

---

## Southland Local Government Structural Opportunities

**Record no:** R/24/8/52450  
**Author:** Rob Scott, Mayor  
**Approved by:** Cameron McIntosh, Chief executive

Decision  Recommendation  Information

---

### Purpose

- 1 The purpose of this report is to present the preliminary investigation that has been completed for local government structural options in Southland (preliminary report) and to seek Council endorsement to complete further work to lodge a formal reorganisation investigation request with the Local Government Commission.

### Executive summary

- 2 We have carried out a preliminary investigation on opportunities to streamline the structure of local government in Southland (preliminary report), which forms **Attachment 1** to this report and will be circulated separately, prior to this Council meeting.
- 3 This preliminary report looks at the current local government structure in Southland, explores the case for change in terms of issues with current structure, central government expectations and community of interest groupings. It includes salient statistics and comparisons, financials and potential efficiency gains, and other relevant structures around the country. It advances arguments to provide a platform and act as a catalyst for further discussion with other Southland Councils, local iwi and the wider community on reorganisation of local government in Southland.
- 4 The preliminary report suggests that based on a population of just over 100,000, the Southland region is over-governed and has a high local government cost structure. Two unitary councils, one based around Invercargill within its current boundaries and the other involving the union of Southland and Gore Districts, is proposed to be the best option to gain efficiencies, remove duplication and ensure broad communities of interest are preserved.
- 5 Potential savings in the region of at least \$10 million could be achieved under a two unitary Council model with over half of that saving benefiting the Southland and Gore Districts.
- 6 It is proposed that the retention of a local voice and empowering decision making at a grassroots level through appropriate delegations of authority via a network of community boards, is essential in any new reorganisation model.
- 7 The preferred structure being promoted for further conversation, has worked successfully in other areas of New Zealand which are discussed in the preliminary report.
- 8 This preliminary report is the first step towards changing local government structure in Southland and further investigation, analysis and information will need to be developed to take a reorganisation proposal forward.

## Recommendation

### That the Council:

- a) receives the report titled “Southland Local Government Structural Opportunities”.
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) approves further information to be prepared to enable a formal proposal to be lodged with the Local Government Commission.
- e) approves unbudgeted expenditure of up to \$30,000 for preparation of further information including any community and stakeholder engagement work, to be funded from District Ops reserve.
- f) endorses the lodgement of a formal reorganisation investigation proposal by Southland District Council to the Local Government Commission.
- g) notes the intent for the formal proposal to be brought to Council for endorsement before lodging it with the Local Government Commission.

## Background

- 9 Like many other Councils across the country, we are coming to the end of a challenging 2024- 2034 Long Term Plan development process. Through this process we have heard a clear call from our ratepayers (no different to others across New Zealand) to look at other options for governance and the delivery of essential services. Sharp increases in rates emanating from high inflation and policy shifts in three waters and freshwater management has led to heightened anxiety of ratepayers about the ability to fund these costs.
- 10 It is widely believed that the existing structure of local government in Southland is no longer adequate to meet the current and future needs of its people and that structural reform for the benefit of the community it serves along with other communities in Southland is required. And that doing so is a critical first step to bringing about efficiencies and effectiveness.
- 11 To this end, we have completed preliminary analysis on possible structural opportunities for local government in Southland.

## Issues

- 12 The preliminary report explores the issues and the case for change.

## **Factors to consider**

### **Legal and statutory requirements**

- 13 There are a range of legislative provisions in the Local Government Act 2002 (the Act) with regard to reorganising local government structures. These are noted in sections 110-118 of the preliminary report. In summary, the purpose of the provisions is to *promote good local government by enabling and facilitating improvements to local governance*. Any proposal for re-organisation will be evaluated against this objective. A more detailed process for reorganisation proposals is contained in Schedule 3 of the Act. The Act also sets out the information that needs to be provided to the Local Government Commission (the Commission) for any reorganisation investigation request.

### **Community views**

- 14 Community views need to be sought and demonstrated at various steps of the reorganisation process. The Commission is the preliminary assessor of any reorganisation proposals, however, as established through past proposals, the level of community support or otherwise for any reorganisation proposal is likely to be a crucial assessment factor for the Commission.
- 15 And in fact, the final reorganisation proposal determined by the Commission is put to a poll of electors, with more than 50% support of valid votes cast required for the proposal to proceed. Therefore, the final decision on any reorganisation proposal is the preserve of affected communities and theirs is the final say.

### **Costs and funding**

- 16 While the preliminary report is a good starting point for discussion further work has to be completed to support a formal investigation application to be lodged with the Commission.
- 17 The Act requires certain ‘bare minimum’ information to be provided to the Commission for any reorganisation request. All relevant information to enable the Commission to undertake an assessment of whether or not to proceed with the investigation needs to be provided.
- 18 We expect this information to include demonstration of community support in the affected areas, further detailed financial analysis assessing the likely costs and resultant savings arising from the proposed structure, productive improvements suggested and the like. Putting a proposal together for lodgement will require funding.
- 19 We have sought a meeting with the Commission to better understand the information requirements in support of the investigation request. At this stage, we have a very preliminary estimate of \$30,000 to complete the information completion work.

### **Policy implications**

- 20 No policy implications have been identified for this stage of the process.

## **Analysis**

### **Options considered**

- 21 Council could proceed in one of the following ways:
- **Option 1:** agrees for the information to be prepared and the formal lodgement of a reorganisation investigation proposal with the Commission

- **Option 2** – does not agree for the information to be prepared for the formal lodgement of a reorganisation investigation proposal with the Commission.

**Analysis of Options**

**Option 1 –**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• listening to and acting on the call from our ratepayers to look at efficiencies in governance and delivery</li> <li>• progressing what we have heard from ratepayers in a more structured manner and formal manner</li> <li>• carrying out specific engagement with our communities on this topic</li> <li>• potential savings, efficiency and effectiveness gains.</li> </ul>	<ul style="list-style-type: none"> <li>• unbudgeted expenditure in the short term albeit with some savings in the longer term</li> <li>• potential heightened anxiety in the operating environment due to uncertainty and potential change.</li> </ul>

**Option 2 –**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• no unbudgeted expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>• not addressing the call of ratepayers</li> <li>• not investigating fully the views of the wider community</li> <li>• losing out on potential efficiencies and effectiveness gains.</li> </ul>

**Assessment of significance**

- 22 This report is not considered significant, at this point in time, however, the overall matter of structural change to local government in Southland is not minor. If Council agree to progress the lodgement of an investigation proposal to the Commission, seeking community views will be imperative.

**Recommended option**

- 23 It is recommended that Council proceed with Option 1 to prepare the information required and lodge a formal investigation proposal with the Commission.

**Next steps**

- 24 If Council agrees to Option 1, the first step will be to understand the information requirements of the Commission, for a formal investigation proposal lodgement.
- 25 The formal proposal will then be prepared and formally lodged with the Commission.
- 26 The commission will then assess the proposal and decide whether or not to proceed with a reorganisation investigation.

- 27 Should the Commission decide to proceed with an investigation under clause 7, it must determine, adopt and publish an intended investigation process. The process must traverse the matters to be investigated, the affected area and local authorities affected, procedure and timetable, each affected iwi or hapu and opportunities for engagement with the investigation together with how and when the public will be consulted.

### **Attachments**

- A Southland Local Government Structural Opportunities: Preliminary Forward Planning (separately enclosed)