



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

Date:	Thursday, 6 August 2026
Time:	10.30am
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 Timatanga – 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**
 - 4.1 Ordinary Council Meeting - 28 July 20264
- 5 **Ngā Kaupapa Here Me Ngā Whakataunga | Policy and Decision Making**
 - 5.1 Head Start Proposal10
- 6 **Ngā Kōrero Tūmataiti | Confidential Business**
 - Nil

4.1 ORDINARY COUNCIL MEETING - 28 JULY 2026

Author: Karen Watts, Senior Committee Advisor

Authorised by: Nigel McAdie, Legal and Governance Manager

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the minutes of the Council meeting held at 10.15am on Tuesday 28 July 2026 be approved and adopted as a true and correct record.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Council Meeting Minutes - 10.15am, 28 July 2026 [↓](#)

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE ORDINARY COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, LEVEL 1, 67 HOROMĀTANGI STREET, TAUPŌ
ON TUESDAY, 28 JULY 2026 AT 10.23AM**

PRESENT: Mayor John Funnell (in the Chair), Cr Rachel Cameron, Cr Duncan Campbell, Cr Nicola de Lautour, Cr Ngāhuia Foreman, Cr Sandra Greenslade, Cr Kylie Leonard (via MS Teams), Cr Steve Manunui, Cr Wahine Murch, Cr Christine Rankin, Cr Kevin Taylor, Cr Yvonne Westerman, Cr Hope Woodward

IN ATTENDANCE: Chief Executive (J Gardyne), General Manager Organisation Performance (S Matthews), General Manager Community Infrastructure and Services (T Hale), General Manager People and Community Partnerships (H Tattle), General Manager Strategy and Environment (W Zander), Policy Manager (N Carroll), Finance Manager (J Paenga), Acting Executive Manager Mayor's Office (B Forlong), Policy Advisor (A Wilson), Senior Committee Advisor (K Watts)

MEDIA AND PUBLIC: Director Simplicity (J Rollin)
Waikato Herald (B Perich)
Mayor of Waikato District Council (A Bech)
Mayor of Waipā District Council (M Pettit)
14 members of the public

- Notes:*
- (i) This meeting was livestreamed and is available to view on Taupō District Council's YouTube channel.
 - (ii) A minute of silence was held for former Taupō District Mayor David Trewavas who passed away the previous day.
 - (iii) Mayor John Funnell welcomed mayors from Waikato District Council and Waipā District Council and thanked them for attending.

1 KARAKIA

The meeting was opened by a karakia said by all present.

2 WHAKAPĀHA | APOLOGIES

Nil

3 NGĀ WHAKAPĀNGA TUKITUKI | CONFLICTS OF INTEREST

Nil

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

His Worship the Mayor John Funnell introduced the item and advised all present that a decision on whether Taupō District Council should submit a Head Start proposal to central government was not something taken lightly by elected members. He thanked everyone involved in the preparation of the information before the meeting.

The Policy Manager introduced himself and advised that he had been at Taupō District Council for 27 years. His primary role in the Head Start proposal process had been focused on the non-financial analysis and how

Council would weigh the different options. The General Manager Organisation Performance introduced herself and advised that she was a chartered accountant and had focused on the financial analysis. She had many years of experience in local government at Taupō District Council, Waipā District Council and Ruapehu District Council.

The Policy Manager shared a PowerPoint presentation (A3962973).

The Policy Manager explained that a lot of financial analysis had been undertaken because community feedback indicated concerns around the affordability of services and functions. He recognised that the process had not been ideal given the timeframe that had placed pressure on the organisation and elected members as the decision makers. It was noted that the community had been given limited opportunity to have input into the process. Engagement with iwi partners had also been limited due to the tight timeframe.

The process had been driven by central government who had provided a set of objectives to simplify local government and create more financial resilience going forward. In parallel, there was a reform underway of the Resource Management Act 1991 so there was a challenge to deliver all of this together. Central government had been upfront that Head Start was designed for councils that were ready to amalgamate and provided a pathway for those councils where the conversations were mature. The challenge in the Waikato region was that these conversations and depth of analysis had not been completed.

He explained that central government proposed to take the two tiers of local government, territorial authorities (city and district councils) and regional councils and combine these into unitary authorities. Territorial authorities managed functions such as wastewater, roading, reserves, planning and dog control while regional councils covered a much larger geographical area and managed more environmental functions. Territorial authority boundaries were based on communities of interest whereas regional councils were determined by catchments. Taupō District Council's boundary was part of four regional councils – Waikato, Bay of Plenty, Hawkes Bay and Horizons meaning this Council faced particular challenges in terms of where it was positioned for potential amalgamation options. Amalgamation in one part of the Waikato region affected the councils in other parts of it.

The Policy Manager highlighted the uncertainties of Head Start by reiterating that policy intent had been set by central government but there was a general election to take place in November 2026 so the government or its priorities could change. New legislation would be required for amalgamation which would be developed some time in 2027. Councils that were not chosen to proceed with Head Start and/or had not submitted a Head Start proposal were not sure of the timing and process of the Backstop option. It would likely align with the local government elections in 2031. Central government would have limited capacity between the election period and forming a government so it was anticipated that only three or four proposals would be successfully delivered ahead of local government elections in 2028.

The Policy Manager talked through the supporting information in the attachments to the report and highlighted that all councils had conducted their own financial analysis using different metrics and/or different data sets. It was recognised that a lot of the supporting information was subjective and different people weighed issues differently. The community feedback showed concerns around loss of control over the Taupō District's assets and the TEL fund. There was a strong desire for Council to not rush a decision. Iwi partners were concerned with upholding Treaty Settlements and existing agreements such as Joint Management Agreements and the Mana Whakahono ā Rohe. Iwi partners wanted to ensure they were not forgotten when looking at representation arrangements.

He summarised the four options presented in the report and the officer recommendation to not amalgamate.

The General Manager Organisation Performance explained that throughout the report and attachments with supporting information, the same colours had been used for the different options A, B and C, and the same colour was used for Taupō District to show its current state as a baseline comparator.

She talked through the data used for the financial methodology and advised that this was manually collected and then peer reviewed internally. Modelling was deliberately favourable to amalgamation to avoid bias. Opportunities for efficiencies were based on expenditure and amalgamation assumptions from Auckland and some other examples in Australia, and were optimistic.

When assessing key metrics, the most favourable was the baseline comparator Taupō District Council, compared with options A, B and C. This included operating expenditure, debt, debt/revenue ratio, transport and building assets, and the operating surplus ratio.

The Policy Manager advised that consideration had been given to being forced to amalgamate in the future and if this happened, Taupō District Council was better off in a smaller subregional unitary authority. He advised that neighbouring councils were making decisions the following week on 4 and 5 August 2026. At this stage, Waitomo and Ōtorohanga District Councils had their own proposal together, Ruapehu District Council was proposing to not submit a Head Start proposal, and South Waikato District Council was

proposing to join a Western Waikato unitary authority with Waikato District Council, Waipā District Council, Hamilton City Council and potentially Taupō District Council. Rotorua Lakes Council had set out advantages and disadvantages of various options but had not made a firm recommendation. Matamata-Piako, Thames-Coromandel and Hauraki District Councils were looking at joining into an Eastern unitary authority.

This indicated multiple subregional proposals across the Waikato region. The proposals were required to show how the regional council functions would work across the region, and if there were any communities that would be at risk. More information would soon become available around the neighbouring councils and their proposals, including the level of risk of a large unitary authority proposal being put forward.

Council officers were expected to be contacted by officials from the Ministry for Cities, Environment, Regions and Transport (MCERT) in September if Taupō District Council was included in other councils' proposals but there was a risk that this would not happen. If amalgamation was forced, there was a risk that Taupō District Council would have no influence or ability to negotiate. Finally, if a proposal was submitted and was successful, there were challenges for the organisation to design and prepare the final detailed proposal by March 2027. Staff resource had been used in the past three months but for the detailed design phase, external expertise would be required to assist because the Long-term Plan would be delivered at the same time. This would include consultation with the community on both issues.

Following the presentation, the following responses were provided to questions:

- A detailed district split of current Waikato Regional Council funding was not available but the data available had shown that Taupō District Council currently contributed a fair share of costs to regional functions. Taupō District Council was not a high user of all the regional council services provided such as coastal protection and it was noted that Ngāti Tūwharetoa undertook a lot of environmental and waterway protection in the district.
- The financial modelling was supported by various data sources, and the report and supporting information outlined what had been done or not done to support members to understand what they could compare with other councils' data.

Cr Christine Rankin left the meeting at this point (11.27am).

- If a Head Start proposal put forward by another council that included Taupō District Council was accepted by central government, Taupō District Council would still be required to contribute a lot of work and investment that had not been budgeted for. A collaborative approach would be required, however for negotiations, each council would likely have their own consultants providing advice.
- Evidence had shown that efficiencies gained by amalgamation were diminished once the population reached over 100,000. This was because the organisation to support the population would need to be bigger and would potentially have many more layers of decision making, with possible silos and challenges to integrated decision making. It was a trade-off to be taken into account when considering the bigger pool of professionals that would be available, less single person risk and more purchasing power.
- Officials from MCERT, while being very busy, had helped the project team with queries regarding Head Start.

Cr Christine Rankin re-entered the meeting at this point (11.41am).

- The financial information used for analysis was all publicly available and could be scrutinised freely. A fairness check using Artificial Intelligence (AI) had also been done across all of the data used. Annual Plans and Annual Reports were independently audited each year.
- The expectation from central government was for each council to be involved in a single proposal. However, that did not stop other councils from naming another council even if it was not supportive. Head Start was voluntary, so following hearing the views and preferences of the community and designing the detailed proposal, Council could decide not to continue with it in March when the detailed proposals were due to be submitted to central government. Head Start was designed for councils that had already been talking about amalgamation for a number of years and had worked through a lot of this design detail.
- The expectation of central government was that a council's Head Start proposal would include representation. No details had emerged regarding representation arrangements in the Backstop option.
- If no Head Start proposal was submitted to central government, the policy intent was for councils to

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be included in Backstop. There was a risk because this process was not known, however there could be opportunities to influence given it was not designed yet. All of this policy intent remained uncertain until supporting legislation was put in place.

- Officials at MCERT had indicated that there was capacity for only up to five amalgamation proposals to proceed. There were practical challenges ahead of the 2028 local elections including the delivery of the new planning system over this same timeframe.
- Regional council functions would need to be coordinated across the new unitary authorities and had not been worked out yet across the Waikato region. Councils putting in subregional Head Start proposals would need to state how these functions would be managed.
- Efficiencies could be achieved in the shared services space across regional council functions but were on hold while Head Start proposals were being completed by councils.
- Head Start differed to Three Waters reform because less time was given by central government to provide feedback. Three Waters reform was initially presented with an end result whereas Head Start was expected to be designed by the councils. In addition, during the previous three months a lot of time had been spent responding to other councils looking to include Taupō District Council in their proposals.

Members acknowledged that this had been a rushed process, and they appreciated the detailed analysis that had been undertaken on the options presented in the report. Some members wanted to strengthen the resolution wording to reflect their dissatisfaction with the timeframes from central government and to make it clearer that while Taupō District Council was not ready to submit a Head Start proposal, it wanted to be able to influence future decisions and not be directed what to do in the Backstop process. The members expressed strong views that this should be advocated in a forceful manner to central government. However, members acknowledged that direction to Council officers needed to be given at the meeting. This was to ensure that a submission to central government would be able to be considered for approval at the next Council meeting to be held 6 August, before central government's submission deadline of 9 August.

TDC202607/01 RESOLUTION

Moved: Cr Rachel Cameron
Seconded: Cr Nicola de Lautour

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

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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.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202607/01 above except for Crs Duncan Campbell, Ngāhuia Foreman, Sandra Greenslade, Wahine Murch, Kevin Taylor and Hope Woodward who voted against the resolution.

6 NGĀ KŌRERO TŪMATAITI | CONFIDENTIAL BUSINESS

Nil

The meeting closed at 1.14pm.

The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 06 August 2026.

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CHAIRPERSON

5.1 HEAD START PROPOSAL

Author: Nick Carroll, Policy Manager

Authorised by: Julie Gardyne, Chief Executive

TE PŪTAKE | PURPOSE

This report:

- Provides an update on the positioning of other councils following Taupō District Council meeting on Tuesday 28 July 2026.
- Provides an analysis of and feedback from the community on the Western Waikato unitary proposal.
- Assesses whether Council's priorities need to be more explicit.
- Seeks confirmation of the response back to the Government in relation to the Head Start process.

Following the publishing of this report there will be further decisions by other councils, particularly:

- 4 August – Waitomo and Ōtorohanga district councils
- 5 August – Waikato and Waipā district councils
- 6 August – Hamilton City Council

Where possible, verbal updates on those decision-making processes will be provided at the Council meeting on 6 August.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

The Government has initiated a voluntary process to assist councils who are ready to amalgamate and create new unitary authorities. At the same time the Government has signalled that any remaining councils will go through a mandatory process of amalgamation sometime after 2028.

Council has been working to understand what options might be available and how best to respond to this process. A series of decisions were made by Council on 28 July 2026, essentially agreeing not to submit a formal Head Start proposal and instead confirm a series of position statements with the Government, and signal a willingness to work with neighbouring councils if given more time. Officers were directed to prepare the response to the Government and present the draft to this meeting.

Since our Council meeting, South Waikato subsequently decided to join a Western Waikato unitary proposal with Waipā and Waikato district councils. South Waikato indicated that they intend compelling Taupō District Council and Hamilton City Council to also be part of that proposal. If Hamilton City Council supports the proposal, then Waitomo and Ōtorohanga district councils may also be forced into the proposal by the other councils.

This was not an option that Council had asked officers to assess and there was no indication that Taupō would be forced into it prior to the South Waikato Council meeting. This report contains an assessment of the proposal, but it is not to the same depth as other options previously reported to Council. While Head Start was advised as a voluntary process, it is not clear at this stage, whether Council could exit a Head Start process following cabinet decisions in September on the proposals received.

The Western Waikato unitary proposal is expected to deliver poor financial and non-financial outcomes for the Taupō district and is not supported by officers. Officers recommend that Council is more explicit in the response to the Government:

- Strongly opposing the Western Waikato unitary proposal.
- Being clear we would like to work with Waitomo, Ōtorohanga and Ruapehu district councils if they are not part of a successful proposal.
- Being clear that our next preferred partner would be Rotorua Lakes Council, who have left room for further discussion if their proposal in the Bay of Plenty is unsuccessful.
- We expect to reply to the Government within eight weeks after the Cabinet decisions on proposals are made.

A draft response aimed at Government officials is being prepared and will be circulated separately. Similarly, an accompanying letter aimed at Government Ministers is also being prepared and will be circulated separately.

NGĀ TŪTOHUNGA Recommendation(s)	
THAT COUNCIL	
1. RECEIVES THE COMMUNITY FEEDBACK ON THE WESTERN WAIKATO UNITARY PROPOSAL, AND NOTES THAT THE PROPOSAL DOES NOT ALIGN WITH THE KNOWN VIEWS AND PREFERENCES OF THE COMMUNITY.	
2. CONFIRMS ITS STRONG OPPOSITION TO BEING NAMED AS A DIRECTLY AFFECTED COUNCIL IN THE WESTERN WAIKATO UNITARY PROPOSAL.	
3. CONFIRMS, ALIGNED WITH ITS PREVIOUS RESOLUTION, THAT IF COUNCIL IS FORCED TO AMALGAMATE, A SUBREGIONAL UNITARY AUTHORITY THAT IS COMPRISED OF A SMALLER GROUP OF NEIGHBOURING COUNCILS, ALIGNS WITH THE VIEWS AND PREFERENCES OF THE TAUPŌ DISTRICT COMMUNITY.	
4. APPROVES THE RESPONSE TO GOVERNMENT OFFICIALS IN RELATION TO THE HEAD START PROCESS WHICH CONFIRMS IF REQUIRED TO AMALGAMATE, COUNCIL'S PREFERENCE WOULD BE TO AMALGAMATE WITH RUAPEHU, WAITOMO AND ŌTOROHANGA DISTRICT COUNCILS.	
5. APPROVES THE ACCOMPANYING LETTER TO GOVERNMENT MINISTERS IN RELATION TO THE HEAD START PROCESS.	
6. DELEGATES APPROVAL TO THE MAYOR AND DEPUTY MAYOR TO MAKE ANY CHANGES DEEMED NECESSARY TO EITHER THE RESPONSE OR LETTER, BECAUSE OF DECISIONS BY OTHER COUNCILS AHEAD OF THE 9 AUGUST 2026 DEADLINE.	

TE WHAKAMAHUKI | BACKGROUND

Council has been working through a complex and timebound process to work out how to respond to the Government's Head Start process announced in May 2026. Officers had been directed by Council to investigate four potential options:

- a. A single Waikato unitary authority
- b. A subregional unitary authority focused on the central North Island involving various combinations of South Waikato, Ōtorohanga, Waitomo, Ruapehu and Taupō district councils.
- c. A subregional unitary authority involving various combinations of South Waikato, Ruapehu, Rotorua and Taupō district councils.
- d. Not putting in a Head Start proposal.

There have been a series of workshops and briefings that led up to the Council meeting on 28 July 2026. At that meeting Council passed a series of resolutions and confirmed that:

- It opposed mandatory amalgamations.
- It is opposed to being included in alternative proposals by other councils.
- Council cannot promote a Head Start proposal and requires more time to work with neighbouring councils.
- A smaller subregional model would work better for the Taupō district if amalgamations were to be mandatory.

The assessment also indicated that there were strong reasons for favouring a subregional unitary arrangement with Waitomo, Ōtorohanga, South Waikato and Ruapehu district councils.

Officers were directed to report back to Council on 6 August with a draft of the proposed response to the Government. This report fulfils that direction.

NGĀ KŌRERORERO | DISCUSSION

Subsequent positioning by other councils

Ruapehu:

On 29 July Ruapehu District Council decided not to submit a Head Start proposal, recognising that more time was required to work with neighbouring councils (including Taupō), iwi and the community. At the time public statements from other mayors in the Horizons region indicated that no Head Start proposal would be submitted by the 9 August Government deadline. Since that decision there have been ongoing discussions between Ruapehu and Taupō District Council. In recognition of our ongoing discussions with Ruapehu District Council, Taupō District Council has been asked to consider whether it wishes to participate in Ruapehu's intended Manawatu-Whanganui approach to further investigate a Head Start response. This would continue after 9 August.

Rotorua Lakes:

On 29 July Rotorua Lakes Council met and agreed to pursue a Head Start proposal with other councils in the Bay of Plenty region. Assuming support from the other directly affected councils, they intend to promote a proposal that would create:

- A western unitary authority combining Western Bay of Plenty District Council and Tauranga City Council.
- An eastern unitary authority combining Whakatane, Opotiki and Kawerau district councils.
- A central unitary authority based on the Rotorua Lakes Council boundary.

The Rotorua Lakes Council decision also left room for further discussions with Taupō District Council if the Bay of Plenty proposal does not proceed.

South Waikato (Western Waikato):

On 30 July South Waikato District Council met and decided to pursue a Head Start proposal that would create a Western Waikato unitary authority. This would combine Hamilton City Council with the district councils of Waikato, Waipā, South Waikato, Ōtorohanga, Waitomo and Taupō. There is the potential for this proposed unitary authority to exclude Waitomo and Ōtorohanga district councils depending on what Hamilton City Council decide. Taupō District Council first found out that it was to be forced into this proposal during the South Waikato Council meeting, rather than through any prior discussion, which would have allowed officers to provide guidance on this option at the 28 July Taupō Council meeting

The Western Waikato model has been promoted by the Mayors of Waikato and Waipā district councils with the suggestion that it has strong support from their councils. They are due to formally confirm their positions on 5 August 2026. Hamilton City Council will make its decisions on 6 August.

There is clear intention to force Taupō District into the Western Waikato unitary authority

The eligibility rules in the Government's Head Start process mean 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 guidance from Government does not explain how proposals will be treated when there are one or more directly affected councils who strongly oppose the proposal. A proposal is expected to set out the position of the directly affected councils and how they might be impacted by the proposal. It is also unclear whether there is the ability to opt out prior to the final proposal being lodged in March 2027. In a worst-case scenario Taupō District Council could be locked into the Western Waikato unitary proposal because of Cabinet decisions in September, with negotiation of the proposal required by March 2027.

The South Waikato decision marked a significant shift in how councils had been working together. Up to that point the discussions that Taupō District Council had been involved in had respected the right of individual councils to make decisions that reflected the best interests of their communities. There had been no indication that councils would be forced into a Head Start proposal against their will. South Waikato have now stated that the Western Waikato unitary proposal that they are promoting will name Taupō District Council as a directly affected authority.

Waikato and Waipā district councils have yet to make formal decisions but have been working closely with South Waikato and have named Taupō District Council in a Western Waikato unitary proposal as part of their agenda reports.

The Head Start process has been promoted by the Government as a voluntary process. By forcing Taupō District Council into the Western Waikato unitary proposal, the other councils have made Taupō District a directly affected council. There is now a heightened risk that the Government may force Taupō to be part of that Western Waikato unitary proposal.

THE WESTERN WAIKATO UNITARY PROPOSAL DOES NOT ALIGN WELL WITH TAUPŌ'S NEEDS

Background

This model was not one of the options officers were directed to investigate following the Taupō District Council community survey and decisions on non-financial criteria. It appears to have emerged as an alternative to the single Waikato unitary authority, which did not have strong support across the region. Despite involving a smaller number of councils, the Western Waikato model has many similarities to the single Waikato unitary model that officers previously assessed and which was rejected by Council at its meeting on 28 July.

A presentation describing the Western Waikato unitary proposal (Attachment 1) was sent by the Mayor of the Waikato District Council to the Taupō Mayor, Deputy Mayor and Chief Executive at 10.50 pm on Wednesday 22 July 2026. The agenda report for Council's meeting on 28 July was published on the website on Thursday 23 July. This meant that there was no time for officers to incorporate an analysis of the Western Waikato proposal in the formal reporting to Council. At that time there was no indication that Taupō was to be forced into this proposal.

This proposal is led principally by Waikato and Waipā District Councils. South Waikato District Council has now resolved to join the proposal.

The Western Waikato unitary proposal currently names seven Waikato authorities:

- Waikato District Council
- Hamilton City Council
- Waipā District Council
- South Waikato District Council
- Ōtorohanga District Council
- Waitomo District Council
- Taupō District Council

The balance of the region would be part of an Eastern Waikato unitary (Hauraki, Matamata-Piako and Thames Coromandel District Councils).

The proposal to include all seven councils in the Western Waikato unitary only works if it is supported by Hamilton City Council. Along with Waikato, Waipā and South Waikato they would have a majority of the directly affected councils and a majority of the directly affected population. They would be able to compel the remaining councils to be part of the proposal.

However, if Hamilton City Council decided not to support the proposal then Waitomo and Ōtorohanga would be excluded. That would ensure that the proposing councils (Waikato, Waipā and South Waikato) are the majority of the directly affected councils, regardless of the population of directly affected areas.

Hamilton's inclusion has been identified as important for financial and economic reasons, including its contribution to regional council functions and its economic links with the northern Waikato councils. Taupo's inclusion was similarly identified for its potential financial contribution and links to the Waikato River.

At the time of writing, Hamilton's position remains unclear. Central government advisors have indicated that a Hamilton metro area unitary authority would be ineligible. Hamilton City Council's alternative proposal for a combined Waikato, Waipā and Hamilton City unitary authority has not been supported by Waikato and Waipā District Councils. However, Hamilton City could still have a significant influence on a northern option, given it represents 56 percent of the population across a three-council model.

Governance

A possible governance arrangement for the Western Waikato unitary proposes a four-tier structure (See Attachment 1)¹. Part of that structure does not appear to be supported by current legislation. The model proposes enhanced delegations for decision-making, expenditure control, and budget certainty across the tiers, with to-be-determined entrenchment provisions intended to prevent higher tiers from overriding or removing lower-tier arrangements.

In practice, this would require legislative change, including changes to the principle that one council cannot bind a future council as entrenching powers or providing budget guarantees is fundamentally opposed to this principle.

Representation

Under current legislative settings, the Western Waikato proposal is broadly comparable to the whole-of-Waikato option. Representation outcomes would likely remain similar because Hamilton City would still account for a significant share of the population. The table below summarises the population, land area, household and rating unit metrics for the Western Waikato proposal.

Metric	Western Waikato	Western Waikato – excluding Waitomo and Ōtorohanga
Selected land area km2	19,647	14,136
Selected population	434,750	414,100
Selected households	161,430	152,607
Selected rating units	174,226	162,902
Population Share	Western Waikato	Western Waikato – Excluding Waitomo and Ōtorohanga
Taupō	9.8%	10.3%
Waikato	21.0%	22.0%
Hamilton	44.2%	46.4%
Waipā	14.3%	15.0%
South Waikato	6.0%	6.3%
Waitomo	2.3%	

¹ Discussion of the proposed Western Waikato unitary proposal by Waikato District Council can be viewed via their website with recordings of workshops on 22 and 27 July 2026

<https://www.waikatodistrict.govt.nz/your-council/council-committees-boards/agendas-reports-and-minutes>

Ōtorohanga

2.5%

Taupō would likely have limited representation at the primary decision-making level because of its relatively small share of the total population. Final arrangements are uncertain and would likely require a representation review by any new unitary authority. However, if representation were based on current Local Electoral Act 2001 requirements, including the section 19V fair representation rule, Taupō could expect approximately two elected members on a 19-member council. This is demonstrated in the table below.

Full Western Waikato Representation					
Council	Population	Share of Representation on 19 Member Council	Rounded	Representatives per Councillor	+/- 10% Rule (Section 19V Local Government Electoral Act)
Waikato District	91,100	4.0	4	22,775	-0.5%
Hamilton City	192,100	8.4	8	24,013	4.9%
Waipā District	62,200	2.7	3	20,733	-9.4%
South Waikato District	26,000	1.1	1	26,000	13.6% ²
Taupō District	42,700	1.9	2	21,350	-6.7%
Waitomo District	9,950	0.4	1 shared member	20,650	-9.8%
Ōtorohanga District	10,700	0.5			

Financial Analysis

The following table reflects the financial modelling summary and assumptions previously provided to elected members. The detailed financial analysis which accompanies this table is included under Attachment 2. The potential Western Waikato unitary option has been added for comparison. It highlights the less favourable financial outlook when compared to the other options, despite optimistic efficiency calculations.

OPTION COMPARISON: KEY METRICS RANKED						
(Ranked from Most Favourable to Least Favourable)						
Metric	Better Direction	Taupō	Whole Waikato	Central North Island	Taupō, Rotorua, South Waikato, Ruaphehu	Western Waikato
Opex per RU (\$000)	Lower ↓	5.20	5.23	5.29	5.34	5.50
Debt per RU (\$000)	Lower ↓	4.32	7.16	3.74	7.89	8.77
Debt/Revenue Ratio	Lower ↓	72.2%	120.5%	64.3%	130.5%	142.9%
Transport Asset Score	Higher ↑	78.8	76.8	75.4	71.6	78.6
Building Asset Score	Higher ↑	89.8	73.5	71.4	73.9	73.5
Operating Surplus Ratio	Higher ↑	13.0%	5.6%	5.6%	7.6%	4.5%
LEGEND:						
	1st (Most Favourable)	2nd	3rd	4th	5th (Least Favourable)	

² Outlier numbers have been accepted previously by government provided they are close to the rule. This is within historic outlier ranges.

Taupō District Council and the councils supporting the Western Waikato unitary proposal have each approached the assessment of financial impacts differently. This involved different sets of base data and emphasis on different metrics. Regardless, Taupo District is shown to be financially strong in both models.

It is possible to structure an amalgamation in a way that protects existing ratepayers in Taupo from some of the financial concerns with the Western Waikato unitary proposal. However, doing so would require more than simply ringfencing historical debt.

To genuinely prevent the transfer of financial obligations between communities, any debt ringfencing would also need to extend over the long term and protect the associated debt headroom, depreciation funding, operating costs, asset renewals, local 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.

There are unanswered questions around how much the protection of existing positions may undermine amalgamation benefits, given the potential administrative burden and ongoing challenges of any new Council structure, especially given one of the drivers of amalgamation is to create larger and more financially resilient organisations.

Taupō District Community Feedback

Council engaged with the community in June 2026 and received feedback from 1113 members of our community with:

- 45% supporting the creation of a unitary authority between Taupō and a single neighbour,
- 37% supporting a sub-regional model with two or three nearby Councils, and
- Only 13% supporting a region wide unitary authority which is more comparable to the proposed Western Waikato unitary.

Staying within the Waikato region was preferred by our community but this preference extended only as far as immediate neighbours, with only 18 submitters showing any preference for joining up with Waipā, for example.

On Friday 31 July Taupō District Council posted on its Facebook page advising the community of the proposed Western Waikato unitary and the potential for Taupō to be included and on Saturday 1 August the Mayor and some Councillors posted similar messages on their own Facebook pages. Further feedback from the community was requested and will be tabled as part of this meeting.

COUNCIL PRIORITIES WILL NEED TO BE MORE EXPLICIT

Taupō District Council had identified a desire to work with other councils in the central North Island (previously defined as Ruapehu, Ōtorohanga, Waitomo and South Waikato) but recognised that these councils either needed more time or wished to pursue alternative options at this stage. Taupō's approach has been to respect the position of other councils and not compel them to join a proposal. Officers had been directed to prepare a response to Government outlining this position and signalling the need for more time.

Council is now faced with being forced into the Western Waikato unitary proposal. That proposal delivers poor financial and non-financial outcomes for the Taupō district compared to alternative arrangements.

Officers now recommend that Council is more explicit in the response to Government by:

- Opposing involvement in the Western Waikato unitary proposal. This should be communicated to other affected councils and directly to the Government.
- Clarifying with Government that Taupō District Council would like time to further explore amalgamation options with the central North Island councils, being the Ruapehu, Waitomo and Ōtorohanga districts. It is critical that this recognises Waitomo and Ōtorohanga are currently pursuing their own proposal and that Taupō has no intention to undermine that proposal.
- Clarifying with Government that if Taupō District Council is unable to develop a suitable proposal with the central North Island councils, then the next preference would be to explore an amalgamation option with Rotorua Lakes Council. Again, Rotorua Lakes Council is pursuing another option at this time and Taupō District Council wishes to respect that decision.

We need to reflect the views of our community

This Head Start process has been progressed at pace and with very little opportunity to actively engage the community.

As noted earlier, surveys of the community highlighted that there was little support for being part of a large unitary authority in the Waikato region. The community also identified that financial resilience, sustainability and affordability were key considerations when Council was deciding what to do.

The community has not had the chance to provide an explicit view on the Western Waikato unitary proposal given the time constraints in the process. However, based on the feedback Council has received to date, that proposal would not align well with what the community has told Council.

The Central North Island options align well with Taupō

The options assessment attached to the Council agenda report for the meeting on 28 July set out a detailed financial and non-financial analysis of the options identified by Council. From that assessment a future unitary authority with the councils in central North Island emerged as a preferred option. It is recommended that, if required to amalgamate, Council is explicit about working with these councils rather than South Waikato, Waipā and Waikato district councils.

Council has not formalised a central North Island option as a Head Start proposal, recognising that Waitomo and Ōtorohanga District Councils are submitting their own proposal. We have respected their right to do what is best for their communities and we do not wish to undermine their proposal before it is considered by Cabinet.

In the proposed response to Government, we have highlighted the alignment with those councils and noted that we would be willing to continue to work with them, if Cabinet decided not to proceed with their proposal at this time.

We have also been working constructively with Ruapehu District Council who are in a similar position to Taupō District Council. They are seeking more time to work with neighbours and engage with their community. There are some communities of interest that we share and strong environmental and iwi connections between our two districts. However, there are also some complex communities of interest, representation and boundary considerations that we would like to have the opportunity to work through openly with them and their community. We would also need time to better understand the implications for other councils in the Horizons region.

Rotorua Lakes Council also has some natural alignment with Taupō

The options assessment that was presented to Council on 28 July also considered an option focused on South Waikato, Rotorua Lakes and Taupō District Council. It identified that amalgamating with Rotorua presented opportunities and challenges. While there are strong communities of interest and economic alignment there are also some financial disparities. It is recommended that working with Rotorua Lakes Council is identified as a secondary preference.

From the community engagement Council undertook, an amalgamation with Rotorua Lakes Council was identified by the community as the second most preferred partner council.

A new unitary authority combining Taupō District and Rotorua Lakes councils is substantially preferable to the Western Waikato unitary proposal because:

- There are shared communities of interest and housing markets between Rotorua and Taupō. There are not the same connections to Waikato, Waipā and Hamilton City.
- Taupō and Rotorua Lakes would be a geographically compact unitary authority with two main urban centres and related smaller settlements. That would make the delivery of services easier and is significantly less likely to see the retraction of existing service delivery over time compared to the much larger Western Waikato unitary proposal.
- There is strong economic alignment with shared industries (geothermal, forestry, agriculture, tourism) and some shared labour markets. Together the Rotorua Lakes and Taupō districts could present a stronger influence at Government level for future investment and support.
- It would be simpler and less costly to deliver, with a much simpler organisational structure compared to the Western Waikato unitary proposal.
- Rotorua and Taupō are both expected to continue to experience reasonably strong population and economic growth. They would present a large economic unit with shared interests. However, there are also some risks that the similarities also lead to competition for resources between communities.

- Both Rotorua Lakes and Taupō have land in river catchments in the Waikato and Bay of Plenty Regions. Much has been made of the Western Waikato unitary aligning with the Waikato River catchment, however Rotorua has a substantial part of its district in the Waikato River catchment. Likewise, Taupō has a sizeable portion of the district in river catchments in other regions. Substantial boundary changes would be required or more practically there will need to be ongoing coordination between new unitary authorities.
- Compared to the Western Waikato unitary proposal, an amalgamation with Rotorua Lakes would enable much stronger Taupō community representation at multiple levels of governance.

At this point Rotorua has decided to pursue an amalgamation proposal with other councils in the Bay of Plenty Region. We have no desire to adversely impact the potential success of that proposal. What we do recommend doing in the response to Government is signalling that we would be willing to continue to work with Rotorua Lakes if Cabinet decided not to proceed with their proposal in September.

Timing is important to the Government

Discussions with the Government have indicated that clarity around timeframes is important to them. Should Council wish to pursue around amalgamation options with neighbouring councils we need to signal how much additional time would be needed to explore options. It is recommended that Council indicate in its response to Government that it may need approximately eight weeks following Cabinet decisions if this option is available. This would allow time to engage with potential partner councils, establish what is likely to be possible and then respond to Government. While tight, this timeframe demonstrates a willingness to keep momentum up.

THE PROPOSED RESPONSE TO GOVERNMENT

Following the Council meeting on 28 July 2026, Council officers were directed to prepare a response to the Government's Head Start process. Council directed officers to prepare a response that articulated the following points:

- 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.

At the meeting elected members expressed a desire to be strong in opposition to what they perceive as a rushed Head Start process and any potential forced amalgamation. This desire is captured in the attached minutes which outline the discussion.

Officers have drafted a Head Start response to Government and have recommended that it is accompanied by a letter from the elected members. The response is primarily aimed at officials from the Ministry of Cities Environment Regions and Transport who will be preparing advice for Cabinet decision-making in September. The accompanying letter from elected members is aimed at the Government ministers and contains the stronger political statements. Those two documents were still being prepared at the time this report was finalised and will be circulated separately prior to the meeting.

Mayoral Forum Statement

The Waikato Mayoral Forum had considered a joint statement that could be sent by individual councils to the Government. Its intent was to signal the coordinated thinking across the Waikato region, collaborative approach and ongoing commitment to work together.

That does not align well with recent events surrounding the Western Waikato unitary proposal, so officers do not recommend including any such statements from the Mayoral Forum with the proposed response to Government.

NGĀ KŌWHIRINGA | OPTIONS

Council has established a policy position via resolution on 28 July 2026:

- Based on the assessment to date Taupō district would likely be worse off as a result of a mandatory amalgamation.
- Council is opposed to mandatory amalgamations and instead would like a more flexible process and timeframes to work with other councils and the community.
- If required to amalgamate in the future Taupō district would be better off as part of a smaller subregional unitary compared to a single (or larger) Waikato unitary and this paper has made that position more explicit
- Council will push back on alternative proposals from other councils that include Taupō without our support.

Given the risk of Taupō District Council being forced into a Western Waikato unitary proposal, Council now has the option to execute its resolutions and respond to the Government about wanting more time and a flexible process, AND/OR continue discussions with Rotorua Lakes Council with a view to potential amalgamation opportunities.

Option A: Executing our agreed advocacy position

This option aligns with the resolutions passed on 28 July and essentially places Council into an advocacy position. In September Cabinet will make decisions on whether to proceed with the proposal from Waitomo and Ōtorohanga, as well as the Bay of Plenty proposal that Rotorua Lakes Council has agreed to join. If Cabinet decides not to proceed with one or either of those proposals, there could be an opportunity for Council to re-engage with those councils and explore new options.

The uncertainty in the national political environment also creates uncertainty about the Head Start process and potential Backstop process. In the face of that uncertainty Council has previously chosen to wait rather than jump into an undesirable option.

ADVANTAGES	DISADVANTAGES
ALIGNS WITH COUNCIL'S ESTABLISHED POLICY POSITION AND RETAINS THE ABILITY TO PROGRESS COUNCIL'S PREFERRED OPTION.	THERE IS A RISK THAT TAUPŌ IS FORCED INTO THE WESTERN WAIKATO UNITARY AUTHORITY HEAD START PROPOSAL OR WAIKATO WIDE UNITARY AUTHORITY THROUGH A FUTURE BACKSTOP PROCESS, WHICH ARE BOTH CONSIDERED UNFAVOURABLE FOR THE TAUPŌ DISTRICT.
ENABLES COUNCIL TO SEE WHICH PROPOSALS CABINET DECIDES TO PROGRESS AND THEREFORE WHICH AMALGAMATION OPTIONS MAY SUIT TAUPŌ.	THE OPPORTUNITY TO WORK WITH THE ROTORUA LAKES COUNCIL MAY DISAPPEAR IF THEIR BAY OF PLENTY PROPOSAL IS APPROVED BY CABINET.
IF HEAD START AND BACKSTOP PROCESSES DO NOT PROCEED AFTER THE ELECTION, THEN TAUPŌ DISTRICT WILL CONTINUE TO BE IN A STRONG POSITION.	
THE ADDITIONAL COSTS ASSOCIATED WITH PREPARING A DETAILED HEAD START PROPOSAL WOULD NOT BE INCURRED.	
WE WOULD AVOID THE DETAILED DESIGN PHASE WHICH WOULD OTHERWISE TAKE COUNCIL AWAY FROM OTHER PRIORITIES.	

Option B: continue discussions with Rotorua Lakes Council with a view to potential amalgamation opportunities

Rotorua Lakes Council has actively and respectfully engaged with Taupō District Council over the last three months. Once their proposal to amalgamate with South Waikato District Council was no longer possible, they chose to join the Head Start proposal in the Bay of Plenty region and are proposing to be a standalone unitary authority. If Taupō District Council changes its policy position in response to the risk of being included in the Western Waikato proposal, there may be an opportunity to reconnect with Rotorua.

ADVANTAGES	DISADVANTAGES
THIS WOULD PROVIDE COUNCIL WITH A CLEAR ALTERNATIVE TO THE WESTERN WAIKATO PROPOSAL THAT COULD BE PRESENTED TO GOVERNMENT.	THIS OPTION MAY BE LESS ATTRACTIVE TO GOVERNMENT GIVEN IT CROSSES EXISTING REGIONAL BOUNDARIES AND POTENTIALLY COMPLICATES THE MANAGEMENT OF LAKE TAUPŌ AND THE WAIKATO RIVER.
THIS OPTION WOULD HAVE MORE BENEFITS FOR THE TAUPŌ DISTRICT COMPARED TO THE WESTERN WAIKATO PROPOSAL.	THIS MAY RESULT IN HAVING TO FORGO THE OPPORTUNITY FOR COUNCIL'S PREFERRED OPTION, TO WORK WITH WAITOMO, ŌTOROHANGA AND RUAPEHU DISTRICT COUNCILS.
THE GOOD EXISTING WORKING RELATIONSHIP AND HAVING ONLY TWO COUNCILS INVOLVED IN THIS PROPOSAL WOULD MAKE DETAILED DESIGN AND IMPLEMENTATION MUCH EASIER TO ACHIEVE.	THERE ARE STILL CHALLENGES AND ISSUES TO RESOLVE WITH THIS OPTION, PARTICULARLY FROM A FINANCIAL PERSPECTIVE.
	THIS IS STILL NOT A HEAD START PROPOSAL BUT WOULD PROVIDE DIRECTION FOR FURTHER ENGAGEMENT WITH ROTORUA LAKES COUNCIL.

ANALYSIS OF OPTIONS

Council has indicated that it would like to work with Waitomo, Ōtorohanga and Ruapehu district councils. For a variety of reasons that group of councils is not currently in a position to present a proposal to Government.

Having established a direction on 28 July Council is now faced with the risk of being forced into a Head Start proposal for a Western Waikato unitary authority. This risk had not previously been identified and only emerged because of the South Waikato District Council decision-making process.

Analysis undertaken following the South Waikato decision has indicated that the Western Waikato unitary proposal would have detrimental outcomes for the Taupō district and does not align with the views and preferences of our community. It also shares many of the negative non-financial effects that a single Waikato-wide unitary authority would have.

Council could stay the course that was agreed on 28 July and choose to respond to the new risk from the Western Waikato unitary proposal through strong advocacy. That would continue to allow time for Cabinet decisions to resolve the uncertainty about which neighbouring councils we could work with.

Ultimately it is for Council to consider the risk based on continuing the position taken on 28 July against the likelihood of a Western Waikato proposal. If Council is concerned about the Western Waikato proposal and wants to offer the Government a clear and deliverable alternative, then there may still be the potential to engage with Rotorua Lakes Council. If that is Council's decision, there is the ability to mirror the approach of Rotorua Lakes and make it clear in our response to Government that we remain open to working with them in the future.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

As noted in the report to Council on 28 July, no funding has been provided for work related to potential amalgamation processes in the 2026/27 year or subsequent years.

If Council was forced into the Western Waikato unitary proposal by Cabinet decisions in September there would be a substantial step up in work required. All the directly affected councils would need to work together

to prepare the final proposal setting out all the detail on how an amalgamation could be achieved by the local body elections in 2028.

It would be challenging to enter negotiations in good faith making it even harder to tackle very challenging matters like financial ringfencing, representation, staffing and changes in service delivery. Time would be needed to re-establish working relationships, which would be difficult in the Government's expected timeframes to deliver a final proposal with all matters resolved.

On top of that, Council would likely face the need for a substantial unbudgeted investment in external consultant support to work through that process in a short timeframe. As noted on 28 July, best estimates at this early stage put those costs at between \$700,000 and \$1,000,000 (excluding GST). There is substantial uncertainty around those costs.

Ngā Aronga Ture | Legal Considerations

Officers are seeking legal advice prior to the meeting and if anything differs from the advice in this report Council will be briefed in the meeting.

The Government's Head Start process is backed by a policy document. At this point it has no legislative backing but that is expected to change in 2027 if the Government is 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 consider 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 was attached to the report presented at the 28 July Council meeting.

As noted earlier in this report, Council received information about the Western Waikato unitary proposal late the night before the agenda was publicly published for the Council's 28 July meeting. That did not provide sufficient time for an assessment comparable to the other options assessed. Furthermore, Council only became aware that South Waikato intends pulling Taupō district into the proposal when viewing the South Waikato District Council meeting.

If Council is forced to join the Western Waikato unitary proposal there may be the opportunity to undertake more detailed engagement during the detailed design phase, between October 2026 and March 2027.

There are no guarantees that Council will have the ability to exit the Head Start process following Cabinet decisions in September. While the process has been marketed by the Government as a voluntary process for those councils who are ready, the reality is that once in the detailed design phase we may be locked into an outcome.

Ngā Hiraunga 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. Having to participate in the detailed design phase for a Head Start proposal would likely direct the organisation's attention away from current priorities.

Being forced into the Western Waikato unitary proposal 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.

We have not had the opportunity to engage with our iwi partners directly on the Western Waikato unitary proposal. However, the Western Waikato unitary would better align with the desires for an integrated approach to water catchment management. There is also better alignment in terms of the Treaty settlement arrangements linked to the Waikato River.

There are expectations set out by Government in their policy document and guidance document that councils will engage with iwi authorities and Post Settlement Governance Entities. Clearly Taupō District Council will not be able to do this if forced into the Western Waikato unitary proposal.

Ngā Tūraru | Risks

A number of risks related to this process were highlighted in the agenda report presented to Council on 28 July 2026. The risks below are in addition to those.

The primary risk at this point is being forced into the Western Waikato unitary proposal that has a range of negative outcomes for the Taupō district. That is largely beyond the control of Council at this point, with decisions by Waikato and Waipā district councils and Hamilton City Council likely to decide whether that risk eventuates. Council can try and mitigate that risk through:

- Advocacy to the respective councils.
- Being explicit with the Government in terms of strong opposition to being forced into that proposal
- Being clear about which councils we believe we can work with if amalgamations become mandatory, noting that Rotorua Lakes Council has left the opportunity open for further discussions if their proposal is unsuccessful.
- Being clear with the Government about how much further time we believe we need to develop alternative proposals with other councils.
- Advocacy to Government ministers including the local Member of Parliament.
- Working with officials from the Ministry of Cities, Environment, Regions and Transport to understand the process post the 9 August 2026 deadline.

There are risks if Council is not perceived to have met the legal obligations in terms of the decision-making requirements of the Local Government Act 2002. We have mitigated this risk through a series of public decision-making processes where Council has thoroughly documented the options analysis and consideration of views and preferences along with the potential impacts on Māori. If Council chose to be part of the Western Waikato unitary proposal there could be criticism and risk from not undertaking a thorough assessment comparable to the other options.

As noted earlier in the report, if we are forced into the Western Waikato proposal and it is approved by Cabinet there will be substantial unbudgeted expenditure, a need to reprioritise the time of the Executive Team and elected members, and corresponding risks for the delivery of the next long-term plan.

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. This report is intended to document how Council has met those 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

As detailed in the report to Council on 28 July, engagement took place with the community via a survey, face to face meetings and through communications via the Council website and social media channels.

In response to South Waikato declaring their intent to force Taupō into the Western Waikato unitary proposal Council used social media posts to raise public awareness. Community feedback was requested between 31 July and the Council meeting on 6 August. Any feedback received will be tabled for consideration by elected members.

If Council is going to continue to explore amalgamation options, it is important that engagement is built into the any such 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

On 28 July 2026 Council made a series of decisions in relation to the Government's Head Start process. Officers were directed to report back to the Council on 6 August 2026 and present a draft response to the Government's process.

Subsequent to Council's decisions, South Waikato District Council met and decided to join a Western Waikato unitary proposal also being promoted by Waipā and Waikato district councils. South Waikato made it clear that they intend naming Taupō District Council as part of that proposal thereby making Taupō a directly affected authority.

Officers have not had the time to undertake an assessment of the Western Waikato unitary proposal to the same depth as other options. However, the assessment work that has been done highlights that it would have poor financial and non-financial outcomes for the Taupō district.

Feedback received from the community between 31 July 2026 and this meeting will be tabled for consideration alongside the advice in this report.

Officers are recommending that Council is explicit in:

- Opposing involvement in the Western Waikato unitary proposal. This should be communicated to other affected councils and directly to the Government.
- Clarifying with Government that Taupō District Council would like time to further explore amalgamation options with the central North Island councils, being the Ruapehu, Waitomo and Ōtorohanga districts. It is critical that this recognises Waitomo and Ōtorohanga are currently pursuing their own proposal and that Taupō has no intention to undermine that proposal.
- Clarifying with Government that if Taupō District Council is unable to develop a suitable proposal with those councils, then the next preference would be to explore an amalgamation option with Rotorua Lakes Council. Again, Rotorua Lakes Council is pursuing another option at this time and Council wishes to respect that decision.

A draft response aimed at Government officials is being prepared and will be circulated separately. Similarly, a letter aimed at Government Ministers is also being prepared and will be circulated separately.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Waikato District Council presentation 22 July 2026 [↓](#)
2. Updated Financial Analysis [↓](#)

Waikato District Council



Head Start Pathway

Invitation to join an all-of-river catchment based proposal:

WAIKATO ~ Roto ki te Moana / Lake to the Ocean

Taupō DC, South Waikato DC, Waipā DC, Hamilton CC and Waikato DC

Waikato District Council

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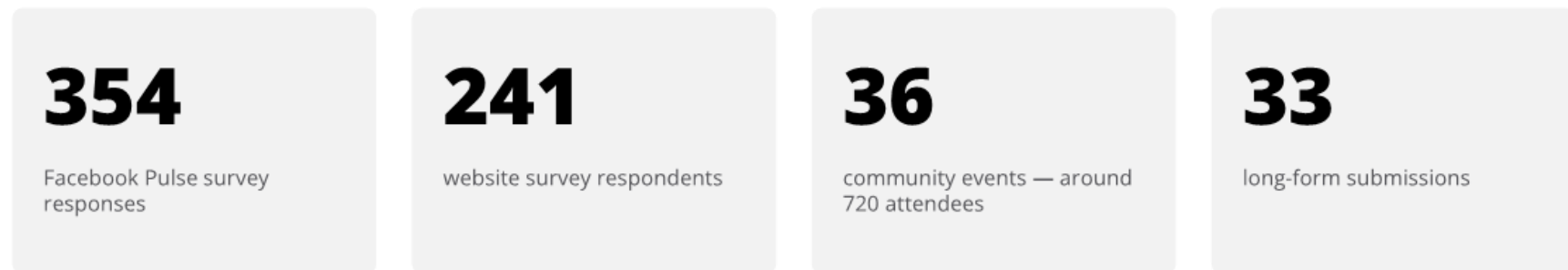
Our journey: What our Waikato District Council communities told us

Head Start Pathway · Waikato District Council

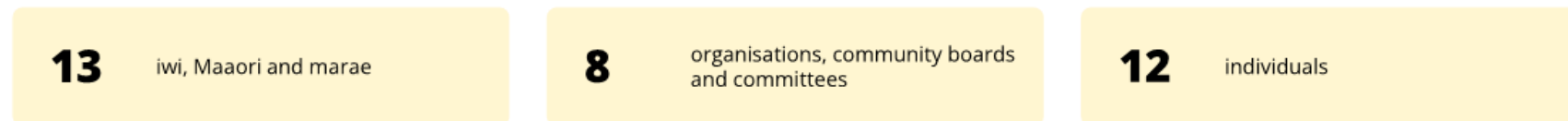
3

ENGAGEMENT · PARTICIPATION

Close to 1,350 community interactions in five weeks



Who made the 32 long-form submissions



Feedback channels reached different audiences in different ways — that matters for how we read the results (next three slides).

ENGAGEMENT · READING THE CHANNELS TOGETHER

Two windows on the same community — one combined message

Facebook Pulse

Wide reach, quick response

- Affordability and infrastructure dominate — 58% combined.
- Local voice registers, but mid-table (11%).
- Likely captures the broader, less-engaged public — though this is an assumption: no demographic data exists.

Website survey

Self-selected, more considered

- Four priorities sit nearly level — services, voice, rural protection, cost.
- Local representation and rural protection rank with affordability.
- Likely over-represents highly engaged residents — again an assumption, not a measured fact.

The differences are indicative, not statistical — but the combined message is consistent: **the proposal must deliver affordability AND protected local voice. Neither audience lets us choose one.**

ENGAGEMENT · ALL CHANNELS COMBINED

Three themes run through everything we heard

Local voice and representation

Opportunities

- Strengthened community boards with real delegated authority
- Local representation entrenched in legislation
- Dedicated Maaori participation mechanisms

Concerns

- Rural communities outvoted by urban populations
- Hamilton dominance; smaller towns forgotten
- Loss of community identity and accountability

Infrastructure and service delivery

Opportunities

- Better transport planning and catchment management
- Shared expertise and regional-scale delivery
- Resilience to more frequent severe weather

Concerns

- Rural infrastructure — especially roads — losing priority
- Investment shifting toward cities
- Services becoming remote through centralisation

Debt, rates and financial fairness

Opportunities

- Fairer rating systems and greater transparency
- Shared services reducing duplication
- Targeted allocation of costs and debt (i.e. a differential rate to harmonise starting debt starting position –acknowledging “good debt” and state of assets must be considered.

Concerns

- Taking on other councils' debt; Hamilton debt levels
- Rural communities subsidising urban growth
- Amalgamation costs — and little evidence mergers save money
- Must protect our Momentum fund for community grants to ringfenced to current geographical boundaries in perpetuity

ENGAGEMENT · MAAORI FEEDBACK

Support for change — where it strengthens partnership

All iwi, Maaori and marae submissions support reform in principle — provided it strengthens local democracy and mana whenua participation and partnership.

Strongest opportunities *(ranked strongest first)*

- Stronger Te Tiriti partnerships
- Enhanced mana whenua participation and partnership
- Stronger local representation
- Catchment and river-based governance including an undivided Waikato Awa and honouring Te Mana o te Wai
- Economic self-determination and wellbeing outcomes

Strongest concerns

- Loss of Maaori voice and local voice
- Weakening of existing settlement and partnership arrangements
- Governance becoming more distant from communities
- Insufficiently clear communication about reform impacts

There is little support for any model that reduces local influence, diminishes mana whenua participation, or weakens established relationships.

ENGAGEMENT · MAAORI FEEDBACK — SUMMARY FROM IWI CHAIRS



Whole of region is preferred — but as non-negotiable: any new council amalgamation proposal must be river-centric, keeping the Waikato awa and its tributaries as one, respecting the River Settlement and Te Ture Whaimana.

All voices — including the voice of Maaori — must be protected in new, larger forms of council.

Summary from two Joint Iwi Chairs – Mayoral Forum hui

Waikato District Council

02

The test Head Start proposals must pass

Head Start Pathway · Waikato District Council

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Reorganisation proposal eligibility — worked examples

How the eligibility tests apply: a proposal must be supported by a majority of the directly affected territorial authorities, or councils representing a majority of the affected population.

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.

✓ **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.

✓ **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.

✗ **Not 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.

✓ **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.

✓ **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. Reorganisation plans for the remainder of the region (Councils D to F) will be required after the 2028 local body elections.**

GOVERNMENT REQUIREMENTS

Five criteria every proposal is assessed against

1 Deliverability

Realistic proposals that show how new arrangements can be implemented in a timely manner.

2 Supports the new planning system

Clear support for implementing the new planning system — including progress on spatial and natural environment plans — with minimal disruption to that work.

3 Simplifies local governance

More efficient regional arrangements: consolidated decision-making and better alignment between a region's councils.

4 Economies of scale

Regional strategic planning and effective delivery of key functions (transport, catchment management), with responsible, affordable asset management and investment.

5 Maintains local voice

Fair and effective representation for communities of interest, decisions made at the local level, and balance between urban and rural interests.

Criterion 5 is exactly what our communities demanded — our engagement evidence is a strategic asset, not an appendix.

THE ALTERNATIVE

If we don't decide or can't find partner councils, the backstop decides for us

1

Reduced local control

Key decisions made outside local governance processes; less ability to reflect local priorities and community aspirations.

2

Accountability without authority

Elected members stay accountable to the community while their decision-making influence shrinks.

3

Financial and resource risk

Additional costs, reporting requirements and staff effort; uncertainty around future funding and liabilities.

4

Reputational impact

Signals a lack of confidence in local delivery capability; risks community and stakeholder trust.

5

Reduced flexibility

Fewer options tailored to local circumstances; limited ability to adapt or innovate as conditions change.

Doing nothing is still a decision
— one the government makes for us. A credible Head Start proposal is our strongest protection.

A backstop process would see reorganisation arrangements determined for the region rather than by it.

Waikato District Council

03

Designing governance that fits

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GOVERNANCE FRAMEWORK · PRINCIPLES

Four principles anchor the governance design

Context: reform is underway because local government in its current form is widely seen as no longer fit for purpose — reflected in low voter engagement and limited community empowerment. Bespoke legislation is a rare chance to design something better, not just smaller.

1 Community governance

Governance belongs to communities — councils are the instrument that acts on their behalf, not the other way around.

2 Community empowerment

Delegations protected in legislation, with funding attached — so a higher tier cannot pull them back at will. The Auckland local board experience shows why this matters.

3 Representation

Protect voices structurally, not just geographically — communities of interest such as rural, coastal, Maaori, town and metro, alongside traditional wards.

4 Fit for purpose

The governance model must follow the final amalgamated form. Bespoke legislation also allows departure from current settings — including the $\pm 10\%$ representation rule.

Proposed governance concept — 4 to 6 TLAs including a metro, with WRC functions in-house or via CCOs

DRAFT — still in discussion

Empowered community with local governance and protected, funded delegations at three levels — local voice by design, not by goodwill

Primarily advisory, but ideally with some ability to be delegated to (e.g. a catchment board that maintains its own drains). Should include other community stakeholders. Not currently LGA-enabled, but closest to community.

Tier 1 — Community committees: may be informal or incorporated societies or charitable trusts (NB: not a legislatively enabled tier under the current LGA)

Includes marae, CDEM groups, catchment boards, hall committees and ratepayer associations. No predetermined election shape, and no guaranteed delegation from council. Delegation examples: a CDEM group stands up under the Regional Controller in a declared emergency; catchment boards maintain their own drains. Size and constitution fit for purpose as each community sees it — could extend to schools, health facilities, iwi and business, ports and airports, first responders, chambers of commerce and anchor institutions. Looks very different across the rohe: closest to community, so flexibility is required.

Local governance enabling voice, choice and control for communities over the decisions that affect their place. Elected representation at the lowest level, with entrenched delegation.

Tier 2 — Empowered local boards: a formal ELECTED REPRESENTATIVE body at local level (embedded formal powers and budget — not subject to override by Tiers 3 or 4)

Formally elected, with legislated minimum delegations and guaranteed funding (a percentage of rates, or a per-capita amount). Representation geographically defined for the local area, recognising our many and diverse self-identifying communities across the rohe. Entrenched empowerment that cannot be overridden by Tier 3 or Tier 4.
Q: Return to a "Town Clerk" as local contact for community-level delivery of BAU services, with budget allocation?

Decisions over items within their local geography — open spaces, parks, community facilities, placemaking. Sets place-specific targeted rates, local levels of service and some bylaws. Participatory practices — citizen assemblies, juries, participatory budgeting. Power to trigger independent review of major Tier 4 decisions?

Tier 3 — Community councils: a formal ELECTED REPRESENTATIVE body at community-of-interest level with entrenched delegation and budget (participatory democracy principles; power to hold Tier 4 decisions to account)

Sub-divisions by geographic area (i.e. incoming councils) or a Pou concept of four communities of interest: urban (M), peri-urban (M), coastal (M), rural (M). Voting within each community council for councillors and a mayor — numbers not material, could reduce? Legislated minimum delegations and guaranteed funding; Maaori ward seats in each community council.

Governing body of the unitary authority — all regulatory and fiscal power, spatial and land use plans, JMA and Treaty obligations, consenting and enforcement. Sets the general rate strike. FCC capped at 50% of membership; possible special resolution thresholds (e.g. 75%) for adopting the LTP or rate strike.

Tier 4 — Unitary: a formal REGIONAL GOVERNANCE body at whole-of-new-entity level

All-of-rohe services: regulatory, infrastructure, public transport, environmental management, JMAs and Te Tiriti obligations, catchment boards and drainage. Maaori representation by caucus from Tier 3, or a Maaori Statutory Board concept. Membership reflects population, BUT with **Hamilton capped at 50%**. Elected — but say for a 6-year term? Or Tier 3 to nominate? Likely a chair role, elected from among their own members, per WRC now. *Q: How to elect or appoint for this body — close to 326 rates revenue, so skills-based — see panel on left.*

Waikato District Council

04

Waikato District Council's preferred model

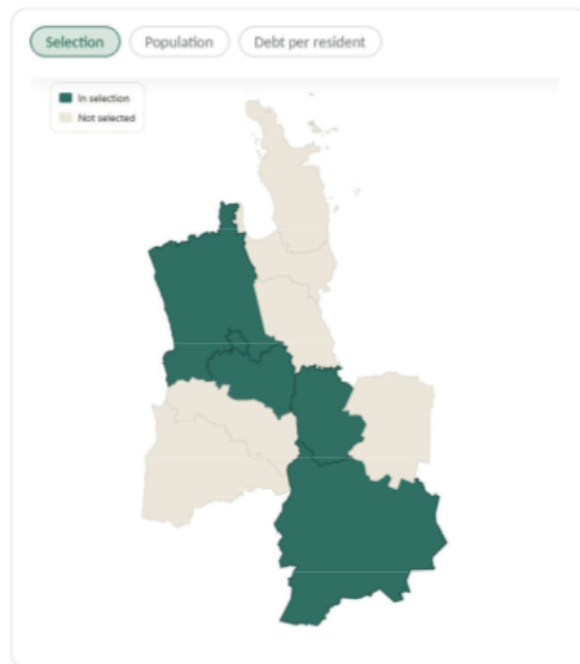
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EVIDENCE · THE PROPOSED AREA

Waikato ~ Roto ki te Moana

A proposal built around the river and its communities



The regional picture

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Districts

- ☐ Thames-Coromandel
- ☐ Hauraki
- ☒ Waikato District
- ☐ Matamata-Piako
- ☒ Hamilton City
- ☒ Waipā
- ☐ Ōtorohanga
- ☒ South Waikato
- ☐ Waitomo
- ☒ Taupō
- ☐ Rotorua

The western grouping

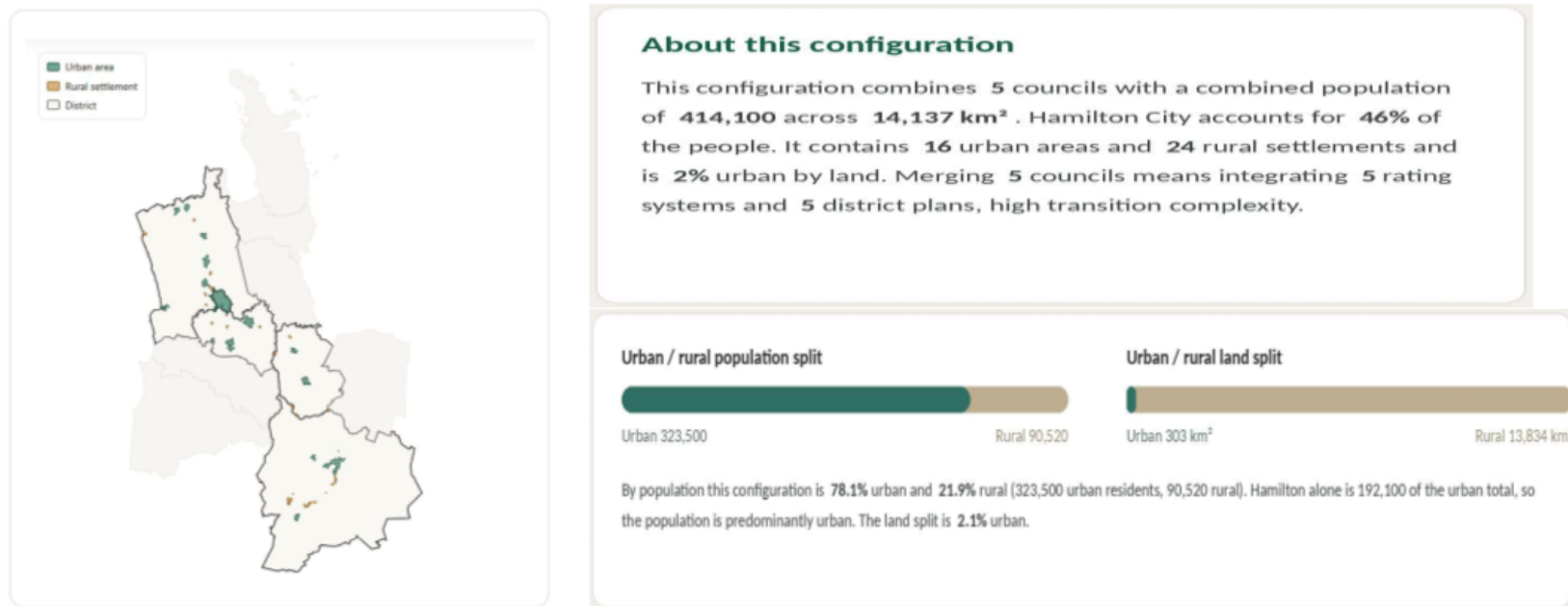
Why this shape

- Centres on the Waikato River catchment and the communities connected by it.
- Aligns everyday life — where people live, work, travel and access services.
- Supports catchment-based planning and delivery — one of the strongest opportunities in community feedback.
- It is acknowledged that the Waipā River is the major tributary to the Waikato River, flowing through Waitomo DC and Otorohanga DC but these two are opting for a King Country model at this time.

South Waikato belongs in this story. Part of the district sits naturally within the river catchment and the western grouping — which is why South Waikato and its data are included in this proposal. For the communities that sit beyond the river boundary, we acknowledge more thought is needed — and they will not be left behind while that thinking is done.

EVIDENCE • OUR COMMUNITIES

Who lives here — and how that is changing



Growth is uneven — one structure must serve fast-growing towns and communities managing decline.

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EVIDENCE • FINANCE (1 OF 2)

The financial starting position, council by council

Levels

Per ratepayer

Ratios

Debt quality

Balance sheet

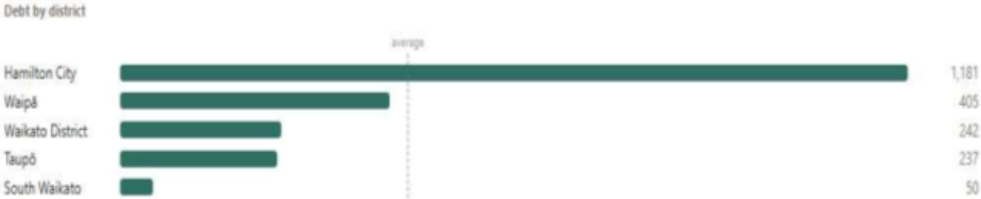
Capacity

vs Waikato District

Shared water services included

Shared water services removed

District	Debt <i>£</i>	Op income <i>£</i>	Op exp. <i>£</i>	Rates <i>£</i>	Interest <i>£</i>	Op result <i>£</i>
Waikato District	\$242m	\$187m	\$209m	\$139m	\$13m	-\$23m
Hamilton City	\$1,181m	\$418m	\$453m	\$305m	\$55m	-\$36m
Waipā	\$405m	\$135m	\$149m	\$84m	\$17m	-\$14m
Taupō	\$237m	\$136m	\$144m	\$108m	\$12m	-\$8m
South Waikato	\$50m	\$56m	\$63m	\$44m	\$2m	-\$6m
Combined	\$2,115m	\$932m	\$1,018m	\$681m	\$98m	-\$86m



Head Start Pathway • Waikato District Council

Levels

Per ratepayer

Ratios

Debt quality

Balance sheet

Capacity

Shared water services included

Shared water services removed

District	Debt/res. <i>£</i>	Debt/RU <i>£</i>	Rates/res. <i>£</i>	Rates/RU <i>£</i>
Waikato District	\$2,654	\$7,037	\$1,529	\$4,054
Hamilton City	\$6,148	\$18,141	\$1,588	\$4,685
Waipā	\$6,508	\$16,274	\$1,354	\$3,385
Taupō	\$5,550	\$9,523	\$2,539	\$4,356
South Waikato	\$1,923	\$4,794	\$1,685	\$4,199
Combined	\$5,107	\$13,245	\$1,644	\$4,263

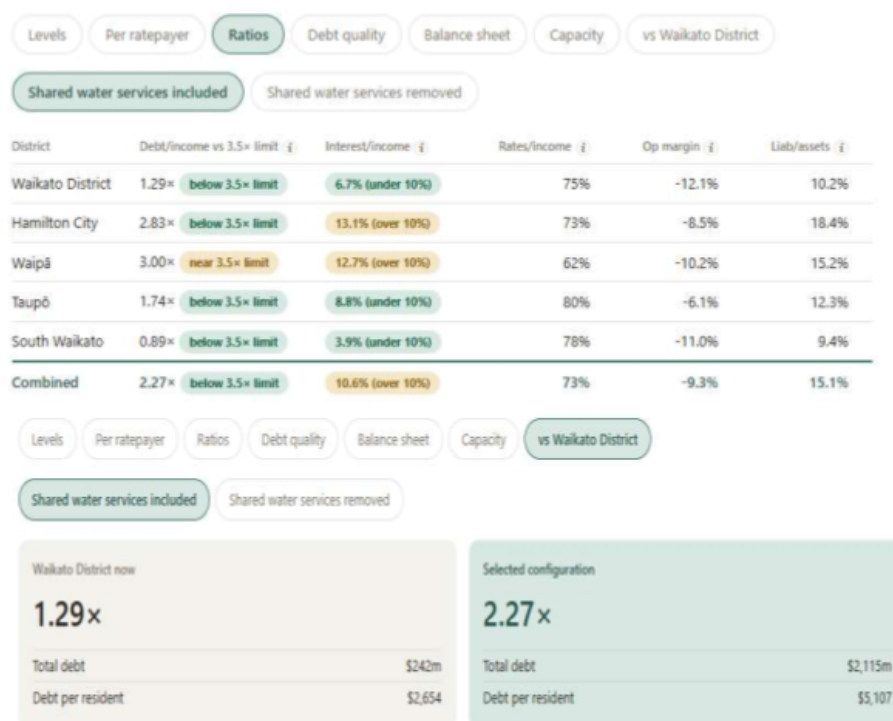
Risk mitigation — ringfence legacy debt. Debt raised by each council for its own communities stays attached to them, rather than being spread across the new entity.

Directly answers the strongest financial concern in community feedback: taking on other councils' debt.

NB: WRC's finances are NOT included in the financials displayed here

EVIDENCE • FINANCE (2 OF 2)

How the councils compare on rates and debt



Joining the selected configuration places Waikato District in an entity at 2.27x debt-to-income, higher leverage than its current 1.29x. Debt per resident moves from \$2,654 to \$5,107.

What the comparisons tell us

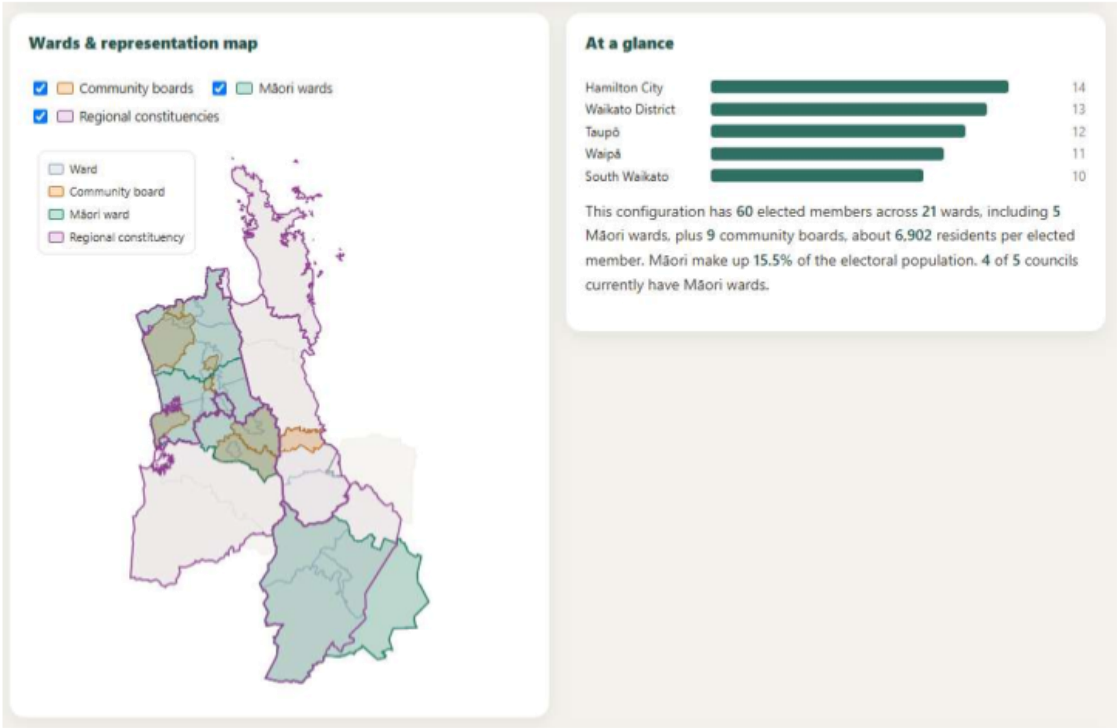
- Rating levels and debt burdens vary widely per ratepayer — harmonisation will create winners and losers unless staged carefully.
- Communities will ask a simple question: what happens to my rates? The proposal needs a clear, honest answer on transition.
- Financial fairness — not just efficiency — was one of the three strongest themes in feedback.

Principle for the proposal: transparency about who pays for what — targeted allocation of costs and debt, with no silent cross-subsidies.

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EVIDENCE • REPRESENTATION

Representation today — the baseline any new model is measured against



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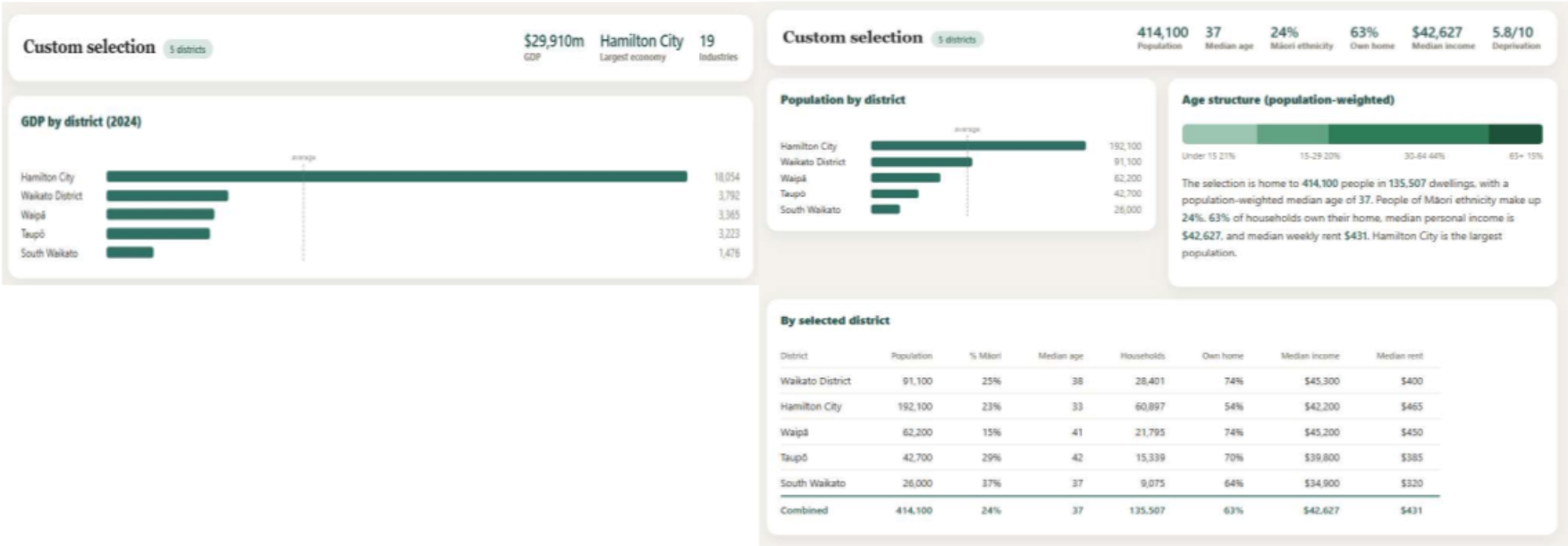
Why this matters

- Amalgamation almost always means fewer elected members overall — the question is where representation is protected.
- The four-tier model answers this structurally: fewer members at the top, protected representation and delegations below.
- Bespoke legislation can depart from the ±10% rule to protect communities of interest.

Loss of local voice was the single strongest concern in all feedback — this slide is where the proposal must be most convincing.

EVIDENCE • ECONOMY AND SOCIAL PROFILE

One connected economy — with very different community needs inside it



An interdependent economy strengthens the economies-of-scale case (criterion 4); the social differences strengthen the case for protected local voice (criterion 5).

EVIDENCE · CO-GOVERNANCE AND TREATY SETTLEMENTS

Settlement commitments are enduring — the structure must carry them

Iwi and organisations by council

Councils are listed down the side and the types of arrangement across the top. Hover a column heading for what it covers. An *ini* may appear in more than one column where it holds more than one type of arrangement.

Council ⁽¹⁾	Current Treaty settlements ⁽¹⁾	Current Joint Management Agreements ⁽¹⁾	Current Statutory Acknowledgements ⁽¹⁾	Upcoming Treaty settlements ⁽¹⁾	Upcoming Mana Whakahoā a Ihu ⁽¹⁾	Pending Settlements ⁽¹⁾	Co-Managed Lands Agreements ⁽¹⁾
Waikato District	<u>Ngāti Maniapoto</u> <u>Ngāti Pāka</u> <u>Ngāti Tamahou</u> <u>Raukawa</u> <u>Waikato-Tainui</u>	<u>Te Nihenehenui</u> <u>Waikato-Tainui</u>	<u>Ngāti Hauā</u> <u>Ngāti Tamahou</u>	<u>Pare Hauraki Collective</u>	<u>None</u>	<u>Ngāti Hāko</u> <u>Ngāti Maru</u> <u>Ngāti Tamatani</u> <u>Waikato-Tainui</u> <u>Remaining Claims</u>	<u>Yes</u>
Hamilton City	<u>Raukawa</u> <u>Te Arawa River</u> <u>wai</u> <u>Waikato-Tainui</u>	<u>Waikato-Tainui</u>	<u>Ngāti Hauā</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>Yes</u>
Waipā	<u>Ngāti Hauā</u> <u>Ngāti Koroki</u> <u>Kahukura</u> <u>Ngāti Maniapoto</u> <u>Raukawa</u> <u>Waikato-Tainui</u>	<u>Ngāti Tūharetora</u> <u>Raukawa</u> <u>Te Nihenehenui</u> <u>Waikato-Tainui</u>	<u>Ngāti Hauā</u> <u>Ngāti Koroki Kahukura</u> <u>Ngāti Maniapoto</u> <u>Raukawa</u>	<u>None</u>	<u>Ngāti Apakura</u> <u>Ngāti Koroki</u> <u>Kahukura</u>	<u>Waikato-Tainui</u> <u>Remaining Claims</u>	<u>Yes</u>
South Waikato	<u>Ngāti Hauā</u> <u>Ngāti Tūharetora</u> <u>Raukawa</u> <u>Te Arawa River</u> <u>wai</u> <u>Waikato-Tainui</u>	<u>Ngāti Tūharetora</u> <u>Raukawa</u> <u>Te Arawa River wai</u>	<u>Ngāti Hauā</u> <u>Ngāti Koroki Kahukura</u> <u>Raukawa</u>	<u>Pare Hauraki Collective</u>	<u>Ngāti Koroki Kahukura</u> <u>Ngāti Tura Ngāti Te Ngihau Hapu</u>	<u>None</u>	<u>No</u>
Tairāpiti	<u>Ngāti Hāua</u> <u>Ngāti Tūharetora</u> <u>Raukawa</u> <u>Te Arawa River</u> <u>wai</u> <u>Waikato-Tainui</u>	<u>Ngāti Tūharetora</u> <u>Raukawa</u> <u>Te Arawa River wai</u>	<u>Affiliate Te Arawa Maraeira A and B Blocks</u> <u>Ngāti Hāua</u> <u>Ngāti Hinerau</u> <u>Ngāti Tūharetora</u> <u>Poukani</u> <u>Raukawa</u>	<u>None</u>	<u>Ngāti Tōrangihuka</u>	<u>None</u>	<u>No</u>

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Enduring obligations

Treaty settlements and Waikato River co-governance arrangements — including joint management agreements — do not lapse with reorganisation. Any new council inherits them in full.

Partnership continuity

Respecting Councils Treaty Partnerships and settlement obligations, giving effect to them in the new Unitary Model

Design implication

Māori feedback was explicit: no support for models that weaken existing settlement and partnership arrangements. Co-governance is a foundation of the proposal, not an add-on.

Waikato District Council



Waikato ~ Roto ki te Moana

***Please join us in a viable Head Start
proposal for a shared future***

Financial Analysis – updated with Western Waikato modelling

This is an update of previously presented financial information from Attachment 2 of the Council meeting on 28 July 2026 (10.15am).

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.

Council's water services were excluded from the financial modelling, given most Councils have transferred water services on 1 July 2026 or have committed to transferring those assets. Waters inclusive information was collected and included in modelling given to Councillors, and waters asset information was gathered for Taupō District Council and Rotorua Lakes Council, given the waters are currently delivered in house. The exclusion of waters financials was the most relevant for comparison purposes and was also supported by the ability of both Taupō District Council and Rotorua Lakes Council to deliver water services through alternative methods.

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 some of the options but minimal risk in the modelling of the Taupō baseline (Taupō District Council together with its allocated share of regional council finances) and Whole Waikato or Western Waikato options (given they cover 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.

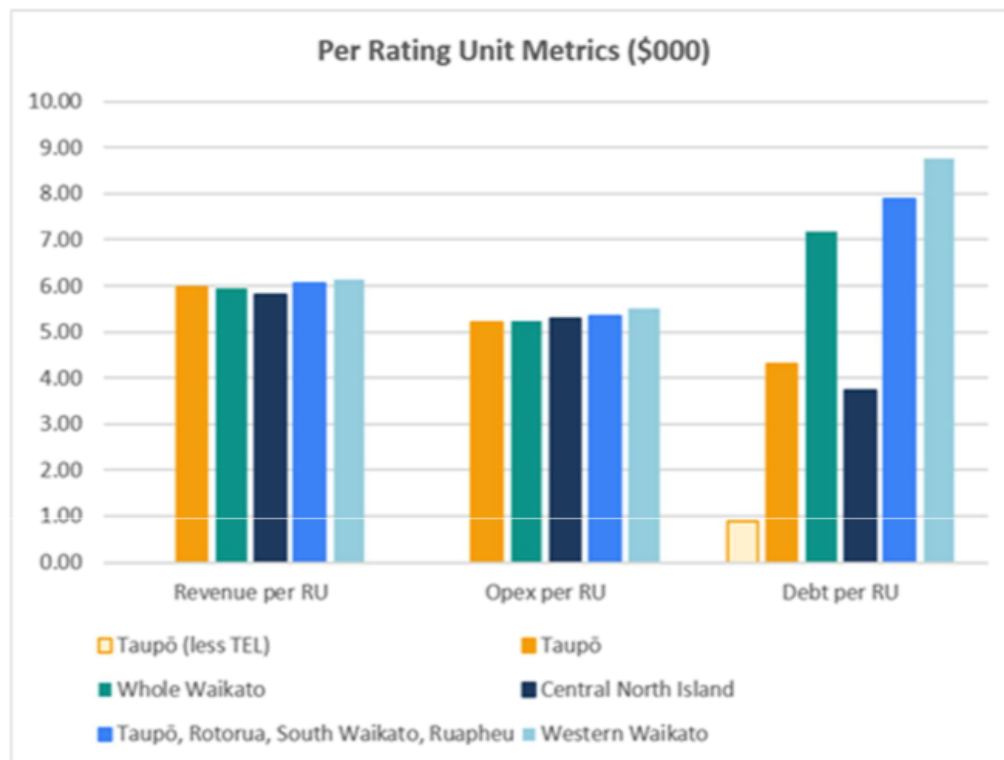
The modelling is favourable to the amalgamation options and ensures there was no bias to the Taupō baseline (Taupō District Council together with its allocated share of regional council finances); by providing best-case modelling of wider amalgamation costs and benefits.

[1]

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.



Revenue per rating unit has been modelled across the options and is very similar, with a slightly lower revenue per rating unit for the Central North Island (CNI) model. 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 the CNI model, with Councils having a 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 Whole Waikato or Western Waikato models 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

[2]

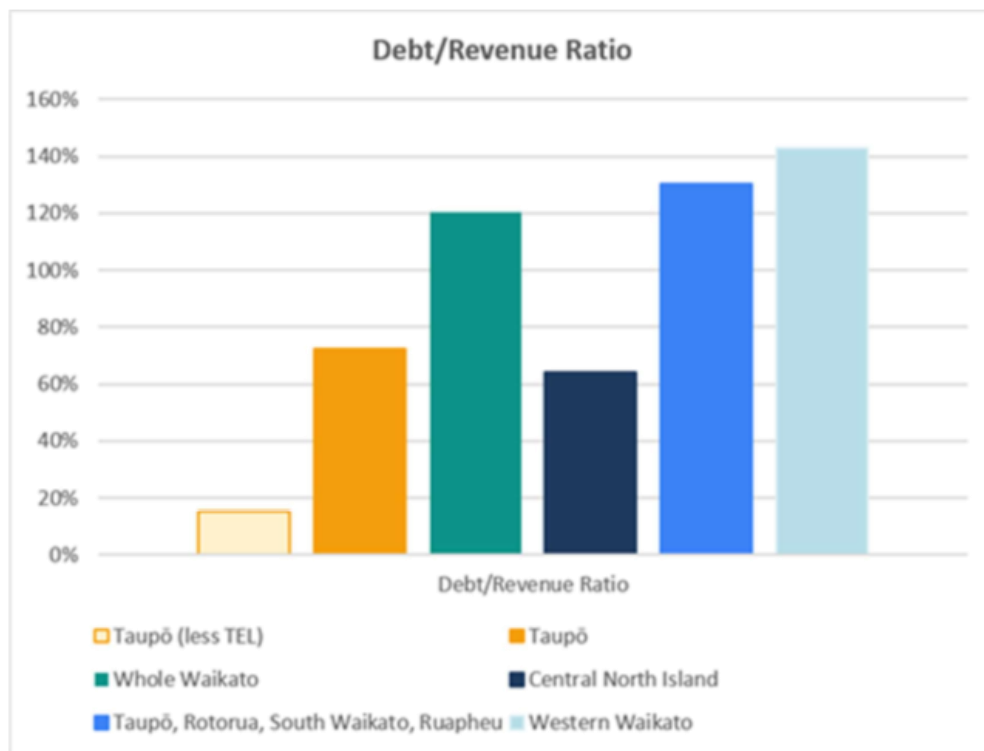
unfavourable impact on operating costs, with a flow-on effect on the longer-term delivery of services to the community under a rates cap environment.

The debt per rating unit, and debt to revenue ratio show CNI model as the most favourable due to low debt across these Councils. The other options are significantly less favourable from a debt perspective, primarily due to the relative higher debt of Councils in these options, comparative to the Taupō baseline and Councils in CNI. These metrics were modelled from a gross debt perspective, but Taupō would be by far more favourable if the Taupo Electricity Limited (TEL) fund was deducted (as an indicator of net debt). This is relevant given the liquidity of the fund and relevant debt covenants which consider net debt, rather than gross debt. This is also aligned with the Statement of Investment Policy and Objectives (SIPO) agreed with Forsyth Barr, which allow for access to the fund capital in short timeframes. These metrics also need to be read in conjunction with asset condition metrics as indicators of future capital expenditure (and associated debt).

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 the Whole Waikato and Western Waikato options 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. Rotorua, as the largest Council in the remaining option has an AA- credit rating with rating agency Fitch, with the others being unrated. While credit ratings are complex and would need to be assessed post any potential amalgamation, all options would likely be unfavourable from a credit rating perspective and therefore impact debt costs.

[3]

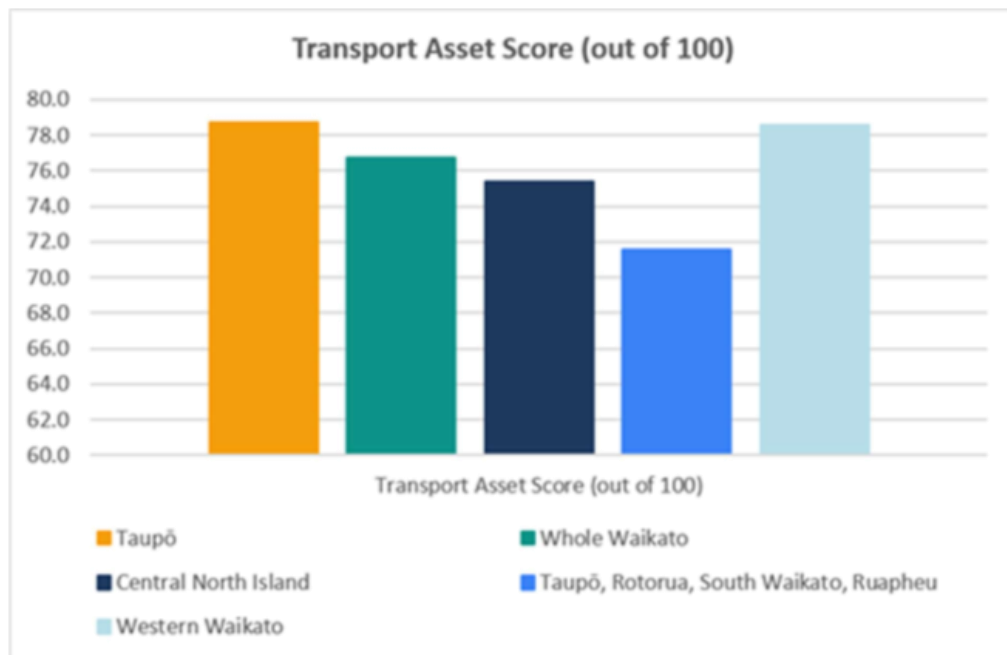


While present day data was used in these assessments, long-term plan projected debt was gathered from Long-term Plan information and Councils' asset management plans. This information has not been included in this summary given the historic unreliability of later years of Councils' long-term plans. We have instead chosen to include asset information and operating surplus 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. Most Councils have transferred water services on or before 1 July 2026 or have committed to the transfer of those assets. This was also supported by the ability of both Taupō District Council and Rotorua Lakes Council to deliver water services through alternative methods.

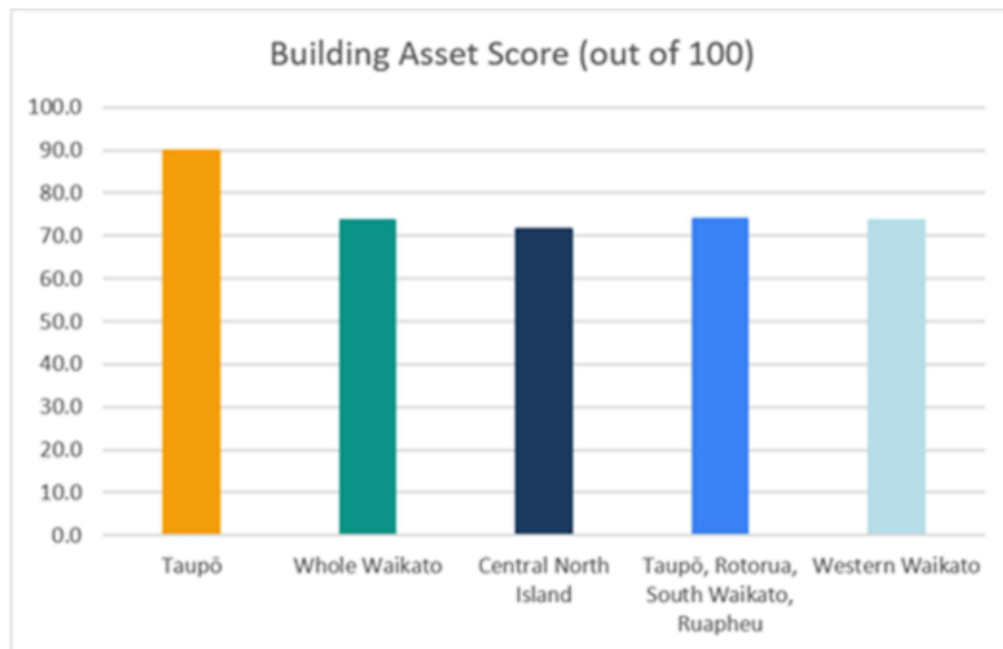
The more relevant considerations were two of the larger asset classes which will remain after the transfer of council's water services (excluding Taupō and Rotorua). These are transportation (roading) assets and councils' building assets. These have been given scores out of 100 based on the combination 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.

[4]



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 Western Waikato being a close second. The Whole Waikato option also has good transport asset scores, followed by CNI then the Taupō, Rotorua, South Waikato, and Ruapehu option.

[5]

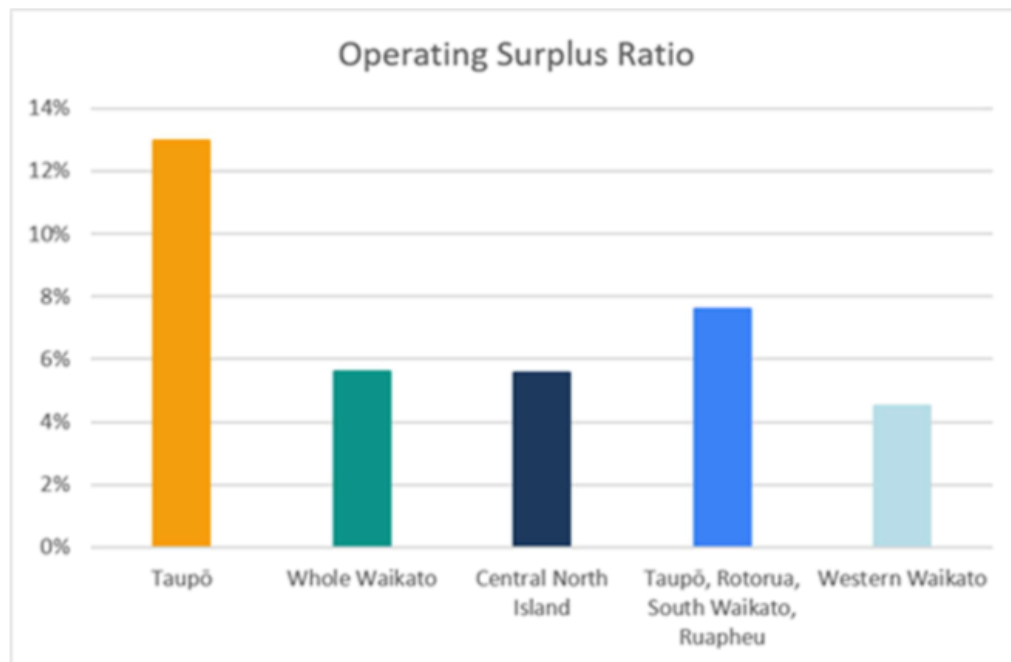


The building asset scores across the options were assessed based on the available data, with 5 Councils missing across all options. The average was still able to be assessed across each option and the larger Councils had available data. This also shows the Taupō baseline to be the most favourable (significantly so), with the Taupō, Rotorua, South Waikato, and Ruapehu option providing the best building asset scores out of the options, followed by options Whole Waikato, Western Waikato, and CNI options.

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 and fully fund depreciation. The Taupō, Rotorua, South Waikato, and Ruapehu option has the next highest operating surplus, followed by Whole Waikato and CNI models, with Western Waikato model having a substantially lower surplus.

[6]



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.

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 Whole Waikato, the Taupō, Rotorua, South Waikato, and Ruapehu, and Western Waikato options, 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.

[7]

OPTION COMPARISON: KEY METRICS RANKED						
(Ranked from Most Favourable to Least Favourable)						
Metric	Better Direction	Taupō	Whole Waikato	Central North Island	Taupō, Rotorua, South Waikato, Ruaphehu	Western Waikato
Opex per RU (\$000)	Lower ↓	5.20	5.23	5.29	5.34	5.50
Debt per RU (\$000)	Lower ↓	4.32	7.16	3.74	7.89	8.77
Debt/Revenue Ratio	Lower ↓	72.2%	120.5%	64.3%	130.5%	142.9%
Transport Asset Score	Higher ↑	78.8	76.8	75.4	71.6	78.6
Building Asset Score	Higher ↑	89.8	73.5	71.4	73.9	73.5
Operating Surplus Ratio	Higher ↑	13.0%	5.6%	5.6%	7.6%	4.5%
LEGEND:						
	1st (Most Favourable)	2nd	3rd	4th	5th (Least Favourable)	

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.