

16 May 2025

Penny Langley
Chief Executive
Local Government Commission
By email: LGC@lgc.govt.nz

29 Bowler Avenue, Gore 9710
PO Box 8, Gore 9740

Phone 03 209 0330
Email info@goredc.govt.nz
www.goredc.govt.nz

Re: Southland local government reorganization initiative, request for information

Kia ora Penny,

Thank you for your email dated 30 April 2025 requesting further information from Gore District Council relating to Clause 6, schedule 3 of the Local Government Act (2002). I am also in receipt of your email dated 5 May 2025 with further information about a reorganisation attempted by Hawkes Bay Councils between 2013 and 2015.

Gore District Council appreciates being given an opportunity to comment further on the proposal by Southland District Council, as this topic has the potential for far-reaching impacts on our ratepayers. We have provided some commentary on the aspects of clause 6, schedule 3, that we think will be most helpful for the Commission to consider before determining the next steps.

- The potential scale and scope of improvements to local governance and services that might result from the investigation
Gore District Council has concerns about the scale and scope of improvements that could be achieved by the reorganisation proposal in its current form. These are outlined below:
 1. Amalgamating Gore and Southland District Councils into one territorial authority would not achieve a financially viable unit that would result in significant benefits for Gore ratepayers. While Gore has a small number of ratepayers, it also has a small geographical area, with a much smaller roading network, fewer water treatment plants and fewer community facilities than Southland. A proposed geographical area the size of Southland and Gore combined with effectively less than 45,000 residents is not going to result in significant savings for ratepayers to justify the cost of transition.

2. Creating two unitary authorities in a population of just over 100,000 in the Southland region introduces duplication of cost, with functions required to be covered in two Councils. Any small savings that would be gained through the reduction of governance and senior staff in the amalgamation of Gore and Southland are likely to be eroded by the addition of a second unitary authority.
3. We broadly believe that any "Southland only" proposal would not capture a sufficient number of ratepayers to make the cost of transition worthwhile.

However, in addition to our concerns about the financial viability of a regional model, we note that there are cross-boundary relationships with some of the Otago Councils, which warrant an investigation into a broader proposal beyond the Southland region. These issues will be discussed in the next section.

1. The Department of Internal Affairs has looked at overseas examples of Waters entities to ascertain the number of residents required to achieve the scale that results in financial efficiencies for ratepayers. It follows then that the same logic should apply to other Council services. Their research suggests that a population of 200,000 is required before significant economic benefits are realised.
2. Gore District currently shares Waters schemes with Clutha.
3. Gore District is currently collaborating with three other Otago Councils on a shared Waters entity, a council-controlled organisation (CCO). These are the Clutha District Council, the Central Otago District Council and the Waitaki District Council.
4. We would like to note that the Southland District Council was part of the initial discussions about collaboration on Three Waters and declined to participate, preferring to go alone.
5. Gore services (Swimming pools, Libraries, retail) a population of small towns that stretch beyond the Southland District and into the Clutha and Central Otago District. We have data from visitation to our community facilities that evidences this, should you require it.
6. The community of interest that the Southland District Council refers to is therefore much broader than just Southland region.

Given the low population densities in Southland, the population requirements to achieve financial scale, and the existing collaborations beyond Southland, we propose that a much larger amalgamation would be required to justify the considerable cost that an amalgamation would require. Noting that the burden of this cost rests with the ratepayers.

Another impact of amalgamation, which needs to be considered, is the loss of local voice. Gore is currently finalising its Long Term Plan and we received over 500 submissions through our public consultation process, representing just over four per cent of our population. Our community is accustomed to expressing their opinion and expects our service to listen and be responsive to local needs. The current setup of Community Boards in Southland would not adequately give our ratepayers local control. A model similar to Auckland's model would need to be explored to provide for adequate local representation.

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

There is no doubt that an investigation would cause disruption at multiple levels, and this warrants careful consideration before the timing of any investigation is agreed upon.

1. The Gore District Council is a small organisation that runs incredibly efficiently with just over 100 FTE. We do not have any additional capacity to contribute staff resource to an investigation. Staff are additionally stretched as they worked through the shared waters entity transition.
2. We are currently consulting with the community on the proposed joint waters entity and expect a final decision to be made on this in July 2025. Once a decision has been made, we have a short space of time to put together a Water Services Delivery Plan and two years to start implementing a major transition, which we hope to go live by July 2027. As an organisation, we are at capacity delivering on the government's expectations of Local Water Done Well.
3. Our finances are already stretched. We account for every single dollar in our budgets, and likewise with our staffing capacity., There are no miscellaneous consultancy budgets we can draw on to assist with undertaking this work.

4. Our community is already confused with the current media attention that the reorganisation proposal is creating. We are receiving questions from the community about why we are progressing a joint Waters entity if amalgamation is on the agenda. We have needed to consult separately on our Long Term Plan, followed by the Waters entity proposal and there is a very real risk of consultation fatigue and confusion that will obfuscate any meaningful dialogue with our community on this matter currently. In addition, the community has assumed that Southland District Council wants to collaborate on Waters provision because of the reorganisation proposal and this is not the case. Addressing these matters at the same time is not ideal.
- Any time or other constraints that apply to the opportunity to achieve potential improvements to local governance and services
We have mentioned the timing issues that are created by embarking on this investigation during a time of transition for Three Waters. Aside from the confusion for the community and pressure on our internal resources, it should also be pointed out that the amalgamation proposal currently on the table does not actually align with the only other Councils prepared to collaborate with us to deliver water services. From a practical perspective, it may not be feasible or desirable for us to join with Councils who are not willing to do the work and make efficiencies to their waters programme. The greatest likelihood resulting from a Southland amalgamation that occurs post the set up of a Waters CCO is that Gore would withdraw from the CCO in keeping with Southland's and Invercargill's approach. This would result in sub-optimal outcomes for our ratepayers and risk the ongoing financial viability of the remaining members of the CCO. It is our firm belief that the Waters transition should be worked through first and then a sensible amalgamation proposal that takes into account who is collaborating to deliver water should be tackled.

One last consideration which has far reaching consequences on the financial gains of any amalgamation, is a historic contract we have here in the Gore District with our electricity distributor, Powernet. The agreement in place restricts our electricity costs to one penny per unit. This effectively caps our power costs to a fraction of what we would otherwise be paying. Some of our historic services that are now being operated by charitable organisations no longer have access to the arrangement, so we know that once the legal entity of the Gore District Council ceases to exist, this arrangement will end. Councils are very high users of power, because of such facilities as our swimming pools and water treatment plants. My

experience with North Island councils evidences that increases in power costs have been a significant contributor to rate rises.

- Likelihood of significant community opposition to any reorganisation that might result from the investigation

There are already conversations occurring in the community about reorganisation/ amalgamation. The article here is an example of the kind of media coverage on the topic: [Time to reorganise but not amalgamate: Hicks | Otago Daily Times Online News](#)

There have been two attempts of an proposed amalgamation in Gore previously and both of these attempts failed based on public opinion. Gore District residents are staunchly independent and proud of their roots., Any proposal would need to clearly outline tangible financial benefits for all ratepayers and propose the inclusion of communities that have aligned interests. An amalgamation proposal that included predominantly rural councils would have a better chance of a positive reception.

In summary

There is interest from the Council and some early indications of interest from the community about reorganisation. However, to give up the local voice and control that Gore currently enjoys, the proposal would need to demonstrate considerable financial benefits for our ratepayers. We do not believe that the current proposal could achieve this. We believe a much bigger proposal needs to be explored, however, the timing of that needs to be considered carefully given all of the government reforms that we are currently grappling with. Allowing Councils here to progress the Waters reform and make a start on the Resource Management reforms before an amalgamation proposal is progressed makes good sense, both from a resource point of view and a practical point of view. Councils will be in a very different position post the Local Water Done Well changes and you are more likely have a willing cohort to work with.

Please don't hesitate to come back to me if you need clarification on any of the points raised.

Yours sincerely

Debbie Lascelles
Chief Executive