iwi-led partnerships for integrated catchment outcomes.
- Receiving infrastructure performance, state of environment and ecosystem monitoring reports to inform adaptive management and policy review.
- Considering emerging infrastructure and environmental issues and recommending actions to strengthen infrastructure sustainability, ecosystem resilience and biosecurity protection.
- Recommending to Council actions and partnerships that support integrated freshwater, biodiversity, and biosecurity outcomes.

There are two subcommittees - Waikato & Hauraki Scheme Subcommittee. The Subcommittees provides local community advice to the Integrated Catchment Management Committee on:

- Proposed Annual flood protection and river management activities
- Proposed Annual land drainage activities
- Scheme and level of service reviews.
- Matters affecting the operation, maintenance, and renewal of flood protection and land drainage infrastructure within the above schemes.
- Priority areas for scheme investment in the above schemes.

Horizons Regional Council & Ruapehu District Council

Horizons Regional Council has catchment programmes, river management schemes, iwi partnership arrangements and Treaty settlement governance bodies, rather than standing committees.

Te Awa Tupua (Whanganui River) arrangements

The most significant catchment governance framework in the region is the Te Awa Tupua (Whanganui River Claims Settlement) Act 2017, which established:

- Te Pou Tupua (the human face and voice of Te Awa Tupua)

[7]

- Te Kōpuka nā Te Awa Tupua (a collaborative strategy forum)
- Te Heke Ngahuru ki Te Awa Tupua (the catchment strategy framework)

These arrangements influence planning and management across the entire Whanganui River catchment, including parts of Ruapehu District.

Maniapoto Relationship Arrangements

Horizons Regional Council is party to the Relationship Agreement with Te Nehenehenui under the Maniapoto Claims Settlement Act 2022 alongside Ruapehu District Council and Taranaki Regional Council. This agreement includes provisions relating to freshwater, resource management, monitoring and catchment management.

Catchment Operations Committee

A Catchment Operations Committee is responsible for oversight of:

- river management
- flood protection
- drainage
- erosion control
- land management activities

Bay of Plenty Regional Council & Rotorua District Council

The Bay of Plenty has three catchments Western Bays, Rotorua and Eastern Bay of Plenty. Integrated catchment management within the Rotorua and wider Bay of Plenty area is supported through a series of statutory co-governance bodies, including the Rotorua Te Arawa Lakes Strategy Group, Te Maru o Kaituna River Authority, Tarawera Awa Restoration Strategy Group and Rangitāiki River Forum. These arrangements bring together iwi and councils to manage catchments at a scale aligned with natural systems rather than administrative boundaries.

The western portion of the Rotorua District extends into the Waikato Region, managed by the Waikato Regional Council.

Option Assessment for Catchment Management

Option A

This option ensures that planning and management of Lake Taupō and the Waikato River are well integrated. It aligns strongly with the delivery of the Vision and Strategy for the Waikato River and the related treaty settlement responsibilities. Consolidating these into a single unitary authority would make it easier for the relevant iwi to work with local government to achieve the Vision and Strategy Te Ture Whaimana o Te Awa o Waikato.

Option B

This option retains strong alignment with the Waikato River catchment and existing Waikato River governance and catchment management arrangements, noting that the headwaters of the Waikato River are located within Ruapehu District. As a result, many of the existing Waikato catchment-based relationships and management arrangements could potentially be retained.

However, catchment management would become more complex overall. Ruapehu and Waitomo districts contain distinct catchment systems, including the Whanganui River catchment and other catchments that extend into the Manawatū-Whanganui (Horizons) region. While integrated management across catchment boundaries is achievable, it requires additional coordination and introduces a greater risk of fragmentation where environmental regulation, flood management, and catchment planning are currently managed at a broader regional scale. Including Ruapehu would also require ongoing collaboration with councils in the Horizons region to manage the Whanganui River catchment and a number of smaller catchments, as well as introducing additional coastal management considerations. While Taupō District

Council has well-established relationships within the Waikato, equivalent operational relationships with the Horizons region do not exist.

The preparation of the Natural Environment Plan from 2028 may partially mitigate these risks through the increased national consistency of environmental regulation envisaged under the new planning system. While governance and operational responsibilities may become more fragmented, a more standardised regulatory framework could help maintain consistency in the management of catchment-related issues across jurisdictional boundaries in the longer term.

Other mechanisms to support integrated catchment management could include joint committees, shared service arrangements, Council Controlled Organisation (CCO), and other forms of inter-council collaboration.

Option C

Taupō and South Waikato districts are part of the Waikato catchment and associated governance and planning arrangements. Rotorua district sits partially in the Upper Waikato Zone Plan but also has different catchment and regional management frameworks in other parts of the district. Ruapehu introduces additional considerations, including the headwaters of the Whanganui River, Te Awa Tupua arrangements, and catchment management frameworks that extend into the Manawatū-Whanganui region.

Establishing a cross-boundary unitary authority would require careful consideration of how service delivery and existing planning, co-governance and catchment management arrangements are maintained and integrated under a new governance structure. This would likely require ongoing coordination with neighbouring council entities and governance bodies. While Taupō District Council has established working relationships with both Waikato and Bay of Plenty councils, those strong working relationships do not exist with the Horizons region. Mechanisms such as joint committees, shared service arrangements, Council Controlled Organisations (CCOs) may assist in maintaining strategic alignment and integrated management outcomes across catchments and regions.

Compared with a whole of region or sub-regional option, this option presents greater planning complexity, higher transition risk, and less direct alignment with the region-based approach that underpins the new planning system.

Economy, Industries & Services Assessment for Options B & C

Across the economic, services and industry data, the choice between the key two options is not simply about which grouping is larger. It is a choice between two different models of regional fit for Taupō. The following is based on the current and historical state of the economy and what the combination looks like currently.

- Option B - Taupō + South Waikato, Ruapehu, Ōtorohanga, Waitomo - gives Taupō the clearest leadership role with a strong rural base
- Option C - Taupō + South Waikato, Ruapehu, Rotorua - gives Taupō greater regional scale, a diversified economy, service depth and a national voice.

Option B

Gives Taupō the Clearest Leadership Role

It creates a more coherent rural and resource-based economic area where Taupō is a major anchor for GDP, jobs, business activity, population and tourism. The districts in this option share similar economic foundations across primary industries, forestry, manufacturing, rural services and natural resource use. This makes the economic story easier to explain and gives Taupō strong influence within the grouping especially in the rural sector. The trade-off is that the combined area has less overall scale and a more fragmented services base, with several districts relying on neighbouring centres for health, tertiary, government and infrastructure services that would sit in other regional authorities.

Option C

Gives Taupō Greater Regional Scale, Economic Diversity & Service Depth

By including Rotorua, this option creates a larger and more diversified economic platform. Rotorua adds significant weight in health, education, professional services, tourism, public services, population and infrastructure. This makes the grouping stronger from a services, workforce, investment and regional corridor perspective. It also creates broader industry coverage by connecting Taupō's energy, geothermal, tourism and primary sector strengths with South Waikato's manufacturing base, Ruapehu's rural and visitor economy, and Rotorua's larger service and tourism economy. The trade-off is that Taupō has less direct influence within the new region but a stronger voice at the national level because of its scale.

Assessment Lens	Option B: Taupō-Led Rural/Resource Economy	Option C: Larger Regional Growth Corridor
Economy	Stronger for Taupō leadership and influence. Taupō is a major share of the combined economy and would be one of the main growth anchors.	Stronger for scale and broader regional weight. Rotorua increases the size, diversity and market reach of the combined economy.
Industry base	More coherent. Strong shared story around primary industries, forestry, manufacturing, mining, and rural services.	More diversified. Connects Taupō's energy and tourism strengths with Rotorua's services, health, tourism and professional economy and a significant primary sector.
Services and infrastructure	Taupō is a strong service anchor, but the wider network is more rural,	Stronger overall service platform, particularly through Rotorua's hospital,

[10]

Assessment Lens	Option B: Taupō-Led Rural/Resource Economy	Option C: Larger Regional Growth Corridor
	dispersed and reliant on neighbouring centres.	tertiary, public sector, airport and destination infrastructure.
Strategic meaning	A Taupō-led economy with clearer identity, stronger local influence and stronger alignment with comparable districts.	A larger central North Island corridor with greater capacity, as a larger economic powerhouse having more leverage on a national stage.

Economic options

The historical economic indicators show Taupō entering from a position of strength. Taupō's 2025 economy is smaller than either of the grouped options, but its 10-year growth profile is stronger across several of the most important indicators. Taupō grew faster than both options in GDP, filled jobs, business units, population and tourism expenditure. It also had lower unemployment and a lower, improving NEET rate. This matters because it means Taupō is not a passive addition to either option. It is a growth engine.

The economic distinction between the two options is best understood through the trade-off between influence and scale. Option B gives Taupō more influence because it represents a larger share of the combined economy and will help bring the other economies up. Option C gives Taupō more scale because Rotorua adds a larger population, a larger labour market, a larger services base and broader economic diversity to withstand sector shocks.

Indicator	What the Data Shows	Strategic Insight
GDP	Taupō GDP grew +18.1% over 10 years, ahead of Option B at +11.2% and Option C at +14.3%.	Taupō is growing faster than both groupings, strengthening either option as an economic anchor.
Filled jobs	Taupō filled jobs grew +20.5%, ahead of Option B at +11.1% and Option C at +13.7%.	Taupō has demonstrated strong employment momentum and labour market growth.
Business units	Taupō business units grew +24.6%, compared with Option B at +11.9% and Option C at +13.4%.	Taupō's enterprise base has grown materially faster than both grouped options.
Population	Taupō population grew +16.0%, ahead of Option B at +10.2% and Option C at +9.8%.	Taupō has stronger population growth, supporting local demand and workforce depth.
Tourism expenditure	Taupō tourism expenditure grew +27.8%, ahead of Option B at +17.4% and Option C at +3.7%.	Taupō has a highly resilient visitor economy and is especially important in the Option 2 story.
Exports	Taupō exports grew +40.1%, below Option B at +70.5% and Option C at +50.9%.	Exports are a relative weakness for Taupō compared with the grouped economies.

[11]

Indicator	What the Data Shows	Strategic Insight
Productivity	Taupō GDP per filled job declined -2.0%, while both options were broadly flat but slightly positive.	The main caution is that Taupō's strong jobs growth has not yet translated into productivity growth.
Social/labour indicators	Taupō had lower unemployment at 4.50% and a lower NEET rate at 13.60% than both grouped options.	Taupō enters either option with a stronger labour and social outcomes position.

Option B Economic Story

Leadership, Coherence & Anchor Weight Around Rural

Option B is the clearest economic leadership option for Taupō. By combining Taupō with South Waikato, Ruapehu, Ōtorohanga and Waitomo, the grouping creates a rural and resource-based economy where Taupō is one of the dominant economic anchors. Taupō contributes substantial weight across GDP, jobs, business units, population and tourism expenditure.

This option works because the surrounding districts have broadly compatible economic foundations. South Waikato adds manufacturing and primary production (with some challenges around recent large-scale factory closures). Ōtorohanga adds a strong rural production economy, Waitomo adds mining, primary industries and Ruapehu adds some agriculture and visitor economy strengths. Together, these districts create a coherent story around production, resources, tourism, energy and rural resilience.

The benefit for Taupō is influence. The grouping is large enough to create a wider regional economic platform, but not so large that Taupō is diluted. Taupō would have a strong ability to shape shared priorities around investment, infrastructure, workforce, tourism, energy and value-added primary production at least in the region, but could limit influence on a national stage. The limitation is that the combined economy is smaller and more exposed to rural sector cycles (and perhaps some challenges with government environmental policy), commodity conditions and seasonal visitor patterns.

Option C Economic Story

Scale, Diversity, Regional Corridor & Growth Potential

Option C creates a larger and more diversified economy by combining Taupō with South Waikato, Ruapehu and Rotorua. Rotorua is the district that changes the scale of the option. It adds a much larger economic base, a larger population, deeper services, a stronger tourism sector, greater public-sector depth, and a broader labour and business market.

For Taupō, this option is less about leadership and more about access to scale. It creates a broader central North Island corridor that links Taupō's energy, geothermal, tourism and primary sector strengths with South Waikato's manufacturing base, Ruapehu's rural and visitor economy and Rotorua's larger service, tourism, health and professional sectors.

The benefit is resilience and market reach. A larger, more diversified economy is better positioned to attract investment, develop the workforce, advocate for major infrastructure, and strengthen regional positioning. The limitation is that Taupō's relative influence is reduced. Taupō remains important, but it becomes a strong contributor within a larger and more complex regional system.

Industry options

The industry tables reinforce the same story as the economic indicators. Taupō has a distinctive base in energy and geothermal resources, primary industries, tourism, construction and local services. The question is whether Taupō is better placed as the lead anchor of a more aligned rural/resource economy,

or as part of a larger and more diversified industry corridor. The data is historical and perhaps doesn't represent future growth industries into a longer-term future (see economic ambition 2060).

The industry choice is therefore about coherence versus diversity. Option B has a simpler, more consistent industry rural identity. Option C has a broader and more resilient industry mix.

District	Core Industry Story from the Data	How Does It Contribute to the Options
Taupō	Energy, geothermal, agriculture/forestry, tourism, construction and local services.	Core anchor in both options. Strong national energy positioning and a diversified district base.
South Waikato	Manufacturing and primary industries dominate, with strong agriculture/forestry/fishing and manufacturing GDP signals.	Important in both options as a manufacturing and production contributor.
Ōtorohanga	Rural production economy led by dairy and agriculture.	Adds rural production coherence to Option B.
Waitomo	Primary industries, mining, energy, tourism and construction.	Adds resource, mining and rural tourism depth to Option B.
Ruapehu	Agriculture and tourism are the key anchors.	Adds rural and visitor economy depth to both options.
Rotorua	Larger, more diversified economy with agriculture, health care, tourism, professional services and retail.	Transforms Option C by adding scale, services, tourism depth and economic diversity.

Option B Industry Story

A Coherent Rural and Resource Economy

This has the cleanest industry logic. The districts share a strong connection to land, natural resources, production and some visitor experiences. Taupō brings energy, geothermal, tourism, construction and primary sector strengths. South Waikato brings manufacturing and primary production. Ōtorohanga brings dairy and rural production. Waitomo brings mining, primary industries and tourism. Ruapehu brings agriculture and visitor economy assets.

This creates a straightforward industry narrative: a productive rural and resource economy with Taupō as the lead anchor. The shared opportunities are also relatively clear. They include energy and geothermal development, value-added primary production, forestry and wood processing, rural infrastructure, workforce attraction, tourism product development and better transport and service connections.

The strength of this option is that the industry story is easy to explain and easier to align around. The risk is that the economy is less diversified and more exposed to the performance of primary industries, manufacturing, and seasonal tourism. It is coherent, but narrower.

[13]

Option C Industry Story:

A broader and more resilient industry corridor

Option C has a broader industry profile. It keeps Taupō's strengths in energy, geothermal, tourism, primary industries and construction, retains South Waikato's manufacturing and production base, and includes Ruapehu's rural and visitor economy. The difference is Rotorua. Rotorua adds health care, tertiary education, professional services, larger-scale tourism, retail and public services.

This changes the story from a rural resource economy to a broader growth corridor. The combined industry base is less uniform but larger, more diverse, and potentially more resilient. It provides a stronger platform for workforce development, skills pathways, investment attraction, tourism collaboration, regional branding, and service-sector growth.

The opportunity is a more rounded central North Island economy that connects energy, tourism, forestry, manufacturing, health, education, professional services and regional investment. The risk is complexity. Rotorua changes the character of the grouping, and Taupō's distinctive strengths would need to be deliberately protected and promoted so they are not lost inside a broader regional narrative.

Industry Question	Option 2 Answer	Option 3 Answer
What is the dominant identity?	Productive rural and resource economy.	Diversified central North Island growth corridor.
What does Taupō contribute?	The lead anchor: energy, geothermal, tourism, primary industries, construction and services.	A strategic contributor: energy, geothermal, tourism and primary industries within a larger corridor.
What is the main strength?	Coherence and alignment across comparable districts.	Diversity, resilience and larger economic capacity.
What is the main risk?	Narrower industry base and less service-sector depth.	More complex story and reduced Taupō dominance.

Services & Infrastructure Options

The services table is where Option C becomes strongest. The economic and industry data show real advantages for both options, but the evidence on services and infrastructure is clearer: Rotorua materially strengthens the overall service platform. It adds hospital scale, tertiary education, public-sector depth, airport infrastructure, destination management, and a larger urban service base.

Taupō already has a strong district-level service base, with Taupō Hospital, Tūrangi health services, Taupō Airport, MSD service centres, Amplify, Destination Great Lake Taupō / Love Taupō and strong state highway connections. The question is whether Taupō is better placed as the strongest service anchor in a more rural grouping, or as part of a more complete regional services corridor on a national scale.

Service Area	Option 2 Service Story	Option 3 Service Story
Health	Taupō is strong locally, but several districts rely on neighbouring centres such as Te Kūiti, Hamilton, Waikato or Taumarunui.	Rotorua Hospital adds major health service scale, with Taupō, Tokoroa and Taumarunui adding rural service reach.

[14]

Service Area	Option 2 Service Story	Option 3 Service Story
Tertiary and vocational	Taupō and South Waikato have local trades/vocational provision, but Ōtorohanga, Waitomo and Ruapehu have more limited direct campus access.	Rotorua adds Toi Ohomai Rotorua and Te Wānanga o Aotearoa, materially strengthening the education and skills platform.
Government services	MSD coverage exists across key centres, but the network is more dispersed and some areas rely on neighbouring towns.	Rotorua adds a larger public sector base, alongside Taupō, Tokoroa, Taumarunui and Ohakune service access.
Economic development and tourism	Taupō's Amplify and Destination Great Lake Taupō are strong, with smaller or contracted functions across other districts.	RotoruaNZ adds both EDA and RTO scale, creating a stronger regional economic and destination management platform.
Air and transport	Taupō Airport is the main commercial airport asset, supported by airfields and strong state highway links.	Taupō Airport and Rotorua Airport together strengthen the regional air and visitor infrastructure story.

Option B services story

Taupō as the Rural Service Anchor

Option B positions Taupō as one of the strongest service centres in the grouping. Taupō brings a strong district service base, including a hospital, an airport, economic development, destination management, government services and strong road connections. In a group that includes South Waikato, Ruapehu, Ōtorohanga and Waitomo, Taupō would carry significant service leadership.

The limitation is the wider network. Several districts have lighter direct service bases or rely on neighbouring centres for health, tertiary, employment and government services. Ōtorohanga has the lightest direct service base, Waitomo has an important rural service function but limited scale, and Ruapehu performs strongly relative to its size through Taumarunui Hospital, MSD, courts, DOC, Visit Ruapehu and Waiouru Military Camp. Overall, the service system is rural, dispersed and more dependent on external centres.

This does not make Option B weak, but it means the service story is different from the economic story. Economically, Option B gives Taupō influence. From a services perspective, it gives Taupō responsibility.

Option C services story

A Stronger Regional Service Corridor

Option C has the strongest overall services and infrastructure platform. Rotorua adds the depth that is missing in Option B: a major hospital, tertiary education, airport, larger public sector base, courts, professional services and stronger population-serving infrastructure. Taupō then becomes a complementary service centre rather than carrying the service story alone.

This creates a more resilient regional service corridor. Taupō, Rotorua, South Waikato and Ruapehu together provide stronger health, education, government, economic development, tourism and transport coverage. It is not as Taupō-led, but it is more complete.

[15]

For Taupō, the value of Option C is that it fills service gaps without removing Taupō's own strengths. Taupō retains its district-level service base and strategic transport position, but gains proximity to a larger ecosystem of institutional and public services. This is the clearest argument in favour of Option C.

Summary

Scenario B - Taupō's Leadership Role with a Strong Rural Base

This scenario creates a smaller but more coherent inland central North Island economic grouping. It brings together districts with similar economic foundations: primary production, forestry, natural assets, tourism, energy, rural service towns, smaller communities and land-based industries.

From a Taupō perspective, this scenario has the strongest economic fit. It reflects the way many of Taupō's opportunities already function across district boundaries. Forestry supply chains do not stop at district lines. Tourism corridors connect Taupō, Waitomo and Ruapehu. Energy and geothermal opportunities link to industrial land, processing, infrastructure and workforce needs across the central North Island.

This scenario also has the highest indicative GDP per filled job, which suggests a relatively productive economic base. For councillors and stakeholders, that matters because it points to a grouping with strong productive sectors, not just population scale.

What This Could Mean for Taupō

Potential Economic Benefits

- Strong alignment with Taupō's economic structure and future opportunities.
- Clearer focus on inland New Zealand, rather than urban metropolitan growth.
- Stronger collective story around energy, geothermal, forestry, food production, tourism and rural resilience.
- Some fit for advocating on issues such as workforce shortages, transport links, land use, bioeconomy development, regional tourism and energy-enabled industry.
- Taupō could play a natural leadership role because of its economic scale, location, visitor brand and energy assets.

Key Economic Risks

- The total economic scale is much smaller than the whole Waikato or Rotorua-inclusive option.
- Some districts in the grouping have lower population growth, smaller rating bases and more rural infrastructure challenges.
- A merged economic geography could increase expectations on Taupō to carry regional leadership.
- The grouping may have less national visibility unless it develops a very clear central North Island economic proposition.
- Without strong governance design, Taupō could inherit broader rural service and infrastructure pressures without gaining enough strategic influence.

Scenario C - Taupō Greater Regional Scale, Economic Diversity & Service Depth

This scenario creates a larger central North Island economy by bringing Rotorua into the grouping. Rotorua changes the economic profile significantly. It adds scale, population, labour force depth, visitor economy strength, health and social services, education, Māori economic presence, urban services and a globally recognised tourism brand.

For Taupō, this scenario is both attractive and more complex. It creates a stronger central North Island story and a larger economy than Scenario B. It could support a more compelling investment proposition around energy, tourism, forestry, wood processing, Māori enterprise, workforce pathways and lifestyle-led growth.

[16]

However, Rotorua also introduces a strong competing centre. In tourism, Rotorua and Taupō are complementary in some respects, but they also compete for visitor nights, product investment, event attraction, government attention and destination marketing focus. In a merged structure, Taupō would need to ensure it is not positioned as a secondary visitor destination or lifestyle satellite.

What This Could Mean for Taupō

Potential Economic Benefits

- Larger combined GDP and employment base than Scenario B.
- Stronger central North Island visitor economy proposition.
- Better labour market depth and access to a broader skills base.
- Strong alignment across geothermal, tourism, forestry, Māori economy and environmental assets.
- Greater potential to advocate for central North Island infrastructure, destination development, workforce training and investment.
- Opportunity to position Taupō and Rotorua together as a globally significant geothermal and visitor economy corridor.
- Alignment with government services including health, education and social services

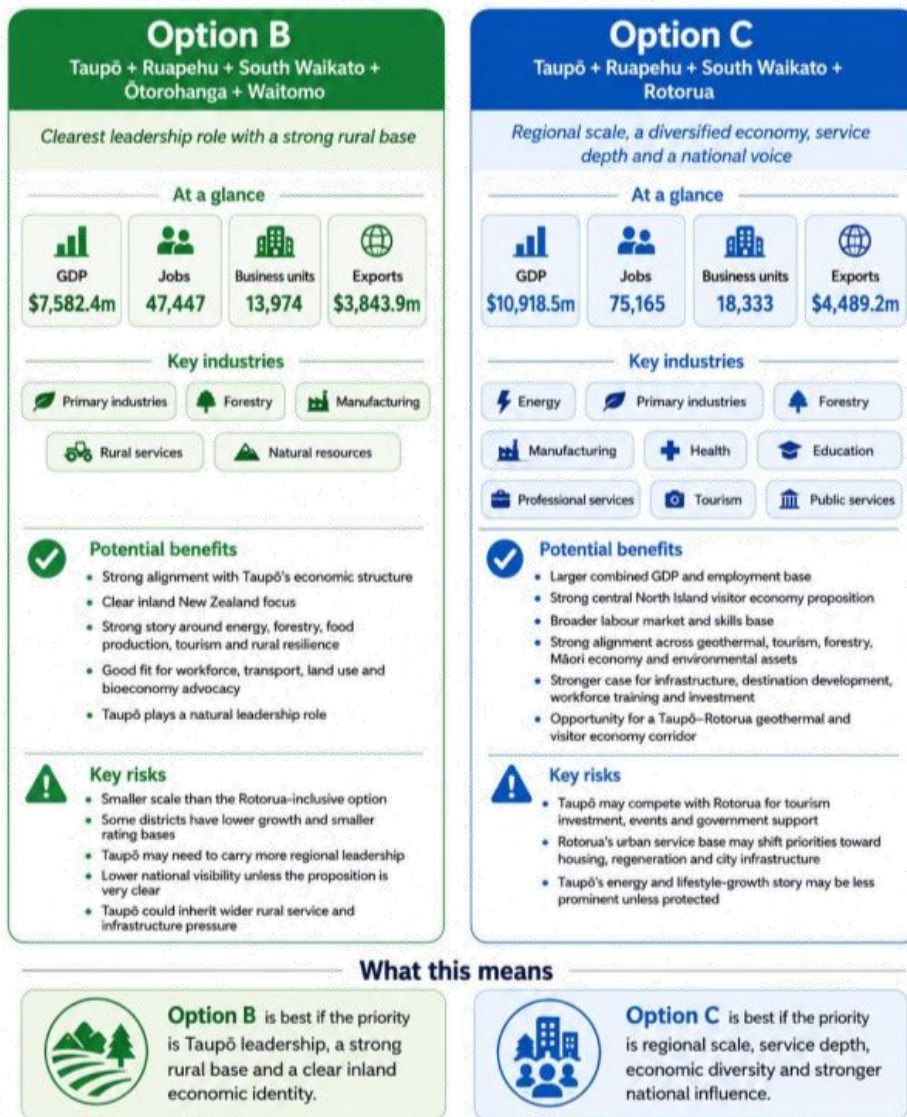
Key Economic Risks

- Taupō may compete with Rotorua for tourism investment, events, accommodation development and government support.
- Rotorua's larger urban service base may shift priorities toward social services, housing, urban regeneration and city infrastructure.
- Taupō's high-value energy and lifestyle-growth story could be less prominent unless specifically protected.
- There may be tension between Rotorua-led destination development and Taupō-led visitor economy priorities.

Taupō Options Comparison

Two different strengths for Taupō

Option B offers stronger Taupō leadership and rural coherence. Option C offers greater scale, diversity, service depth and a stronger national voice.



Option B = leadership and coherence. Option C = scale and capacity.

[18]

Treaty Settlements & Co-Governance Arrangements

The Head Start Pathway requires councils to demonstrate how existing Treaty settlement obligations and co-governance arrangements would be maintained under any proposed unitary authority. This will require engagement with relevant Post Settlement Governance Entities (PSGEs) and iwi and hapū partners to ensure settlement commitments are preserved and continue to have equivalent effect following any reorganisation.

Existing Governance Arrangements Between Councils & Iwi in the Waikato Region

Governance arrangements with iwi in the Waikato region are primarily shaped by Te Tiriti Waitangi settlements. These include formal co-governance and co-management models that provide iwi with direct statutory decision-making powers as well as memoranda of understanding and other informal partnership agreements.

In practice, Te Tiriti o Waitangi settlements are reflected in Joint Management Agreements (JMAs) involving the five river iwi Waikato-Tainui, Ngāti Tūwharetoa, Raukawa, Te Arawa River Iwi, and Maniapoto. Other agreements or arrangements cover an array of iwi and hapū across the region.

Local Government Entity	Co-governance arrangements and Partnership Obligations
Waikato Regional Council (WRC)	JMAs with Waikato-Tainui, Raukawa, Te Arawa River Iwi, Te Nehenehenui (Ngāti Maniapoto), Tūwharetoa Māori Trust Board (WRC has transferred specific freshwater monitoring functions to the Trust Board for Lake Taupō)
Hamilton City Council	JMA with Waikato-Tainui
Waikato District Council	JMAs with Waikato-Tainui, Ngāti Maniapoto (via Te Nehenehenui), Memorandum of Understanding with Ngāa Uri o Maahanga and Ngaati Haua Tai Tumu Tai Pari partnership framework. Waikato River settlement obligations.
Waipā District Council	JMAs with Ngāti Maniapoto (via Te Nehenehenui) and Waikato-Tainui Maniapoto relationship arrangements. Ngāti Apakura and Waikato-Tainui partnership frameworks.
Ōtorohanga District Council	JMA with Ngāti Maniapoto (Te Nehenehenui)
South Waikato District Council	JMAs with Raukawa Settlement Trust and Te Arawa River Iwi Trust Relationship agreements with Raukawa Charitable Trust. Ngāti Tūwharetoa and Ngāti Whaoa engagement arrangements.
Waitomo District Council	JMA with Ngāti Maniapoto (Te Nehenehenui)
Taupō District Council	JMAs with Ngāti Tūwharetoa, Raukawa Settlement Trust and Te Arawa River Iwi Trust Mana Whakahono o Rohe with Ngāti Tūrangitukua

[19]

	Rangitāiki River Forum
Hauraki District Council	No formal statutory JMA but ongoing Treaty of Waitangi settlements via the Pare Hauraki Collective Redress Bill which establishes statutory frameworks for future co-governance arrangements
Matamata-Piako District Council	No formal statutory JMA but Māori representation is facilitated through the Te Mana whenua Forum.
Thames-Coromandel District Council	No formal statutory JMA. Hauraki Collective arrangements. Multiple Hauraki iwi settlement relationships. Co-governance obligations associated with Hauraki Treaty settlements.

Waikato Regional Council Co-Governance Standing Committees

The Waikato Regional Council embeds JMA arrangements through dedicated standing committees focused on specific iwi relationships (e.g., Waikato Raupatu River Trust, Raukawa, Te Arawa River Iwi, and Ngā Wai o Waipā).

Waikato River Authority (WRA)

A statutory co-governance body established by the Crown and River Iwi responsible for the *Vision and Strategy for the Waikato River* - the primary direction-setting document for the river catchment.

Māori Involvement in the Future Proof Initiative

The Future Proof initiative, being the development and implementation of a sub-regional growth strategy led by Waipā and Waikato District Councils, Hamilton City Council and Waikato Regional Council, included the establishment of a tangata whenua reference group - Nga Karu Atua o te Waka - with members drawn from Iwi and hapu-based groups representing tangata whenua in Waipā District and the wider region.

Māori Constituencies / Wards in the Waikato Region

All territorial authorities in the Waikato region, except Hamilton City Council, have voted to **remove** Māori wards ahead of the 2028 local body elections. Waikato Regional Council is exempt from legislation requiring councils to either disestablish Māori constituencies or put them to a public referendum.

The Waikato Regional Council currently has two Māori constituencies: Ngā Tai Ki Uta and Ngā Hau e Whā.

Current territorial authority's Māori wards:

- Hamilton City Council (Kirikiriroa Māori Ward)
- Waikato District Council (Tai Raro Takiwaa and Tai Runga Takiwaa Māori Wards)
- Ōtorohanga District Council (Rangiātea Ward)
- Waipā District Council (Waipā Māori Ward)
- Hauraki District Council (Hauraki Māori Ward)
- Thames-Coromandel District Council (Te Tara o Te Ika Māori Ward)
- Taupō District Council (Te Papamārearea Ward)
- Matamata-Piako District Council (Te Toa Horopū - Matamata-Piako Ward)

Existing Governance arrangements in the Ruapehu & Rotorua Districts

Ruapehu and Rotorua Districts sit across several iwi rohe and settlement areas.

[20]

Local Government Entity	Co-governance arrangements and Partnership Obligations
Ruapehu Council	Ngāti Rangī Relationship Agreement (2023). Ngāti Hāua Partnership Agreement. Maniapoto Relationship Agreement through Te Nehenehenui. The Te Awa Tupua (Whanganui River Claims Settlement) Act 2017 establishes a unique co-governance framework for the Whanganui River. The settlement recognises the river as a legal person and introduces a range of governance and planning arrangements that influence decision-making across the river catchment. Parts of the Whanganui River headwaters are located within Ruapehu District.
Rotorua Council	Rotorua Lakes Council operates within a significant and complex Treaty settlement and iwi partnership environment. The district has 17 completed Treaty settlements and approximately 35 Post-Settlement Governance Entities (PSGEs). The Council participates in several statutory co-governance and co-management arrangements established through Treaty settlements, including: • Te Arawa Partnership Agreement. • Te Arawa 2050 Vision Committee arrangement. • Approximately 19 formal protocols and MOUs with iwi and hapū entities (from your council research). • Rotorua Te Arawa Lakes Strategy Group. • Te Maru o Kaituna River Authority. • Tarawera Awa Restoration Strategy Group.

Māori Wards Rotorua & Ruapehu

Rotorua has a single Māori ward, named Te Ipu Wai Taketake. It elects three councillors to the Rotorua Lakes Council.

Ruapehu District Council features a single, district-wide Māori ward.

The communities of both councils voted to **retain** Māori wards.

Land Area & Population Stats

Land area across districts in the Waikato region

Tile size shows land area, square kilometres



Definition. Land area is the area of land within each territorial authority boundary, measured by Stats NZ. Tile size is proportional to land area.

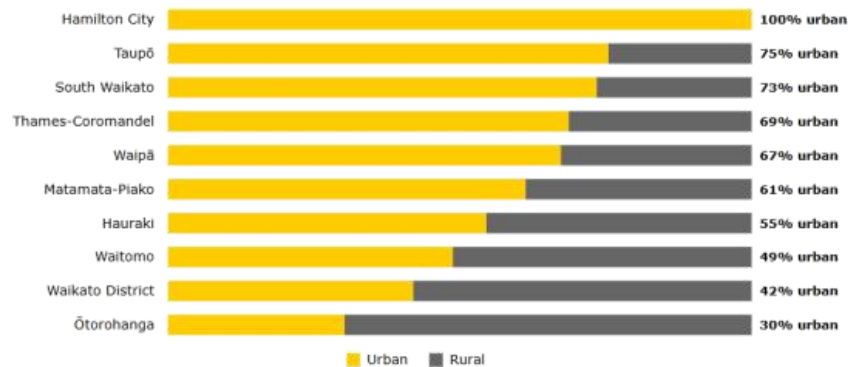
Source. Stats NZ territorial authority 2026 boundaries.

Rotorua District Council Land Area	2,615 km ²
Ruapehu District Council Land Area	6,734km ²

Population split between urban and rural

Urban and rural share of population across districts in the Waikato region

Each district to 100 percent, ordered by urban share



Definition. Urban and rural population splits the usual resident population by Stats NZ urban and rural areas, shown as a share of each district. It reflects where people live, not how land is used.

Source. Stats NZ urban rural 2026 classification.

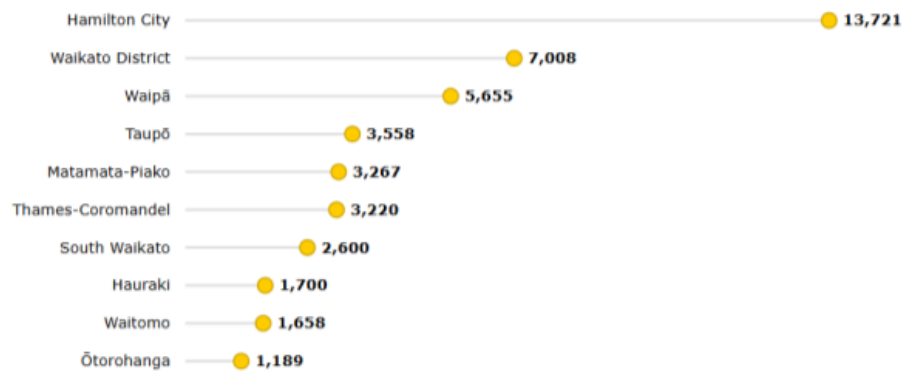
ROTORUA			
Population	Population Density (people/km ²)	Urban Area	Urban/Settlement Population
78,000	30	Rotorua	58,000
		Ngongotahā	5,200
		Mamaku	910
		Reporoa	500
		Total	64,610
RUAPEHU			
Population	Population Density (people/km ²)	Urban Area	Urban/Settlement Population
13,450	2	Taumarunui	4,870
		Ohakune	1,220
		Raetihi	1,060
		Total	7,150

Population per elected member

Waikato Region

Population per elected member

Estimated residents for each elected member, by council



Definition. Population per elected member divides the estimated resident population by the number of elected members. A higher figure means each member represents more people. Ward and community board design shapes representation beyond this ratio.

Source. Stats NZ population estimates at 30 June 2025, and council websites.

[23]

Horizons Regional Council & Ruapehu District Council

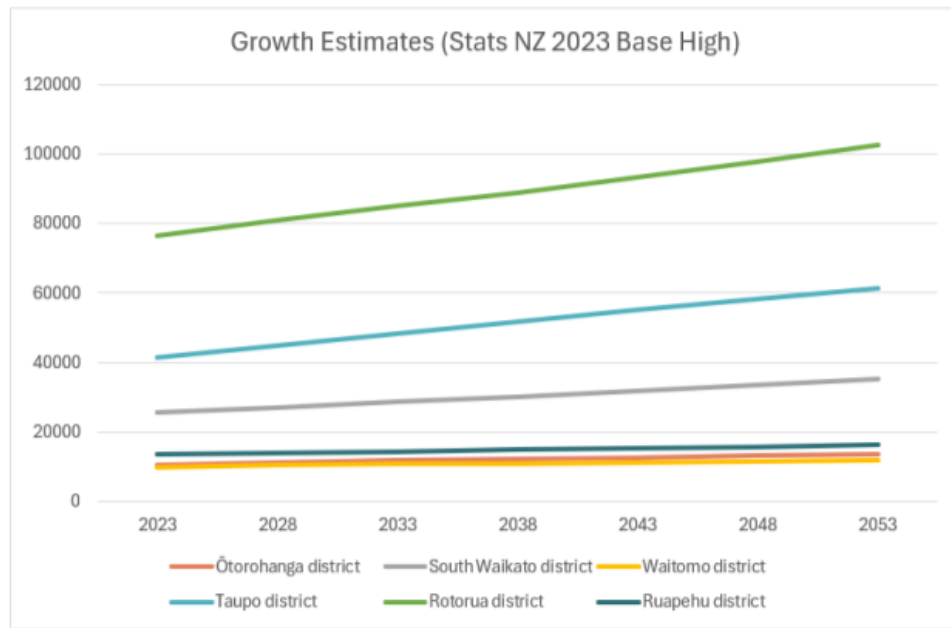
District	Māori Electoral Population	General Electoral Population	Total Population	Total Members (Current)	Number of Wards	Population per Member	Māori Ward Members (Rounded)
Ruapehu District	4,110	9,330	13,440	9	2	1,493	3
Whanganui District	8,900	40,300	49,200	12	2	4,100	2
Rangitikei District	3,180	12,850	16,030	11	5	1,457	2
Manawatu District	3,290	30,700	33,990	11	3	3,090	1
Palmerston North City	10,950	79,600	90,550	15	2	6,037	2
Taranua District	3,040	15,900	18,940	9	3	2,104	1
Horowhenua District	5,590	32,800	38,390	12	5	3,199	2
Horizons Regional Average	5,580	31,640	37,220	11	3	3,298	2
Taupo	7,990	34,700	42,690	12	5	3,557	2

Bay of plenty Regional Council and Rotorua District Council

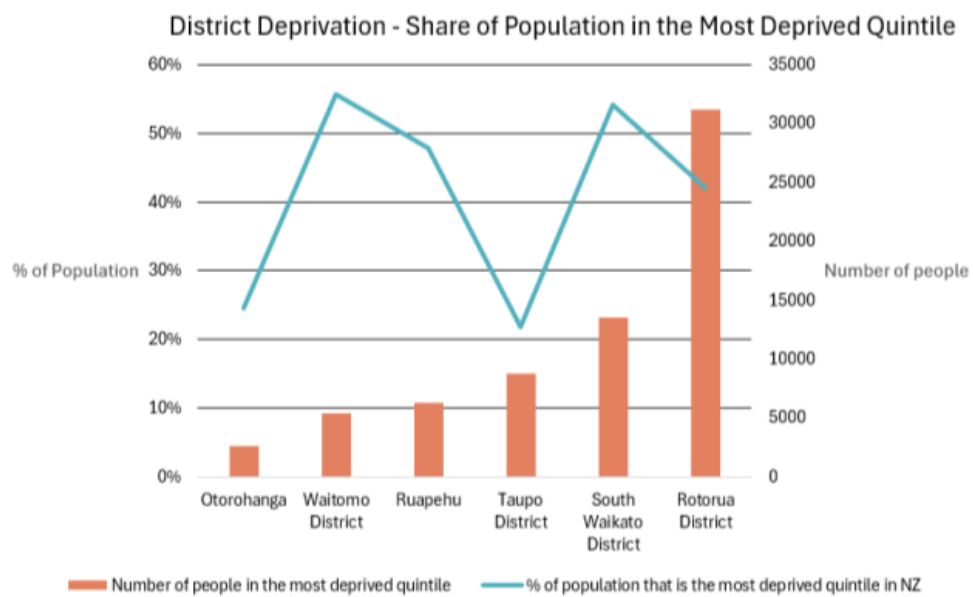
Constituencies	Population*	Number of members	Population per member
Western Bay of Plenty General	53,640	2	26,820
Tauranga General	145,830	5	29,166
Rotorua General	52,410	2	26,205
Eastern Bay of Plenty	35,480	2	17,740
Total general constituencies	287,360	11	26,124
Mauao Māori	23,500	1	23,500
Kōhi Māori	21,700	1	21,700
Ōkurei Māori	21,900	1	21,900
Total Māori constituencies	67,100	3	22,367
Total	354,460	14	

[24]

Population growth estimates



Population deprivation



[25]

Current Elected Representation

Breakdown of current elected representation and their ratio to population served by councils in the Waikato Region & Ruapehu.

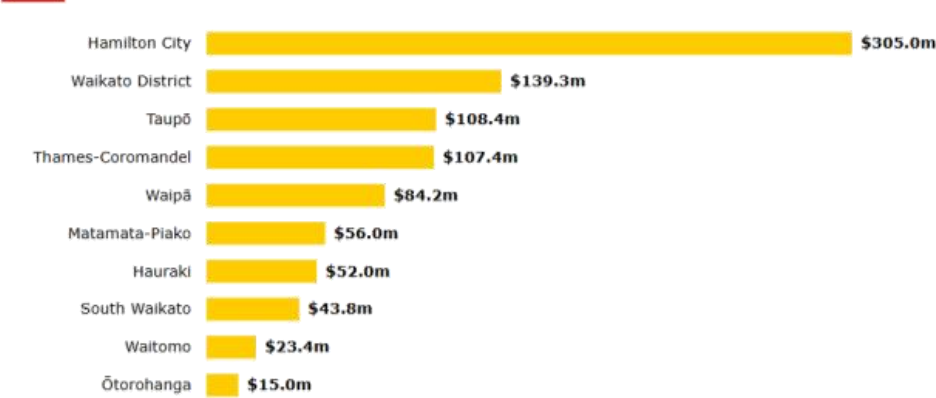
Local government entity	Number of elected representatives at council level	Average proportion of residents per councillor
Waikato Regional Council	14 councillors (including 2 Māori ward members and the Chairperson)	38,000
Hamilton City Council	14 councillors (including 2 Māori ward members) + mayor	13,721
Waikato District Council	13 councillors (including 2 Māori ward members) + mayor	5,670
Waipā District Council	11 councillors (including 1 Māori ward member) + mayor	5,585
Ōtorohanga District Council	9 councillors (including 2 Māori ward members) + mayor	1,157
South Waikato District Council	10 councillors + mayor	2,425
Waitomo District Council	6 councillors + mayor	1,597
Taupo District Council	12 councillors (including 2 Māori ward members) + mayor	3,558
Hauraki District Council	13 councillors (including 2 Māori ward members) + mayor	1,727
Matamata-Piako District Council	12 councillors (including 1 Māori ward member) + mayor	3,157
Thames-Coromandel District Council	10 councillors (including 1 Māori ward member) + mayor	2,827
Rotorua Lakes Council	10 elected members (including 3 Māori ward members) + mayor	5,034
Ruapehu	10 elected members (including 3 Māori ward members) + mayor	1,455

[26]

Overview of Waikato Council’s Financials

Rates revenue across districts in the Waikato region

By council, year ended 30 June 2025



Definition. Rates include all forms of rates, such as uniform annual general charges, water rates and targeted rates. Rates collected on behalf of other local authorities, such as regional councils, are not included.

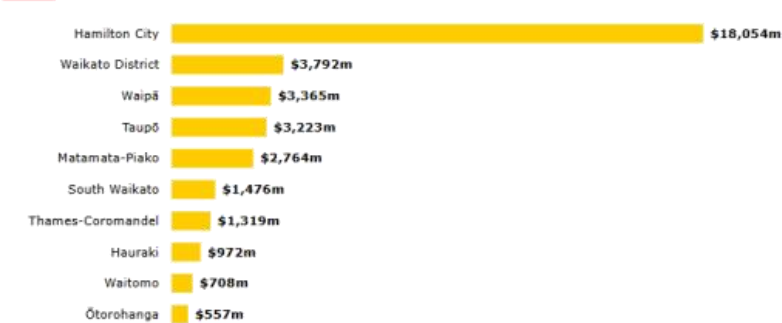
Source. Stats NZ Local Authority Financial Statistics, year ended 30 June 2025. Definitions follow Stats NZ DataInfo+ local authority statistics concepts.

The economy

GDP shows the value produced in each district.

GDP across districts in the Waikato region

Modelled district GDP, year to March 2024



Definition. GDP, gross domestic product, is the total value of goods and services produced in an area in a year.

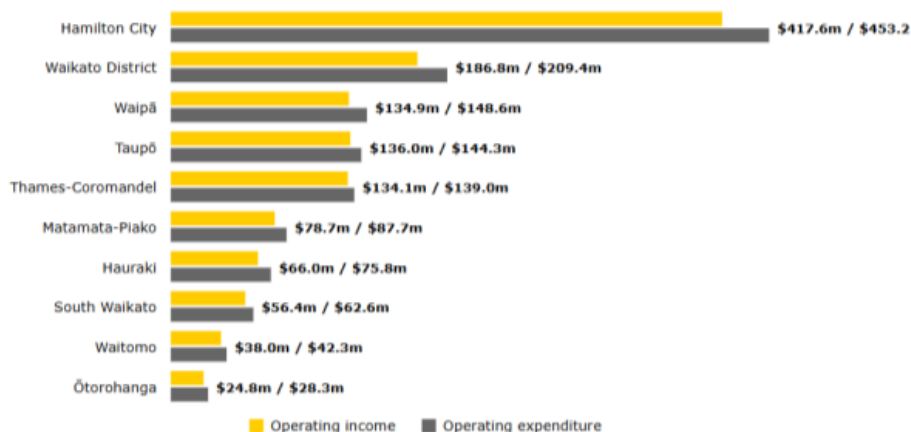
Source. MBIE modelled territorial authority GDP, 2025 release, for the year to March 2024.

The ten council areas produce about \$36.2 billion in GDP. Hamilton accounts for about \$18 billion. Waikato, Waipā and Taupō each sit between about \$3 billion and \$4 billion.

Operating income and expenditure

Operating income and expenditure across districts in the Waikato region

By council, year ended 30 June 2025



Definition. Operating income and operating expenditure relate to current operations, which are the provision of core services by local authorities. Operating expenditure includes depreciation.

Source. Stats NZ Local Authority Financial Statistics, year ended 30 June 2025. Definitions follow Stats NZ DataInfo+ local authority statistics concepts.

What councils own and owe

Councils own assets and carry debt. Assets are what local authorities own. Borrowings are council debt.

Total assets and total borrowings across districts in the Waikato region

By council, year ended 30 June 2025

Council	Total assets (\$m)	Total borrowings (\$m)
Hamilton City	7,206.5	1,181.1
Waikato District	2,972.7	241.8
Waipā	2,880.8	404.8
Thames-Coromandel	2,270.1	91.0
Taupō	2,226.6	237.0
Matamata-Piako	1,319.6	85.0
Hauraki	1,133.3	140.0
Waitomo	736.3	33.2
South Waikato	666.8	50.0
Ōtorohanga	453.9	12.4
Ten districts	21,866.6	2,476.3

Definition. Total assets are what local authorities own. Total borrowings are council debt, including short-term debt due within the next 12 months plus term debt due after the next 12 months. Figures are in millions of dollars.

Source. Stats NZ Local Authority Financial Statistics, year ended 30 June 2025.

[28]

Waikato Region: There are 10 CCO's across the region

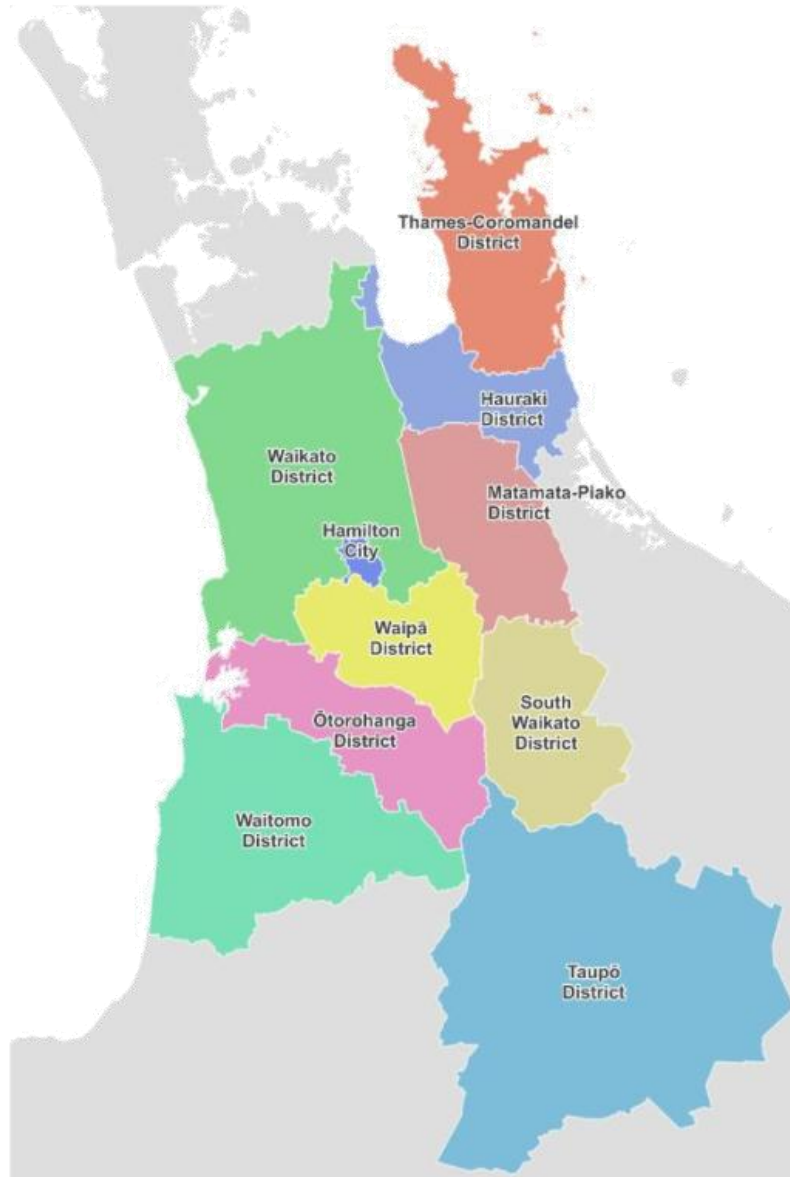
CCO Name	Type	Shareholding Councils	Key Function
NZ Local Government Funding Agency (NZ LGFA)	National	All 10 councils listed	Local government sector financing
Bay of Plenty Local Authority Shared Services (BOPLASS)	Regional	Taupō DC only (of the 10 listed)	Bay of Plenty shared services
Co-Lab	Regional	All 10 councils listed	Waikato shared services (previously WLASS)
Waikato Waters Limited (WWL)	Regional	Hauraki DC · Matamata-Piako DC · Ōtorohanga DC · South Waikato DC · Waipā DC · Waikato DC · Taupō DC	Water & wastewater services (from Jul 2026/Jul 2027, phased)
Waikato Regional Airport Ltd (WRAL)	Local (shared)	Hamilton CC (50%) · Waikato DC (15.6%) · Waipā DC (15.6%) · Matamata-Piako DC (15.6%) · Ōtorohanga DC (3.1%)	Hamilton Airport; incl. Hamilton & Waikato Tourism, Titanium Park
IAWAI – Flowing Waters	Local (shared)	Hamilton City Council · Waikato DC	Water & wastewater services (from 1 Jul 2026)
Hauraki Rail Trail	Local (shared)	Thames-Coromandel DC · Hauraki DC · Matamata-Piako DC	Trail asset management
Destination Hauraki Coromandel	Local	Thames-Coromandel DC	Regional tourism organisation
Taupō Airport Authority	Local	Taupō DC	Local airport operation
Destination Great Lake Taupō (DGLT)	Local	Taupō DC	Regional tourism organisation

Confidential - For discussion purposes only

Maps

Territorial and Regional Council Boundaries

Waikato Region



[30]

Bay of Plenty Local Council Boundaries

Scale: 1:50,000

Projection and Grid Information
 HORIZONTAL DATUM: New Zealand Geodetic Datum 2000
 For practical purposes, NZGD2000 equates to WGS84
 VERTICAL DATUM: sea level
 PROJECTION: New Zealand Transverse Mercator 2000
 © Bay of Plenty Regional Council
 © SquaredUp Land Information New Zealand data
 Printed 11/15

Manawatu-Horizons Region (Horizons Regional Council)

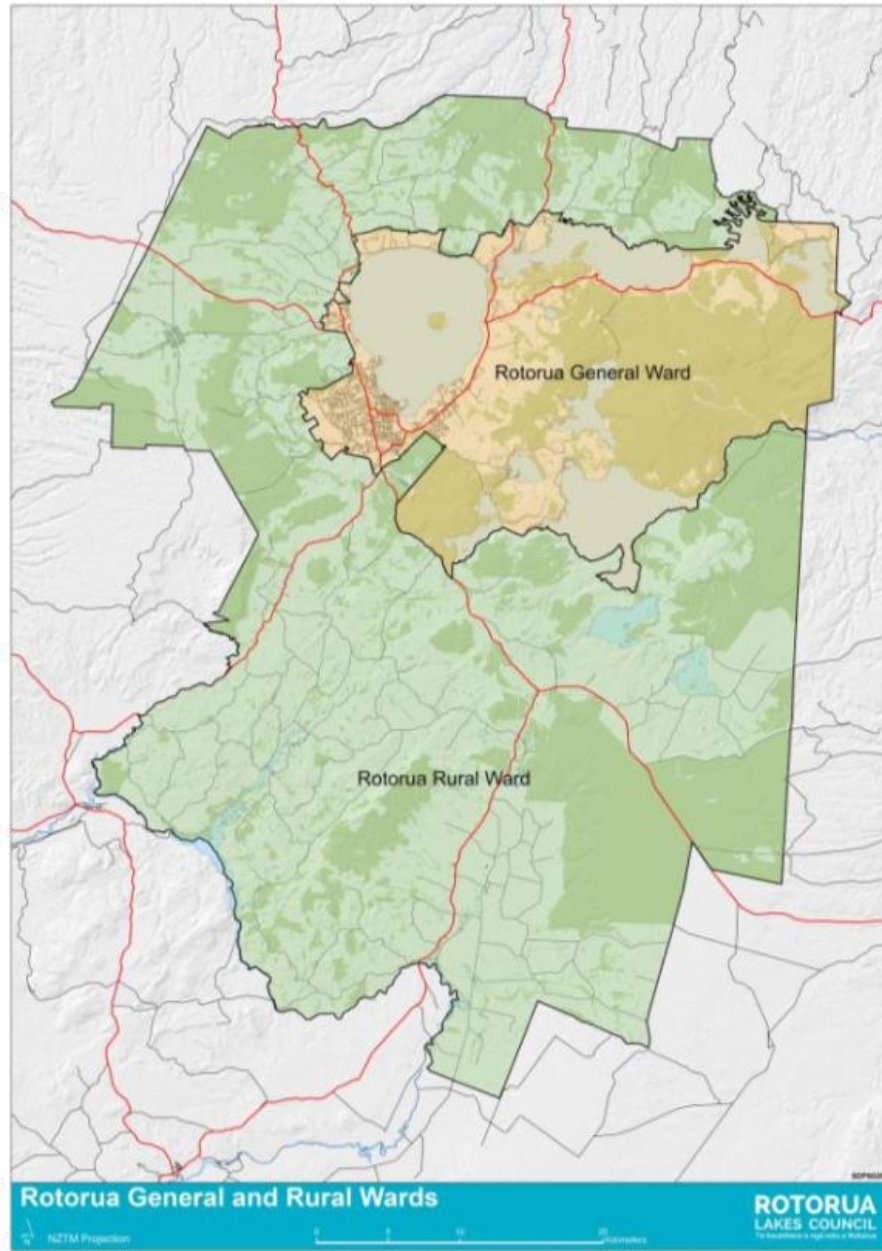


[32]

Rotorua Council

Sits within Waikato Regional council and Bay of Plenty Regional Council boundaries.

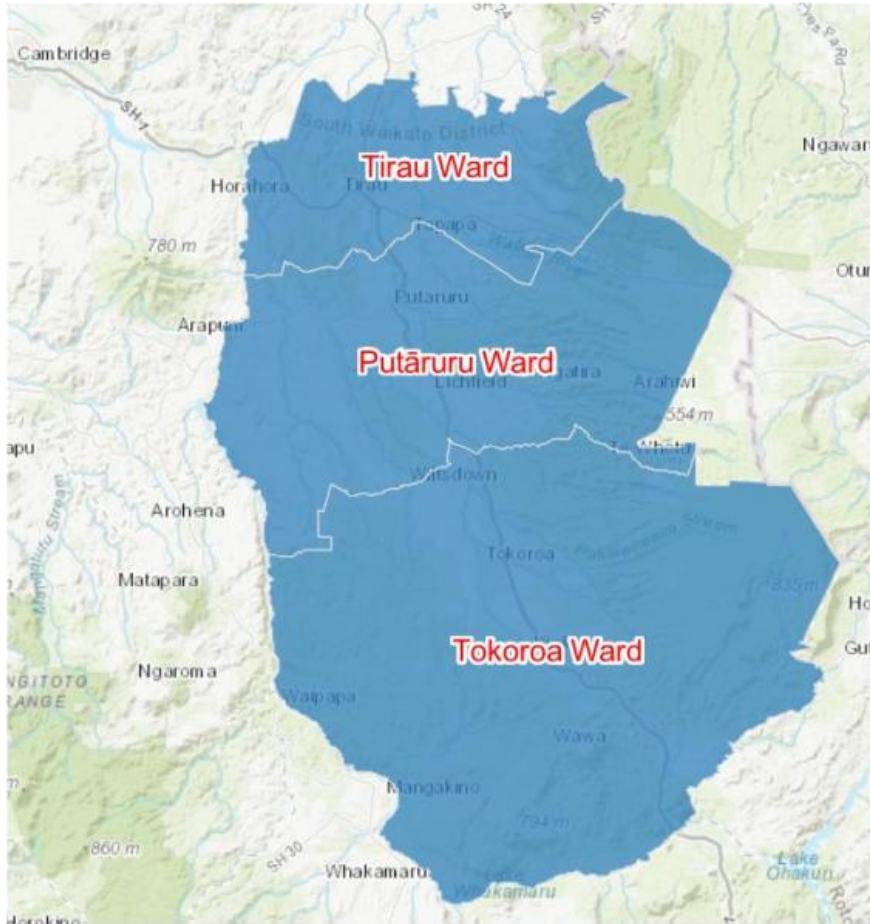
Adjacent districts (in a clockwise direction starting in the north) are Western Bay of Plenty, Whakatāne, Taupō, and South Waikato.



[33]

South Waikato District Council

Sits fully within the Waikato Regional Council boundary. Adjacent districts are Taupō, Ōtorohanga, Waipa, Matamata Piako, Rotorua and Western Bay of Plenty.

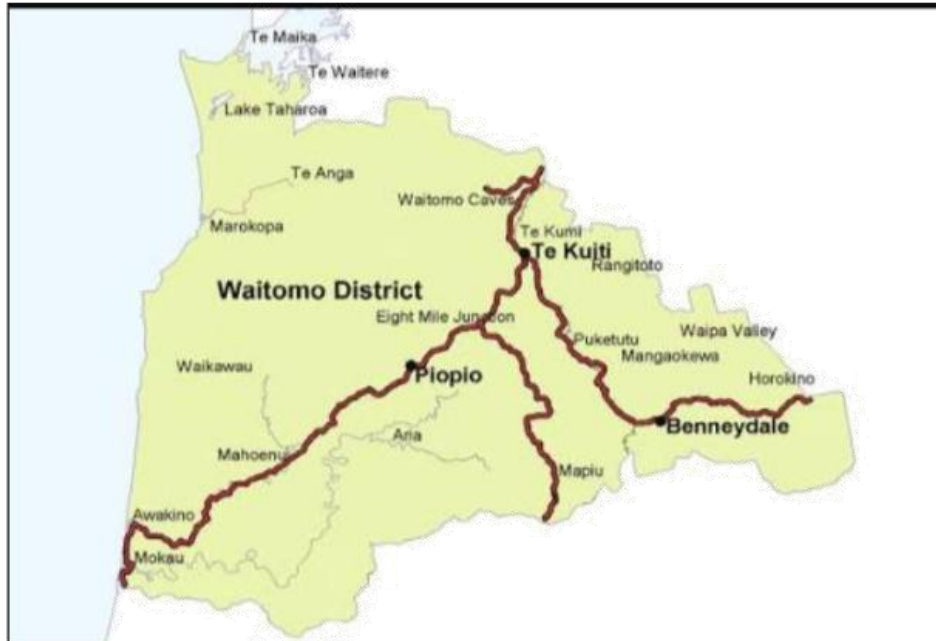


[34]

Waitomo District Council

95% in Waikato Regional Council and remainder in Manawatū-Whanganui (Horizons) Regional Council.

Western boundary is the Tasman Sea. It is adjacent to the Ōtorohanga district to the north, Taupō district to the east and Ruapehu and New Plymouth districts to the south.



[35]

Ōtorohanga District Council

Extends from Kawhia and Aotea Harbours on the west coast to the eastern extremity of the Waikato River near Mangakino. Adjacent districts are Waitomo, Waipa, South Waikato and Taupō.



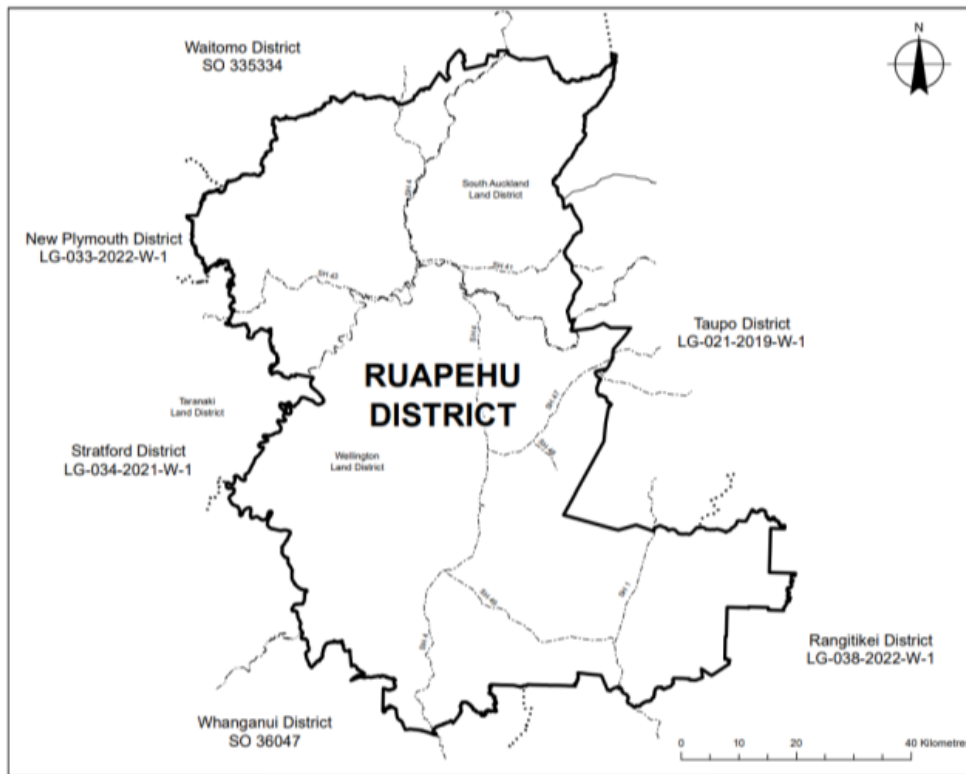
[36]

Ruapehu District Council

Situated within Horizons (Manawātū-Whanganui) Regional Council boundary and Waikato Regional Council to the north.

Contains the western half of the Tongariro National Park, including Mount Ruapehu and the western sides of Mount Ngauruhoe and Mount Tongariro, as well as part of the Whanganui National Park, and the Whanganui river.

Adjacent districts are Waitomo, Taupō, Stratford, New Plymouth, Rangitikei, Whanganui.



[37]

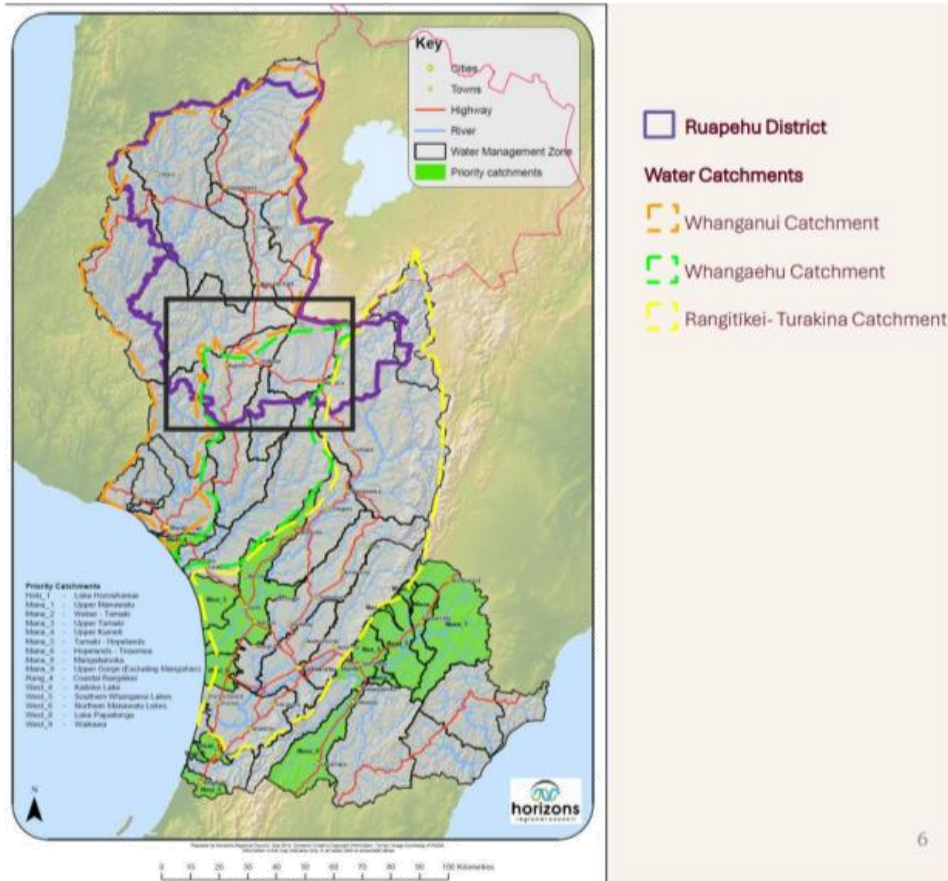
Waikato Catchment



[38]

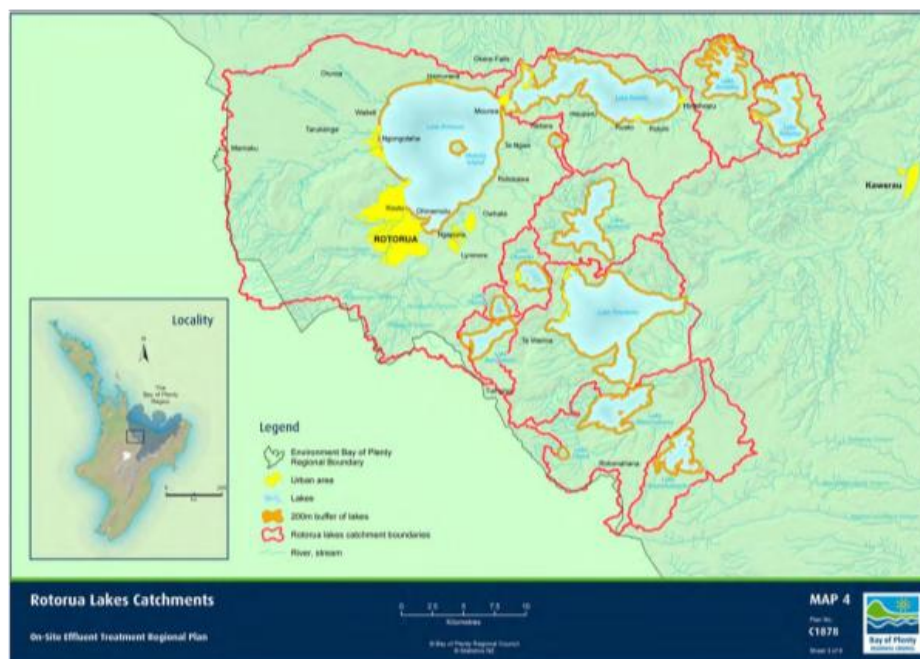
Ruapehu Catchments

Raetihi and Ohakune feed into the Whangaehu catchment.



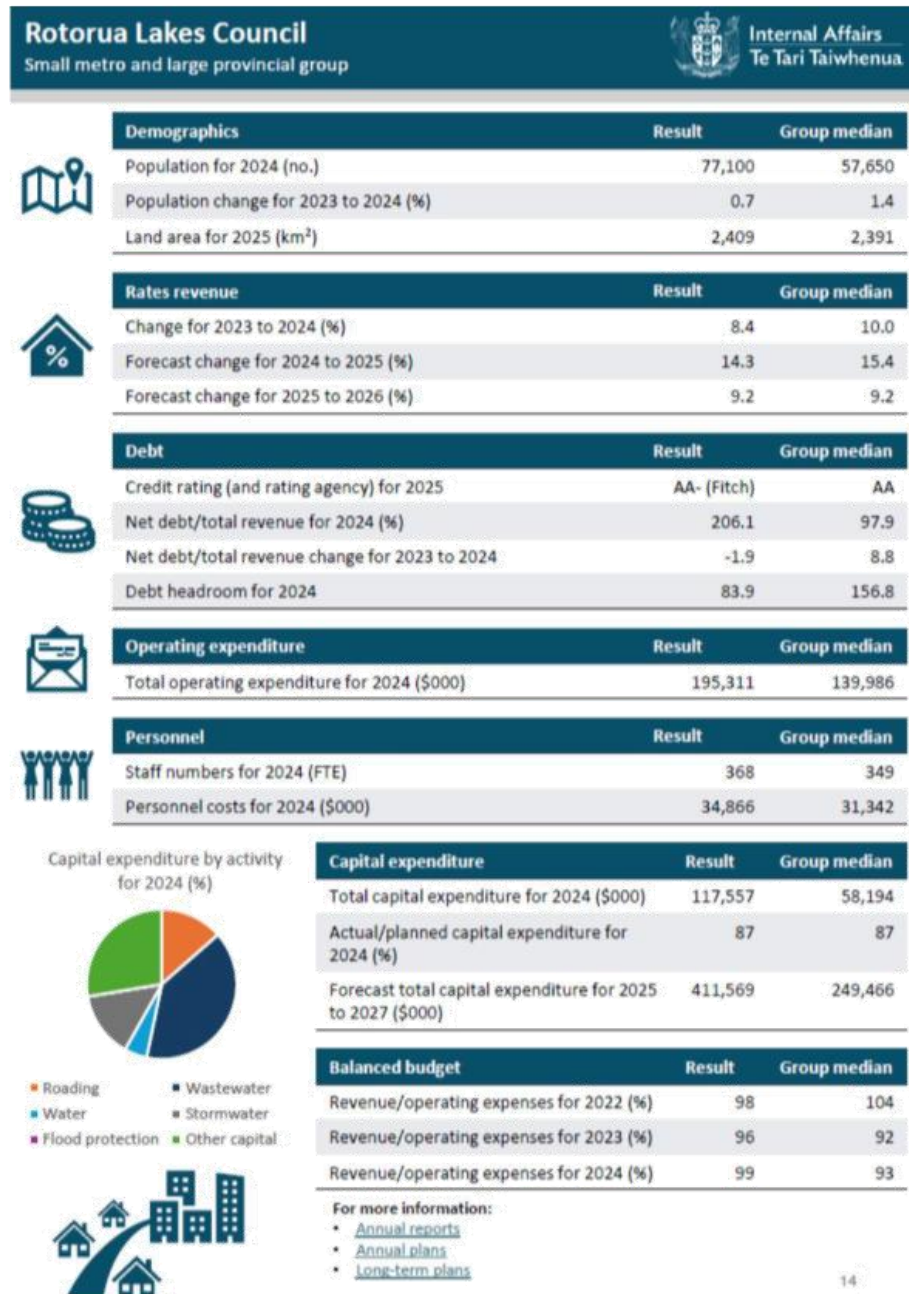
[39]

Rotorua Lakes Catchment

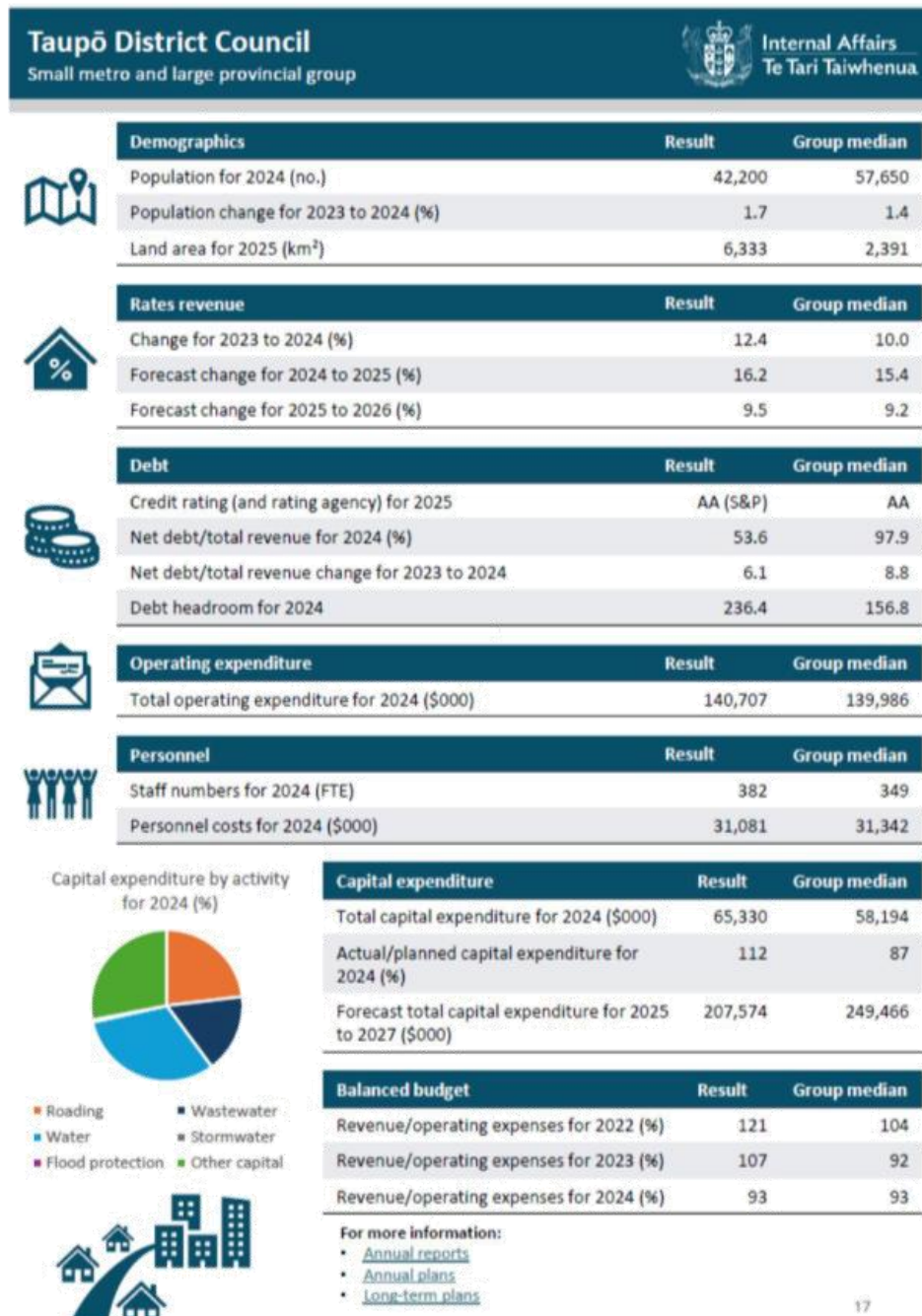


[40]

Appendix 1 – Department of Internal Affairs Council Performance Profiles

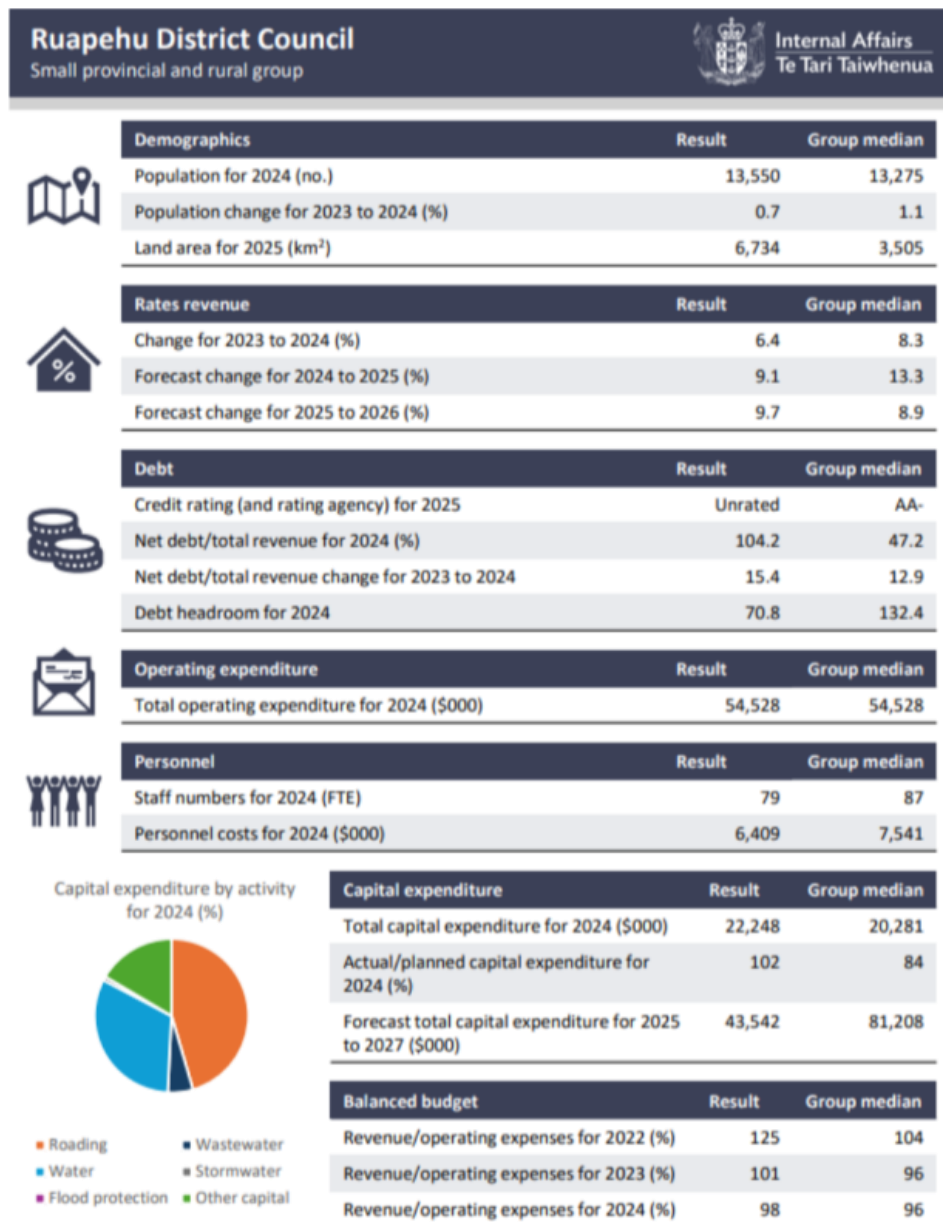


<https://www.mcert.govt.nz/assets/Uploads/Local-government-documents/Council-measurement/Small-Metro-Large-Provincial-Group-MP-Dec-2025.pdf>



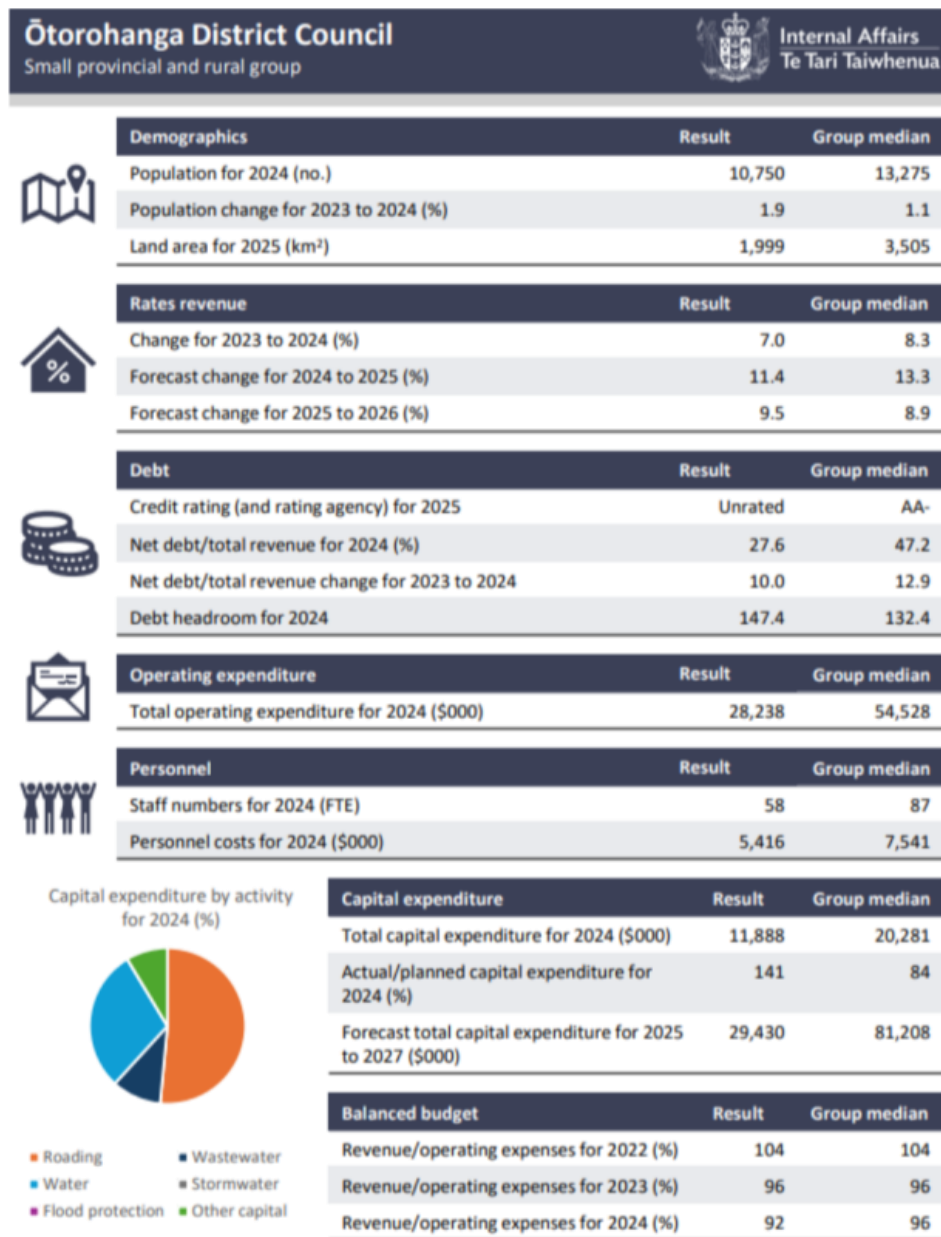
<https://www.mcert.govt.nz/assets/Uploads/Local-government-documents/Council-measurement/Small-Metro-Large-Provincial-Group-MP-Dec-2025.pdf>

[42]



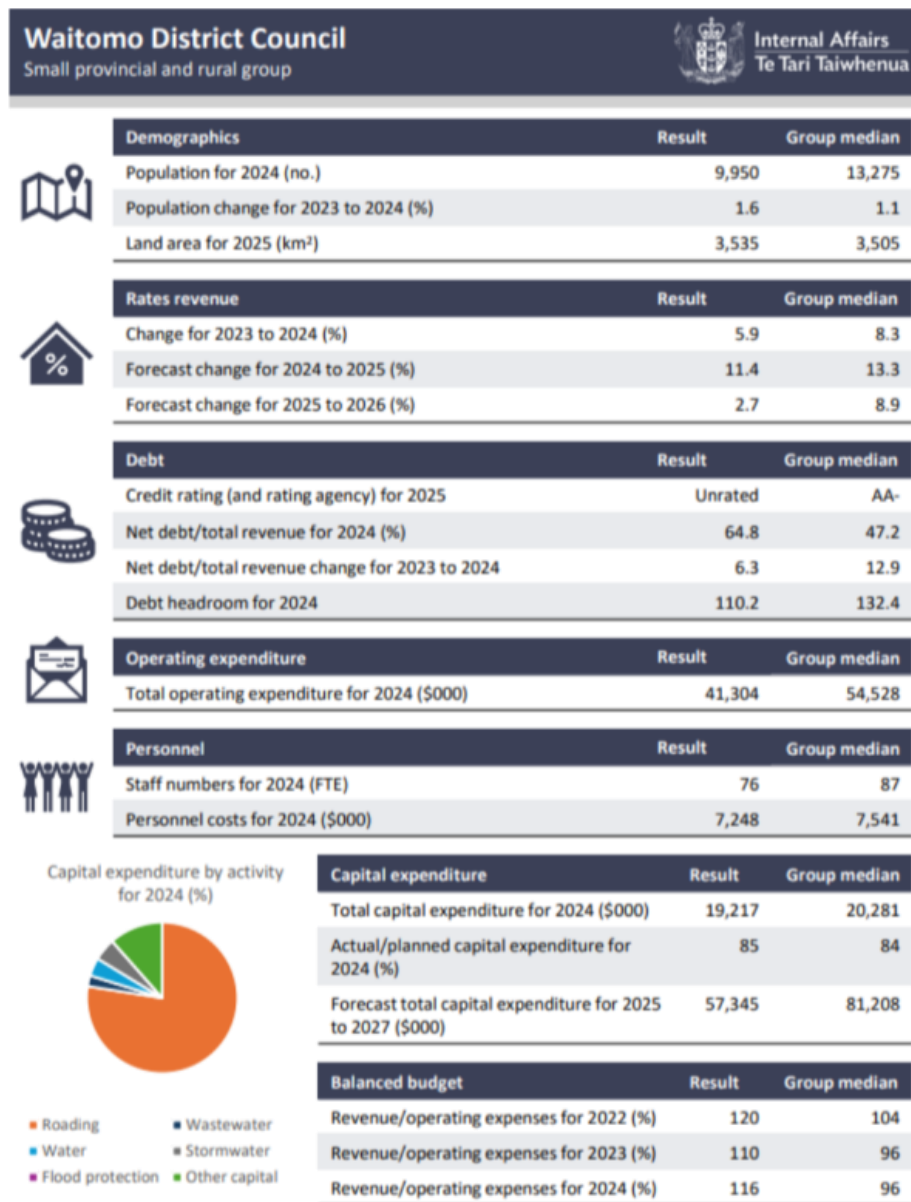
<https://www.mcert.govt.nz/assets/Uploads/Local-government-documents/Council-measurement/Small-Provincial-Rural-Group-PR-July-2025.pdf>

[43]



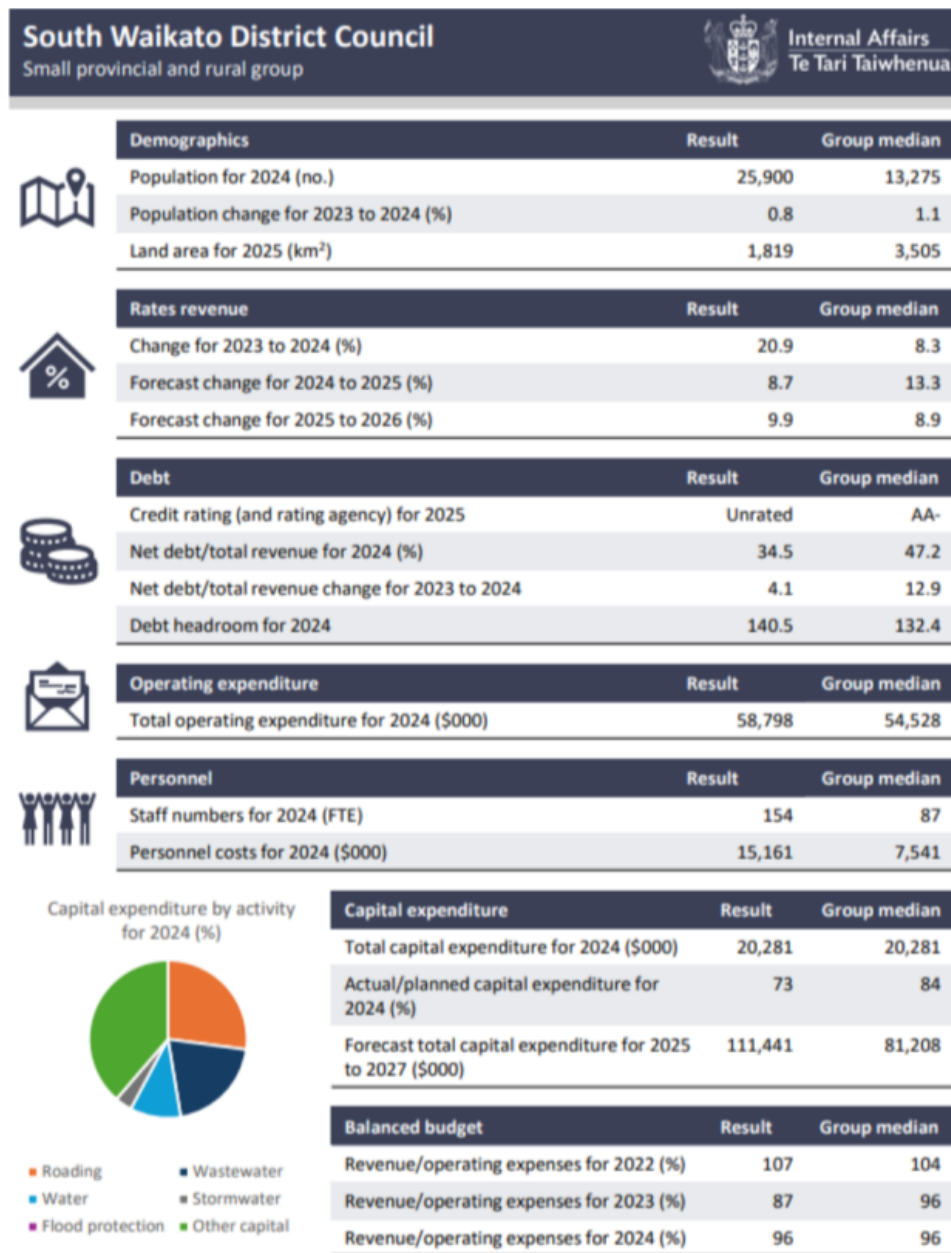
<https://www.mcert.govt.nz/assets/Uploads/Local-government-documents/Council-measurement/Small-Provincial-Rural-Group-PR-July-2025.pdf>

[44]



<https://www.mcert.govt.nz/assets/Uploads/Local-government-documents/Council-measurement/Small-Provincial-Rural-Group-PR-July-2025.pdf>

[45]



<https://www.mcert.govt.nz/assets/Uploads/Local-government-documents/Council-measurement/Small-Provincial-Rural-Group-PR-July-2025.pdf>

Head Start pathway

Simplifying Local Government



Te Kāwanatanga o Aotearoa
New Zealand Government

Ministerial foreword

Local government plays a central role in shaping how New Zealand grows and develops. Councils understand their communities and regions, and they are key partners with central government in delivering housing, infrastructure, and environmental management.

The Government knows councils are managing significant change, with multiple reforms happening at once. Alongside implementing a new planning system, councils told us through submissions on the [Simplifying Local Government proposal](#) that they wanted greater flexibility, including the ability to shape future governance arrangements themselves and, where they are ready, to move more quickly.

The Head Start pathway is a direct response to that feedback. It provides a voluntary, streamlined option for councils that want to lead the transition early, while continuing to deliver the new planning system. Head Start enables locally led solutions, so councils can set their own direction and pace rather than waiting for wider reform settings to apply.

The Government has been clear that regional governance needs to be simpler and more effective over time. Head Start is voluntary. Councils that do not opt in will not face mandatory change until after the 2028 local elections, giving them space to focus on delivering the first generation of plans under the new planning system.

Together, the Head Start pathway and the backstop approach provide certainty and confidence, supporting councils to lead where they are ready, while setting the system up to work better for the long term and delivering the new planning system.



Hon Chris Bishop
Minister Responsible for RMA Reform



Hon Simon Watts
Minister of Local Government

The Simplifying Local Government proposal

In November we consulted on a draft proposal to establish regional boards of mayors, replacing regional councillors, to lead the development of reorganisation plans for a region. The proposal can be found at dia.govt.nz/Simplifying-Local-Government#Proposal.

What we heard

Consultation on this proposal resulted in more than 1,150 submissions, including around 70 from councils and local government sector bodies, and around 60 from iwi/Māori organisations. Submitters generally agreed with the need for reform but raised issues with the specific proposal.

There was more support for regional reorganisation plans than combined territories boards (CTBs). Many submitters had concerns about council capacity to progress these reforms at the same time as other government initiatives. Some suggested changes to the timing, membership, or remit of CTBs.

Many submitters supported keeping regional councillors in place until the 2028 local elections – as a practical measure to support mayors and maintain democratic legitimacy.

Submissions highlighted the important relationships regional councils have with iwi Māori, and the Treaty settlement redress arrangements that relate to regional council functions.

Other issues raised in submissions included:

- preserving and supporting local democracy, including balancing urban and rural interests, with some support for Crown observers
- retention of regional service delivery, particularly environmental management and river catchment management
- mayoral workloads and adopting a regional perspective; and
- funding and process concerns.

Councils told us they wanted greater flexibility to take locally led approaches to reform. Some councils and mayors have been clear that they are ready to move faster, building on existing regional arrangements such as mayoral forums rather than establishing a board of the region's mayors.

The Head Start pathway responds directly to that feedback, giving councils that are ready the opportunity to take the lead, shape their own regional solutions, and progress at pace.

What we are doing

We have listened to feedback and refined our approach.

We will introduce a streamlined Head Start pathway for councils that are ready to develop and progress reorganisation proposals, with the aim of creating unitary authorities within a region through bespoke legislation.

We will legislate for councils not progressing through Head Start to enter a compulsory backstop process after the 2028 local elections.

We will replace regional councillors at the 2028 local elections with an interim body (for example, a board of mayors, Crown commissioners, or a combination of both). The precise model will be confirmed later. Retaining regional councillors until the 2028 local elections will provide capacity during a period of substantial change.

How this fits with the new planning system

We know councils are navigating significant change, with multiple reforms happening at once.

The Head Start pathway gives councils that are ready to move early the confidence to get on with delivering the new planning system now, while they shape the governance arrangements ahead of the 2028 local elections.

By progressively aligning governance with how the new planning system is designed to work, Head Start enables councils to lead the transition on their own terms, rather than waiting for wider reform to commence.

Delivering the new planning system remains core business for all councils and continues in parallel, whichever pathway councils choose.

Head Start pathway

From 5 May 2026, two or more territorial and/or unitary authorities can submit an outline proposal to establish a new unitary authority covering part or all of a region. Proposals will need to be submitted by 9 August 2026.

A unitary authority combines the functions of a regional council and a city or district council into a single organisation. This can simplify governance, reduce duplication, and improve regional coordination.

Councils participating in the Head Start pathway will continue implementing the new planning system alongside any reorganisation activity.

Who can submit an outline proposal?

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.

Eligibility criteria

Proposals must be submitted by two or more territorial authorities that together represent a majority of either directly affected territorial authorities or a majority of the population across directly affected districts. The following examples illustrate how this may work.

What types of reorganisation can be proposed?

Outline proposals must provide for the establishment of new unitary authorities. The most straightforward approach is for all councils in a region to combine to form a single unitary authority.

We will also consider outline proposals for subregional unitary authorities and potential cross-boundary proposals, where:

- existing territorial authorities are combined and regional council functions are transferred
- the proposed arrangements would result in fewer local authorities overall
- the proposed arrangements would deliver clearer accountability and effective delivery of key functions, including regional planning, transport, and catchment management.

More than one unitary authority in a region is only likely to be approved if:

- the region is large and has more complex issues
- the proposal clearly meets the criteria and doesn't lead to the fragmentation of key regional functions where collaboration is required, such as catchment management.

Working with iwi/Māori

Treaty settlement arrangements will continue to be provided for. We will work with applicants and iwi/Māori affected by the Head Start pathway to support the continuation of effective relationships and uphold settlement redress.

Councils will be expected to engage with relevant post-settlement governance entities (PSGEs) to demonstrate how existing Treaty settlement arrangements could be transferred to new unitary authorities with equivalent effect. The Government will also work with PSGEs directly on proposed arrangements. Councils will have an opportunity to further engage with Māori as they continue to develop outline proposals ahead of final decisions in 2027.

Example 1: Majority of directly affected councils

A region contains three territorial authorities: Council A, Council B and Council C. Council A and Council B jointly submit a proposal that affects Council C.

- ✓ This proposal would be eligible for consideration because Councils A and B form a majority of the directly affected territorial authorities, regardless of population size.

Example 2: Majority of population

A region contains four territorial authorities: Councils A to D. Councils A and B jointly submit a proposal that also impacts Councils C and D. Councils A and B together represent more than 50% of the population of the directly affected area, even though Council C and Council D are larger in land area.

- ✓ This proposal would be eligible for consideration because the proposing councils represent a majority of the population, even if they do not represent all councils.

Example 3: Minority of directly affected councils

A region contains five territorial authorities: Councils A to E. Council A and Council B jointly submit a proposal that also affects Councils C, D and E. Councils A and B together do not represent more than 50% of the population or the majority of affected councils of the directly affected area.

- ✗ This proposal would not be eligible for consideration because, while it involves two councils, it does not represent a majority of councils or population.

Example 4: Subregional unitary authorities

A region contains five territorial authorities: Councils A to E. Council A, Council B, Council C and Council D jointly submit a proposal for two unitaries for the region affecting Council E.

- ✓ This proposal would be eligible for consideration because the proposing councils are a majority of the directly affected territorial authorities, regardless of population of the directly affected areas.

Example 5: Subregional proposal - part of region

A region contains seven territorial authorities: Councils A to F. Council A, Council B and Council C jointly submit a proposal for a unitary for the three councils within their part of the region. The other four councils are unaffected.

- ✓ This proposal would be eligible for consideration because there are more than two territorial authorities proposing amalgamation and the majority of territorial authorities and population affected by the proposal are in favour of the proposal. Reorganisation plans for the remainder of the region (Councils D to F) will be required after the 2028 local body elections.

Note: eligibility is not acceptance, and eligible proposals will still need to pass the assessment.

How will outline proposals be assessed?

Five criteria will be used to assess the proposals:



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.



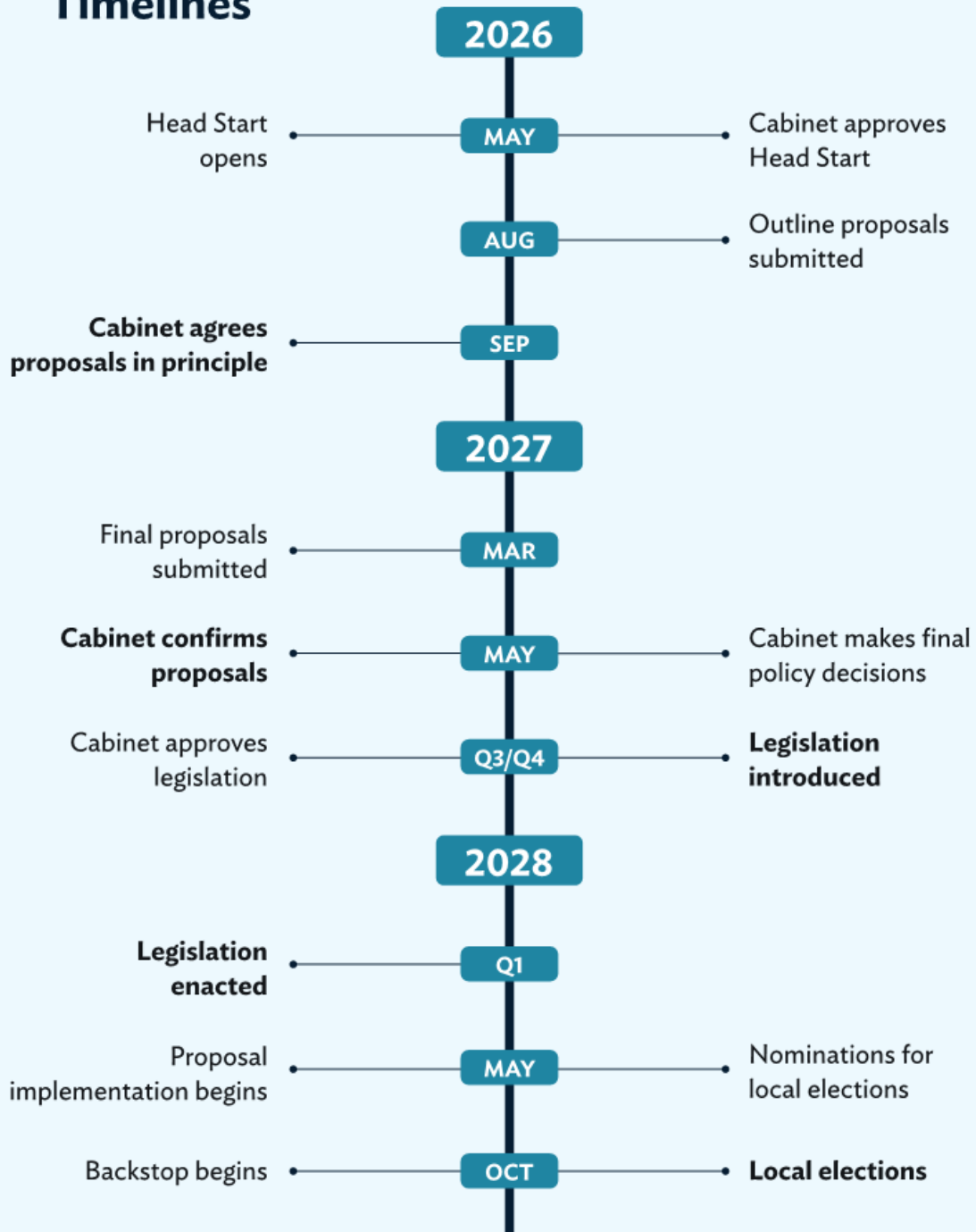
Maintains local voice: Demonstrates fair and effective representation for communities of interest and how decisions will be made at the local level, balancing urban and rural interests.

Next steps for Head Start

Once outline proposals have been assessed, Cabinet will decide which proposals are accepted into the detailed design phase of the Head Start pathway.

Once agreed in principle, any support required to develop detailed reorganisation proposals will be determined with submitters and agreed by Cabinet.

Timelines



Status of regional councillors

We previously proposed replacing regional councillors with boards of mayors.

Submitters suggested that retaining regional councillors until the end of their current elected periods would:

- support the transition to the new planning regime, including the first generation of spatial and natural environment plans
- retain institutional knowledge needed to make the transition
- provide additional governance capacity and capability during a period of substantial change.

It is our intention that regional councillors will not be elected at the 2028 local elections. They will be replaced by an interim body, for example a board of mayors, Crown commissioners, or a hybrid model. We will confirm the exact model in 2027, when successful Head Start proposals are approved.

Current regional councillors will stay on through to the end of the 2028 term to lead regional councils in their roles in the new planning system, particularly regional spatial plans.

Backstop legislation

Progress through the Head Start pathway will help inform the design of backstop arrangements for other regions.

Councils that do not progress through Head Start will continue to focus on delivering the new planning system, including development of the first generation of plans. Reform for those councils will not occur until after the 2028 local elections, through the compulsory backstop process.

This approach gives councils more time to concentrate on planning system implementation before any mandatory governance changes take effect, while still providing a strong indication of when and where future reform will occur.

Regions and councils not progressing through the Head Start pathway will be subject to a backstop process. During the transition, regional council governance would be exercised by an interim body, with the precise model to be confirmed in 2027. Legislation for the backstop will be enacted before nominations open for the 2028 local elections. This will ensure candidates understand any new roles and responsibilities, and electors can vote with clarity.

The final models of governance will be informed by lessons from the Head Start, feedback from consultation on the Simplifying Local Government proposal, and further advice from officials.

Rapid review update

A rapid review of regional council functions was completed to help guide councils during reorganisation planning. It was intended to identify functions that could potentially be centralised or ceased.

The review found that the key opportunities for centralisation are already being considered through existing government work programmes. For example, a national regulator for compliance and enforcement is being considered as part of the new planning system.

The RMA Expert Advisory Group recommended that, in the new planning system, compliance and enforcement functions should be transferred to a national regulator with regional compliance hubs. Policy work on this proposal is expected to be progressed after the Planning and Natural Environment Bills pass. The Government then expects to engage with local authorities and others to discuss the merits of different approaches.

The review concluded that other functions are still best delivered at a regional or local scale. In general, centralisation would involve high transition costs, be disproportionate to the problem identified, and is unlikely to materially improve regional or system outcomes. In some cases, the status quo is functioning effectively or could benefit from targeted modification rather than substantial change.

Transport is one key regional function that requires further consideration as a part of Head Start proposals. Transport responsibilities are currently split across central (NZ Transport Agency) and local government, with territorial authorities responsible for local roading while regional councils are responsible for network planning and public transport.

Outline proposals do not need to resolve all issues relating to any transfer of regional functions. However, proposals should:

- address the need to consolidate regional transport functions (such as in a regional unitary authority, regional joint committee or regional council controlled organisation)
- propose interim arrangements with respect to the new planning system compliance and enforcement functions, until Government decisions have been made
- explain how effective river catchment management can be maintained.

Resources

For further information, including guidance and how to engage with officials and access support, see dia.govt.nz/Simplifying-Local-Government

Published by the New Zealand Government
in May 2026



Te Kāwanatanga o Aotearoa
New Zealand Government

Guidance for Head Start outline proposals

Simplifying Local Government



New Zealand Government
Te Kāwanatanga o Aotearoa

Contents

<u>Purpose</u>	<u>3</u>
<u>Who will assess proposals and how will they assess them?</u>	<u>3</u>
<u>Eligibility</u>	<u>4</u>
<u>Developing your outline proposal</u>	<u>5</u>
<u>Subregional proposals</u>	<u>5</u>
<u>What do we expect outline proposals to cover</u>	<u>6</u>
<u>Assessment criteria</u>	
• Supports the new planning system	7
• Simplifies local governance	9
• Economies of scale	10
• Maintains local voice	12
• Deliverability	14
<u>Treaty settlements</u>	<u>15</u>
<u>Other supporting information</u>	<u>16</u>
<u>Finalising proposals</u>	<u>16</u>
<u>Timeline</u>	<u>17</u>
<u>Contact</u>	<u>18</u>
<u>Deadline</u>	<u>18</u>

Purpose

The purpose of this guidance is to support councils to develop outline proposals for Head Start. The content in your outline proposal will help central government assess alignment with the Head Start pathway, and enable the Government to make decisions on which proposals should be accepted into the next phase of the Head Start pathway for detailed proposal development.

This Guidance builds on the Head Start [Policy Document](#) and should be read alongside that document.

Who will assess proposals and how will they assess them?

Outline proposals will be assessed by Ministry of Cities, Environment, Regions, and Transport officials against the agreed criteria, recognising that:

- outline proposals are intended to be 'light touch', high-level, and strategic
- there are no strict content requirements (guidance is a guide)
- there are no set thresholds for meeting each of the criteria; and
- Ministers are prepared to make trade-offs when considering outline proposal assessments.

For example, while outline proposals should address all criteria, one might score well against 'supports the new planning system' and 'economies of scale' assessment criteria, whereas another might score well against those for 'maintains local voice and deliverability'. Outline proposals will be assessed by how well they meet the criteria as a whole.

Cabinet will make final decisions on which outline proposals are agreed in principle for the detailed design phase. Detailed proposals approved by Cabinet will be given effect through primary legislation.



Eligibility

Who can submit an online proposal?

Any two or more territorial and/or unitary authorities (except for Auckland Council) including cross-boundary groupings, may submit an outline proposal. To ensure the right scale, proposals must represent a majority of either the:

- directly affected territorial authorities; or
- population across directly affected areas.

A directly affected territorial authority is one that is proposed to be part of the creation of a unitary authority or authorities. It may or may not be a party to the proposal.

A cross-boundary grouping could include a territorial authority from a neighbouring region or a proposal that divides existing boundaries within a region.

Outline proposals cannot be submitted by minority groupings, individual territorial authorities or individual unitary authorities, regional councils, individuals or other organisations. However, the support for or contribution to an outline proposal by a regional council or other organisation can be highlighted.

For examples of how eligibility criteria may work, see page 7 of the [Head Start Policy Document](#)

What types of reorganisations can be proposed?

Outline proposals must provide for the amalgamation of at least two territorial authorities or unitary authorities into a new unitary authority.

The most straightforward approach is for all territorial authorities in a region to combine to form a single unitary authority, which takes on the functions of the regional council.

We will also consider outline proposals for subregional unitary authorities and potential cross-boundary proposals, where:

- existing territorial authorities are amalgamated, and regional council functions are transferred

- the proposed arrangements would result in fewer local authorities overall
- the proposed arrangements would deliver clearer accountability and effective delivery of key functions, including regional planning, transport, and catchment management.

More than one unitary authority in a region is only likely to be approved if:

- the region is geographically large, contains a large number of territorial authorities and has significantly complex issues; and
- the proposal clearly meets the criteria and doesn't lead to the fragmentation of service delivery for key regional functions where collaboration or integration is required.

Developing your outline proposal

What level of detail is expected?

- Provide a high-level, strategic outline of your proposal only. Focus on the core ideas, key trade-offs, and what still needs to be worked through.
- Make the case for change, setting out your evidence base. We don't expect you to generate new evidence for the proposal or undertake detailed modelling but rely on information you already have available.
- For each criterion, tell us: how does the proposal meet the criteria, why it is better than the current state, what are the trade-offs and risks, and what still needs work.
- Detailed design will occur in the next phase (see Finalising Proposals section). Signpost in your outline proposal what are your priorities for further work against each criterion.
- Provide the best information you have available that makes the strongest case for your proposal being accepted into the detailed phase.

We are testing whether your proposal is workable in practice – not whether it is fully designed.

Subregional proposals

The Government is open to considering subregional outline proposals that improve outcomes for the region as a whole.

Officials will consider the merits of a subregional proposal within the context of the broader region when assessing it against the assessment criteria.

For subregional proposals, we are looking for information on the following questions:

How does the proposal benefit the region as a whole?

- Will the governance and delivery of regional services be improved?
- How will unitary authorities created through the Head Start process work with the rest of the region to deliver regional planning outcomes and regional services, such as catchment management?
- Does the proposal provide better outcomes for particular communities of interest or labour market areas?
- How else does a subregional approach make sense for your region in contrast to a single regional unitary authority?

What is the impact on councils not included in the proposal?

- How do you propose regional functions and services will continue to be delivered for councils not included in your proposal?
- Are there any communities that are likely to be negatively impacted by the proposal through things like changes in regional service provision or higher rates burden to meet the costs of existing regional functions (eg, flood protection infrastructure such as stopbanks, regionwide biosecurity, etc.)?
- Does the outline proposal leave the door open for other councils to join at a later stage?

Any subregional unitary authorities formed through Head Start must continue with spatial planning at the regional level at the time of enactment of the Planning Bill and Natural Environment Bill. The Bills, as introduced, allow for subregional plans to feed into the broader regional spatial plan where this is necessary.

What do we expect outline proposals to cover

How does the proposal meet the eligibility criteria?

Confirm your proposal is eligible to be considered. Specifically:

- identify how the proposal meets the eligibility criteria covered in the previous section
- identify the territorial authorities and/or unitary authorities directly affected by the proposal in the regional or cross boundary area
- confirm which territorial authorities and/or unitary authorities support the proposal
- explain what role affected territorial authorities or the regional council have played in the development of the proposal; and
- highlight the position of directly affected territorial authorities that are yet to decide on or don't support the proposal, or if a

regional council supports the proposal.

What is the proposed structure and governance arrangements?

We are looking for a high-level description of your proposed local governance structure and arrangements. This should focus on how local governance structures within your region will be consolidated and the division of roles and responsibilities. For example:

- a regional unitary authority
- a region consisting of more than one (two or three) subregional unitary authorities
- a subregional proposal
- any territorial or unitary council being combined
 - local representative and decision-making bodies, such as local boards, community boards, or any new models for local representation and decision-making
 - intended regional spatial plan governance arrangements; or
 - for subregional proposals, how the authorities will work together to govern and deliver key regional services (eg, transport and catchment management, etc.) through joint committees, council-controlled organisations, or other options for regional collaboration.

Assessment Criteria

Supports the new planning system**What we're asking for**

To assess outline proposals against this criterion, officials will consider how proposals show clear support for implementing the new planning system – including progress on spatial and natural environment plan development – and avoid or minimise disruption to that work.

At a high level – how will your proposal make the new planning system easier to deliver and operate – not harder – and how you will ensure continuity throughout the process through the arrangements you are putting in place?

How does this structure help the new system work in practice?

What we need to know

We are looking for information on the following questions:

How does this help the new planning system work better?

- How does it support delivery of a stable regional spatial planning process?
- Does it make coordination easier (eg, fewer plans, fewer layers of governance)?

What are the trade-offs and risks?

- Could this disrupt or complicate delivery of the new planning system?
- How will these risks be managed?
- Explain how your proposal reflects integrated catchment management. If an existing catchment is split, in your proposal describe the implications, risks, and potential mitigations.

What still needs to be worked through?

- What still needs to be resolved in your detailed design phase?

What does 'good' look like?

- Focus on practical impacts for the planning system.
- Steps or processes that could be applied to support the planning reforms. Focus on setting out the initial steps needed to support the development of a stable regional spatial plan process.
- Clear, simple explanation of why this helps.

What we don't expect in an outline proposal

- Detailed plan or process design (natural environment plans, land use plans - detailed committee structures, formalised delegations or formed governance arrangements for plan making, etc).
- Overly technical planning detail, 'process agreements' for regional spatial plans, or detailed programmes for plan delivery. You may, however, indicate that these – along with any specific governance arrangements – will be developed in a later step and may require more detailed provision in the detailed design phase.

For an outline proposal, any reference to a 'region' in the Planning Bill or Natural Environment Bill applies to the region that applied at the time those Bills were introduced (not any new regional boundary proposed through an outline proposal).

Irrespective of Head Start outcomes, councils must move at pace following enactment of the Bills to prepare regional spatial plans upon current boundaries.

System Shifts for local government in the Planning Reforms

Councils will have statutory functions in the new planning system to:

- jointly make and maintain a spatial plan for the region
- make and maintain a regulatory plan (a regional council makes a natural environment plan, each territorial authority makes a land use plan, and a unitary authority prepares both); and
- administer and implement their regulatory plans including consenting/permitting, monitoring and enforcing compliance, and regulating and managing effects.

Regional entities will also set environmental limits for the region and undertake state of the environment monitoring. The spatial plan, natural environment plan and land use plans are proposed to be brought together into a combined regional plan.

Assessment Criteria

Simplifies local governance



What we're asking for

To assess proposals against this criterion, officials will consider how proposed governance arrangements will reduce complexity, improve accountability, and support effective decision-making.

At a high level - Does your proposal simplify things? Will it reduce duplication and make decision-making clearer and more efficient? Does it reduce complexity and make the system easier to understand and run?

What we need to know

We are looking for information on the following questions:

How does your proposal simplify local government?

Will your proposal reduce complexity, improve accountability, and support effective decision-making? For example:

- how does the proposal demonstrate simpler governance arrangements compared to the status quo (ie, how will the proposal reduce duplication and remove any unnecessary governance layers)?
- is there a clear distinction of roles and responsibilities allocated or delegated to local representative bodies, including local boards and community boards?
- are there innovative approaches to new forms of local representative bodies (ie, not constrained by current Local Government Act 2002 options)?
- is the proposed governance structure easy to understand for communities? Is it clear to communities who is accountable for what?

- does the proposed governance structure support decision-makers to consider competing objectives and trade-offs and make effective decisions?
- for subregional proposals, how will the proposed governance arrangements for the delivery of key regional services be designed to minimise complexity and duplication?

What are the trade-offs and risks?

In answering the questions above, please outline any identified trade-offs for 'simplifies local governance'. For instance, impacts on local voice and representation or service delivery.

What still needs to be worked through?

Please outline any further work you intend to undertake following the submission of your outline proposal, as part of the detailed design of your final Head Start proposal.

What does 'good' look like?

- In many cases a single unitary authority would be a feasible option.
- In larger more complex regions two or at most three unitary authorities could be considered.
- The roles and responsibilities of local representative bodies are well defined, and it is clear who is accountable for what.
- Simple and effective arrangements for subregional unitary authorities to work with other councils within the region.

What we don't expect in an outline proposal

- Detailed information on all governance arrangements across councils, including committee structures and detailed decision-making delegations.
- Agreement to have been reached with non-submitting councils on regional governance arrangements.

Assessment Criteria

Economies of scale



What we're asking for

To assess outline proposals against this criterion, officials will consider how proposals support regional strategic planning and effective delivery of key regional functions (such as transport and catchment management), and demonstrate responsible and affordable asset management, infrastructure investment, and service delivery.

At a high level – does your proposal support regional strategic planning, including spatial planning, land transport, public transport and economic development? Will it deliver better value? How does it improve efficiency, save money over time, and support better asset management, infrastructure and services?

What we need to know

We are looking for information on the following questions:

How will functions be effectively delivered?

- How does your proposal support the effective delivery of regional and territorial transport functions?
- How will functions that require regional integration be delivered in a more effective way? Specifically, consider how catchment management and transport responsibilities would be managed effectively.

How will increased economies of scale add benefits?

- Explain potential impacts on rates and financial sustainability. For example, through changes in population or businesses paying for services, or geographical coverage.
- Highlight potential for improved service delivery, economic development opportunities, opportunities for innovation, etc.

What are the expected financial impacts of reorganisation?

Set out at a high level whether the reorganisation will promote:

- improvements in asset management/stewardship
- infrastructure investment
- enhanced effectiveness, efficiency, and financial sustainability of services
- assurance that the entities proposed will have the resources necessary to enable them to effectively perform or exercise their responsibilities, duties, and powers
- plans for managing debt for the unitary
- plans for any council-controlled organisations
- projected costs of implementing the proposed reorganisation; and
- improved appetite for risk and innovation.

Where will efficiencies come from?

For example, consider the potential for economies of scale or economies of scope for:

- governance of functions
- planning and regulatory functions
- emergency management
- science, data, systems, and capability
- asset management and infrastructure investment/procurement; and
- service delivery (eg, shared services).

What are the trade-offs and risks?

Outline any identified trade-offs and risks for 'economies of scale'. For instance, impacts on 'maintains local voice', and how they may be managed or mitigated.

What still needs to be worked through?

Outline any further work you intend to undertake following the submission of your outline proposal, as part of the detailed design of your final Head Start proposal.

What does 'good' look like?

- Clear shift to fewer, larger councils with stronger financially resilience and capability.
- Practical examples of where scale and efficiency gains are expected.
- Proposals that consider regional services such as transport, planning and catchment management and propose either aligning boundaries, or clear governance and accountability mechanisms to manage these functions effectively.

What we don't expect in an outline proposal

- Detailed mapping of all regional functions to the unitary.
- Detailed financial modelling.
- Attempts to quantify savings precisely.

Assessment Criteria

Maintains local voice



What we're asking for

For this criterion, officials will consider how proposals demonstrate fair and effective representation for communities of interest, and how decisions will be made at the local level, balancing urban and rural interests.

At a high level - how will communities continue to be represented and heard, and how local voice will be maintained in a larger system?

What we need to know

We are looking for information on the following questions:

How will people elect representatives?

Set out your high-level approach to representation arrangements for new unitary authorities. For example, whether the members of a unitary authority (other than the mayor) are proposed to be elected at-large, by wards, or a mix, and where any wards are likely to be.

We do not expect representation arrangements to be fully agreed by outline proposals. However, there should be sufficient information to assess whether the proposal supports the fair and effective representation of communities of interest, and the good governance of key regional and local functions, if a distinction remains.

How will communities be represented?

At a high-level, explain the approach to local representation and decision-making for the new unitary authorities. For example, whether a unitary authority is proposed to have local or community boards, or a new model for local representation and decision-making—and if so, where these are likely to be and how members will be chosen.

How will iwi/Māori participate in decision-making?

What are the opportunities for Māori to contribute to local government decision-making processes, as required under the Local Government Act 2002? This could involve identifying any existing relationship agreements or arrangements between affected councils and iwi and hapū, as well as any other processes that support Māori to contribute to local decision-making and considering how these may transfer to new unitary authorities.

Arrangements provided through Treaty settlement redress are covered in the 'Treaty settlements' section below.

What are the trade-offs and risks?

Identify any trade-offs and risks for 'maintains local voice'. How will the proposal provide coherent decision making? What are the impacts on representation of the simplification of local governance or economies of scale, and how they may be managed or mitigated? For example:

- loss of local responsiveness addressed through the use of service centres; or
- replacing current representation arrangements with equally or more complex local or community board representation.

What still needs to be worked through?

Outline proposals should set out what issues will be resolved in the detailed design phase of the Head Start pathway. For example, representation arrangements more closely resembling those proposed as part of a routine representation review, including more detailed proposals for local or community boards and any Māori representation.

What does 'good' look like?

- An agreed list of principles or a framework for representation that can be worked through in the detailed design phase.
- Clear intent and direction, not detailed structures.
- Shows balance between scale, complexity and local input.
- Considers what level 'place-making' decisions are best allocated or delegated to.

What we don't expect in an outline proposal

- Full representation model design.
- Electoral system detail (ie, ward boundaries and member numbers per ward, etc.).

Assessment Criteria Deliverability



What we're asking for

For this criterion, officials will consider whether proposals are realistic and provide confidence that new arrangements can be implemented by the 2028 local elections.

At a high level - how this can be implemented? Is it realistic and able to be delivered on time?

What we need to know

We are looking for information on the following questions:

How would you implement the proposal?

Set out your high-level approach to transition and implementation. That means describing generally how you would set this up (eg, transition board or joint committee), who would be involved and how, any key decisions already made, and any major risks or challenges.

How would changes be timed?

Include proposed high-level milestones for the full reorganisation, describing when the new authorities could realistically be established, and any key dependencies or constraints (eg, elections and proposed 'backstop' legislation).

What still needs to be worked through?

Explain what issues you expect to resolve in the detailed design phase. Officials will help refine these if your outline proposal is approved. For example, detailed costs and benefits of amalgamation, transitional arrangements and implementation planning (resembling those proposed as part of a standard reorganisation pathway).

Are there interactions with other local government programmes?

Does your proposal align with the approach to other existing local government programmes, such as Local Water Done Well, City and Regional Deals, or is future alignment planned?

What do you need from the Government?

Describe any barriers to implementation and, if you are seeking reorganisation assistance, the nature and extent of the support you expect from the Government, including any additional changes to the enabling primary legislation, funding, or other specific support.

What does 'good' look like?

- Realistic and practical proposal to deliver new arrangements before the 2028 elections.
- Clear about trade-offs and risks.
- Shows honest assessment of what is known vs unknown.
- Specific and realistic about support needed from Government.

What we don't expect in an outline proposal

- Full transition and implementation plan.
- Drafting instructions for bespoke legislation.

Treaty settlements

What we're asking for

Any Treaty settlement arrangements that councils have with Post-settlement Governance Entities (PSGEs) must be upheld with the same or equivalent effect through the Head Start process. We are interested in your view on how settlement arrangements captured in the scope of your proposal could be transferred to new unitary authorities. This information will be used to inform the Crown's engagement with PSGEs on any changes needed to Treaty settlement redress.

The Crown is responsible for upholding Treaty settlements.

What we need to know

To support the Crown to uphold Treaty settlements, outline proposals must either:

1. explain how existing Treaty settlement arrangements could transfer to new unitary authorities with equivalent effect; or
2. propose a plan to work with affected PSGEs to determine how existing Treaty settlement arrangements can be given equivalent effect in the new unitary authority.

In developing your outline proposal, you may wish to consider:

- what Treaty settlement arrangements will be affected under the proposal
- how could these arrangements transfer to new unitary authorities with equivalent effect; and
- have you engaged with affected PSGEs, or if not, what is your plan to do so.

What does good look like?

- Affected Treaty settlement arrangements are clearly identified.
- Explains outcomes from early engagement with PSGEs.
- Includes provision for working with PSGEs on giving equivalent effect to Treaty settlements in the new unitary authority.

What we don't expect in an outline proposal

- You are not expected to determine or agree any changes to Treaty settlement redress. This will be worked through between the Crown and PSGEs as part of broader engagement on upholding Treaty settlement arrangements in the new planning system.
- You are not expected to have completed a full engagement process with affected PSGEs on how settlement arrangements could be transferred to new unitary authorities. We expect engagement will continue after outline proposals are submitted.
- If you intend to engage with PSGEs after an outline proposal is submitted, we will work with you to ensure alignment with the Crown's process.

Other supporting information

Include in your outline proposal any other supporting information or matters you think are important to support consideration of your regional or subregional proposal by officials and Ministers.

Finalising proposals

As signalled under the assessment criteria above, it is expected that your outline proposal will signpost where you think further work is necessary (ie, distinguishing between what has been agreed and what could be further investigated/developed in the detailed design phase).

Further information will be provided for submitters accepted into the detailed design phase. It is likely that this phase will involve ensuring the final proposal addresses:

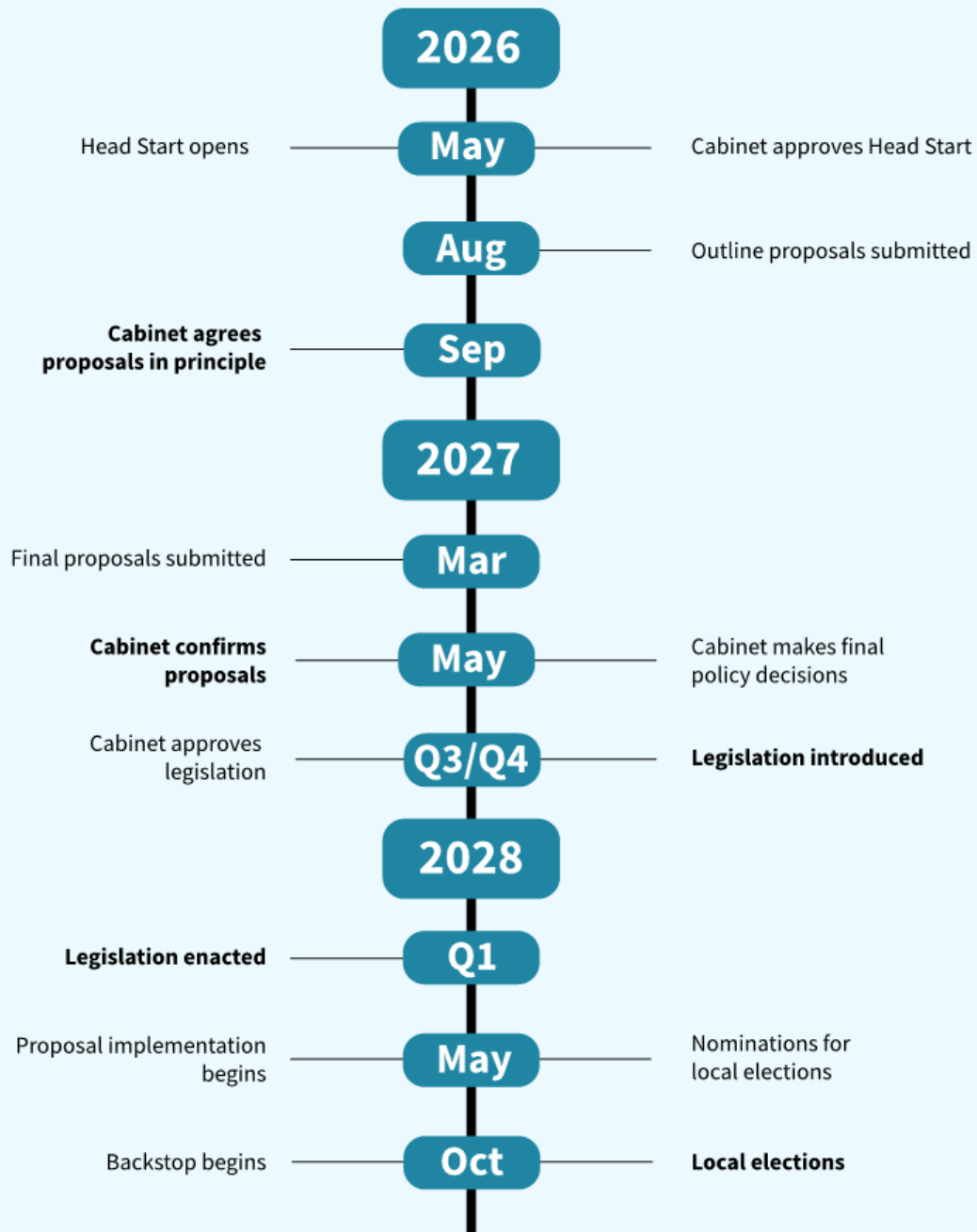
- **regional spatial planning** (timing alignment between the new planning system - including national instruments - and amalgamation processes)
- **regional council functions and services** (full mapping to mitigate the risks of any lone or under-resourced functions or services. Proposed interim arrangements with respect to the new planning system compliance and enforcement functions will need to be considered until Government decisions have been made)

- **cost and benefits** (financial analysis of the impacts of the proposal including projected transition costs and longer-term financial sustainability)
- **representative structures** (detailed design including governing bodies, local boards, community boards, committees or other innovative variations, and Māori representation)
- **transitional arrangements** (a board, body, etc.)
- **implementation planning** (personnel transfers, asset transfers, council-controlled organisations, debt management, etc.)
- **outcomes from any Iwi/Māori engagement for representation and Treaty settlement redress; and**
- **outcomes from any engagement with the community.**

The summary timeline on the next page sets out the current expected timeframes.

- Outline proposals (May to August 2026).
- Cabinet agrees proposals in principle (September 2026).
- Detailed design phase (October 2026 to March 2027).
- Cabinet confirms final proposals and makes final policy decisions (May 2027).
- Legislation enacted to implement Head Start proposals and the backstop (Q1 2028).

Timeline



Contact

There is a rolling FAQ on the [Simplifying Local Government website](#), so please look there for the latest answers.

For further questions, please contact your Department of Affairs (DIA) Partnership Director below or email us at SimplifyingLocalGovernment@dia.govt.nz.

<i>Regions</i>	<i>Partnership Director</i>	<i>Contact</i>
Northland / Auckland / Waikato	Vanessa Blakelock	Vanessa.blakelock@dia.govt.nz 021 832 417
Bay of Plenty / Gisborne Tairāwhiti / Hawkes Bay / Manawātū Whanganui / Taranaki	Rebecca Maplesden	Rebecca.maplesden@dia.govt.nz 021 852 853
Wellington / Otago / Southland	Warren Ulusele	Warren.ulusele@dia.govt.nz 021 227 8187
Nelson City and Tasman / Marlborough / Canterbury / West Coast	Sarah Polaschek	Sarah.polaschek@dia.govt.nz 027 281 5617

Deadline

Final proposals are to be sent to SimplifyingLocalGovernment@dia.govt.nz by 9 August 2026.

Resources

For further information, including guidance and how to engage with officials and access support, see dia.govt.nz/Simplifying-Local-Government

Published by the New Zealand Government
in May 2026



New Zealand Government
Te Kāwanatanga o Aotearoa



Local Government Reform

Community Survey Summary

June 2026



Overview of communications and engagement

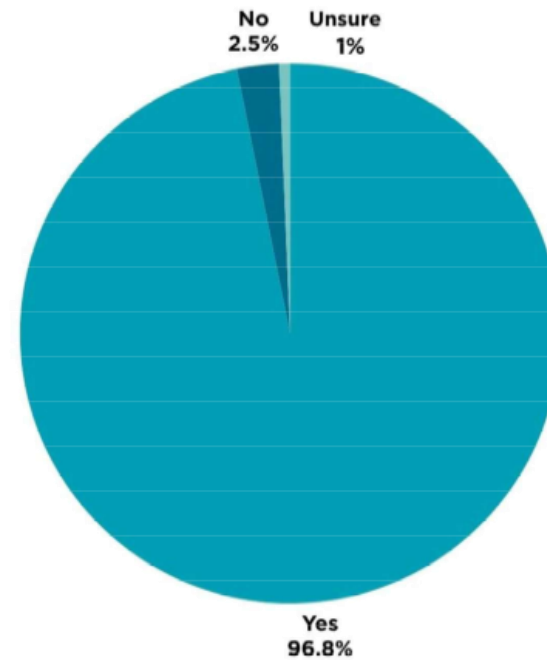
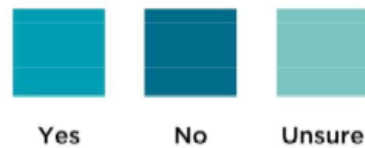
- TDC Engagement Team delivered six in-person engagement events across the district with an estimated 96 people attending
- Communications: newspaper, radio and digital advertising of the survey.
- Website: Over 3000 page views making it the most-visited page on the TDC website for the month to date, with 1763 click throughs to the survey.
- Social media: Eight Facebook posts with a total of 59,842 views, 630 interactions and 253 click throughs to the survey.
- Survey submissions: 1113 in total including 56 hard copy and 1057 online.

Feedback themes

- Community is confused about the 'why' – what the rationale and purpose is for amalgamation and the speed at which it's being done.
- The mood is cautious, concerned and protective of Taupō District's local identity, assets and decision-making authority.
- Some responses support reform in principle, mainly for potential efficiencies, reduced duplication and stronger regional capability. But many are sceptical that amalgamation will deliver lower costs, better services or improved accountability.
- A recurring message is that TDC should not be rushed into any arrangement without clear evidence of benefit and should actively advocate for its district's interests rather than accept a govt outcome.
- Expectation that TDC should protect local voice, assets, finances, environment, identity and community relationships.

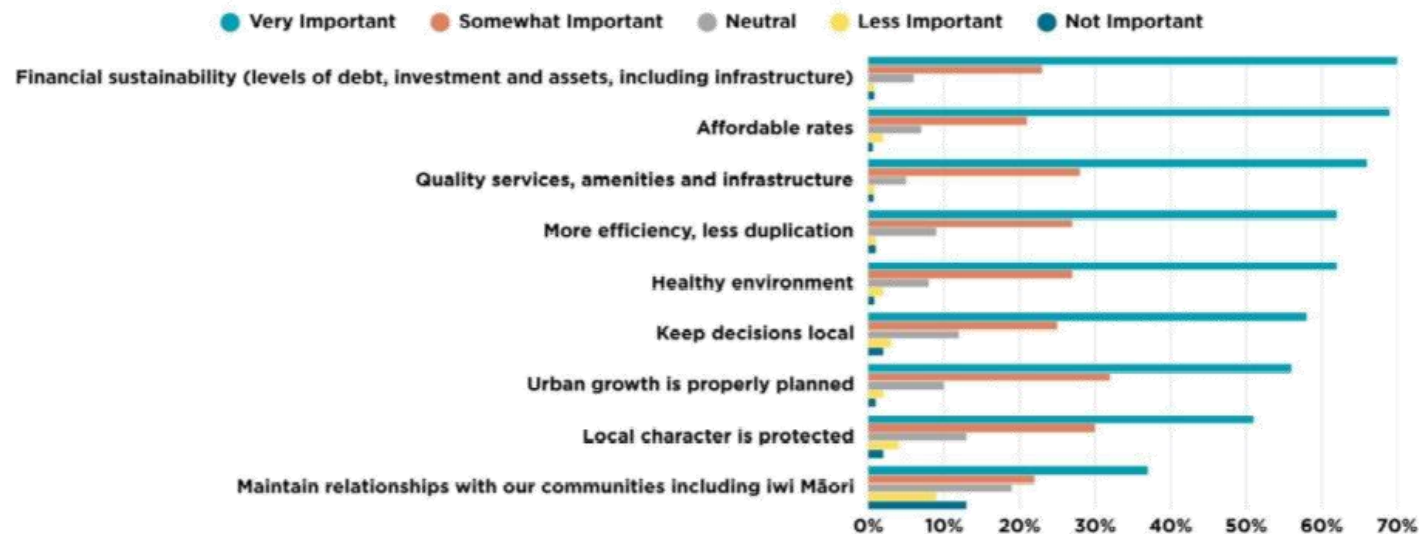
Q001 -

Had you heard that Central Government wants to reduce the number of councils in NZ and is wanting councils to merge together?



Q002 -

What priorities do you want TDC to consider when assessing which other councils it might want to merge with?

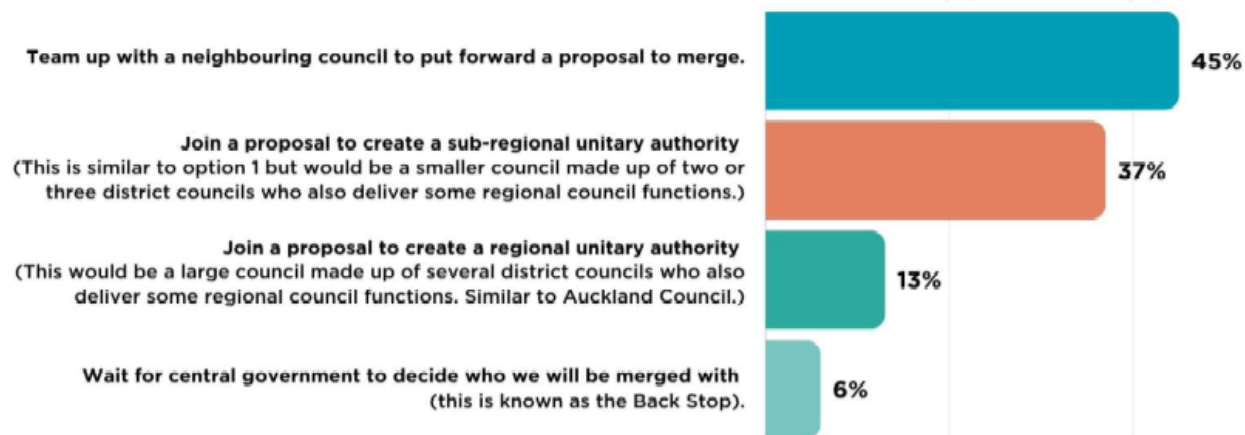


Question 2 commentary

- Little variance between priorities with the top eight all scoring highly as ‘most important’ or ‘somewhat important’.
- Financial sustainability and debt protection: Any potential partner to be assessed carefully, with concern that TDC ratepayers could end up subsidising other councils with higher debt or poorer infrastructure. Repeated concern that TDC’s assets and investments such as the TEL fund should be ring-fenced and used for Taupō District benefit.
- Affordable rates and value for money: Comments emphasise keeping rates affordable, reducing waste, improving accountability, focusing on core services, and avoiding spending without clear benefits.
- Quality infrastructure and core services: Maintaining a strong focus on water, wastewater, roading, rubbish, parks, transport, emergency management, and community facilities.
- Protect local identity and character: any future structure should protect Taupō District’s unique local character, lifestyle, amenity, and tourism reputation.

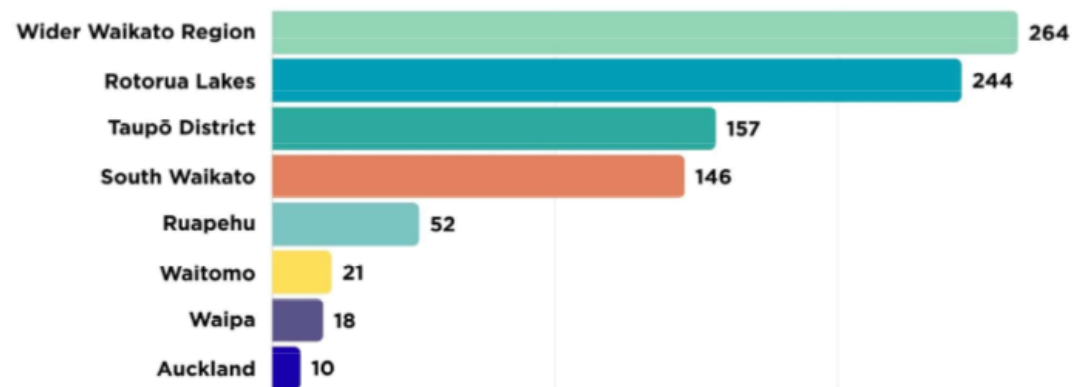
Q003 -

**The Government says we will have to work with at least one other council to submit a proposal, otherwise it will be decided for us.
Do you have a preferred scenario?**

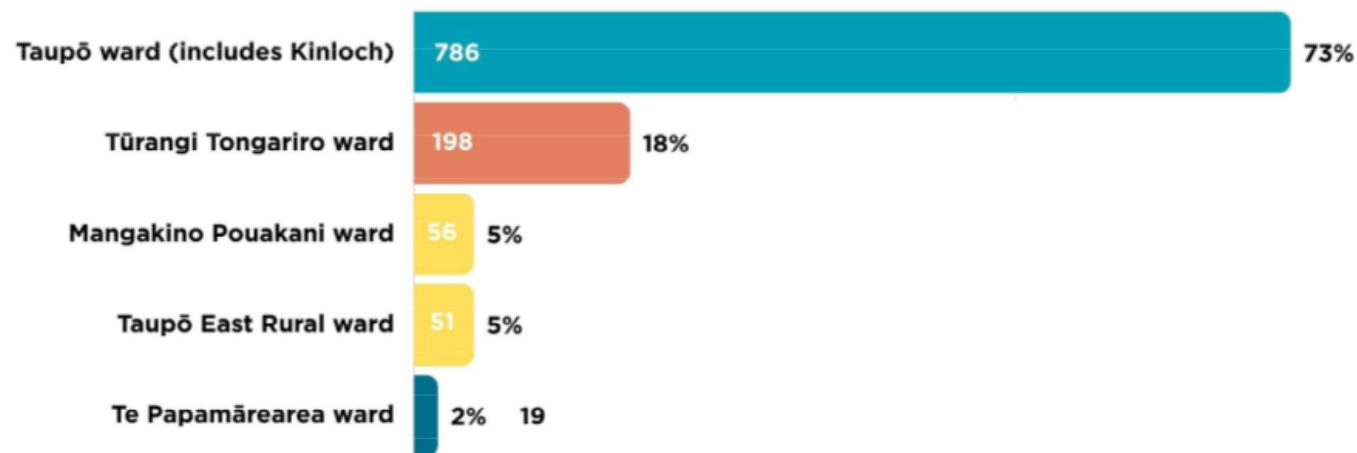


Q004 -

Do you have a particular preference for which council/s we should work with?



- In the comments, staying within Waikato region is mentioned often. Feedback also includes South Waikato as the major preference, with Rotorua coming in second.
- There is a strong preference for Taupō District to remain as status quo and not merge.

Q005 -**Which part of the district do you belong to?**

The question allowed up to 2 choices. It is calculated by dividing the count of responses for an option by the total number of people that completed the question, then converting to a %. Note the total may not equal 100% due to rounding to the nearest whole number. For multi-answer questions, the total percentage will be higher than 100%.



HEAD START PROPOSAL – FIRST PRINCIPLES

This first principles document has been drafted as a starting point for local government specifically for the expressions of interest phase of Head Start.

This document sets out the current thinking of Tūwharetoa Māori Trust Board (Trust Board) and Ngāti Tūrangitukua Charitable Trust (NTCT) for the Head Start expression of interest process. Our position may continue to evolve as further information becomes available. This joint position does not limit either entity's separate mandate or direct council relationships.

It is not intended to speak on behalf of all Ngāti Tūwharetoa entities, hapū, or whānau. We participate in this process on behalf of the communities we serve. Partnership with, and engagement of, Ngāti Tūwharetoa remains essential throughout the Head Start process.

Procedural

1. Ngāti Tūwharetoa must be meaningfully engaged throughout this process. This will require the establishment of a joint working party and direct engagement pathways to establish what that will look like.
2. Ngāti Tūwharetoa's views must be understood and provided for.

Principles

3. **Ngāti Tūwharetoa Rohe:** Any amalgamation should seek to maintain the integrity of the Ngāti Tūwharetoa rohe. This includes our kāhui maunga, Taupō Moana, the Waikato Awa, and the relationships between these taonga.
4. **Ngāti Tūwharetoa Representation:** Ngāti Tūwharetoa representation must be appropriately factored in to give effect to settlement obligations, land tenure and the principle of partnership. For NTCT the representation will be focused in and around the rohe identified in the Mana Whakahono ā rohe arrangements.
5. During any transition to new local government structures, existing arrangements and services must continue without disruption.
6. **Existing Relationships:** All existing relationships between Ngāti Tūwharetoa / NTCT and local government must be upheld. This includes:
 - (a) Treaty of Waitangi settlement redress: for example, the Joint Management Agreements required by the Waikato River settlement (TMTB specific), and
 - (b) Non-Treaty of Waitangi relationship mechanisms: for example, the Mana Whakahono ā Rohe between Taupō District Council and Ngāti Tūrangitukua under the RMA (Ngāti Tūrangitukua specific).
 - (c) Where local government structures change, these relationships should be

maintained and strengthened. All existing Treaty settlement and statutory co-governance arrangements, including their practical operation, must continue in full effect through and into any new local government structure and must not be weakened or cease to apply.

7. **Shared Decision-Making:** Local government should work alongside Ngāti Tūwharetoa in decisions that affect our whenua, wai, and other taonga. This includes recognising and supporting the role of Ngāti Tūwharetoa as kaitiaki. This principle is consistent with the findings of the Waitangi Tribunal in Wai 262.¹
 - (a) Any future local government structure must provide for our participation in decisions affecting our rohe, whenua and communities.
 - (b) Decision-making processes must remain accessible and grounded in the communities they affect.
 - (c) Participation in decision-making forms part of the decision process and is not limited to consultation input only.
8. **Outstanding Matters:** Trust Board note that there are a number of outstanding matters between TDC and the Trust Board e.g. the JMA as per the Waikato River Settlement and the licencing of TDC infrastructure on Taupō Waters. These matters must be addressed to the satisfaction of both parties prior to any amalgamation decision. NTCT specific outstanding matters must also be identified and addressed directly with NTCT before any amalgamation decision.
9. **Partnership:** TMTB and NTCT will participate in the Head Start process in good faith. We expect local government to do the same.
10. **Effective and efficient delivery of services:** Ngāti Tūwharetoa support efficient and effective service delivery where it protects local voice, existing arrangements and direct engagement.
11. **Support for Ngāti Tūwharetoa to fulfill their roles under any reformed system:** Any new system should include sufficient resourcing and support for Ngāti Tūwharetoa to enable them to effectively carry out their roles within local government frameworks.
12. **Point of contact:** for ongoing engagement with the entities the following is noted as the points of contact.

Tūwharetoa Māori Trust Board: Maria Nepia (Trustee)

Ngāti Tūrangitukua Charitable Trust: Lauren Fletcher (Chair)

¹ Waitangi Tribunal Ko Aotearoa Tēnei: A Report into Claims Concerning New Zealand Law and Policy Affecting Māori Culture and Identity, Volume 1 (Wai 262, 2011) (**Wai 262 Report**) at 279.



NGĀTI TŪRANGITUKUA
Ka hui tātou te pūkai matakirikiri o Tūrangitukua

Ngāti Tūrangitukua Expectations for Taupō District Council's Head Start Business Case

1 Introduction

This paper sets out the matters Ngāti Tūrangitukua expects Taupō District Council to include in any Head Start business case or outline proposal to the Crown.

This paper should be read alongside any joint Ngāti Tūwharetoa first principles position, while preserving Ngāti Tūrangitukua's separate mandate, settlement pathway and direct relationship with Council.

The business case must be designed from the outset around Treaty settlement protection, Ngāti Tūwharetoa representation, local authority, operational delegation and taiao-centred decision-making. Iwi and hapū matters cannot be added after the core council structure has already been designed.

2 Position

Ngāti Tūrangitukua supports a collaborative Ngāti Tūwharetoa approach to Head Start and Crown reform.

That approach must recognise Ngāti Tūwharetoa in its own right, including whakapapa, Arikitunga, current PSGE arrangements, recognised iwi structures, hapū relationships, cultural priorities, economic aspirations and taiao responsibilities. Ngāti Tūwharetoa must not be subsumed into a generic Māori representation model.

In particular TDC must protect what we currently hold, lose no ground or landholdings to other entities and retain control even in a delegated way over our whenua, unless Ngāti Tūrangitukua decides otherwise.

The Ngāti Tūrangitukua settlement is separate and specific. It arises from the history of Tūrangi township and the Crown's acquisition and use of Ngāti Tūrangitukua land. It must be protected in its own right and must not be merged into a general Tūwharetoa position, a generic Māori engagement model, or a broad future council structure.

Ngāti Tūrangitukua is open to scale where scale strengthens Ngāti Tūwharetoa, improves infrastructure, supports taiao outcomes, increases economic opportunity and improves regional coordination. Scale must not result in loss of local control.

The Head Start business case must therefore be designed around this principle:

Scale must strengthen Ngāti Tūwharetoa collective standing while preserving Ngāti Tūrangitukua settlement authority and local control while protecting our mana motuhake and economic, cultural and environmental interests.

3 Business case design principles

Taupō District Council's business case must be based on the following principles.

Principle	Business case requirement
-----------	---------------------------



NGĀTI TŪRANGITUKUA
Ka hui tātou te pūkai matakirikiri o Tūrangitukua

Ngāti Tūwharetoa stands in its own right	The proposal must recognise Ngāti Tūwharetoa as unique, with its own whakapapa, Arikitunga, PSGE arrangements, hapū relationships, settlement landscape, taiao responsibilities and economic aspirations.
Ngāti Tūrangitukua settlement remains separate	The proposal must identify and protect the Ngāti Tūrangitukua settlement separately from the wider Tūwharetoa collective position.
Crown responsibility remains visible	The business case must identify matters requiring Crown engagement, legislation, funding or settlement protection.
Mana Whakahono is settlement implementation	The Mana Whakahono ā Rohe must be treated as part of the Ngāti Tūrangitukua settlement implementation framework.
Local control is retained	Any larger entity must include local authority, local budgets, delegated decision-making and operational pathways for Tūrangi and southern Taupō.
Representation is matched by delegation	Iwi and hapū representation must be supported by delegated functions, work programmes, funding, staff pathways, monitoring roles and implementation authority.
Existing delegated authorities continue	Taupō District Council's current partnership commitments, delegations and local arrangements must carry forward into any new entity.
Taiao is central	Freshwater, biodiversity, reserves, climate adaptation, infrastructure, environmental monitoring and cultural health must be built into the proposal.
Wider iwi relationships are designed	Any new entity must include a respectful framework for relationships with other iwi and hapū, based on whakapapa, settlement arrangements, culture, taiao and economic aspirations.
Risk is clearly identified	The business case must state what is protected, what is uncertain, what requires Crown action, and what must be worked through in detailed design.

4 Essential layers for the Head Start business case

Required layers in Council's Head Start business case

Taupō District Council should include a dedicated section in its business case titled:

Treaty settlements, Ngāti Tūwharetoa representation and local delegation model

That section should include the following layers.

Layer	Required content
Crown and Treaty settlement layer	Identification of Treaty settlement arrangements affected by the proposal, including matters requiring Crown engagement, legislative protection or Crown funding.
Ngāti Tūwharetoa collective layer	Recognition of Ngāti Tūwharetoa through current PSGE arrangements, Arikitunga, whakapapa, hapū relationships and iwi-wide priorities.
Ngāti Tūrangitukua settlement layer	Separate protection pathway for the Ngāti Tūrangitukua settlement, whenua, reserves, Mana Whakahono and Tūrangi Co-Governance Committee.



NGĀTI TŪRANGITUKUA
Ka hui tātou te pūkai matakirikiri o Tūrangitukua

Representation layer	Representation model for Ngāti Tūwharetoa, Ngāti Tūrangitukua, other affected PSGE, hapū and Māori communities at wider entity and local levels.
Operational delegation layer	Local powers, budgets, work programmes, staff pathways, monitoring functions, reserve management powers, consent processes and infrastructure pathways.
Local control layer	Place-based decision-making for Tūrangī and southern Taupō through local districts, boards, committees or equivalent mechanisms.
Planning and taiao layer	Protection of iwi and hapū roles in spatial planning, natural environment planning, land use planning, consenting, monitoring, compliance and environmental limits.
Reserves, assets and infrastructure layer	Mapping of reserves, water infrastructure, roading, transport, stormwater, wastewater, public facilities, community assets and Council-controlled organisations.
Wider iwi relationship layer	Principles for respectful relationships with other iwi and hapū in any new entity.
Funding and transition layer	Funding, technical work, legal work, GIS work, engagement and Crown support required before detailed design.

These layers must be included in the proposed operating model, not left to later engagement.

5 Ngāti Tūrangitukua settlement and Mana Whakahono

The Ngāti Tūrangitukua settlement is separate and specific. It arises from the history of Tūrangī township and the Crown's acquisition and use of Ngāti Tūrangitukua land.

Any Head Start proposal must identify and protect:

- the Ngāti Tūrangitukua Deed of Settlement;
- the Ngāti Tūrangitukua Claims Settlement Act 1999;
- settlement properties and reserve arrangements;
- Council undertakings connected to wāhi tapu, planning hearings and Council land;
- rights of first refusal and other redress mechanisms;
- reserve control, management and public access arrangements;
- existing relationship agreements and operational pathways;
- The Mana Whakahono ā Rohe;
- The Tūrangī Co-Governance Committee;
- Council funding, resourcing and induction commitments;
- monitoring, compliance and cultural advice pathways.

The Mana Whakahono ā Rohe must be described in the business case as part of the Ngāti Tūrangitukua settlement implementation framework.

It gives practical effect to settlement-related Council commitments. It recognises Ngāti Tūrangitukua mana within its rohe. It provides the mechanism for Council and Ngāti Tūrangitukua to work together across resource management, local government, reserves, infrastructure, water, community facilities, monitoring, funding and co-governance.



NGĀTI TŪRANGITUKUA
Ka hui tātou te pūkai matakirikiri o Tūrangitukua

The business case must provide that the Mana Whakahono:

Requirement	Position
Continuity	Any successor entity must inherit and uphold the relevant commitments. Those commitments must continue through and into any successor governance or service delivery arrangement, regardless of the entity exercising the function.
Scope	The Mana Whakahono must continue across planning, local government, reserves, infrastructure, water bodies, monitoring and local decision-making.
Authority	It must not be reduced to consultation or advisory participation.
Settlement linkage	It must be protected alongside the Deed, Settlement Act and reserve arrangements.
Funding	Ngāti Tūrangitukua participation and implementation work must be resourced.
Review	No amendment, transition or replacement should occur without direct agreement with Ngāti Tūrangitukua.

The Tūrangī Co-Governance Committee is the current operational machinery for local partnership. It should be treated as a design precedent for Head Start.

Council's business case must show how the Committee's functions will be protected or strengthened, including:

- a) reserve management;
- b) local infrastructure priorities;
- c) community facilities;
- d) road naming and local place-based decisions;
- e) three waters infrastructure updates;
- f) water bodies;
- g) long-term plan and annual plan input;
- h) policies, plans, strategies and bylaws;
- i) monitoring of Council services;
- j) communication with local communities.

Any new structure must include a local mechanism with equivalent or stronger authority, budget pathways and decision-making influence.

6 Tūwharetoa Head Start Management Committee

Taupō District Council should establish a Tūwharetoa Head Start Management Committee immediately.

The committee should work with Council through the Head Start process, detailed design phase, transition phase and implementation of any new council structure.

This committee should not replace direct engagement with Ngāti Tūrangitukua on its settlement, lands, Mana Whakahono or local matters. Its purpose is to provide a coordinated Tūwharetoa-facing mechanism for the wider Head Start process.



NGĀTI TŪRANGITUKUA
Ka hui tātou te pūkai matakirikiri o Tūrangitukua

The committee should be formally recognised by Council and supported by written terms of reference.

Feature	Requirement
Formal recognition	Council resolution or written terms of reference.
Tūwharetoa-appointed membership	Representatives appointed through current Ngāti Tūwharetoa PSGE and recognised iwi structures.
Ngāti Tūrangitukua-specific representation	Direct Ngāti Tūrangitukua representation for settlement, Mana Whakahono and local matters.
Council participation	Mayor, Chief Executive, relevant senior managers and Head Start lead officers.
Independent technical support	Legal, planning, GIS, infrastructure, finance and policy advice as required.
Resourcing	Council funding and Crown funding requests to support participation.
Reporting	Regular reporting to Council and to relevant Tūwharetoa entities.
Continuity	Committee continues through outline proposal, detailed design, transition and implementation.

The committee should oversee the following workstreams.

Workstream	Output
Tūwharetoa principles	Agreed principles for Council's business case.
Settlement protection	Settlement and relationship tools matrix.
Ngāti Tūrangitukua pathway	Separate settlement and Mana Whakahono protection pathway.
Representation	Options for collective iwi representation and local authority.
Operational delegation	Proposed local powers, budgets, staff pathways and work programmes.
Taiao and planning	Position on spatial planning, natural environment planning, land use planning, freshwater and monitoring.
Infrastructure and assets	Review of water, wastewater, stormwater, roads, reserves, public facilities and community assets.
Wider iwi relationships	Principles for engagement with other iwi and hapū in any wider entity.
Crown engagement	Identification of matters requiring Crown settlement protection, funding or legislation.
Communications	Shared messages for whānau, hapū, iwi and local communities.



NGĀTI TŪRANGITUKUA
Ka hui tātou te pūkai matakirikiriri o Tūrangitukua

7 Required content in Council's business case

Taupō District Council's business case should include the following sections.

Business case section	Required content
Treaty settlement protection	Identification of all settlement arrangements affected and explanation of how equivalent or stronger effect will be achieved.
Crown role	Identification of matters requiring Crown engagement, settlement negotiation, legislation, policy support or funding.
Tūwharetoa collective representation	Recognition of Ngāti Tūwharetoa through current PSGE and recognised iwi structures.
Ngāti Tūrangitukua settlement pathway	Separate section on the Ngāti Tūrangitukua settlement, Mana Whakahono and Tūrangi Co-Governance Committee.
Local control model	Proposed local district, board, committee or equivalent structure for Tūrangi and southern Taupō.
Options assessment	Assessment of reasonably practicable governance and local control options, including the reasons for the preferred option.
Operational delegation model	Functions, powers, budgets, work programmes and staff pathways that will sit locally.
Planning and taiao model	Iwi and hapū roles in planning functions, environmental limits, monitoring, consenting and compliance.
Infrastructure model	Water, wastewater, stormwater, transport, community facilities and reserves managed with Ngāti Tūwharetoa and Ngāti Tūrangitukua input.
Economic development	Māori economic development, procurement, tourism, housing, workforce, infrastructure and investment opportunities.
Wider iwi relationship framework	Principles for relationships with other iwi and hapū in any new entity.
Transition plan	Role of the Tūwharetoa Head Start Management Committee, detailed design process, technical work and funding required.
Risks and trade-offs	Clear statement of risks to local control, settlement protection, iwi representation, taiao, infrastructure and funding.

Council should prepare the following supporting material with Ngāti Tūrangitukua and Tūwharetoa representatives.

Material	Purpose
Settlement tools matrix	Identifies Deed, Act, reserves, protocols, Council undertakings, Mana Whakahono and Committee functions.
Delegation map	Shows current Taupō District Council powers and what must carry forward.
Boundary and interests map	Shows current Taupō District, Mana Whakahono boundary, Ngāti Tūrangitukua interests and wider Tūwharetoa interests.
Representation diagram	Shows collective Tūwharetoa representation, Ngāti Tūrangitukua settlement representation and local community representation.
Operational model diagram	Shows how decisions move from wider entity to local district to iwi/hapū operational pathways.
Risk dashboard	Traffic-light assessment of protected, uncertain, exposed and urgent matters.
Transition timeline	Shows actions required before outline proposal, detailed design, final proposal, legislation and implementation.



NGĀTI TŪRANGITUKUA
Ka hui tātou te pūkai matakirikiri o Tūrangitukua

8 Decisions sought from Taupō District Council

Ngāti Tūrangitukua seeks the following commitments from Taupō District Council.

Decision sought	Required Council action
Establish a Tūwharetoa Head Start Management Committee	Confirm terms of reference, membership process, resourcing and reporting pathway.
Protect Ngāti Tūwharetoa standing	Include Arikitunga, current PSGE arrangements, recognised iwi structures, whakapapa and collective aspirations as core business case matters.
Protect the separate Ngāti Tūrangitukua settlement	Include a standalone section on the Ngāti Tūrangitukua settlement, Mana Whakahono and Tūrangi Co-Governance Committee.
Treat Mana Whakahono as settlement implementation	Describe the Mana Whakahono as part of the settlement implementation framework, not merely an RMA agreement.
Carry forward delegated authorities	Identify all current Taupō District Council delegated functions and partnership commitments that must continue in any new structure.
Design local control	Include a local authority model for Tūrangi and southern Taupō with real powers, budgets and operational pathways.
Match representation with delegation	Include both representation and operational authority in the business case.
Identify Crown responsibilities	State clearly what must be resolved with the Crown, including settlement protection, legislation, funding and successor obligations.
Fund participation	Provide funding for Ngāti Tūrangitukua and Tūwharetoa participation, legal advice, planning advice, GIS, infrastructure analysis and engagement.
Do not finalise the business case without iwi input	Confirm that Council will not finalise or support a Head Start proposal affecting Taupō District without the management committee process and direct Ngāti Tūrangitukua engagement.

9 Final position

Ngāti Tūrangitukua is open to scale where scale strengthens Ngāti Tūwharetoa, improves infrastructure, supports taiao outcomes, increases economic opportunity and improves regional coordination.

Ngāti Tūrangitukua will not support scale that results in loss of local authority, settlement protection, delegated powers or direct partnership with local government.

The Head Start business case must therefore be designed around this principle:

Scale must strengthen Ngāti Tūwharetoa collective standing while preserving Ngāti Tūrangitukua settlement authority and local control.

Nā mātou, nā

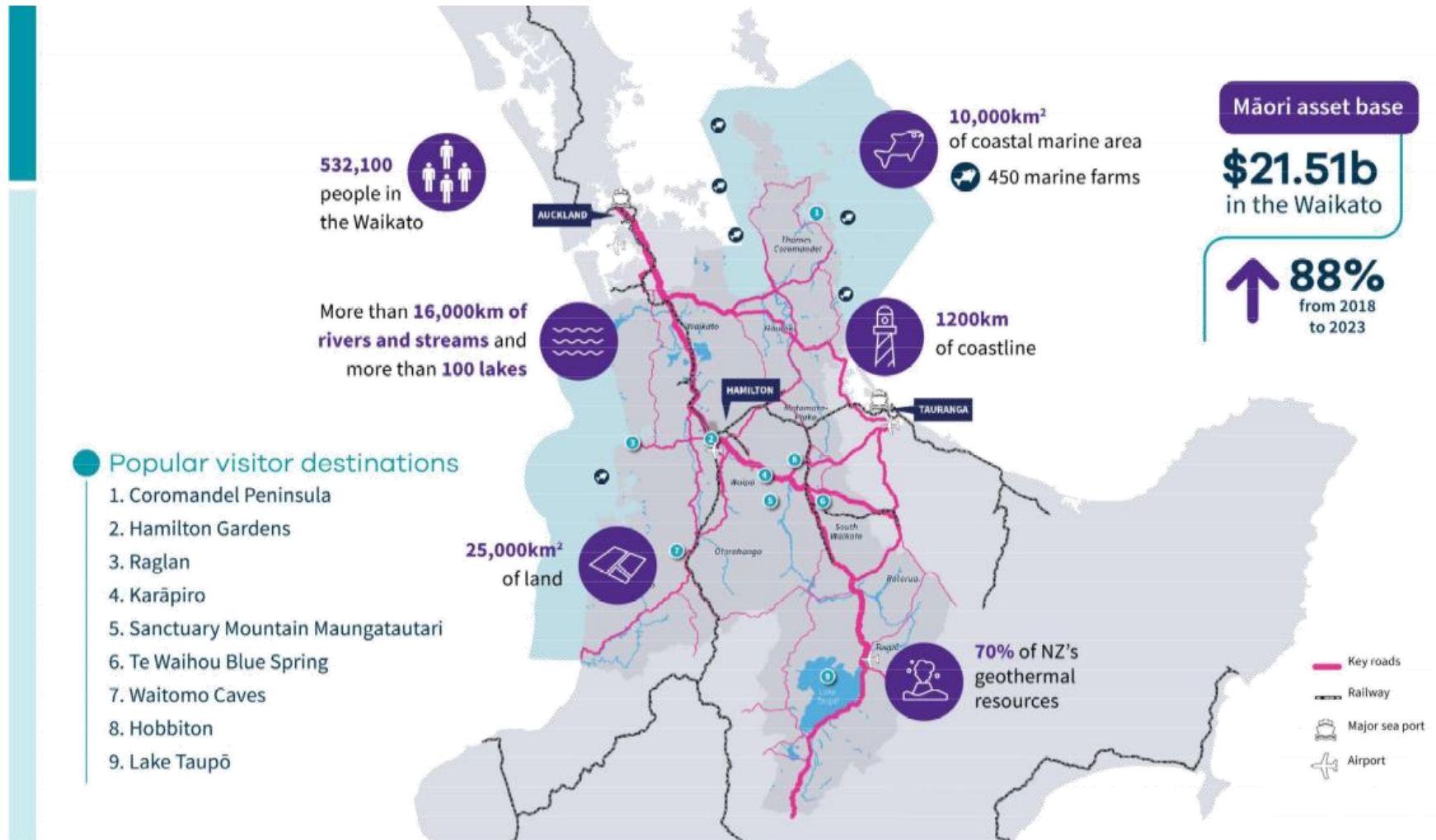
Lauren Fletcher

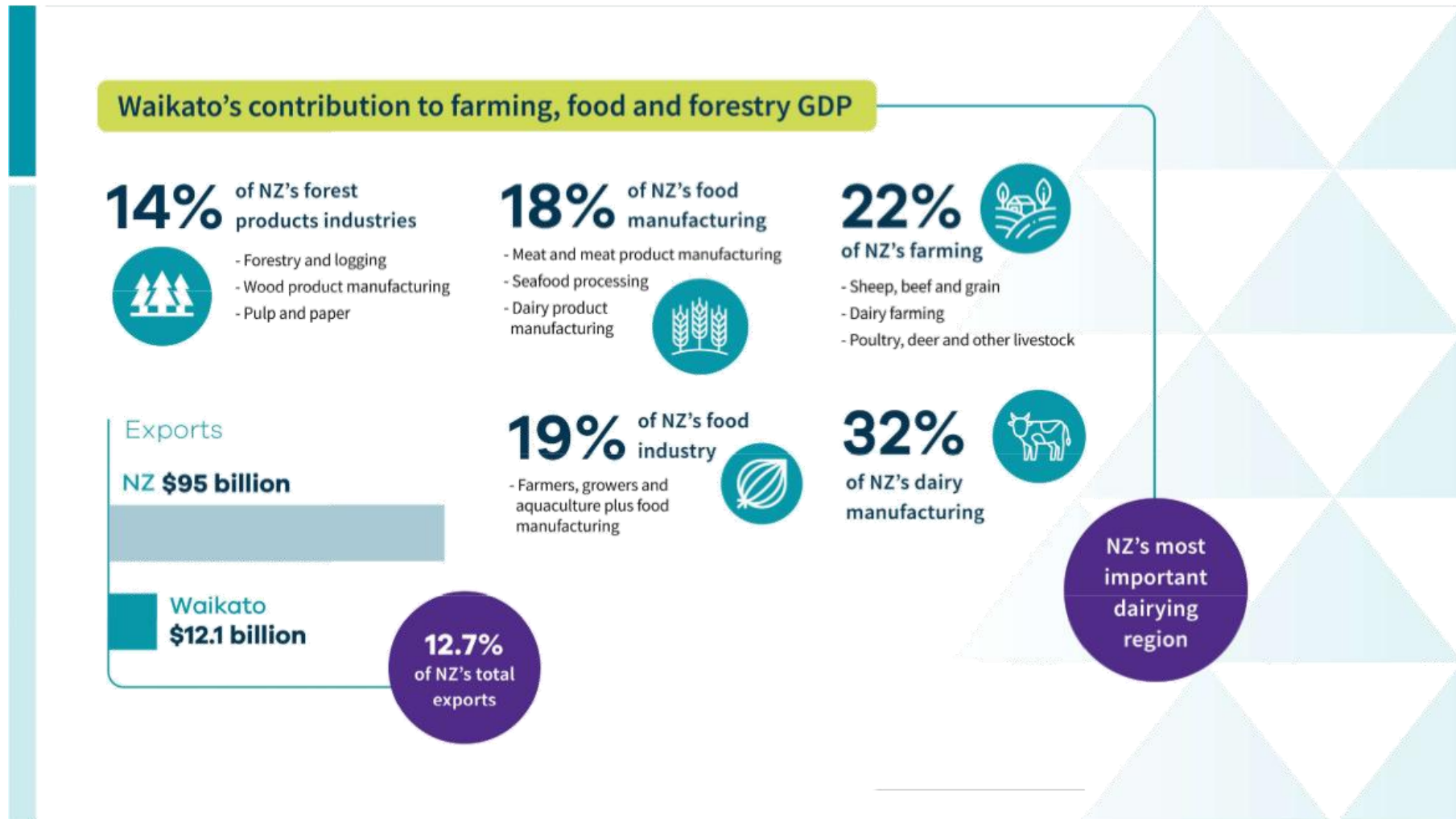
Chairperson / Ngāti Tūrangitukua Charitable Trust

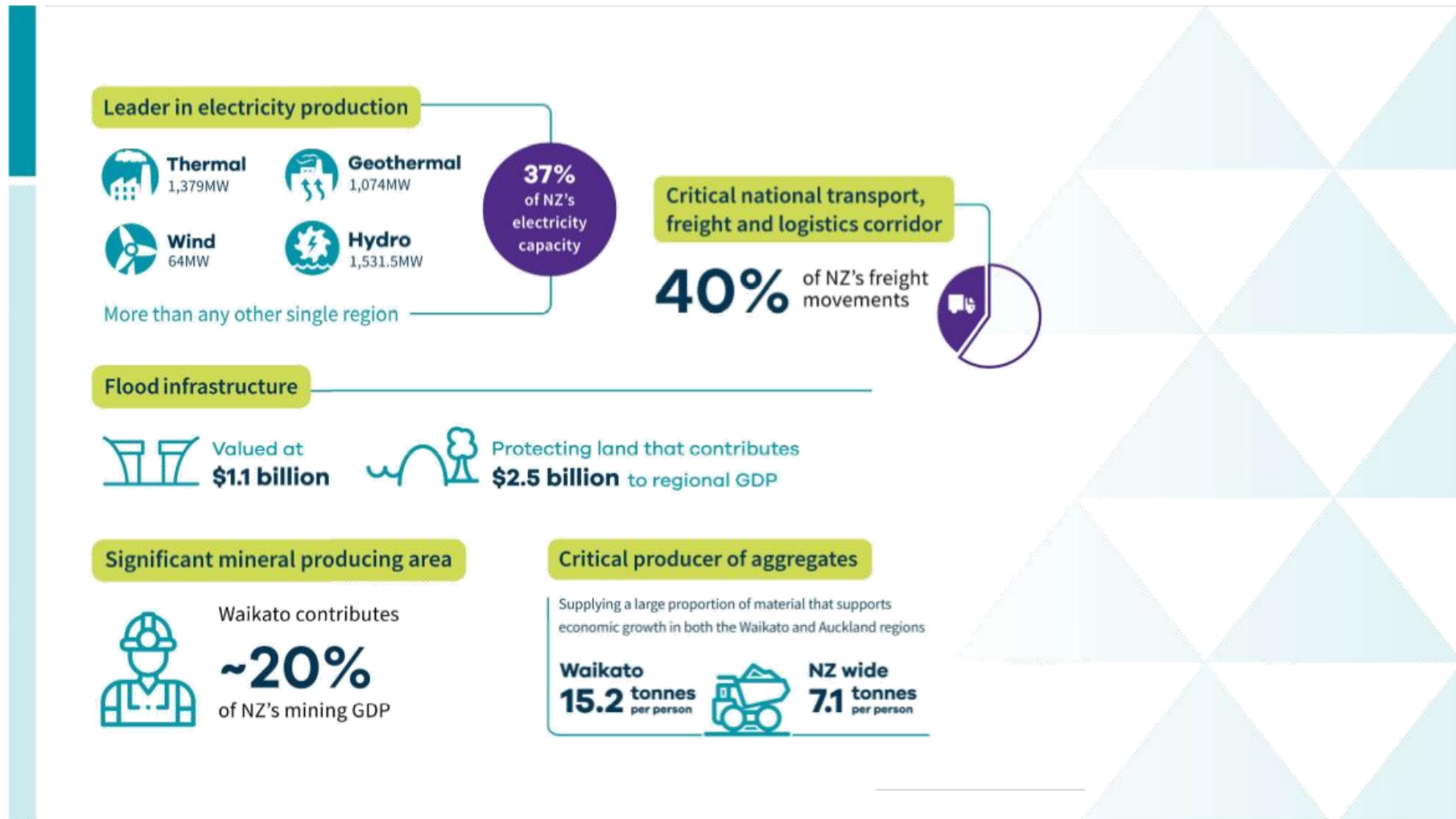
Waikato Regional Council overview

waikatoregion.govt.nz









The Waikato region is made up of:

- **two** large river catchments
- **one** city (Hamilton)
- **ten** districts



Statutory obligations to iwi authorities

178

Current Treaty settlement obligations

215

Current Joint Management Agreement obligations

27

Current Co-managed Lands Agreement obligations

77

Upcoming Treaty settlement obligations

7

Treaty settlements not yet at Bill stage

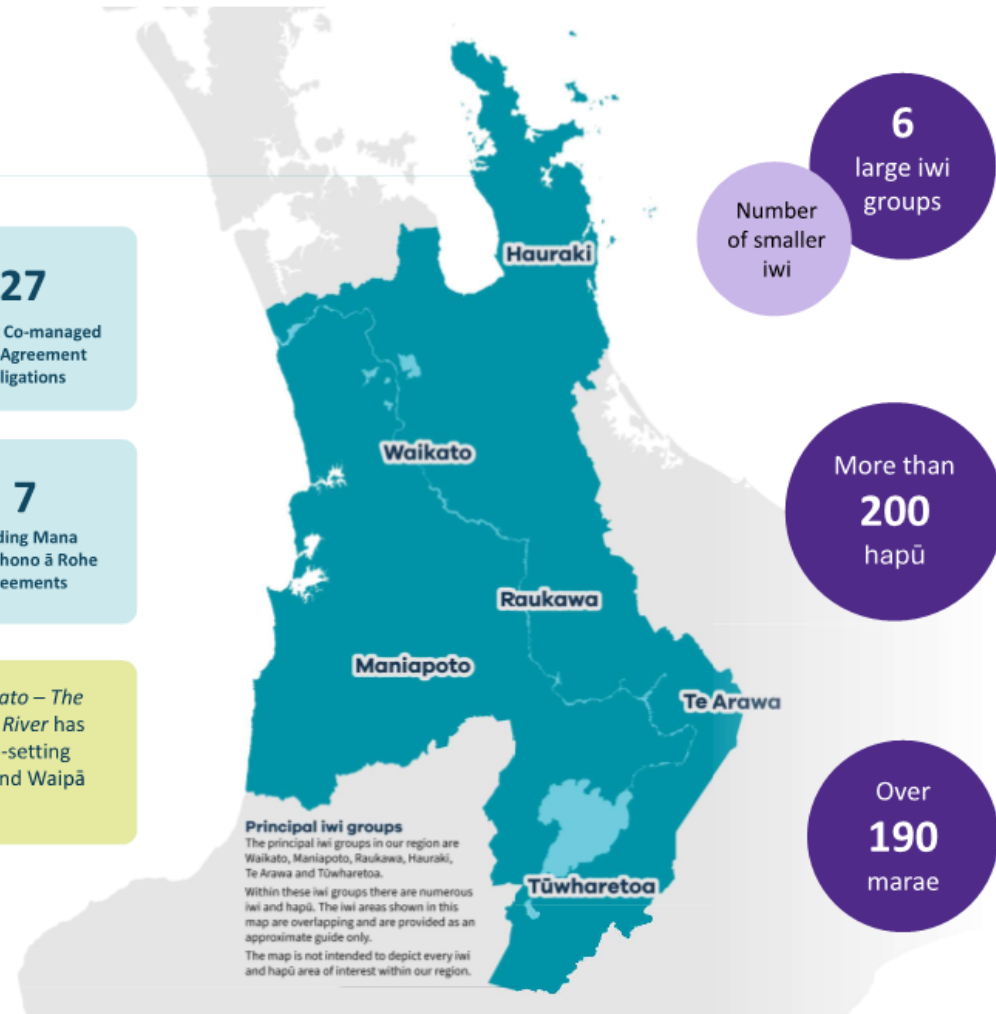
7

Pending Mana Whakahono ā Rohe agreements

80

Statutory acknowledgement areas

Te Ture Whaimana o te Awa o Waikato – The Vision and Strategy for the Waikato River has legal status as the primary direction-setting document relating to the Waikato and Waipā rivers, trumping all other plans.



Regional council functions

State of the Environment

Our reporting interprets decades of data on the region's natural environment.

Environment (air, land, water, coastal and marine)



Regional and spatial planning, policies and inter-regional strategies

Consenting and permitted activities

13,805 current consents



Environmental monitoring

>1000 monitoring sites



Compliance, monitoring and enforcement

>1400 reported environmental incidents
>1000 compliance inspections



Science, data and information

Regional council functions

\$11.8b land transport priorities
Our land transport plan identifies key priorities to 2030 for funding considerations by central government.

Regional public transport and transport policy

Transport policy



Interregional rail



Road safety

6900 children learning road safety with Ruben

4 million public transport journeys



Buses



Total Mobility and community transport

50,000 Total Mobility journeys



Regional council functions

\$1.1b in assets, including: more than 600km stopbanks, 468 floodgates, 116 pump stations.

Catchment management

Catchment planning and management		River management 952km rivers and streams		Biosecurity 75 declared pests	
	Flood protection		Land drainage		Biodiversity

2017-2025: **>5 million** plants and trees | **>1,700km** of fencing | **>9000ha** of land retired

Regional council functions

**Iwi partnerships
and obligations**



**Regional
resilience –
natural hazard
risks, emergency
response**



**Civil Defence
and Emergency
Management**



**Community
leadership
and economic
development**



**Maritime
navigation
services**



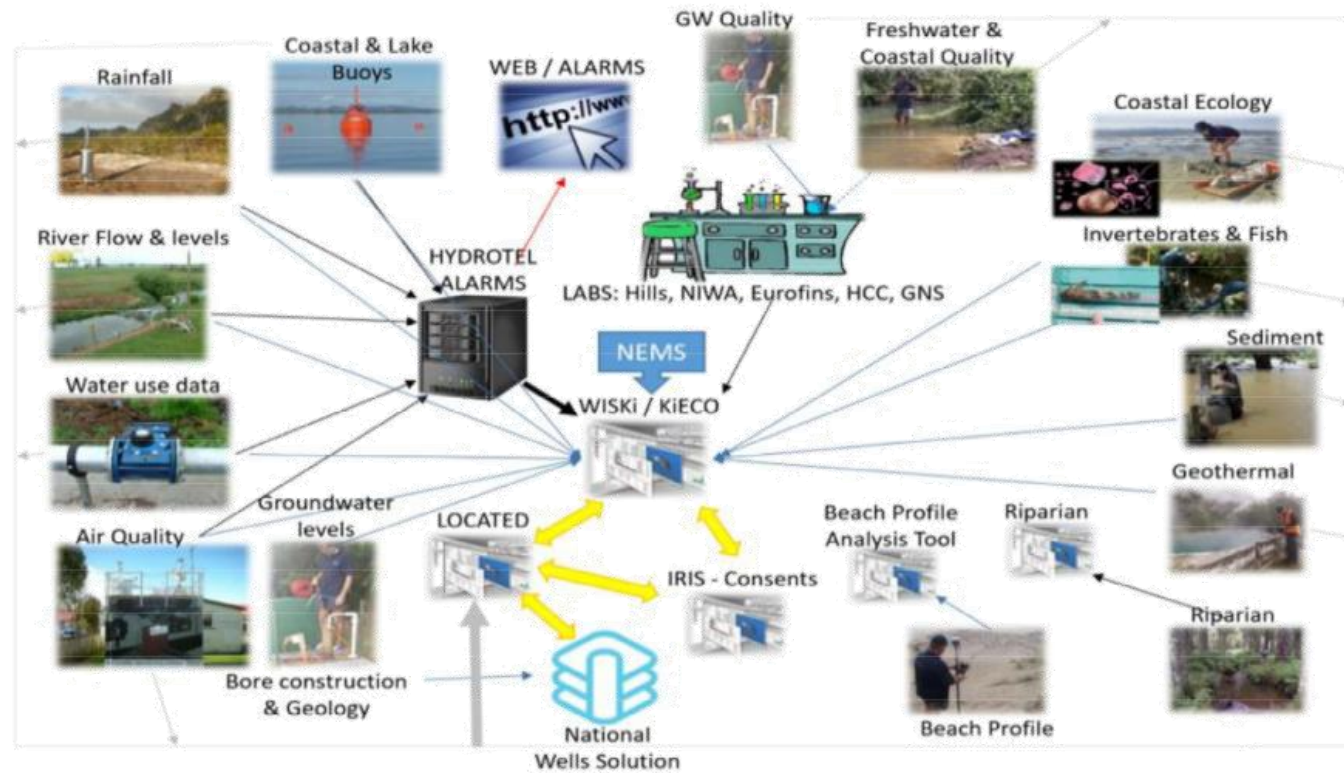
Environmental monitoring

Monitoring sites

- 115 rainfall and water level (including flood warning)
- 185 freshwater quality (lakes, rivers and summer safe swim)
- 275 groundwater (levels and water quality)
- 185 terrestrial
- 125 geothermal
- 100 coastal (ecology and water quality)
- 250 ecology (fish and invertebrates)

Partner with territorial authorities (TAs) and other organisations to access and share data.

43
staff



In-house science expertise

- Coastal and marine, geothermal, air, land ecology and contamination, soil and land, groundwater and hydrology, water quality and ecology, and mātauranga Māori.
- Evidence-based State of the Environment (SOE) reporting.
- Technical and statutory reports.
- Digitally enabled.
- Support policy, regulation, catchment management.
- Work alongside central government, science institutes, universities, iwi and sectors.



37
scientists

Waikato Regional Council numbers

\$220m operational expenditure

Catchment management – \$72m

Flood/drainage, catchments, biosecurity, biodiversity, hazards, resilience

Transport – \$65m

Buses, Te Huia, policy

Science & Policy – \$36m**Resource use – \$32m**

Regulation, education, maritime, dams

CDEM – \$5m**Community Support – \$10m****\$1.1b**

Flood assets

\$20m

Capital expenditure

\$110m

Investment fund

\$150m

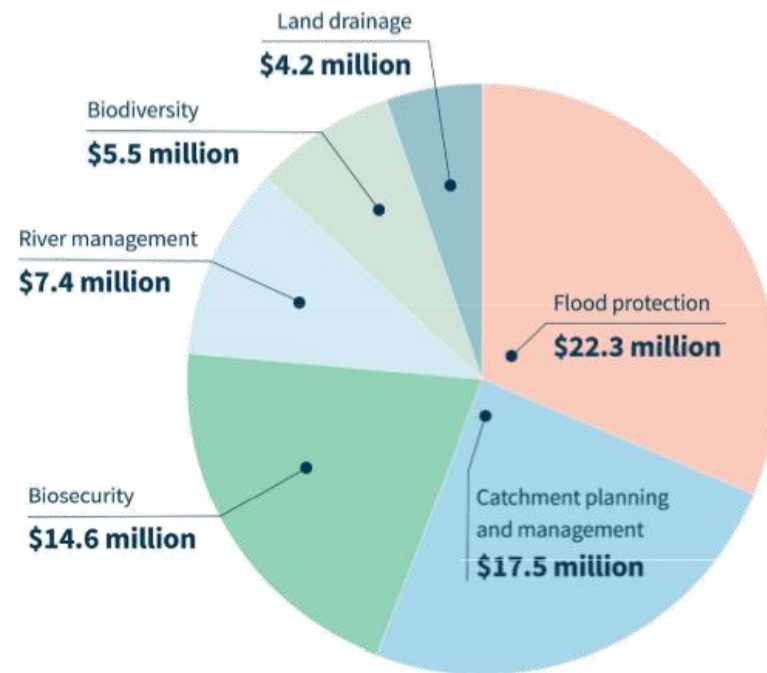
Rates

\$85m Targeted rates

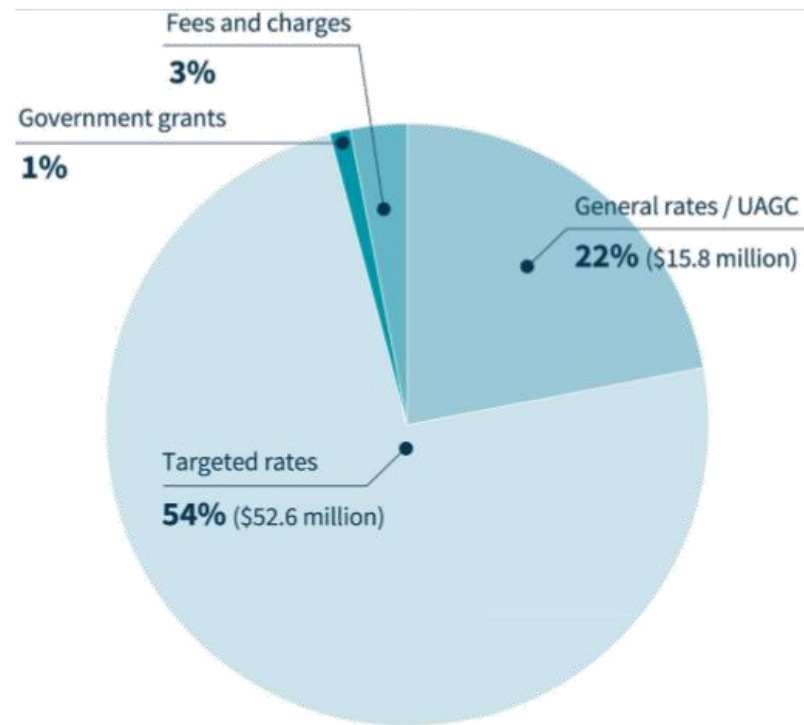
\$65m General rates

14 elected members**630 FTE**

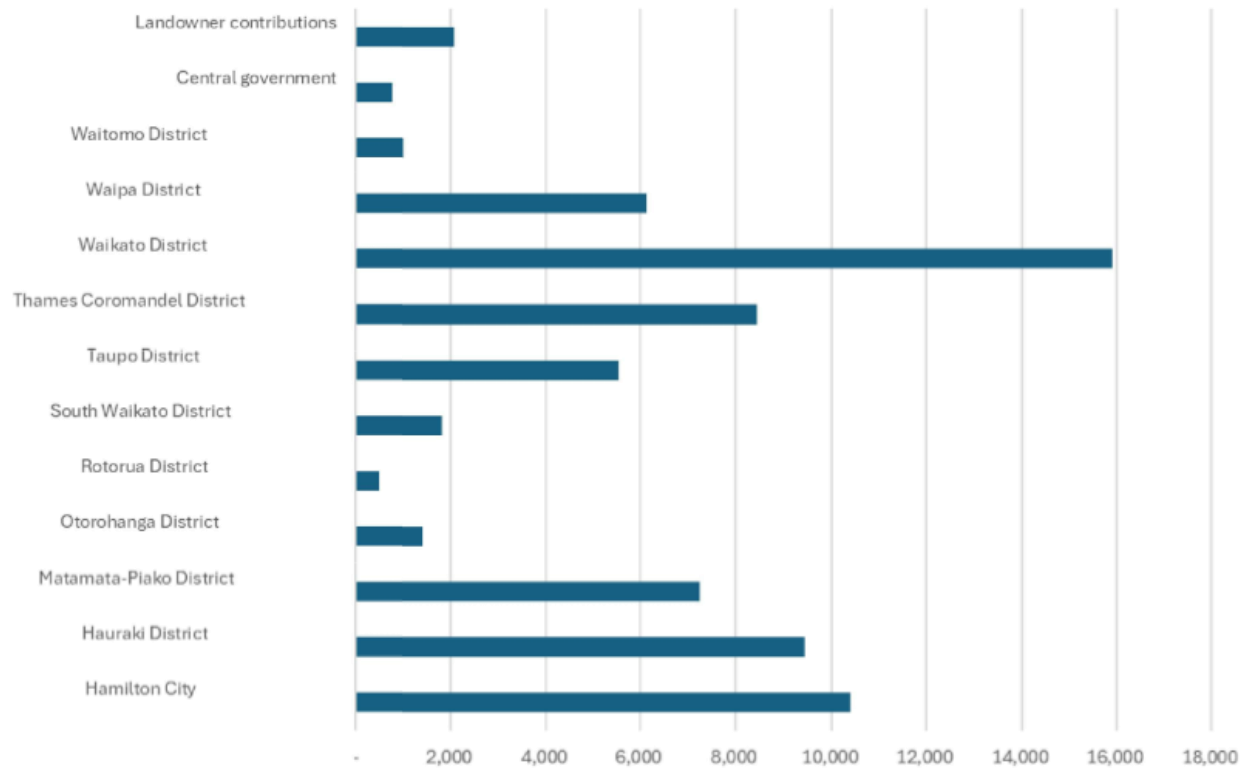
Integrated catchment management – what is it?



Integrated catchment management – how is it funded?



Integrated catchment management – who funds it (\$000)?



Lower Waikato activity rates funding mix

ACTIVITY	RATE TYPE							TOTAL
	General	Zone rates	Catchment rate	Contributor hydro rate	Contributor pastoral rate	Contributor urban industrial rate	Direct beneficiary rates	
Catchment oversight	26.0%	28.0%	28.0%	0.0%	14.0%	4.0%	0.0%	100.0%
Information and advice	26.0%	28.0%	28.0%	0.0%	14.0%	4.0%	0.0%	100.0%
Catchment maintenance	63.0%	22.0%	7.0%	0.0%	4.0%	4.0%	0.0%	100.0%
Catchment new works	53.0%	26.5%	9.5%	0.0%	5.5%	5.5%	0.0%	100.0%
River management	5.0%	60.0%	15.0%	0.0%	17.0%	3.0%	0.0%	100.0%
Flood protection main channel - main	4.0%	8.0%	2.0%	27.0%	15.0%	4.0%	40.0%	100.0%
Flood protection main channel - Managawara	14.0%	16.0%	10.0%	2.0%	14.0%	3.0%	41.0%	100.0%
Flood protection community works	14.0%	16.0%	10.0%	0.0%	15.0%	4.0%	41.0%	100.0%
Flood protection Aka Aka/Ohaua	15.0%	11.0%	10.0%	5.0%	15.0%	4.0%	40.0%	100.0%
Flood protection Mangawara	13.0%	13.0%	9.0%	6.0%	15.0%	4.0%	40.0%	100.0%
Flood protection WRC schemes	15.0%	11.0%	10.0%	5.0%	15.0%	4.0%	40.0%	100.0%
Flood protection Waikato District	15.0%	11.0%	10.0%	5.0%	15.0%	4.0%	40.0%	100.0%
Flood protection Franklin District	15.0%	11.0%	10.0%	5.0%	15.0%	4.0%	40.0%	100.0%
Zone funding and interest	15.0%	42.5%	42.5%	0.0%	0.0%	0.0%	0.0%	100.0%

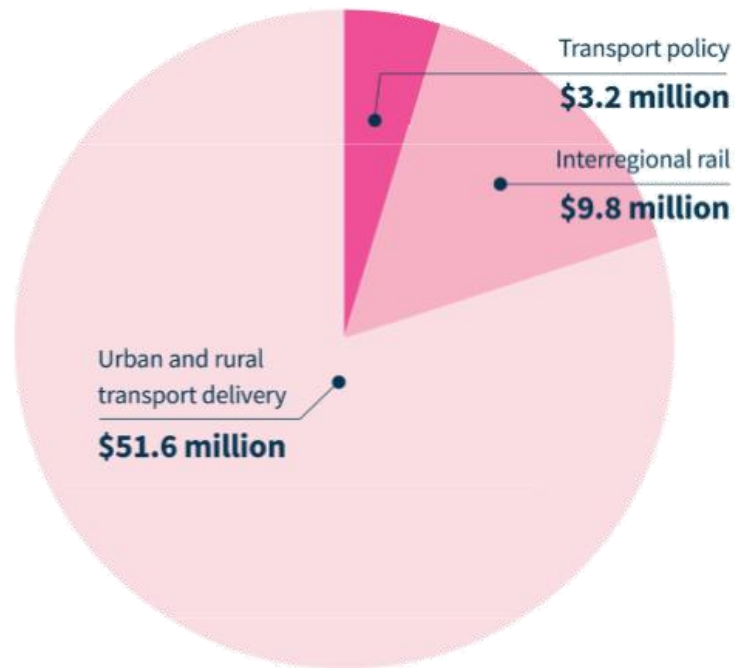
Passenger transport network



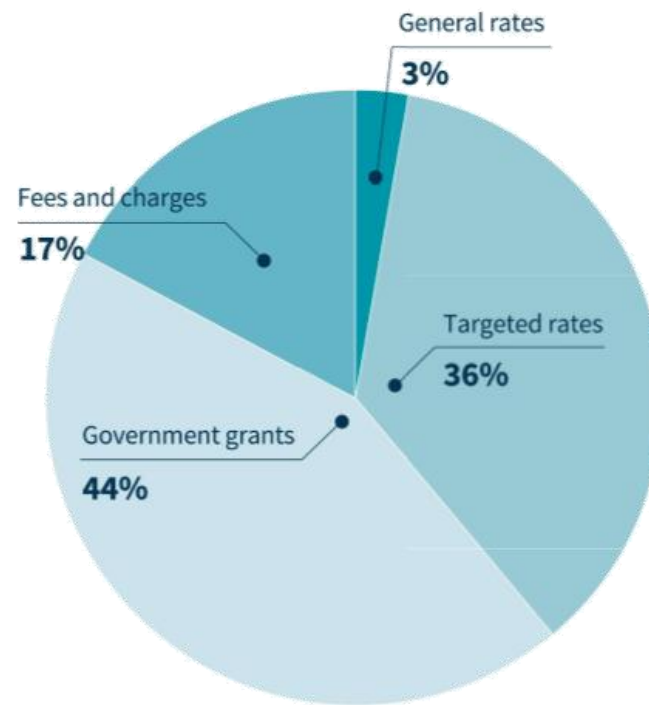
Key roads and rail



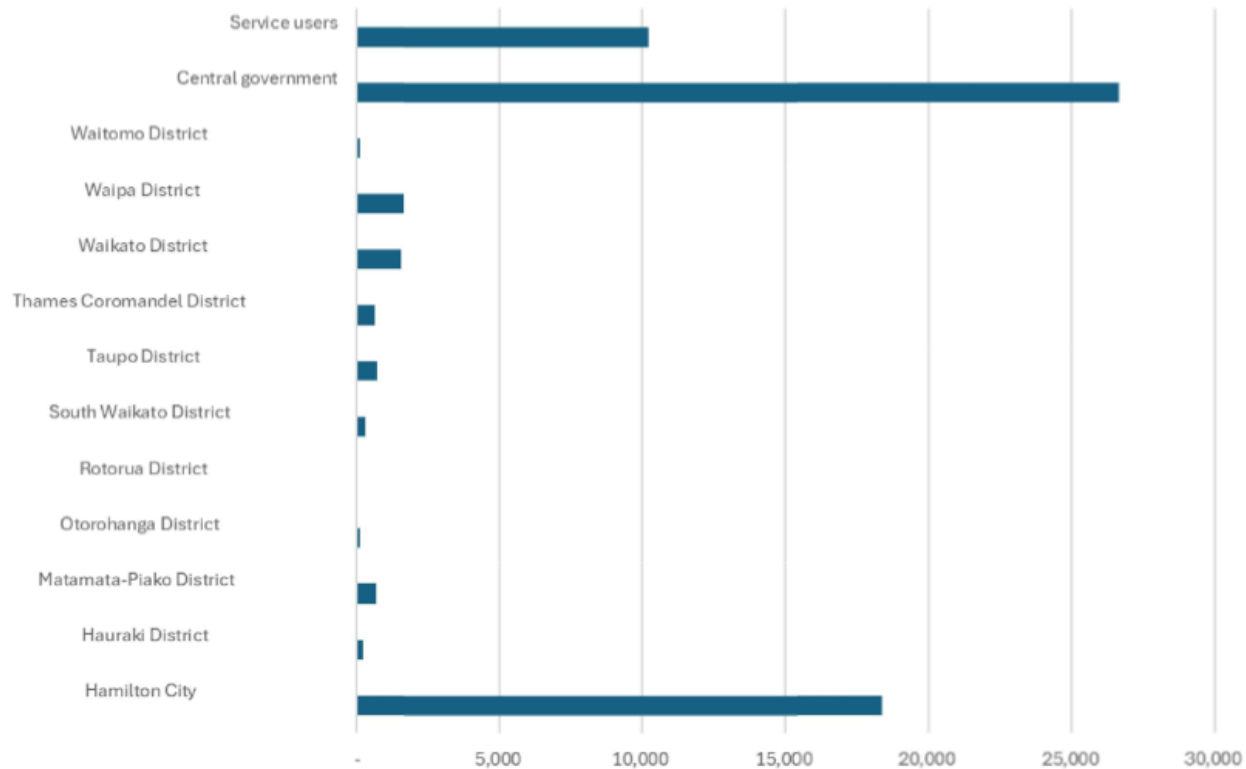
Public transport – what is it?



Public transport – how is it funded?



Public transport – who funds it (\$000)?





CONNECT
WITH
US



ourwaikato



/Waikatoregion



waikatoregion.govt.nz