Local Government Commission
Mana Kāwanatanga ā Rohe

Decision
on whether to investigate the reorganisation initiative received from Southland District Council seeking two unitary authorities for Southland

Introduction

1. This decision relates to a reorganisation initiative received from Southland District Council, seeking reorganisation of local government in Southland into two unitary authorities.

Commission's decision

2. In accordance with clause 5, Schedule 3 of the Local Government Act 2002, the Local Government Commission has consulted with Gore District Council, Invercargill City Council, Southland District Council and Southland Regional Council (Environment Southland), as the local authorities that would be affected by the reorganisation initiative, before deciding whether to undertake an investigation.

3. The Local Government Commission has also engaged with Te Ao Mārama Incorporated, on behalf of Ngāi Tahu ki Murihiku.

4. Having assessed the specific factors in clause 6, Schedule 3 of the Local Government Act 2002, the Local Government Commission agrees to undertake a reorganisation investigation in relation to Southland District Council's reorganisation initiative.

Background

5. Since 1989 local government in Southland has been organised as follows:
    - Three territorial authorities, being:
        - Gore District Council
        - Invercargill City Council
        - Southland District Council; and

- Southland Regional Council, with regional council responsibilities for the entire Southland Region. Southland Regional Council is known on a day-to-day basis as Environment Southland, and this decision will refer to Environment Southland throughout.

6. The Southland Region is within the rohe of Ngāi Tahu ki Murihiku. The initiative identifies Te Rūnaka o Awarua, Hokonui Rūnanga, Ōraka Aparima Rūnaka and Waihōpai Rūnaka as ngā rūnanga within the Murihiku rohe.

7. Te Ao Mārama Incorporated is authorised by Te Rūnanga o Ngāi Tahu to represent Ngāi Tahu ki Murihiku for Resource Management Act and Local Government Act matters.

8. Sections 24AA–27B and Schedule 3 of the Local Government Act 2002 (the LGA) contain the legislative provisions relating to the reorganisation of local authorities.

9. In February 2025 Southland District Council submitted a reorganisation initiative (the initiative) to the Local Government Commission (the Commission). The initiative proposes two unitary authorities for Southland, one city-focused (encompassing the current Invercargill City area) and the other district-focused (combining the current Southland and Gore Districts.)

10. The practical effect of the outcomes sought by the initiative would be:
    - The dissolution of Environment Southland;
    - The assumption by Invercargill City Council of the responsibilities, duties and powers of a regional council as a unitary authority; and
    - The union of Southland District and Gore District Councils, also assuming the responsibilities, duties and powers of a regional council as a single unitary authority.

11. On 10 March 2025 the Commission confirmed the initiative's validity under clause 4, Schedule 3 of the LGA.

12. In accordance with clause 5(2), Schedule 3 of the LGA, the Commission agreed to consult with Gore District Council, Invercargill City Council, Southland District Council and Environment Southland before deciding whether to investigate the initiative.

13. The Commission agreed further to engage with Te Ao Mārama Incorporated on behalf of Ngāi Tahu ki Murihiku at this point.

Information received and considered

14. The Commission requested written feedback from all four councils and Te Ao Mārama Incorporated regarding whether an investigation should be undertaken. Responses were asked to address the factors set out in clause 6, Schedule 3, which the Commission must have regard to in deciding whether to investigate the initiative.

15. Feedback was received from Invercargill City Council, Gore District Council, Environment Southland and Te Ao Mārama Incorporated. Southland District Council did not provide additional feedback, however its initiative addressed many of the clause 6, Schedule 3 factors directly.

16. The information from the four councils and Te Ao Mārama Incorporated was considered by the Commission at meetings on 18 June and 7 July 2025.

17. A summary of the main points of the initiative and the responses received are set out below.

Reorganisation initiative – Southland District Council

18. The initiative is explicit in its intent, to seek to improve local government performance in Southland. Reorganisation into two unitary authorities is proposed to address perceived inefficiencies, fragmented leadership and limited strategic alignment.

19. The initiative proposes to achieve enhanced regional representation and economic development, streamlined planning and environmental management, a balance between centralised administration and localism via empowered community boards, and improved service delivery and resource efficiency.

Gore District Council response

20. Gore District Council's response does not explicitly support an investigation. It emphasises the need for demonstrable financial benefits for Gore ratepayers and suggests that a 'much bigger' proposal should be considered. While a preferred 'bigger proposal' is not identified, commentary regarding the Gore community of interest infers a need to carefully consider the most appropriate Southland/Otago regional boundary should an investigation take place.

21. The response raises concerns regarding the potential for community confusion, a potential loss of local voice, potential implications for the Council's electricity costs, and a gap in the Council's capacity to contribute to an investigation, with Council budgets and officer time fully allocated to other matters.

22. The response also focuses on timing, recommending that any investigation be deferred until on-going legislative reform in the local government sector is resolved, especially regarding water services and resource management.

Invercargill City Council response

23. Invercargill City Council's response does not address the clause 6 factors directly. It supports an investigation taking place, with a preference that it include consideration of a single unitary authority.

Environment Southland response

24. Environment Southland's response includes consideration of different potential options for local government reorganisation in Southland. It identifies a single unitary authority as potentially being a more beneficial option for Southland than the dual-unitary council model set out in the initiative.

25. The response indicates cautious support for an investigation. Concerns are expressed that the potential benefits of reorganisation may be overstated, and its costs underestimated.

Te Ao Mārama Incorporated response

26. The Te Ao Mārama Incorporated response notes that Ngāi Tahu ki Murihiku is not opposed to the investigation of options for efficient and effective configuration of local government in Southland. The feedback does not directly address the clause 6, Schedule 3 factors.

27. The response notes that Southland District Council did not engage or consult with Ngāi Tahu ki Murihiku or Te Ao Mārama Incorporated in developing its initiative. It notes further that the initiative does not contain sufficient information for Ngāi Tahu ki Murihiku to form an opinion on preferred forms of reorganisation, but that the initiative is considered to have potential impacts on matters of importance for Ngāi Tahu ki Murihiku.

Factors the Commission must have regard to in considering whether to investigate the initiative

28. When deciding whether to investigate the reorganisation initiative, the Commission is required to have regard to the factors set out in clause 6, Schedule 3 of the LGA.

29. Clause 6 states:

When deciding whether to undertake a reorganisation investigation under clause 5(1)(b), the Commission must have regard to-

(a) The purpose of reorganisation set out in section 24AA; and

(b) The potential scale and scope of improvements to local governance and services that might result from the investigation; and

(c) The potential costs, disruption, and other negative effects on affected local authorities and their communities that may be caused by the investigation; and

(d) Any time or other constraints that apply to the opportunity to achieve potential improvements to local governance and services; and

(e) The need for urgent resolution of any problem identified by the Commission, or in the investigation request or reorganisation initiative; and

(f) The resources available to the Commission to undertake the investigation in a timely manner; and

(g) The likelihood of significant community opposition to any reorganisation that might result from the investigation.

30. Each of the factors are considered below against the information contained in the initiative, and the feedback received from each of the councils and Te Ao Mārama Incorporated.

Clause 6(a): Purpose of reorganisation

31. The Commission is required to assess whether the purpose of the reorganisation is "to promote good local government by enabling and facilitating improvements to local governance".[1]

32. The LGA does not define the concept of "good local government", or the word "promote". The Commission has previously interpreted "promote" to mean 'to advance, help forward, enhance or improve.' It has also examined the purpose of local government, as set out in section 10 of the LGA, and the principles relating to local authorities, as set out in section 14 of the LGA, to inform consideration of "good local government".

33. When considering the purpose of reorganisation, the Commission's practice has been to consider the elements of sections 10 and 14 holistically, and to analyse whether on balance the purpose of local government and the principles relating to local authorities are likely to be enhanced by an investigation or reorganisation.

34. The initiative aims to improve democratic local decision-making, increase efficiency and effectiveness in service delivery, and strengthen regional collaboration and representation. Aspects relating to the 'four well-beings'[2] include:

- a focus on the prudent stewardship and efficient and effective use of resources,[3] indicating the potential for the economic wellbeing of Southland to be enhanced through a reorganisation investigation;

- an emphasis on localism via an enhanced community board structure, recognising the diversity of the community and the interests of future as well as current communities,[4] and improved services within Southland communities, suggesting the potential for improved social wellbeing of communities across Southland.

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[1] Section 24AA, Local Government Act 2002

[2] The purposed of local government includes the promotion of the social, economic, environmental, and cultural well-being of communities in the present and for the future, as set out in section 10, Local Government Act 2002

[3] Section 14(1)(g), Local Government Act 2002

[4] Section 14(1)(c) Local Government Act 2002

- a focus on more strategic approach to regional spatial planning and environmental risk management,[5] with increased collaboration with mana whenua and a greater focus on river management, flood protection and emergency management, indicating the potential for enhanced environmental wellbeing.

- an opportunity to enhance Māori representation in elected governance structures,[6] suggesting the potential for improved cultural well-being, albeit that this aspect is less defined in comparison to the focus on economic, social and environmental well-beings.

35. The qualified support for an investigation from Invercargill City Council and Environment Southland suggests that each council accepts the possibility that a reorganisation investigation may result in the promotion of good local government by enabling and facilitating improvements to local governance.

36. However, both councils prefer an investigation to include the possibility of a single unitary authority. Any investigation the Commission decides to undertake should include potential opportunity costs of considering different outcomes. This means that an investigation would not be limited to only considering the proposed dual-unitary authority model of the initiative but may also consider whether a single unitary authority model, or any other alternative model of local government, might result in the best outcomes for Southland.

37. Gore District Council's response emphasises timing, suggesting deferral until other local government sector reforms are concluded. The response infers that a reorganisation investigation may not result in the promotion of good local government now but may do so more effectively in the future. The reference to a 'much bigger' proposal needing to be explored suggests possible opportunity costs in investigating the initiative now.

38. Te Ao Mārama Incorporated's response notes that Ngāi Tahu ki Murihiku is not opposed to the investigation of options for efficient and effective configuration of local government in Southland. If the Commission undertook an investigation, comprehensive engagement with Ngāi Tahu ki Murihiku would assist the Commission to understand whether, and if so, how local government reorganisation in Southland would promote the social, economic, environmental and cultural wellbeing of communities in Southland, and provide opportunities for Māori to contribute to local authority decision-making processes.

39. It is acknowledged that significant legislative reforms are currently underway, particularly in relation to water services and resource management. It is understandable that councils need to focus time and resources on exploring options for the delivery of water services and understanding impending resource management legislation.

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[5] Section 14(1)(h)(ii) Local Government Act 2002

[6] Section 14(1)(d) Local Government Act 2002

40. While these reforms may constrain council capacity to participate in an investigation, they also present an opportunity to align any potential reorganisation with the outcomes of legislative reform to maximise the potential benefits of any reorganisation as soon as possible.

41. It may be possible to address some of the concerns expressed in the councils' responses as part of an investigation process document. For example, proposed milestone dates in water and resource management legislation reform could be considered as part of the development of an investigation process, to reduce the concurrent impact of an investigation on council officer resources as far as is practicable.

42. On balance, the initiative and the feedback received suggests that the purpose of the reorganisation initiative is to promote good local government by enabling and facilitating improvements to local governance.

Clause 6(b): Potential scale and scope of improvements

43. The Commission needs to consider "the potential scale and scope of improvements to local governance and services that might result from the investigation."

44. The initiative sets out potential improvements to local governance and services that might result from an investigation, including:

- A more aligned regional voice, with strengthened political influence
- Streamlined and simplified governance and management structures, with an ability to 'right-size' and retain and/or attract skills and expertise in a strategic manner
- Increased localism of representation, with specific place-based service delivery
- An opportunity for enhanced Māori representation in governance structures
- More efficient planning processes and regional spatial planning, with economic and social benefits
- A more strategic approach to environmental risk management, including river management, flood protection and emergency management
- Costs savings estimated at over $10m across the region.

45. Responses from Environment Southland and Gore District Council caution that efficiency gains may potentially be over-stated. Environment Southland suggests that significant economic benefits are most likely achieved in a council of 50,000-100,000 residents, whereas Gore District Council suggests a council of 200,000 residents may be required to achieve significant economic benefits.

46. The Environment Southland response notes that efficiency gains are most likely achieved in capital and expertise-intensive network operations, such as land transport and water services, but less so in labour-intensive services such as regulatory activities.

47. The Gore District Council response notes further that services within Gore are extensively used by residents of Central Otago and Clutha District Councils, and that Gore is collaborating with Clutha, Central Otago and Waitaki Districts regarding a potential shared waters entity. It questions the benefit in Gore potentially joining with Southland District, given that Southland District is pursuing its own water services solution.

48. The feedback from Invercargill City Council does not directly address this factor. The feedback from Te Ao Mārama Incorporated notes that Ngāi Tahu ki Murihiku is not opposed to the investigation of options for efficient and effective configuration of local government in Southland, suggesting that any potential reorganisation outcomes should clearly identify how local governance and services would be improved.

49. While the initiative suggests a range of potential improvements, it is difficult to evaluate the scale and scope of benefits without an investigation taking place. The feedback received emphasises the need for any investigation to take a rigorous, evidence-based approach to test the initiative's identified potential improvements.

Clause 6(c): Potential costs, disruption and other negative effects

50. The Commission must have regard to "the potential costs, disruption, and other negative effects on affected local authorities and their communities that may be caused by the investigation".

51. The initiative identifies potential negative effects as follows:

- Opportunity costs related to the uncertainty and distraction associated with potential change
- The potential for roles to be disestablished as part of any reorganisation
- A perception that the focus on the environment may become diminished
- A potential strain on inter-council relationships
- A potential wariness of communities taking on the debt of other communities.

52. In addition, the Environment Southland and Gore District Council responses suggest the following potential negative impacts:

- Transition costs of any potential reorganisation are likely to be much higher than anticipated

- The impacts on council officer time and resource in assisting with an investigation either detract from officers' core roles or are impossible to commit to as officers are already working at capacity

- There are likely to be indirect costs that are difficult to quantify, such as disruption to services and decreased employee morale

- There is the potential for community confusion and consultation fatigue, especially considering recent Long-Term Plan and water services consultations

- There is wariness at the potential costs to councils of a reorganisation investigation process, with a request that an investigation be funded by central government.

53. The feedback from Invercargill City Council and Te Ao Mārama Incorporated does not directly address this factor. If an investigation took place, comprehensive engagement would be required to understand any costs, disruption or other negative effects for communities across Southland.

54. As with the potential scale and scope of improvements, it is difficult to assess the extent to which any of the above factors will result in potential costs, disruption and other negative effects without undertaking an investigation.

55. The concerns noted by Environment Southland and Gore District Council are valid. Reorganisation investigations and processes are complex, and there is a potential for community confusion. While the Commission would bear the general costs of the investigation, some council officer input would be required, and it is reasonable to acknowledge the additional work this may place on at least some officers at each council.

56. There is also an opportunity cost to not undertaking a reorganisation investigation. While not investigating would provide certainty for the four Southland councils and their communities, it would also mean the opportunity of realising the potential scale and scope of improvements may be lost.

Clause 6(d): Constraints

57. The Commission should understand "any time or other constraints that apply to the opportunity to achieve potential improvements to local governance and services."

58. The initiative does not specifically address this factor but highlights that on-going local government reforms present a timely opportunity to consider whether local government can be provided in Southland in a more efficient manner.

59. The Environment Southland response also notes the major reforms underway and suggests that any investigation should carefully balance the constraints of reform against potential benefits of reorganisation.

60. The Gore District Council recommends deferring a reorganisation investigation until reforms are completed and notes a concern that Gore's current collaboration on a shared water services entity with neighbouring councils may be disrupted.

61. The Invercargill City Council and Te Ao Mārama Incorporated responses do not directly address this factor.

62. While legislative reforms present constraints, they also provide a strategic opportunity for reorganisation. However, timing considerations relating to legislative reform should be integrated into the design of any investigation process where possible.

Clause 6(e): Need for urgency

63. The Commission must assess whether there is a "need for urgent resolution of any problem identified by the Commission, or in the... reorganisation initiative."

64. The initiative does not identify a need for urgency but suggests that the time is right for reorganisation to be considered. The responses from Environment Southland, Invercargill City Council and Te Ao Mārama Incorporated do not directly address timing of a reorganisation investigation.

65. As noted above, Gore District Council's response considers that local government legislative reforms should be completed before an investigation take place.

66. There is no identified need for urgent resolution of any issue. However, now that the Commission has received the reorganisation initiative, its decision-making, and any subsequent investigation, should be conducted in a timely manner.

Clause 6(f): Resourcing

67. The Commission must consider whether it has "the resources available... to undertake the investigation in a timely manner."

68. The LGA allows the Commission to tailor an investigation process to reflect the scale, scope and potential impact of the proposed reorganisation.[7] An investigation process includes engagement with affected iwi and hapū, key stakeholders and members of the public.[8]

69. Given the significance of the proposed changes, an investigation would require extensive community engagement and specialist advice. It is reasonable to expect that an investigation would utilise a large portion of the Commission's annual budget over the next two financial years.

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[7] Local Government Act 2002, Schedule 3, clause 7(3)(b)

[8] Local Government Act 2002, Schedule 3, clause 7(2)

70. While the Commission has the capacity to undertake an investigation, fiscal restraint will need to be exercised wherever possible. It is also possible that discretionary activities may need to be deferred to prioritise an investigation.

Clause 6(g): Likelihood of community opposition

71. The Commission must consider "the likelihood of significant community opposition to any reorganisation that might result from the investigation."

72. The initiative notes a long-standing community sentiment that four councils are too many for Southland's population. It references past submissions supporting reorganisation, and an informal survey identifying high levels of support for the proposed dual-unitary authority model.

73. The initiative notes that rural communities in Southland hold their rural identity strongly, and there may be significant community opposition to a single unitary authority model.

74. Environment Southland acknowledges there is some public interest in reorganisation but cautions that comprehensive community engagement has not occurred. It suggests that community views be assessed and reflected in decision-making early in the process.

75. Gore District Council likewise acknowledges early indications of interest within the community regarding reorganisation, but also that previous attempts at amalgamation have failed due to insufficient public support. It suggests there must be clear financial benefits in any reorganisation and alignment with communities of interest, and that a reorganisation proposal aligning predominantly rural councils would likely have a better chance of being positively received.

76. The responses from Invercargill City Council and Te Ao Mārama Incorporated do not directly address this factor. However, the Te Ao Mārama Incorporated response indicates that consultation or engagement with Ngāi Tahu ki Murihiku does not appear to have been undertaken by Southland District Council in developing its initiative. Comprehensive engagement would be required to assess the levels of support or opposition for any form of reorganisation.

77. While there is some documented community support for the concept of reorganisation, the potential for community opposition remains. Early, transparent and inclusive community engagement would be essential in an investigation to gauge and address public sentiment towards reorganisation.

Commission decision

78. The reorganisation initiative sets out potential benefits for the Southland region. While affected councils have indicated caution in particular areas, both Invercargill City Council and Environment Southland support a reorganisation investigation taking place, albeit one that also considers the relative merits of a single unitary authority for Southland. Ngāi Tahu ki Murihiku is not opposed to an investigation into options for efficient and effective configuration of local government in Southland.

79. Some of the concerns or potential negative effects of an investigation noted in council feedback may be able to be addressed in design of an investigation process. Each council and Ngāi Tahu ki Murihiku will have the opportunity to feed into development of the investigation process document, which may assist in allaying some concerns.

80. On balance, there is sufficient potential to improve local government in the Southland region to justify the Commission deciding to undertake a reorganisation investigation.

Local Government Commission

Commissioner Brendan Duffy (Chair)

Commissioner Bonita Bigham

Commissioner Sue Bidrose

7 July 2025