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# Grounded

Strengthening regional services at the right scale through local government reform

Prepared for Te Uru Kahika

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# Executive summary: what this means for your council and community

Outline proposals under the Government's Head Start pathway were due on 9 August 2026. Councils' proposals and the Government's subsequent decisions will probably result in the biggest change to local government since 1989. Each group of councils faces two key decisions:

- Which structure fits its area?
- Where should each of today's regional functions sit?

This toolkit answers the second question, function by function. In doing so it informs the first question. The toolkit puts each of the nine regional functions through the same test: five questions about how the function actually works, five possible destinations run as tests, and a check that local voice and accountability survive the change (Figure 1). The framework does not assume that bigger is better. It is a set of tests, not recommendations: a council that runs these tests honestly will be able to own its answer.

### *Most regional functions work best at regional or catchment scale and should be passed whole to a new unitary authority*

The overall picture is clear. Most regional functions work best at regional or catchment scale, and under Head Start they could pass whole to a new unitary authority. Two functions go further: planning and civil defence actively support consolidation, where the new boundary fits the plan footprint and the civil-defence region. One, economic development, belongs at the territorial level. Figure 0 below shows the outcome of our assessment.

Where the chart shows a conditional destination, the conditions are part of the answer. For flood management, for example, moving down passes only at catchment or river-scheme scale, with the river system kept whole.

## FIGURE 0 THE NINE FUNCTIONS ON ONE CHART

# The nine functions on one chart

The same five tests reach different answers for different functions — that is the point

| Function | Stay put | Move up | Move down | Share it | Lift a piece | Where it lands |
|---|---|---|---|---|---|---|
| 1 · Flood management | PASS | FAIL | COND | OPTION | COND | Regional / catchment |
| 2 · Biosecurity and biodiversity | PASS | FAIL | FAIL | OPTION | FAIL | Regional delivery |
| 3 · Transport | PASS | FAIL | COND | OPTION | FAIL | Planning in the unitary authority; delivery sized to the network |
| 4 · Freshwater and CME | PASS | FAIL | FAIL | OPTION | PASS | Regional / catchment; layers above moving nationally |
| 5 · Consenting and spatial planning | PASS | FAIL | FAIL | OPTION | COND | Integrates at the unitary authority |
| 6 · Civil defence (CDEM) | PASS | FAIL | FAIL | OPTION | FAIL | Regional, within the national network |
| 7 · Economic development | FAIL | FAIL | PASS | OPTION | FAIL | Territorial; passes to the unitary authority |
| 8 · Maritime navigation | PASS | FAIL | COND | OPTION | FAIL | Regional, inside the national framework |
| 9 · Regional parks and facilities | PASS | COND | COND | OPTION | FAIL | Regional or unitary authority where assets span districts |

Key: PASS = the tests support this destination · COND = passes only with named conditions · OPTION = available where it helps · FAIL = the tests reject it. Each paper carries the reasons and conditions.

### *Key risks in breaking catchments, orphaning small rating bases and keeping Treaty and co-governance arrangements plus RMA reform obligations*

The real risks are in boundaries that cut across catchments, pest-control geographies and travel-to-work networks. There are further risks for communities left on rating bases that cannot carry their flood schemes and other assets. The consequence is a community that can no longer afford its own flood protection. Treaty settlements and co-governance arrangements are binding and must carry over into any new body with equivalent effect. Finally, the timing of reorganisation occurs when the first combined plans under the new planning system need to be prepared which creates capacity risks.

### *Experience of existing unitary authorities shows fiscal savings should not drive reform decisions*

New Zealand already knows what combining regional and territorial functions delivers, because five councils have done it. That record, set out in section 3, shows real benefits: a single regional voice, the capital capacity to fund big infrastructure, and faster emergency response. It also shows what the record does not support: the savings claimed for amalgamation have never been independently verified, holding a function is not the same as resourcing it well, and local voice survives only where it is deliberately designed in.

### *Assessing and developing proposals*

A strong proposal therefore should do five things:

- Keep natural units whole
- Name who pays for what, honestly
- Carry Treaty settlements and co-governance arrangements forward with equivalent effect
- Sequence the reorganisation so it does not disrupt the first combined plans under RMA reform
- Build in local voice into the design rather than assuming structure will provide it.

The checklist in section 1 turns these into proposal content, written against the Government's own assessment criteria.

You do not need to read this document end to end. Each function has a short summary and a one-page chart in section 2; the full assessment sits in the appendix. Read the functions a submitted proposal touches, test it against the checklist, and use the results to inform the detailed design that follows.

# Definitions

| TERM | DEFINITION |
|---|---|
| AFAS | Aotearoa Flood Awareness System, the national flood forecasting system operated by Earth Sciences New Zealand (formerly NIWA) |
| CCO | Council-controlled organisation |
| CDEM | Civil defence emergency management |
| CME | Compliance, monitoring and enforcement |
| DIA | Department of Internal Affairs |
| DOC | Department of Conservation |
| EPA | Environmental Protection Authority |
| LAWA | Land, Air, Water Aotearoa, the councils' shared environmental monitoring and reporting platform |
| LGA | Local Government Act 2002 |
| LGNZ | Local Government New Zealand |
| MPI | Ministry for Primary Industries |
| NPS-NH | National Policy Statement for Natural Hazards |
| NZTA | New Zealand Transport Agency (Waka Kotahi) |
| OSPRI | Industry-owned statutory body that runs the TBfree programme |
| PT | Public transport |
| RMA | Resource Management Act 1991 |
| RUAs | Regional and Unitary Councils |

| | |
|---|---|
| Te Waihanga | New Zealand Infrastructure Commission / Te Waihanga |
| TLAs | Territorial Local Authorities |
| TSIG | Transport Special Interest Group of Te Uru Kahika |

# 1 How this toolkit works

We explain the purpose, the Head Start context, our framework, and how to use the toolkit below.

## 1.1 Purpose and how to use this toolkit

**WHAT THIS MEANS FOR YOUR COUNCIL**

Every reorganisation proposal, and the design work that follows it, should ask: where should each regional function sit?

This note sets out five questions to weigh up any function, five institutional destinations for each, plus a local voice and accountability test. It works through two real examples: flood management and public transport.

Councils can use this toolkit to test any allocation of functions under discussion in their area. This can frame conversations with officials, and build the evidence that detailed design will need.

The note highlights the options and the risks. It does not tell regional councils where functions should end up. TLAs led the preparation of Head Start proposals. Following the 9 August deadline, regional council evidence and support can inform officials' assessment, engagement with councils, and the detailed design that follows.

The Head Start pathway invited councils, in practice a group of councils across an area acting together, to put up proposals to simplify local government. Outline proposals were due 9 August 2026, and the processes that follow involve: engagement with officials, backstop arrangements for areas without an accepted proposal, and the detailed design of new arrangements. Proposals must be submitted by two or more territorial or unitary authorities, and must amalgamate at least one territorial authority with regional functions.

**Every proposal comes down to one question, asked function by function: where should this function sit?**

This toolkit gives you a repeatable, defensible way to answer that question, and to present an answer using the Government’s assessment wording. The toolkit covers function-by-function decision papers (section 2, plus appendices), a component on evidence from unitary-authorities (section 3), and a fiscal modelling toolkit (delivered separately).

The toolkit tests service delivery: where each function can be delivered well, and what a proposal must show. It takes no position on governance structures. The evidence from the existing unitary authorities in section 3 is there to inform design choices, not to advance any structure.

This toolkit is intended to be a filter built from the Government's published principles and Te Uru Kahika's previous work on regional council functions. The note does not tell regional councils where their functions should end up. If it is used appropriately, it should lead to a position that is defensible to Government officials. The purpose of the toolkit is to help regional councils and TLAs in their region reach an answer that is defensible in their own terms.

How to use it:

- This section sets out the framework: the five questions to ask about any function, the five destinations a function can land in, and the local voice and accountability test.
- Section 2 gives a short summary of each of the nine regional functions: the key points for elected members, and a one-page chart showing where the tests point. Detailed function-by-function reviews are included in the Appendix.
- Section 3 sets out what the experience of the five existing unitary authorities tells us about what reorganisation does, and does not, deliver.
- Appendix A (sections A1 to A9) carries the full assessment behind each function summary, and Appendix B the evidence from the five existing unitary authorities.
- The checklist at the end of this section 1 turns a result into Head Start proposal content, written against the Government's five assessment criteria.

## 1.2 The Head Start pathway and the reform backdrop

Under Head Start, two or more councils could propose to merge their regional and territorial functions into a single unitary authority, formed by bespoke legislation. **Outline proposals were due 9 August 2026.** A few features apply to every function:

- **The end state is a unitary authority.** Bringing regional and district functions together happens inside that authority as internal organisational design, not through a separate body.
- **The "combined territories boards" idea has been dropped.** The construct consulted on in November 2025 was not adopted; submitters preferred locally led reorganisation proposals.
- **Interim governance from 2028 depends on the proposal.** Where a Head Start proposal is accepted, elections to the new structure are held in 2028. Where no

proposal succeeds, the interim arrangement for regional functions (a board of mayors, Crown commissioners, or a hybrid) is still to be confirmed.

- **Catchment management is protected.** More than one unitary authority in a region is unlikely to be approved if it fragments a key regional function that depends on collaboration, such as catchment management.
- **Proposals must address** river catchment management, and interim arrangements for the new planning system's compliance functions until the Government's decisions are made.

### 1.2.1 The reform backdrop

Two reforms, still in train, shape several of these functions:

- **The new planning system.** The Resource Management Act is being replaced by the Planning Bill and the Natural Environment Bill. The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Enactment is intended late 2026. The system is built around one combined plan per region. This directly affects consenting and spatial planning, and on how flood, freshwater and land-use decisions connect.
- **A signalled national regulator.** The Government has signalled, but not yet legislated, a national compliance and enforcement regulator. If it is established it would move the compliance side of the freshwater and consenting functions to the centre. Because it is not in the Bills, the papers treat it as a possible future change, not a settled one.

Because these reforms are not yet enacted, the papers state where they assume a reform will land, and identify key sensitivities.

## 1.3 The framework: from profile to destination

The Government's Head Start process has been established with an intention to simplify local government so that each function is delivered at the level that best serves the communities who fund it and live with the results. The objective statement below is **our** synthesis of what Ministers have said and the regional sector's own view, and each area can adopt it or amend it.

***Objectives for a good reform:***

- Gives communities effective representation and a real local voice;

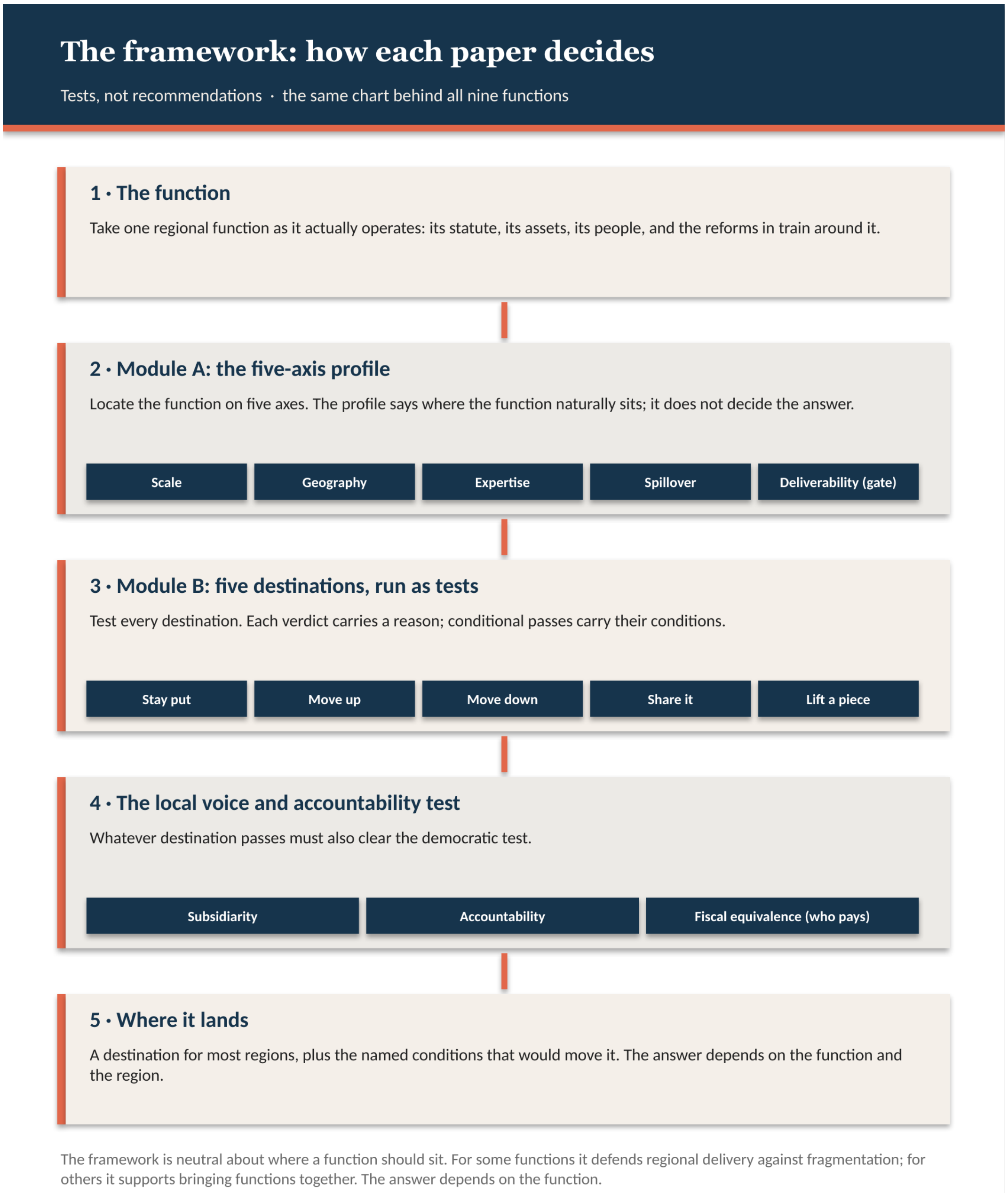
- Makes someone elected clearly accountable to those communities, and to mana whenua, for the outcomes;
- Honours Treaty settlements and existing co-governance arrangements;
- Supports the new planning system, captures genuine efficiencies and improves service outcomes for communities; and
- Delivers resilient, affordable services that are fair across communities.

The methodology serves this objective. It was shared with the Te Uru Kahika working group and with RUA chief executives before being applied.

### *Logic behind the toolkit*

The toolkit follows the logic in the figure below: it tests where a function belongs, and it does not assume that bigger is better.

## FIGURE 1 THE FRAMEWORK BEHIND EACH PAPER




*Source: H|W*

It is important to start from an agreed objective. We suggest you focus efforts in discussions with elected members on reaching a consensus on a shared objective, which should be locked in for the process. You should then judge options against the criteria the Government will use, the five Head Start criteria, which our five questions in section 1.3.1 (below) apply. Options for reform then follow: The options are the five destinations for each function. You should decide by weighing the criteria as a whole, in the way Ministers will, with trade-offs and no fixed "pass" mark.

Head Start asks each group of councils in an area to make two linked decisions: which model fits that area, and how today's functions are allocated under it. This toolkit helps with the second decision. Done well, it also informs the first.

Head Start creates a risk that each group of councils in an area answers ad hoc, on instinct, then has to defend it to officials with no common logic. This paper proposes a common logic for your decisions.

### 1.3.1 Five questions to assess allocation of functions

The criteria set out below aim to advance the objective above. These are phrased as questions to apply function by function. Each maps to one of the five Head Start criteria. The framework was built for Head Start, and is useful beyond that process for considering the allocation of functions.

**TABLE 1: THE FIVE QUESTIONS AND THE HEAD START ASSESSMENT CRITERIA**

| THE QUESTION TO ASK ABOUT A FUNCTION | WHAT IT GETS AT | HEAD START CRITERION |
|---|---|---|
| **1. Scale**: does doing more of it cost less per unit? | Fixed costs, shared systems, specialist teams spread thin | Economies of scale |
| **2. Expertise and scope**: does it need scarce specialists a small council can't keep? | Capability that thins when fragmented | Economies of scale (capability). More *accurately* described as “economies of scope” |
| **3. Geography**: is there a natural footprint (a catchment, a network, a region)? | Whether the boundary materially changes effectiveness | Supports the new planning system |
| **4. Spillover**: do the effects cross council boundaries (a catchment, a pest, a flood)? | Keeping a catchment whole and coordination simple | Supports the new planning system |
| **5. Deliverability** *(a practical gate)*: could the change realistically be made, and what would it take? | Transition, capability, timing to 2028; legislation is one input | Deliverability |
| **+ local voice and accountability test (below**) | Decisions close to those affected; someone elected | Maintains local voice; accountability serves simplifies |

| | | |
|---|---|---|
| | answerable for outcomes; and those who benefit or worsen the costs actually pay (fiscal equivalence) | local governance; fiscal equivalence connects to economies of scale and financial sustainability |

Four of the five questions **point toward an answer**. The fifth, deliverability, is different. It does not tell you where a function should sit, only whether the move you are contemplating can realistically be made. You can read this as *how hard this is to do, in practice.*

A note on each criterion:

**Scale.** Some functions get cheaper per unit the more you do, through shared data systems, specialist teams and procurement. Others do not. A kilometre of stopbank generally costs the same however large the council, although some minor cost savings may be achieved with common procurement or standardised designs. High scale economies tend to mean a function would benefit from a larger footprint or a shared service; low scale economies suggests the opposite. Scale and efficiency claims are often asserted, but need to be tested with evidence.
Scale economies are not the same as affordability. A function can be affordable to a group of ratepayers today only because it is funded from a larger revenue base, carried on a bigger balance sheet, or cross-subsidised by other ratepayers. That is a choice about who pays, not evidence that the function costs less to deliver, and it can disappear when a function is split or moved. So when an option is defended on affordability grounds, you should question if it results in a real cost reduction or is really a cross-subsidy. We will be preparing a fiscal evidence tool (Module E) where efficiency and scale claims can be tested against numbers, and distinguished from cross-subsidies.

- **Expertise and scope economies.** Some functions depend on scarce specialists a small council cannot recruit, retain or keep current, such as incursion response, hydrology and environmental science. Capability thins dangerously when spread across many small teams. Others run on local, generalist know-how that is strongest kept local. Some functions depend on complementary other functions, for example, catchment management, flood management and biosecurity often rely on data and science capability held in a dedicated team/function. It is important to be precise about how expertise and scope economies are different from "scale" economies (where scale reduces costs). Larger scale can improve levels of expertise and allow for scope economies, but not necessarily. Sometimes contracting in expertise or shared services can deliver the same or similar outcome.

- **Geography.** Some functions have a natural footprint, a catchment, an airshed, a transport network, and getting the boundary right materially changes how well they work. This is the heart of "supports the new planning system". Others can be run over almost any boundary with little loss. Geography asks where the boundary should sit.
- **Spillover.** Do the effects stay inside the boundary, or cross council lines? A catchment, a pest, flood risk pushed downstream, or a national benefit funded off a local rate base. Keeping a catchment whole and coordination simple is what "supports the new planning system" asks for; DIA is explicit that a proposal should not split a catchment. Spillover asks what crosses whatever boundary is drawn: who benefits versus who pays.
- **Deliverability.** Could the change practically be made, and what would it take: the transition, the capability, the time before the 2028 elections, and alignment with other reforms such as Local Water Done Well. Because Head Start is given effect through bespoke legislation, a law change is a sequencing question inside a Head Start proposal rather than a barrier to it. Whether a change needs legislation is one input, not the whole test. We suggest to score this last because it sets the route and the sequencing.

The sixth criterion, **maintains local voice**, is carried by the local voice and accountability test below. The accountability prong of that test also applies the Government's **simplifies local governance** test (DIA asks whether it is clear who is accountable for what). So the criteria above cover all five official criteria.

In applying the five questions, councils should also weigh whether the proposed allocation would improve services or outcomes for communities, ratepayers and the environment.

### 1.3.2 From diagnosis to decision: five destinations, run as tests

The diagnostic toolkit should suggest the appropriate destination for a function; it does not decide. Councils can reach the decision by running the function through **five destination tests**. Three rules apply to the destination tests:

1. **Tests, not recommendations.** A council that runs the tests honestly will own its answer, even where H|W might land elsewhere.
2. **"Stay put" destination should win on its merits, not be assumed.** Every function starts at the status quo; the current arrangement is the comparator and has to pass on evidence like any other destination.
3. **Weigh as a whole.** The Government's own assessment criteria state there are no fixed pass marks. A destination for a function should be defensible when it passes through the gateways set out below on the evidence.

## TABLE 2: THE FIVE DESTINATIONS, RUN AS TESTS

| DESTINATION | CONSIDER IT WHEN THE PROFILE SHOWS... | THE TEST: WHAT YOU MUST SHOW |
|---|---|---|
| **Stay put (status quo)** | No decisive reason to shift on any question | No material gap at the current allocation; any weakness fixable in place (a shared service or a lifted component) more cheaply than a move; the accountability line works today. |
| **Move up (scale up)** | High scale, a footprint larger than the entity, scarce expertise, crossing spillovers | Evidenced gains at the larger scale, not asserted ones; the natural footprint at or above the new scale; spillovers internalised; a clear reason the current level cannot deliver well; an elected body at the new scale answerable. |
| **Move down (scale down)** | A definite smaller footprint, local expertise, contained spillovers | The boundary gain is real; the smaller entity can sustain the capability (or pairs with a shared service for the thin part); spillovers stay contained; decisions get measurably closer to those affected. |
| **Share it (shared service)** | Scale or expertise argue for aggregation, but footprint or local accountability resist a transfer | The gain sits in systems, teams, procurement or standards, not in moving governance; decision rights stay with the elected body; one accountable owner per decision; deliverable by agreement now. |
| **Lift a piece (component to central)** | A separable component scores high on scale or national spillover, or an accountability conflict exists | The component's boundary and interface can be named; it benefits from national uniformity or build-once economics; the local capability base survives; who answers for what is clear on both sides of the split. |

### *Risks of moving, splitting or sharing a function*

Every destination other than stay put carries risk. A proposal will be stronger if it identifies risks of a move of function(s) and shows how it manages them. We suggest you watch for the following.

- Capability: Splitting a specialist team across smaller units and the depth that made it work thins out.
- Catchments or networks get split: The Government is explicit that a proposal should not split a catchment.

- Balance-sheet capacity and insurance weaken: Scale and a diverse asset base can keep liabilities manageable and keep insurance (or self-insurance) affordable. A smaller or narrower entity can find assets harder to insure as liabilities grow.
- Functions are left stranded: A function can be cut loose or under-resourced when the pieces around it move.
- Scope economies are lost: Bundling related functions together, such as flood, rivers, land and science, shares data and specialists across them. Splitting them breaks that.
- Transition and people risk: Any move takes time, unsettles staff, and can lose corporate knowledge before the new arrangement beds in.

### *Local voice and accountability test:*

Accountability matters most when a function moves up, to a national or cross-regional scale. The further a service sits from the community that pays for it, the harder it is to answer the question: who does the ratepayer vote out (or vote back in) when the service fails (or outcomes are good)? If no one can answer that, the design has a problem.

The toolkit is agnostic about the delivery vehicle. It is intended to highlight options and the risks. It does not recommend a CCO, a unitary authority, or any particular structure. The five destinations are categories, not predetermined entities for functions. “Move up” includes central government: the Minister has signalled that Head Start proposals should identify functions that could move to central government.

We suggest you run the **local voice and accountability test** across all five destinations as one further check. This tests aspects the most other framings leave out. It has three prongs, each scored **pass, conditional, or fail**:

- **Subsidiarity.** Keep a function as local as it can be delivered well.
  - *Pass*: the destination keeps it that local or brings decisions closer.
  - *Conditional*: it moves up, and the proposal states the decisive, evidenced reason the local level cannot deliver well, and what is lost locally and how that is mitigated.
  - *Fail*: the move rests on a generic efficiency assertion.
- **Accountability to ratepayers.** After the change, can a ratepayer name the elected body answerable for the function's outcomes, and to mana whenua where co-governance applies, and remove them at the ballot box?
  - *Pass*: a named elected body answers, and the ratepayer can see the cost.
  - *Conditional*: answerability runs through a council-owned company, appointed board, shared entity or central agency, and the proposal specifies the design fix: who appoints, who sets expectations, which elected body carries the can.

    - *Fail*: no elected line survives the change.
- **Fiscal equivalence (who pays).** Do those who benefit from the function, and those who make its costs worse, actually pay for it? Test whether any claim that a function is “affordable” reflects a genuine lower cost of delivery, or a cross-subsidy from a broader revenue base or balance sheet that may not survive a change.
    - *Pass*: those who benefit and those who exacerbate the costs broadly fund the function, and the funding base matches the community of interest.
    - *Conditional*: the function relies on a cross-subsidy or a broad funding base, and the proposal is explicit about who pays, who benefits, and what happens to that funding if the function is moved or split.
    - *Fail*: the case rests on an affordability that is really a hidden cross-subsidy, with no account of who would carry the cost once the function is reallocated.

Spillover, in the diagnostic, flags where effects cross boundaries; this prong is where the proposal accounts for who actually pays. Cross-boundary spillover is one way the who-pays test fails; an internal cross-subsidy is another.

A destination with a fail on any prong is not defensible as designed. A conditional is workable only if the design fix travels with the proposal. The test serves the Government's "*maintains local voice*" criterion, the accountability prong reinforces "*simplifies local governance*", and the fiscal-equivalence prong connects to "economies of scale" and financial sustainability.

Two further constraints sit alongside it on every option: whether the change can realistically be delivered (the deliverability gate above), and honouring Treaty settlements and existing co-governance arrangements with equivalent effect. On the first of these, because Head Start is given effect through bespoke legislation, a needed law change is a question of sequencing within a proposal rather than a barrier to reaching a destination.

## 1.4 Te Tiriti o Waitangi should be treated as a design requirement, not a function

The nine papers in this toolkit name Treaty settlements and co-governance arrangements as conditions throughout. This section states the requirement once, because it applies to every destination. Te Tiriti responsibilities are not a tenth function that can be assigned a destination. They are a design requirement on every destination: whatever structure a proposal reaches, it must show how these responsibilities are carried. Three things make this a design requirement rather than a detail.

**Councils deliver much of what the Crown has promised.** Treaty settlements bind the Crown, but the Crown does not deliver most of them day to day. Statutory acknowledgements, joint management agreements, co-governance arrangements and Mana Whakahono ā Rohe attach to named councils. The duties and obligations sit in plans, committees, delegations and staff. A reorganisation needs to explicitly name who inherits each obligation and keep track of it. Every settlement mechanism that relies on a council process needs a named successor.[1]

**Equivalent effect, for settlements that exist and settlements to come.** It is not enough for obligations to survive on paper. A proposal should show that representation, decision rights and resourcing carry equivalent effect in any new entity, and that the design can accommodate future settlements, not just meet past ones.

**The relationship capability is part of delivery, not overhead.** Councils' iwi and hapū relationship teams enable the functions this toolkit tests. This includes capability in: readiness in emergency management, access and engagement in catchment work, community voice in planning. Rohe do not follow territorial or regional boundaries; in a region with many iwi and hapū, this capability typically exists at regional scale. These relationships cannot be transferred, merged or assumed to continue through a restructuring. This means a proposal should say where the capability sits and how the relationships are carried forward.

This gives each destination a further question which should be applied alongside the local voice test: who inherits each settlement obligation, is its effect equivalent, and where does the relationship capability sit? Councils should answer these mapping questions early and ideally through direct engagement with iwi and hapū before positions are settled.

## 1.5 The evidence behind the toolkit

The framework tests where each function should sit. Whether a reorganisation delivers what its proposal promises is an **evidence question**. New Zealand already holds very relevant evidence: five councils (Gisborne, Marlborough, Nelson, Tasman and Auckland) have run regional and territorial functions in a single entity for decades. Section 3 sets out what that record shows.

[1] Miria Goodwin, Start Well, Transition Together: guiding early council preparation for RM transition with iwi and hapū (Te Uru Kahika, Ngā Kairapu, April 2026); Tina Porou, Headstart Readiness for Councils and their relationships with Iwi Māori (Poipoia, 2026).

In short: a unitary authority can deliver a single regional voice, capital capacity and a faster emergency response. But the savings claimed for amalgamation have never been independently verified, holding a function is not the same as resourcing it well, and local voice survives only where it is deliberately designed in. Those lessons bear on two parts of this toolkit: the deliverability question in the framework, and the choice of structural variant a proposal makes. A proposal that engages with this evidence will be more credible than one that asserts benefits the record does not support.

## 1.6 Using the framework to test a proposal: checklist

Our diagnostic framework above should lead RUAs to a defensible answer. Our checklist below helps you present it in writing for officials in the language they will assess it under. Proposals are judged against the Government's **five Head Start criteria**:

1. Deliverability
2. Supports the new planning system
3. Simplifies local governance
4. Economies of scale
5. Maintains local voice

There is an overlap with our diagnostic above. "Economies of scale" is both a scale and an expertise question. "Supports the new planning system" relates to geography and spillover and keeping catchments whole. "Simplifies local governance" is the accountability prong, whether it is clear who is accountable for what. "Deliverability" is the deliverability gate we use, and the practical ‘can it be done by 2028’ test. "Maintains local voice" is the local voice and accountability test. Our framework above should already do most of the work; however, this checklist maps it across, criterion by criterion.

### *The checklist:*

For each criterion: what officials say they need to see, and where the filter has already produced it.

**TABLE 3: THE PROPOSAL CHECKLIST AGAINST THE HEAD START CRITERIA**

| CRITERION | YOUR PROPOSAL MUST SHOW | H\|W FRAMEWORK SHOWS |
|---|---|---|

| | | |
|---|---|---|
| **Deliverability** | A realistic route and transition (by agreement or legislation), high-level milestones to the 2028 elections, alignment with other programmes (such as Local Water Done Well), and the support you need from Government. | The deliverability gate's answer for each function: route, sequencing, and what would need legislation. |
| **Supports the new planning system** | How the arrangement makes the new planning system easier to run: a stable regional spatial planning process, fewer plans and layers, and catchments kept whole, with implications and mitigations named if any boundary changes. | The geography and spillover questions: each function's natural footprint and what crosses boundaries. |
| **Simplifies local governance** | Less duplication and fewer layers than today, and a structure where it is clear to communities who is accountable for what. | The accountability prong's answer per function: the named elected body that answers, and the design fix where answerability runs through another entity. |
| **Economies of scale** | Where the gains actually come from (systems, specialist teams, procurement, shared services), expected impacts on rates and financial sustainability, without pretending to precision. | The scale and expertise questions: which functions carry real scale gains and which do not. |
| **Maintains local voice** | Fair and effective representation for communities of interest, how decisions are made at the local level balancing urban and rural interests, and how iwi and Māori participate in decision-making. | The subsidiarity prong's reasoning per function, plus the Treaty settlements and co-governance carry-over check. |

We suggest you develop one function summary for each function. Our toolkit is delivered on a function-by-function basis in section 2 and Appendix A, so that a Head Start proposal can attach its function-by-function reasoning. The suggested content for each summary should include:

- Function, and its profile: the five bands, one evidence line each
- Destination tested, and the result
- Why the destination is superior to 'stay put' (status quo)
- The main risks of the move, and how the proposal manages them
- The gateways: deliverability; local voice and accountability scores; Treaty carry-over
- The answerable institution/council/body after the change

## 1.7 Using this framework

We suggest councils use the framework wherever the allocation of functions is genuinely in play: in engagement with officials on proposals, in areas where backstop arrangements will apply, and in the detailed design that follows reorganisation decisions. Run the tests across the contested functions, and use the results to frame the conversation with officials, with neighbouring councils, and with communities. This work is useful at every stage: it frames conversations with officials, builds the evidence that a proposal or a detailed design process needs, and deepens the analysis function by function.

# 2 The nine functions: where each should sit

The sections that follow apply the framework to the nine regional functions, one at a time. Each gives the key points for elected members and a one-page summary chart; the full assessment behind each summary is in the Appendix (sections A1 to A9). The chart below shows all nine functions on the same five tests. The same framework reaches different answers for different functions: most functions stay regional and pass to a new unitary authority whole, planning and civil defence support consolidation where the boundary fits, and economic development sits at the territorial level.

## FIGURE 2 THE NINE FUNCTIONS ON ONE CHART

### The nine functions on one chart

The same five tests reach different answers for different functions — that is the point

| Function | Stay put | Move up | Move down | Share it | Lift a piece | Where it lands |
|---|---|---|---|---|---|---|
| 1 · Flood management | PASS | FAIL | COND | OPTION | COND | Regional / catchment |
| 2 · Biosecurity and biodiversity | PASS | FAIL | FAIL | OPTION | FAIL | Regional delivery |
| 3 · Transport | PASS | FAIL | COND | OPTION | FAIL | Planning in the unitary authority; delivery sized to the network |
| 4 · Freshwater and CME | PASS | FAIL | FAIL | OPTION | PASS | Regional / catchment; layers above moving nationally |
| 5 · Consenting and spatial planning | PASS | FAIL | FAIL | OPTION | COND | Integrates at the unitary authority |
| 6 · Civil defence (CDEM) | PASS | FAIL | FAIL | OPTION | FAIL | Regional, within the national network |
| 7 · Economic development | FAIL | FAIL | PASS | OPTION | FAIL | Territorial; passes to the unitary authority |
| 8 · Maritime navigation | PASS | FAIL | COND | OPTION | FAIL | Regional, inside the national framework |
| 9 · Regional parks and facilities | PASS | COND | COND | OPTION | FAIL | Regional or unitary authority where assets span districts |

Key: PASS = the tests support this destination · COND = passes only with named conditions · OPTION = available where it helps · FAIL = the tests reject it. Each paper carries the reasons and conditions.

*Source: H|W*

Several of these functions are one hazard family. Flood management, natural-hazard science, civil defence and the harbourmaster function share data, specialist staff and operating geography, and the same river engineers, hydrologists and hazard scientists work across them. The papers test each function separately, and the tests point the same way for all of them: regional or catchment scale. A proposal that keeps the family together preserves scope economies a function-by-function split would lose.

## 2.1 Flood warning and flood management

### *Key points for elected members*

For most regions, flood management belongs at the regional or catchment level, and the framework's test points to keeping it there. Flood risk is managed over watersheds. Regional council boundaries were largely built around catchments and watershed. The specialist hazard modelling, design standards and catchment-wide prioritisation that make up the leadership layer gain from staying at regional scale. But the function is not monolithic. Physical river and drainage schemes are already delivered and funded at catchment or river-scheme scale through targeted rates and scheme advisory groups; the Rangitāiki-Tarawera scheme in the Bay of Plenty is a good example of a river system-specific institution. Scheme-level delivery, funding and governance could sit with a catchment or river-scheme entity where the river system is kept whole and the balance-sheet and fiscal-risk design is careful. However, fragmenting a river system across a boundary, or losing the regional leadership layer creates significant risks.

Aligning funding with an underlying rating base may be challenging for some regions. Some flood assets sit on a rate base that may not credibly fund them (and the financing needed for large investments) as they age and if flooding events become more frequent due to climate change. Wairoa and Westport are recent examples of central government stepping in to fund local resilience infrastructure due to localised funding gaps. The risk under Head Start is that a reorganisation reshapes a region's rate base, so more places could end up in the same position. In Head Start (and later) negotiations, there may be a cost to disclosing these types of risks. A region or sub-region with one flood prone area may be cautious about raising it for fear of cross-subsidy claims from elsewhere in the region. The framework below asks for honest naming of the asset, the beneficiary, and the payer. The politics of disclosure could make this hard.

Care needs to be taken with compliance, monitoring and enforcement sub-functions of flood management. The Government's Resource Management Act 1991 (RMA) reforms contemplate putting compliance and enforcement mechanisms at a national level (a national regulator was signalled in March 2025 but not reflected in current RMA reform Bills). No further details have been announced. Head Start contemplates an interim governance body to replace regional councils from 2028 (a board of mayors, Crown commissioners, or a hybrid, to be confirmed in 2027). We recommend that a reorganisation proposal name the destination, the funding-geography position, and explicit interim arrangements for compliance and enforcement. Stating these up front makes a proposal more credible to DIA and narrows the room for disagreement between councils later in the process.

*The full assessment for this function is in the Appendix (section A1).*

## FIGURE 3 FLOOD WARNING AND FLOOD MANAGEMENT: WORKED SUMMARY

1

# Flood warning and flood management

Where should this function sit? · Module C worked summary

Where the tests point

**For most regions, delivery at the regional or catchment scale. The destination is conditional on the proposed reorganisation, not a single national answer.**

### Module A · the five-axis profile

| | | |
|---|---|---|
| **Scale** | **Low** | Cost tracks asset length and area, not entity size; a larger council does not make a stop bank cheaper. |
| **Geography** | **High (catchment)** | Flood risk is managed over watersheds; boundaries were drawn to catchments; strong scope gains with river, soil and water work. |
| **Expertise** | **Medium to High** | Specialist hydrology and flood engineering; sustainable at regional scale, fragile below it. |
| **Spillover** | **Low to Medium** | Effects largely contained within the catchment; targeted rates keep who-pays close to who-benefits. |
| **Deliverability** | **A move is hard** | Assigned by statute (Soil Conservation and Rivers Control Act 1941 and others); staying put is the most deliverable answer. |

### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| PASS | FAIL | CONDITIONAL | OPTION | CONDITIONAL |
| No gap the current allocation causes; the one weakness (asset funding) can be fixed in place. | No scale gains above the region; the natural footprint is the catchment. | Scheme delivery can sit at catchment or river-scheme scale, with the river system kept whole and careful balance-sheet design. | Hydrology, modelling and warning systems shared across small regions. | Own-works compliance only, and only if the national regulator proceeds. |

### What would move the answer

1. River-system integrity under the proposed boundary: a boundary that splits a river system or its scheme is the case the rule exists to prevent.
2. Rate-base sufficiency: if the reform leaves a community unable to carry its scheme, funding shifts to regional pooling or a Crown residual.
3. The funding question: catchment service on targeted rates, or region-wide service on general rates. It moves who pays, not where the function sits.

### Main risk flags

Capability fragmentation · river-system fragmentation · loss of scope economies · balance-sheet and insurability · fiscal risk in nested entities · stranded assets on a thin base · transition and people risk

## 2.2 Biosecurity, pest management and biodiversity

### *Key points for elected members*

Regional delivery of biosecurity works well, and the strongest evidence says it should be retained at the regional level. Regional and Unitary Authorities (RUAs) run coordinated surveillance, sustained pest control, enforcement of regional pest plans, and the landowner relationships these depend on. Heuser|Whittington quantified the benefits of RUAs' biosecurity functions for Te Uru Kahika in June 2026[2] and found that every quantitative cost-benefit analysis across sixteen councils showed positive net benefits, and that the scale, coordination and integration advantages of regional delivery are not replicable through other models. The Parliamentary Commissioner for the Environment also reached the same view and recommended pausing reform until a proper functional review is done. Therefore, biosecurity functions should be protected, not moved. Councils' biodiversity role is also wider than biosecurity delivery: much of it supports landowners, mana whenua and community groups to do the work themselves.

Biosecurity is like insurance against invasive pest species. Ratepayers fund a weighted average of 78 percent of an estimated $142 million annual programme spend. That spend protects an estimated $285 million a year in primary production, and a five-year disruption to programmes (the most plausible scenario under structural reform) is estimated to cost around $1.7 billion, roughly twelve times the annual budget a council would notionally save by stopping. Two case studies show the returns. Hawke's Bay's rook-control programme returns $22 for every $1 invested over ten years, rising to $128 over fifty. Sustained control of Chilean needle grass in Canterbury, at around $230,000 to $290,000 a year, holds back a pasture weed whose unchecked national spread is modelled to cost between $192 million and $1.16 billion. These are Heuser|Whittington's figures. The high single-programme returns are from the best-documented cases; the sector-wide average is nearer 2 to 1; and the disruption estimate is model-derived.

Therefore, RUAs and territorial authorities considering Head Start reform should be cautious. The function is delivering, nobody has shown why the current arrangement is wrong, and the counterfactual to disrupting it is uncertain and expensive to reverse. A case study on rook eradication used in Heuser|Whittington report to Te Uru Kahika highlights the point. Environment Canterbury eradicated rooks by 2023 after three decades of cross-tenure, cross-

[2] Heuser|Whittington, *Benefits of regional and unitary council biosecurity interventions* (report for Te Uru Kahika, June 2026). The firm's own evidence base for this paper: it reviewed cost-benefit analyses across sixteen councils and found positive net benefits at programme level, sized the cost of a five-year disruption to programmes at around $1.7 billion, and set out the national-benefit / regional-funding mismatch.

boundary coordination, and that result depends on continued control in the regions that still hold rook populations. A reorganisation that cut across that coordination geography could undo decades of investment.

One substantive funding question remains outstanding. Biosecurity benefits are substantially national (primary-sector productivity, export-market access, biodiversity) in addition to delivering regional and landowner productivity and biodiversity benefits. The funding is predominantly regional (around 78%). The sector has made the national benefits visible (for example via the Te Uru Kahika report prepared by Heuser|Whittington) and could make a case to pursue central co-investment that recognises the national-level benefits. But the per-pest analysis of who benefits and who pays that would justify changing funding settings has not been done. This paper identifies the pattern, but does not prescribe any fix for this issue.

For a reorganisation proposal, we recommend you keep biosecurity (and the biodiversity work delivered alongside it) regional and intact, do not fragment a containment or exclusion geography across a new boundary, and state the national-benefit funding point as a question to pursue rather than a settled claim.

*The full assessment for this function is in the Appendix (section A2).*

## FIGURE 4 BIOSECURITY, PEST MANAGEMENT AND BIODIVERSITY: WORKED SUMMARY

**2**

### Biosecurity, pest management and biodiversity

Where should this function sit? · Module C worked summary

Where the tests point

**Keep the function in regional delivery. The national role is co-funding recognition and the existing national framework, not a transfer of delivery. The burden of proof sits with any change.**

#### Module A · the five-axis profile

| | | |
|---|---|---|
| **Scale** | **Low to Medium** | Field operations track the area worked, not entity size; the scale-sensitive elements already sit centrally or are shared. |
| **Geography** | **Medium to High** | The natural unit is the containment or exclusion geography, which often spans more than one region. |
| **Expertise** | **High** | Scarce specialist staff (incursion response, surveillance, biocontrol); capability thins dangerously when fragmented. |
| **Spillover** | **High** | Pests cross boundaries; under-control in one area imposes costs on neighbours and the nation. |
| **Deliverability** | **Hard, high-stakes** | Rests on the Biosecurity Act 1993 and regional pest plans; a five-year disruption is sized at around $1.7 billion. |

#### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| PASS | FAIL | FAIL | OPTION | FAIL |
| Strongly. Every reviewed programme-level cost-benefit analysis is positive; the arrangement works. | Would strip the local knowledge, landowner relationships and cross-tenure coordination delivery depends on. | Worsens the cross-boundary coordination problem and thins scarce expertise. | Shared specialist incursion and surveillance teams across small regions. | The national components (border, incursion, national programmes) are already central. |

#### What would move the answer

1. Whether the reorganisation boundary cuts a containment or exclusion geography (the rook programme is the worked example).
2. The funding question: benefits substantially national, funding about 78 percent regional. A question to pursue, not a proven case of underfunding.
3. Where a region runs a large integrated biodiversity programme, the case for keeping the combined function together is stronger still.

#### Main risk flags

Coordination-geography fragmentation · capability fragmentation · loss of the integrated biosecurity-biodiversity operation · funding withdrawal without replacement · modest balance-sheet exposure

## 2.3 Transport

### *Key points for elected members*

Transport is a RUA function where the right reform answer most genuinely varies by region. RUAs should treat a useful move during this reform process as splitting the function in two:

- **Regional transport planning** (the Regional Land Transport Plan and the Regional Public Transport Plan) is strategic, integrates with land use, and already sits at the regional level. It should stay there, consolidated inside the new unitary authority, where the new planning system will tie it to the regional spatial plan.
- **Public transport service delivery** is a different kind of thing: closer to a private good, with network effects and natural-monopoly characteristics, and already contracted to operators. The delivery model (contracted operations, a council-controlled organisation, or a small rural trust) is a separable choice, sized to the network.

This means that planning should typically stay at a regional level (with cross council representation plus NZTA). Delivery of transport services will likely differ by region, depending on the extent of Crown involvement.

For most regions, regional transport planning should be delivered via a new unitary council (if that option is taken forward by TLAs) and sizing the delivery model to the transport network. Two contexts are important for the answer. A **metropolitan area** with a large, complex network may need a Crown–local hybrid, with the Crown co-governing and co-funding (as is the case currently where NZTA participates in Regional Land Transport Plan-making). The Crown already co-funds Wellington and Auckland metro rail projects, and the New Zealand Transport Agency Waka Kotahi already sits inside regional public transport planning, so a hybrid model deepens an arrangement that already partly exists for the metros rather than inventing one. At the other end, the **rural and low-density tail** often cannot sustain a viable public transport network on patronage alone, and needs a simpler local model with explicit Crown support where necessary to keep services deemed important.

One important condition matters. The Government included a catchment preservation rule in its guidance on Head Start (flood management and catchment freshwater functions must be preserved). The public transport network has a similar natural footprint: the travel-to-work area people actually move across. A reorganisation boundary that cuts an urban network in half, or that separates a commuter corridor from the city it serves, fragments the function in the same way a boundary through a catchment fragments flood management. Where a network crosses a proposed boundary (Wellington's commuter rail, the Waikato–Auckland corridor), the proposal should keep the network whole or set out an explicit cross-boundary arrangement.

The reorganisation itself under Head Start may create advantages. A unitary authority naturally brings regional public transport planning together with local roading and parking in one entity, which is what integrated land-transport planning needs and what Cabinet has signalled the Head Start criteria will look for. That advantage is real, but it is not costless: the decision rights between the network and public-transport-priority role and the roading role have to be kept explicit, or the accountability for trade-offs between roads and public transport blurs. The combined-picture test below sets out how to keep both.

*The full assessment for this function is in the Appendix (section A3).*

## FIGURE 5 TRANSPORT: WORKED SUMMARY

3

# Transport (public transport and transport planning)

Where should this function sit? · Module C worked summary

Where the tests point

**Regional transport planning consolidated in the new unitary authority; the delivery vehicle sized to the network. Metropolitan networks may need a Crown-local hybrid; the rural tail needs a local, Crown-supported model.**

### Module A · the five-axis profile

| | | |
|---|---|---|
| **Scale** | **Medium** | Real scale economies in procurement and technology; service cost tracks route-kilometres and patronage, not entity size. |
| **Geography** | **High (network)** | The natural unit is the functional travel-to-work network; some networks cross regional and proposed boundaries. |
| **Expertise** | **Medium** | Network planning, procurement and contract management; sustainable regionally or shared. |
| **Spillover** | **Medium** | High at metropolitan edges and on commuter corridors; low for a self-contained provincial network. |
| **Deliverability** | **Split** | Consolidation into the unitary authority is easy; a Crown-local hybrid or centralisation needs legislation. |

### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| PASS | FAIL | CONDITIONAL | OPTION | FAIL |
| Planning keeps its shape inside the new unitary authority, tied to the spatial plan. | Full centralisation is the highest-risk model; defensible only in a narrow national-lead case. | Right for the rural and low-density tail: community trusts and simple local models. | The Crown-local hybrid for metropolitan networks: co-governance and co-funding, deepening what already exists. | National ticketing already central; procurement and standards shared, not transferred. |

### What would move the answer

1. Urban form: a provincial city, a metropolitan network and a rural service area are three different problems; one region can contain all three.
2. Network-geography integrity: a boundary that cuts a travel-to-work network or separates a commuter corridor from its city breaks the natural unit.
3. Funding durability: fares, rates, the National Land Transport Fund and Crown contributions; the reform direction shifts the mix.

### Main risk flags

Network fragmentation · blurred decision rights between roads and public transport · loss of local responsiveness under centralisation · funding durability · transition and people risk

## 2.4 Freshwater management and CME

### *Key points for elected members*

Freshwater management relates closely to river catchments. There is strong evidence pointing keeping the delivery of freshwater management and compliance at regional level. Catchments are a natural footprint, with regional council boundaries were largely drawn to them. The specialist science, planning and enforcement capability already sits at catchment/regional scale. The Government's Head Start policy requires that catchment management cannot be fragmented. The case does not rest on the guidance: hydrology makes upstream and downstream management inseparable, so catchments stay whole on the merits. If the guidance changed, the case would not. Moving the delivery of the function would cost more and create coordination problems.

The function, however, has several elements wrapped up within it. The current local government reforms are pulling specific elements in different directions. This paper is precise about this. Under the new planning system, human-health limits (drinking-water source protection) are set to move to the Minister nationally, while the ecological limits that protect the life-supporting capacity of water stay with regional councils (or their replacements). National direction itself (the freshwater national policy statement) is being rewritten. And a national compliance and enforcement regulator has been signalled that would, if it proceeds, take enforcement off councils. None of these moves the catchment delivery; each changes one layer above or beside it.

The hardest accountability problem with freshwater CME is a potential conflict of interest, and a merger makes it worse. A council that sets the freshwater rules, issues the consents, polices compliance, and is itself a discharger through its own stormwater and wastewater networks has a prima facie conflict of interest. There is no automatic rule requiring a council to use independent commissioners on its own consents. A unitary authority concentrates all of this in one body. The fix to this issue to design now is internal separation of the regulatory arm from the operational and discharger arm. The signalled national regulator would externalise enforcement, but it is not drafted, so a Head Start proposal cannot assume it.

Where a catchment is co-governed under a Treaty settlement (the Waikato River, the Whanganui River, the Rotorua lakes and others), reorganisation carries a specific risk. Where a regional and a district council each hold a seat on a river authority, a merger can collapse two seats into one and shift the balance of a co-governance table. Head Start asks applicants to show that settlement arrangements transfer with "equivalent effect". However, that is a policy expectation, not a statutory guarantee. A proposal that implicates a co-governed catchment should show the transfer mechanism, not just assert it.

For a reorganisation proposal: we recommend that you keep freshwater delivery regional and the catchment whole, design the regulator-from-operator separation up front, and where a co-governed catchment is involved, demonstrate how the co-governance arrangement carries into the new body with equivalent effect.

*The full assessment for this function is in the Appendix (section A4).*

## FIGURE 6 FRESHWATER MANAGEMENT AND CME: WORKED SUMMARY

4

# Freshwater management and CME

Where should this function sit? · Module C worked summary

Where the tests point

**Keep delivery at the catchment or regional scale. The standards and enforcement layers above delivery are being reshaped nationally by reforms already underway.**

### Module A · the five-axis profile

| | | |
|---|---|---|
| Scale | Low to Medium | Consenting, compliance and catchment work track the catchment; the scale-sensitive layers are shared or already national. |
| Geography | High (catchment) | Catchments are the natural unit; boundaries were drawn to them; strong scope gains with flood, soil and land work. |
| Expertise | High | Freshwater scientists, hydrologists and enforcement officers are scarce and fragile below regional scale. |
| Spillover | High | Upstream land use drives downstream water quality; the externality is the core of the function. |
| Deliverability | Hard; in flux | Anchored by RMA s 30; national direction, limit-setting and the signalled regulator are all moving. |

### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| PASS | FAIL | FAIL | OPTION | PASS |
| For delivery: catchment-shaped, statutorily anchored, real scope economies. | No scale gains above the region; would strip local catchment knowledge. | Worsens the cross-boundary externality and thins scarce capability. | Scarce science and specialist enforcement; monitoring and data (LAWA is the worked example). | Specific layers, mostly already moving: human-health limits to the Minister; CME to the national regulator if it proceeds. |

### What would move the answer

1. Catchment integrity under the proposed boundary: the clearest case where the Government's catchment-management expectation applies.
2. Whether the catchment carries Treaty settlement co-governance: it must carry forward with equivalent effect.
3. How the conflict of interest is managed: a unitary authority concentrates rule-making, consenting, enforcement and discharging in one body.

### Main risk flags

Catchment fragmentation · co-governance dilution · conflict-of-interest concentration · stormwater fragmentation under Local Water Done Well · capability fragmentation · loss of scope economies

## 2.5 Consenting and spatial planning

### *Key points for elected members*

The consenting and spatial planning function of RUAs and TLAs (under the RMA today, and its successor legislation) is a major driving factor behind the Government's Head Start reform programme. Therefore, bringing RMA consenting together is an obvious answer. The new planning system replaces more than 100 RMA plans and policy statements nationally (every regional policy statement, regional plan and district plan across the country's councils) with about 17 Regional Combined Plans, one for each region.[3] Each combined plan brings a thirty-year regional spatial plan, a natural environment plan and a land use plan for each district together in one document, though these parts keep separate makers. That plan, and the consenting that flows from it, are meant to cohere at the regional scale, and the Government wants a unitary authority as the body that holds them as one. So unlike flood, biosecurity and freshwater, where our test defends regional delivery against fragmentation, here the test points toward bringing the regional and district planning functions together.

The real risk for RUAs (and TLAs) is timing, not the location of this function. The reorganisation under Head Start and the building of the first-ever Regional Combined Plans are happening at the same time. A council that is reorganising while also producing its most important new plan is doubly stretched: the same planners, systems and committees are needed for both. Who holds the pen on the combined plan during the transition is unsettled, because the interim body that replaces regional councils from 2028 is still to be confirmed. Therefore, we think that the single most useful thing a Head Start proposal can do for this function is to sequence the two changes so the reorganisation does not disrupt the first-generation plans, rather than running them headlong into each other. Auckland is a relevant (and cautionary) precedent: its 2010 amalgamation created the need for a single region-wide plan, and the Auckland Unitary Plan that followed took about three years to produce, running through a dedicated Independent Hearings Panel before it became operative in 2016.[4] Any region reorganising in a similar way will face a similar challenge. Our Module D

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[3] Planning Bill (235-2, 2025) and Natural Environment Bill (234-2, 2025). The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Enactment is intended late 2026. Planning Bill: https://www.legislation.govt.nz/bill/government/2025/0235/latest/whole.html; Natural Environment Bill: https://www.legislation.govt.nz/bill/government/2025/0234/latest/whole.html.

[4] Auckland Council was created by amalgamation on 1 November 2010 under the Local Government (Auckland Council) Act 2009; the Auckland Unitary Plan was notified in 2013, heard by an Independent Hearings Panel, and became operative in part in 2016. https://www.legislation.govt.nz/act/public/2009/0032/latest/whole.html

paper on unitary authority experience highlights the lessons from Auckland, Marlborough, Nelson, Tasman and Gisborne.

The function also depends on scarce people. Planners, consent officers and hearing commissioners are hard to hold on to at small scale, and consent processing can stall during a reorganisation, which has a real economic cost when development is held up. Sharing hearing panels, consenting systems and spatial-planning capability across a region, or between smaller regions, is a sensible way to protect throughput.

For a reorganisation proposal, we recommend: state that the regional and district planning functions integrate at the unitary level (this supports the proposal); set out explicitly how the reorganisation is sequenced against the first-generation Regional Combined Plan so the two do not collide; and show how mana whenua participation and any Treaty co-governance arrangements in planning carry into the new body.

*The full assessment for this function is in the Appendix (section A5).*

## FIGURE 7 CONSENTING AND SPATIAL PLANNING: WORKED SUMMARY

5

# Consenting and spatial planning

Where should this function sit? · Module C worked summary

Where the tests point

**Integrate the regional and district planning functions at the regional or unitary-authority level. The open question is timing: sequencing the reorganisation so it does not disrupt the first-generation combined plans.**

### Module A · the five-axis profile

| | | |
|---|---|---|
| **Scale** | **Medium to High** | One combined plan replaces several; hearing panels, consenting systems and spatial-planning teams are more sustainable at scale. |
| **Geography** | **Medium to High** | The spatial plan is drawn at the scale of the region and its functional urban area, and binds consents region-wide. |
| **Expertise** | **High** | Planners, consent officers and hearing commissioners are scarce and hard to sustain below regional scale. |
| **Spillover** | **Medium to High** | The combined plan binds plans and consents across the region; one district's growth decisions affect the others. |
| **Deliverability** | **Concurrency** | The statute is being replaced at the same time as the reorganisation; deliverability turns on sequencing. |

### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| PASS | FAIL | FAIL | OPTION | CONDITIONAL |
| Strengthened: the reform draws regional and district plans into one combined plan; a unitary authority puts them under one maker. | National direction sets the frame, but plans and consents stay regional and territorial by design. | Each district land-use plan sits within the region's combined plan rather than standing apart. | Hearing panels, consenting systems, GIS and spatial-planning capability, especially during transition. | National direction already national; consent compliance to the signalled regulator only if it proceeds. |

### What would move the answer

1. The planning reform and the reorganisation running at once: the dominant issue, and it is about timing, not location.
2. Whether the spatial-plan footprint matches the proposed boundary. More than one unitary authority can still make the combined plan together through a joint planning committee.
3. Who holds the pen during the transition: the interim body from 2028 is unsettled; a proposal should name the plan's governance through the changeover.

### Main risk flags

Concurrency disruption (the dominant risk) · spatial-plan footprint mismatch · consent-throughput stall · transition-governance gap · the consenting and freshwater-CME shared-officer interface

## 2.6 Civil defence and emergency management

### *Key points for elected members*

Civil defence already works at the regional scale, and the reform keeps it there. Each region runs its emergency management through a group of its councils, coordinated at the regional level and administered by the regional council. The Emergency Management Bill that replaces the Civil Defence Emergency Management Act keeps that regional basis while renaming the group an Emergency Management Committee. The 2025 Castalia review found the function mostly appropriately allocated.[5] So the test points fairly strongly to keeping civil defence regional.

The Head Start reform process is likely to help with governance, depending on the boundary chosen. Today the CDEM function is run by a joint committee of the mayors and the regional chair across a region, which is a workable but indirect way to hold the committee accountable (the mayors are each elected, and the chair is appointed after regional-council elections). Where a Head Start reorganisation creates a unitary authority that covers the same area as the civil-defence region, the joint committee of several councils becomes a single-authority Emergency Management Committee, which is a genuine simplification of the governance. Where a Head Start proposal instead produces a sub-regional unitary authority, the opposite happens: the civil-defence region is split across more than one authority, and a joint committee has to be re-created under the new name. So it is important for this function that the new unitary boundary matches the civil-defence region, or that the proposal explicitly provides for a joint Emergency Management Committee where it does not.

Two things do not change with reorganisation. Emergencies cross boundaries and depend on mutual aid between regions, and national coordination through the National Emergency Management Agency sits above any council structure. Civil defence cannot be internalised to a single council, and a proposal should not imply that a unitary authority removes the need for the regional and national network.

Disaster recovery (helping communities, households and infrastructure get back on their feet after an emergency) is one of the four phases of the civil-defence function (reduction, readiness, response and recovery), and it is the part that most needs strengthening. It has historically been the least-developed of the four: the inquiry into the 2023 North Island

[5] The 2025 Castalia report to Te Uru Kahika assessed civil defence as mostly appropriately allocated. This paper builds on it and does not re-describe current arrangements.

severe weather events[6] flagged it, and the Emergency Management Bill[7] sets out to strengthen it. The reform is an opportunity to do that, and it is where getting the structure right matters most. The Hawke's Bay recovery after Cyclone Gabrielle shows the scale: a multi-year, locally led, regionally coordinated, nationally supported effort backed by around $556 million of Crown investment. Recovery on that scale exceeds any single council's balance sheet and relies on the Crown stepping in to co-fund it, as it did there.

For a reorganisation proposal, we recommend: align the unitary boundary with the civil-defence region, or provide explicitly for a joint Emergency Management Committee where it is sub-regional; show how mutual aid and the link to the national agency are preserved; and set out how recovery capability and Māori participation in emergency management carry into the new body.

*The full assessment for this function is in the Appendix (section A6).*

[6] Government Inquiry into the Response to the North Island Severe Weather Events, report to the Minister for Emergency Management and Recovery, 26 March 2024. It found New Zealand's emergency management system "not fit-for-purpose" and identified significant gaps, including in recovery; its findings underpin the current reform.

[7] Emergency Management Bill (No 2) (2025), reported back on 5 June 2026 and passed its second reading on 30 June 2026; it has not yet been enacted. When enacted it replaces the Civil Defence Emergency Management Act 2002. It was developed in response to the inquiry, strengthens the recovery phase, and requires each Emergency Management Committee to appoint at least one Māori member. (A first Emergency Management Bill was discharged on 8 May 2024.) https://www.legislation.govt.nz/bill/government/2025/0236/latest/whole.html

## FIGURE 8 CIVIL DEFENCE AND EMERGENCY MANAGEMENT: WORKED SUMMARY

# 6 Civil defence and emergency management

Where should this function sit? · Module C worked summary

Where the tests point

**Stays regional, within the national network, which is what the reform itself retains. Where the unitary authority matches the civil-defence region, joint-committee governance simplifies into one accountable entity.**

### Module A · the five-axis profile

| | | |
|---|---|---|
| **Scale** | **Medium** | Coordination, controllers and systems gain from regional scale; local delivery stays local. |
| **Geography** | **Regional + national** | The natural unit is the civil-defence region plus the national system; emergencies cross boundaries. |
| **Expertise** | **Medium to High** | Controllers, recovery managers and emergency-management professionals are scarce below regional scale. |
| **Spillover** | **High** | One region's event draws on its neighbours and the centre; mutual aid is essential. |
| **Deliverability** | **Reform in train** | The Emergency Management Bill keeps the regional basis and renames the group a committee. |

### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| PASS | FAIL | FAIL | OPTION | FAIL |
| The reformed system keeps the regional basis; Castalia finds the function mostly appropriately allocated. | For delivery: response and recovery are place-based; the national layer already sits with NEMA. | A sub-regional unitary authority splits the civil-defence region and thins scarce capability. | How it already works: mutual aid by design; shared controllers and operations-centre capability. | National coordination and the national plans are already national. |

### What would move the answer

1. Whether the unitary authority boundary matches the civil-defence region: match it, or provide explicitly for a joint Emergency Management Committee.
2. Mutual aid and national coordination persist regardless of structure; a proposal should not imply a unitary authority internalises them.
3. Recovery capability and its funding must be protected through the transition; major-event recovery rests on a Crown cost-share.

### Main risk flags

Boundary mismatch (the dominant risk) · loss of mutual-aid coordination · recovery-capability strain · transition disruption while the Bill beds in

## 2.7 Regional economic development

### *Key points for elected members*

Economic development is a territorial function, not a regional-council one. It exists to grow local business activity, jobs and household prosperity, and the council tier that holds the relationship with local business and the main levers that shape it (land use, local infrastructure, town centres, district consenting) is the territorial authority. Regional councils hold some relevant levers through their resource-management and transport roles, but the levers that most directly drive local economic activity are territorial. For a reorganising region, the answer is simple: economic development should pass to any new unitary authority, or should be split across the new entities if a region forms more than one.

This is a function most regional councils already treat lightly. Several do no direct economic development at all, one has recently closed its agency, and where a regional council does fund the function it is well under one percent of its spending. The agencies that do exist are usually owned by territorial authorities or by trusts, not by the regional council. So this is not a large or settled regional function that reorganisation puts at risk. Where regional councils are involved today, it is usually because territorial boundaries are too small to match the economic unit; an amalgamation at economic-unit scale removes that rationale.

The one substantive point is about who pays. A regional council that funds economic development spreads the cost across a wide regional rate base for benefits that are largely local, and for fiscal upside (a growing business and household rating base) that accrues mostly to the territorial authority. A regional council does capture some of that growth through its own rates, but proportionately far less than the territorial authority. That is a fiscal equivalence mismatch, and a unitary authority improves the alignment, because it holds the territorial role and can fund economic development on the proper basis.

Because the function is thin and often duplicated across regional, sub-regional and district agencies, reorganisation is an opportunity to rationalise it, not a risk to guard against. Keeping economic development close to the communities it serves matters most.

*The full assessment for this function is in the Appendix (section A7).*

## FIGURE 9 REGIONAL ECONOMIC DEVELOPMENT: WORKED SUMMARY

7

# Regional economic development

Where should this function sit? · Module C worked summary

Where the tests point

**A territorial function, not a regional-council one. It passes to the new unitary authority, or is split across the new entities if more than one is formed. No separate regional tier is needed.**

### Module A · the five-axis profile

| | | |
|---|---|---|
| **Scale** | Low | Relationship and convening work; a larger entity buys little. |
| **Geography** | Low (the place) | The natural unit is the place or community; benefits are local. |
| **Expertise** | Low to Medium | Some specialist investment-attraction skills; not scarce, fragile capability. |
| **Spillover** | Low to Medium | Local delivery has low spillover; wider economic geography is a coordination point, not a delivery tier. |
| **Deliverability** | Easy | Discretionary, asset-light, under the general power of competence; passes by internal design. |

### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| FAIL | FAIL | PASS | OPTION | FAIL |
| As a regional-council function it fails who-pays: wide regional rates for largely local benefits. | Place-based; central government runs its own regional-development settings separately. | Where the relationships, the main levers and most of the fiscal return sit; under Head Start, the new unitary authority. | Territorial authorities jointly, for a genuine region-wide investment-attraction story. | No sub-component has a national scale or spillover case. |

### What would move the answer

1. Whether the region has a genuine economic story at scale (investment attraction, a regional brand, a cross-district cluster): if so, a single shared agency makes sense.
2. Reorganisation is the moment to rationalise duplication across regional, sub-regional and district agencies.
3. Keep the fiscal basis honest: fund economic development where the fiscal return accrues.

### Main risk flags

A thin, discretionary function (well under one percent of spend where it exists) · local voice used to shield duplication · labour markets and economic geographies that cross council boundaries

## 2.8 Maritime navigation

### *Key points for elected members*

Maritime navigation is a regional delivery function that sits inside an established national framework. Reorganisation under Head Start should change little about it.[8] RUAs appoint the harbourmaster, make navigation-safety bylaws, provide local navigation aids, and hold the regional marine oil-spill plan and response. Maritime New Zealand sets national standards and certification and leads the national tier of the oil-spill response. This split of responsibility already works, and nothing in it needs to move.

For a reorganising region the function passes to whatever entity results, (probably a new unitary authority). RUAs can also share the delivery of maritime navigation functions through a joint arrangement. One limit applies, however: the power to appoint the harbourmaster and make navigation bylaws stays with a council or other authorised public body and cannot be handed to a council-controlled organisation (CCO). What matters is that the harbourmaster and navigation safety capability are held at the harbour and regional scale, under the national standards.

The one practical question is for small regions. Harbourmaster and navigation-safety expertise is scarce, and a small reformed entity may not sustain it alone. A shared harbourmaster, or shared navigation safety capability across neighbouring entities, is a sensible option where that is the case.

*The full assessment for this function is in the Appendix (section A8).*

[8] Department of Internal Affairs, Simplifying Local Government / Head Start pathway, May 2026: councils may propose to merge regional and territorial functions into unitary authorities, with outline proposals due 9 August 2026. https://www.dia.govt.nz/simplifying-local-government

## FIGURE 10 MARITIME NAVIGATION: WORKED SUMMARY

8

# Maritime navigation

Where should this function sit? · Module C worked summary

Where the tests point

**A regional delivery function inside the established Maritime New Zealand national framework. Reorganisation changes little; nothing material moves.**

### Module A · the five-axis profile

| | | |
|---|---|---|
| **Scale** | **Low to Medium** | The scale-sensitive elements (standards, certification, national oil-spill tier) already sit with Maritime New Zealand. |
| **Geography** | **Medium** | The natural unit is the harbour and the regional coastline; contained and fairly definite. |
| **Expertise** | **Medium to High** | Harbourmasters and navigation-safety specialists are scarce; fragile in a very small entity. |
| **Spillover** | **Medium** | Local effects contained to a harbour or coast; national spillovers already managed centrally. |
| **Deliverability** | **Easy** | Assigned by the Maritime Transport Act 1994; passes to the resulting entity by internal design. |

### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| **PASS** | FAIL | **CONDITIONAL** | **OPTION** | FAIL |
| The harbour-scale footprint is the right unit and the capability already sits there. | The national elements are already held centrally; nothing material is left to lift. | The Act allows a harbourmaster for a particular port, harbour or waters; expertise, not geography, is the binding constraint. | A shared harbourmaster or shared navigation-safety capability across small neighbouring regions. | Standards, certification and the national oil-spill tier are already central. |

### What would move the answer

1. The reserved statutory decisions (appointing the harbourmaster, making navigation bylaws) stay with a council or authorised public body; they cannot go to a CCO.
2. Where the successor council owns the port company, protect the harbourmaster's reporting lines and enforcement decisions by design.
3. The function's size varies sharply by region: a major port region carries a substantial function, others very little.

### Main risk flags

Port-ownership conflict of interest (managed by design) · scarce harbourmaster expertise in small entities

## 2.9 Regional parks and community facilities

### *Key points for elected members*

Seven councils hold regional park estates, and six of the seven are regional councils (as opposed to Unitary Authority). These include Greater Wellington, Environment Canterbury, Hawke's Bay, Bay of Plenty, Horizons and Taranaki. Only Auckland holds its regional parks as a unitary authority.[9] Many of these parks span more than one district, serve region-wide recreation and conservation, and are tied to the council's wider work. Environment Canterbury's 15,000-hectare Waimakariri River Regional Park, for example, began as river-protection land.[10] While not all regions own parks, for the regions that do, this is a real function with real assets.

The 2025 Castalia report reached a clear answer: regional parks should sit with the regional or unitary authority where the assets span districts, with strong alignment between who benefits and who pays, and territorial delivery considered only where it is genuinely more efficient for a localised asset.[11] Under Head Start a unitary authority holds both the regional and district roles, so it naturally holds the regional parks together.[12] The real risk from reform is that a sub-regional reorganisation splits a regional park network across a new boundary, or separates a park from the flood, catchment or biodiversity management it is part of.

Reallocating a park is not a simple administrative act. Park land is often held under the Reserves Act[13] or a perpetual-protection order under the Local Government Act,[14] may be subject to statutory trusts, management plans, leases and mana whenua partnerships, and any transfer follows a statutory process. A Head Start proposal that moves a park should work through these asset by asset.

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[9] Castalia, *Functions of Regional and Unitary Councils in New Zealand* (report to Te Uru Kahika, 2025), the descriptive baseline for this paper; regional parks and community facilities are covered in its sections 2.8 and 4.8.

[10] Environment Canterbury, Waimakariri River Regional Park (approximately 15,000 hectares), which originated as river-protection land.

[11] Castalia, *Functions of Regional and Unitary Councils in New Zealand* (report to Te Uru Kahika, 2025), the descriptive baseline for this paper; regional parks and community facilities are covered in its sections 2.8 and 4.8.

[12] Department of Internal Affairs, Simplifying Local Government / Head Start pathway, May 2026: councils may propose to merge regional and territorial functions into unitary authorities, with outline proposals due 9 August 2026. https://www.dia.govt.nz/simplifying-local-government

[13] Reserves Act 1977, under which much park land is classified, held and managed, including reserve classification and management-plan requirements. https://www.legislation.govt.nz/act/public/1977/0066/latest/whole.html

[14] Local Government Act 2002, ss 138-139: section 138 restricts the disposal of a park, and section 139 provides for regional park land owned by a regional council (and subject to the Reserves Act 1977) to be protected in perpetuity by Order in Council, with a special consultative procedure before any disposal. https://www.legislation.govt.nz/act/public/2002/0084/latest/DLM172958.html

*The full assessment for this function is in the Appendix (section A9).*

# FIGURE 11 REGIONAL PARKS AND COMMUNITY FACILITIES: WORKED SUMMARY

9

## Regional parks and community facilities

Where should this function sit? · Module C worked summary

Where the tests point

**For regions that hold regional parks, the tests point to the regional or unitary authority where assets span districts, applied asset class by asset class from a regional starting point.**

### Module A · the five-axis profile

| | | |
|---|---|---|
| **Scale** | **Low to Medium** | Operations are local; network strategy, conservation and asset management across a regional estate carry some scale. |
| **Geography** | **Medium to High** | Regional parks commonly span more than one district and follow a river, coast or ecological network. |
| **Expertise** | **Medium** | Conservation, ecological and asset-management capability for a regional estate. |
| **Spillover** | **Medium** | Benefits contained within the region but crossing district lines; public goods included. |
| **Deliverability** | **Moderate** | Reserves Act and LGA s 139 protection, trusts, management plans and mana whenua arrangements gate any reallocation. |

### Module B · five destinations, run as tests

| Stay put | Move up | Move down | Share it | Lift a piece |
|---|---|---|---|---|
| PASS | CONDITIONAL | CONDITIONAL | OPTION | FAIL |
| For region-spanning assets: parks that span districts and serve a regional network sit with the RUA. | The Crown (DOC) can be the better home for a park whose conservation value is of national significance. | Right for a genuinely localised park, or where territorial delivery is more efficient. | Specialist capability shared; operations contracted or territorially delivered while ownership stays regional. | No sub-component has a national scale or spillover case. |

### What would move the answer

1. Whether the asset spans districts: the evidence test is visitor catchment, districts served, ecological or hazard-network function, and delivery cost.
2. The statutory gates: Reserves Act classification, LGA s 139 protection, trusts, management plans and mana whenua partnerships, asset by asset.
3. Do not separate a park from the flood, catchment or biodiversity management it is part of.

### Main risk flags

Splitting a regional park network across a new boundary · separating a park from the underlying regional function · a wide-serving park left on a thin sub-regional rate base

# 3 Existing Unitary Authorities: what the evidence tells us

New Zealand already has five councils that hold regional and territorial functions in a single entity: Gisborne, Marlborough, Nelson, Tasman and Auckland. They are the only direct evidence of what happens when the two tiers are combined. This section states the lessons; **Appendix B** sets out the full evidence behind each of them, including interviews with senior council staff in July 2026.

“Unitary authority” is one label for several models, from Gisborne's single tier, through community boards and advisory groups, to statutory local bodies with their own funding. The right variant is the one that reflects local voice for the region's geography and demography. Treaty settlements attach to the entities that exist today, and any reorganisation must carry them forward with equivalent effect.

**TABLE 4: UNITARY AUTHORITIES IN NEW ZEALAND**

| Unitary authority | Unitary since | Popn. | Geography | Governance model | Standout lesson |
|---|---|---|---|---|---|
| Gisborne | 1989 | ~51,500 | Large, remote, one small urban centre | Single tier; Māori wards, no community boards | A full range of functions, but resourcing challenges when facing major weather and emergency events |
| Marlborough | 1992 | ~52,000 | Bounded, low cross-boundary spillover | Single tier; wards + advisory groups | Integration takes years and sustained political commitment; role clarity must be built |
| Nelson | 1992 | ~54,000 | Smallest by area; compact city | Single tier; Māori ward | A small unitary authority can share or buy in regional capability |
| Tasman | 1992 | ~58,000 | Dispersed; shares a catchment and city with Nelson | Single tier; wards + community boards | Coordination with neighbouring Nelson working reasonably well (without a merger, for 30 years) |

| Unitary authority | Unitary since | Popn. | Geography | Governance model | Standout lesson |
|---|---|---|---|---|---|
| Auckland | 2010 | ~1.7m | Single dominant urban core | Two tier; 21 local boards + CCOs | Single voice is real. No strong evidence for cost savings |

The five span almost the full range of New Zealand local government, from a compact city of 54,000 people to a metropolis of 1.7 million, and they are not one model but several. A lesson from Auckland's metropolitan consolidation does not transfer cleanly to a sparse rural region.

### *Benefits of one voice, single balance sheet and internal coordination*

Three benefits are real, and a coordinating board of mayors can reproduce none of them. A unitary authority can speak to central government with one voice, as Auckland does through a single plan and a single mayor. A single balance sheet can carry investment that separate councils would struggle to fund. And an emergency response mobilises faster inside one organisation: in Gisborne, flood warning, building assessment and incident management sit in-house, and the council stood up its incident management team 72 hours before Tropical Depression 5F made landfall.

### *Financial savings unproven*

The savings case is unproven. The councils that amalgamated claim savings; no independent measurement supports them. Auckland's promised post-implementation review was never completed. Marlborough projected savings of roughly $400,000 to $700,000 a year when it was established in 1992, and no one has measured the outcome since, though its staff regard the savings as real. The one neutral national study, the Infrastructure Commission's 2022 work on cost efficiency, found that council size neither raises nor lowers cost efficiency. A region should justify a unitary authority on coordination, capability and a single voice, and treat cost savings as a hope rather than a case.

### *No evidence of change in Treaty settlement or Māori outcomes from unitary council structure*

The record is also silent on Māori outcomes: no published assessment examines settlement implementation or kaupapa Māori outcomes under a unitary structure (Appendix B).

### *Resourcing challenges for small unitary authorities*

Holding a function is not the same as resourcing it well. Gisborne held the full regional regulatory function while a Ministerial Inquiry found it under-resourced. Small unitary authorities sustain specialist capability by sharing it or buying it, not by owning it, and a reorganisation that creates more small entities should expect the same, although the breadth of unitary work can help attract specialist staff.

### *Coordination can replicate benefits of mergers*

Coordination does not require a merger. Nelson and Tasman share catchments, an urban area and major infrastructure, and have coordinated through joint committees and jointly owned business units for thirty years, twice declining to merge. What joint arrangements cannot deliver is a single political voice or a merged balance sheet: those are genuinely unitary benefits.

### *Reform coinciding with new planning obligations creates risks*

The hardest lesson is timing. Marlborough's integration succeeded, and it still took six to seven years with unanimous political commitment behind it. Auckland needed purpose-built machinery twice: a Royal Commission and a transition agency for the merger, then a legislated independent hearings process for its first combined plan. Running a reorganisation and the first-generation plans under the new planning system at the same time is the material risk, and a proposal should say how the two will be sequenced.

# Appendix A: Detailed function assessments

This appendix carries the full assessment behind each function summary: the function in context, the five-axis profile, the five destinations run as tests, the local voice and accountability test, and the funding and asset questions.

# A1. Flood warning and flood management: the detailed assessment

## Where the test points, and what would move it

**For most regions, the tests point to delivery at the regional or catchment scale. The destination is conditional on the proposed reorganisation, not a single national answer, and two conditions would change the destination.**

A 2025 Auditor-General review of flood protection at Waikato Regional Council and Tasman District Council found the regional council had good asset information, catchment-wide planning and a systematic way of prioritising investment, while Tasman, which runs flood protection inside a general-purpose council, managed it less well.[15] The Hawke's Bay Independent Flood Review reached a similar view after Cyclone Gabrielle, calling for flood management organised around the whole catchment.[16]

There are two key issues that influence how a region should position flood management:

1. **River system integrity under the proposed boundary.** The binding unit is the geographical boundaries of the river system and its flood scheme. Head Start frames this as catchment-preservation (DIA, May 2026, page 6); the operational test is whether a boundary keeps a river system and its scheme whole. Where it does, scheme-level delivery can sit at catchment or river-scheme scale. Where a boundary would split a river system or its scheme, that is the case the rule exists to prevent, and the condition is binding and must be tested explicitly.
2. **Rate-base sufficiency for the flood assets the new region inherits.** If the reform leaves a community on a base that cannot credibly carry its scheme, the funding-geography decision shifts toward regional pooling, or, in residual cases, a bespoke Crown contribution (the Wairoa, Westport, Hawke's Bay pattern following cyclones and flooding events).

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[15] Controller and Auditor-General, *How Tasman District Council and Waikato Regional Council mitigate flood risk*, tabled December 2025. The review found Waikato Regional Council had sound asset information, catchment-wide planning and a systematic process for prioritising investment, while Tasman District Council's understanding of its flood-asset condition and its asset-management processes were weaker. https://www.oag.parliament.nz/2025/flood-protection/

[16] *Report of the Hawke's Bay Independent Flood Review*, July 2024: the independent panel's review of flood management after Cyclone Gabrielle, which recommended re-imagining flood management around the whole catchment ("Making Room for the River") and a more sustainable funding model. https://www.hbrc.govt.nz/assets/Document-Library/Cyclone-Gabrielle/Report-of-the-Hawkes-Bay-Independent-Flood-Review-Digital-Version.pdf

A third question is about funding. Does the region treat flood management as a catchment service, paid for by the people it protects through targeted rates, or as a region-wide service paid for from general rates? The answer drives the who-pays test in the local voice and accountability section below and the funding analysis in the funding-geography section below. It does not change where the function sits.

People often raise the issue of councils consenting their own works, and accountability for those decisions for flood management. This can be dealt with as a matter of design, and it does not change where the function sits. A council that consents its own flood works already manages this through independent commissioners under the RMA. The remaining compliance question is small, and the local voice and accountability section below sets it out.

The sections below test these conditions. For most regions the answer is to keep the river system whole, keep the regional leadership work at scale, and state the funding position honestly. If river system integrity or the rate base changes, the destination or the funding model shifts, as the function-profiling and funding-geography sections below describe.

## The flood warning and management function in context

Head Start is the pathway this paper applies the framework to: it is how a group of councils can propose to merge into a single unitary authority. This paper asks where the flood-management function should sit when a region reorganises that way, and which sub-components, if any, should move. Two further reforms shape that answer once a region is inside the pathway: the new planning system that replaces the RMA, and a signalled national compliance and enforcement regulator. Beyond the reforms, flood management has its own institutional context: existing central bodies, national science capability, the unsettled adaptation framework, and the local-authority functions it interfaces with. A toolkit user needs all of this before applying the test.

### Head Start: the reorganisation pathway

End state: unitary authorities formed by bespoke legislation, combining the regional and district functions of a region in one entity. Integration of the flood function with the regional spatial plan therefore happens inside the unitary authority, not at a separate body; the November 2025 “combined territories boards” construct was dropped after consultation, and the May 2026 DIA document does not name it. The interim body that replaces regional councils from 2028 (a board of mayors, Crown commissioners, or a hybrid) is to be confirmed in 2027. Two rules in the guidance bear directly on flood management: the catchment-preservation rule (more than one unitary authority in a region is unlikely to be approved if it fragments catchment management, page 6), and the requirement that outline proposals explain how river catchment management will be maintained and propose interim arrangements for new-planning-system compliance and enforcement until Government decisions are made (page 11).

## Reform one: the new planning system

The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Enactment is intended late 2026.[17] They replace more than 100 plans and policy statements with around 17 combined plans, one per region. Each combined plan brings together a regional spatial plan, a natural environment plan and a land-use plan for each district, made by their respective authorities. The spatial plan sits at the top of the hierarchy, and lower-order plans and consent decisions must give effect to it. For flood management, the operative national direction is the National Policy Statement for Natural Hazards 2025,[18] in force from 15 January 2026: it governs land-use decisions in hazard areas through a risk matrix, requiring very high risk to be avoided. The NPS-NH has an important boundary. It governs whether development is allowed in a flood-prone area; but it does not set the level of protection a flood scheme must provide, which remains a regional service-level choice. It also excludes infrastructure and primary production from its scope.

## Reform two: a signalled national compliance and enforcement regulator

On 24 March 2025, alongside the RMA Expert Advisory Group report, Cabinet signalled a national compliance and enforcement regulator with a regional presence, to take over RMA compliance and enforcement it judged regional councils were doing inconsistently.[19] It was explicitly held to a separate legislative process. It is not in either December 2025 Bill, and on current public sources it is signalled but not drafted; under the Bills as introduced,

[17] Planning Bill (235-2, 2025) and Natural Environment Bill (234-2, 2025). The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Enactment is intended late 2026. Planning Bill: https://www.legislation.govt.nz/bill/government/2025/0235/latest/whole.html; Natural Environment Bill: https://www.legislation.govt.nz/bill/government/2025/0234/latest/whole.html.

[18] National Policy Statement for Natural Hazards 2025; notified 18 December 2025, in force 15 January 2026 (Ministry for the Environment). https://environment.govt.nz/publications/national-policy-statement-for-natural-hazards/

[19] National compliance and enforcement regulator signalled by Cabinet on 24 March 2025 alongside the RMA reform announcement; not in the December 2025 Bills, and the Government is taking advice on whether to establish one (Ministry for the Environment). https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/rmreform/

compliance and enforcement stays with regional councils, with the EPA given an option to undertake some enforcement.

What this means for flood management is undefined in the public record. This gap creates an important distinction. RMA compliance covers the environmental effects of consented activities, which could include the effects of flood works under their resource consents. But the flood-protection function itself, which includes owning and operating stop banks and river works, sits largely under the Soil Conservation and Rivers Control Act 1941[20] and the Local Government Act, not the RMA. So we can infer that the proposed national regulator will not address these functions. Even if the regulator proceeds, it would most plausibly capture the RMA-effects compliance of flood works, not the flood-protection function as a whole. We are inferring this from the Government's policy announcements because there is no specific detail; this paper flags it as an open question rather than a settled outcome, and a Head Start proposal should propose its own interim compliance arrangement rather than assume the regulator.

## Context specific to flood management

Four institutions in flood management are important. They shape where the function should sit and how it interfaces with bodies outside the council.

- **Existing central body.** The Natural Hazards Commission Toka Tū Ake (the renamed Earthquake Commission, under the Natural Hazards Insurance Act 2023,[21] in force 1 July 2024) is the closest central body overseeing natural hazards. Its remit is residential natural-disaster insurance, now covering flood, storm, and landslip damage as well as earthquake, with land and clean-up contributions. It has no role in flood-protection infrastructure: it is an insurer and claims body, structurally distinct from the regional flood-protection asset function.
- **National science capability.** Earth Sciences New Zealand (the 1 July 2025 merger of NIWA and GNS) operates the Aotearoa Flood Awareness System, with hourly forecasts for around 60,000 river reaches. This is national system of support, but does not have a statutory designation.
- **Emergency response. Civil-defence emergency management coordinates the response to a flood emergency, with the National Emergency Management**

[20] Soil Conservation and Rivers Control Act 1941. https://www.legislation.govt.nz/act/public/1941/0012/latest/whole.html

[21] Natural Hazards Insurance Act 2023 (in force 1 July 2024); the Earthquake Commission became the Natural Hazards Commission Toka Tū Ake. https://www.legislation.govt.nz/act/public/2023/0001/latest/whole.html

**Agency holding the national layer. The boundary between flood management (this paper) and flood-event response is set out in Appendix A6.**

- **Climate adaptation and managed retreat.** The National Adaptation Framework (17 October 2025)[22] sets a 20-year transition ending in 2045, after which the Crown will not fund property buyouts in high-risk areas, on a beneficiary-pays basis; near-term cost-sharing was deferred past the 2026 election. There is no standalone Climate Adaptation Act. The funding-geography section below develops what this means for flood-asset funding.
- **Interfacing local-authority functions.** Land-use planning (now under the Regional Combined Plan, bound by NPS-NH for development control), local land drainage (TLA and drainage-district networks downstream of regional schemes), and urban stormwater (a territorial function regulated by Taumata Arowai). When we apply the test on a combined-picture test it does not change our assessment of the destination but highlights that integration under a Regional Combined Plan will be important.

## Profiling the function and testing the options

The framework is applied in two stages (as set out in our Interim Framework Note, 18 June 2026): a five-axis diagnostic profile (Module A) that places the function, and an assessment of the five destination options (Module B) that points to the answer.

### Module A profile: flood management

**TABLE A.1: MODULE A PROFILE: FLOOD MANAGEMENT**

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Low** | Stop banks, river works, and drainage are physical and distributed; cost tracks asset length and area, not entity size. A larger council does not make a kilometre of stop bank cheaper. |
| 2. Geography | **High** (footprint: catchment or river-scheme / regional catchment) | Flood risk is managed over watersheds; RUA boundaries were drawn to catchments; strong scope gains from bundling flood management with river, soil, and water-quality work. |

[22] National Adaptation Framework, released 17 October 2025: a 20-year transition to a beneficiary-pays model, with Crown property buyouts in high-risk areas ending in 2045 (Ministry for the Environment). https://www.beehive.govt.nz/sites/default/files/2025-10/New%20Zealand-National-Adaptation-Framework.pdf

| Axis | Band | One-line basis |
| --- | --- | --- |
| 3. Expertise | **Medium to High** | Specialist hydrology and flood engineering plus deep local system knowledge; sustainable at regional scale, fragile below it. Experienced river engineers cannot be bought off the shelf; split the team and the depth is gone. |
| 4. Spillover | **Low to Medium** | Effects largely contained within the catchment, so targeted rates on benefiting landowners give close fiscal equivalence. But some regions (for example Environment Southland) treat flood management as a region-wide benefit and fund it from general rates, and a major flood in one catchment can have economic and transport effects in another. The band is a regional evidence question. |
| 5. Deliverability *(gate)* | **A move is hard to deliver** | Flood functions are assigned to RUAs by statute (Soil Conservation and Rivers Control Act 1941; Land Drainage Act 1908; LGA 2002). Inside a Head Start proposal, bespoke legislation is available; staying put needs no change and is the most deliverable answer. National direction is now in force through the NPS-NH 2025, which binds land-use decisions in flood-hazard areas (though not the level of protection a scheme provides). |

Every part of the profile points to delivery at the catchment or regional scale, where the capability already sits. Nothing suggests flood management should be elevated to a level above the region. It can sit below the region too: physical schemes are built around catchments and already run at catchment or river-scheme scale, so at that level the question is how to design the entity and its balance sheet. Delivery at catchment or river-scheme scale is possible.

## Assessing the five options

**Stay put.** Passes for most regions.[23] There is no gap at the current allocation that a different footprint would fix; the one real weakness, asset funding, can be fixed in place. The

[23] The 2025 Castalia report to Te Uru Kahika assessed flood functions as appropriately sitting with regional and unitary authorities (Table 4.1), with an "Accountability Gap" flag for the own-works conflict discussed in the local

catchment-preservation rule in the Head Start guidance supports staying put, and the NPS-NH 2025 already binds land-use decisions in hazard areas.

**Move up.** Fails. There are no scale gains above the region, the natural footprint is the catchment, and most effects stay within it. There is no evidence for moving flood management to a bigger body for efficiency.

**Move down (to a catchment or river-scheme entity).** Conditional, and viable with safeguards. Physical river and drainage schemes are already delivered and funded at catchment or river-scheme scale through targeted rates, ring-fenced scheme reserves and scheme advisory groups; the Rangitāiki-Tarawera scheme in the Bay of Plenty (the region's largest, around $205m of assets per BOPRC's annual report asset note, reflecting the recently completed $50m floodway upgrade, and funded by around 8,000 targeted ratepayers)[24] is the worked example. So scheme-level delivery, funding and governance can devolve to a catchment or river-scheme entity or a delegated catchment board. Several conditions attach: the river system must be kept whole; the regional leadership layer (hazard modelling, design standards, catchment-wide prioritisation, specialist science) must be retained at scale or shared; the balance-sheet and fiscal-risk design must be careful, because a single balance sheet behind nested entities carries moral-hazard and soft-budget risks that need structural safeguards; the legal vehicle must be specified, including who owns the assets and debt, who holds the rating power, who employs the staff, and how the entity is bound to the regional plan, since creating it needs enabling legislation under a Head Start reorganisation; and where the catchment carries a statutory co-governance body, such as the Rangitāiki River Forum, the delivery entity must be designed to work with it rather than around it. What fails is fragmenting the river system itself, or pushing the specialist leadership layer below a sustainable scale.

**Share it (shared service).** A sensible *delivery* option for specialist hydrology, modelling, and warning systems in smaller post-reorganisation regions, where a single small entity could not sustain the team. Captures the expertise economy without moving the function. Recommended as an option, not a requirement. The sector already shares nationally at scale: the regional councils' joint flood-warning and asset-management workstreams coordinate methodology and systems across the sixteen regional and unitary authorities. That

voice and accountability section. The interpretation here is consistent with that analysis; the citation is context rather than load-bearing.

[24] Rangitāiki–Tarawera scheme: asset value from Bay of Plenty Regional Council's annual report asset note; the approximately $50m floodway upgrade and approximately 7,990 targeted ratepayers from BOPRC public scheme disclosures.

coordination is workable at sixteen entities; across a much larger number of entities it would be a major undertaking.

**Lift a piece.** Modest. Consenting of a council's own works is already handled through independent commissioners, so there is little to lift there. The one open question is RMA compliance and enforcement on own works, which the signalled national regulator would absorb if it proceeds (as general RMA compliance, not a flood-specific lift). The flood-protection function itself stays regional. Treat a national compliance lift as a possible future, not an assumed destination.

## Risks of moving, splitting, or sharing this function

- **Capability fragmentation.** Splitting the specialist leadership layer (hydrology, modelling, design standards) to bodies at catchment or river-scheme scale thins scarce expertise below a sustainable team size. Scheme-level delivery can sit at catchment or river-scheme scale; the modelling and standards layer should not.
- **River system fragmentation.** A reorganisation boundary that cuts a river system splits the natural unit and the upstream-downstream management it needs. The Government's Head Start guidance is explicit against fragmenting catchment management (May 2026 doc, page 6). The case does not rest on the guidance: hydrology makes upstream and downstream management inseparable, so catchments stay whole on the merits. If the guidance changed, the case would not. The practical consequence is an increased risk of service failure — flooding.
- **Loss of scope economies.** Flood management, river management, soil conservation, and water-quality work share staff and data; separating them loses the bundle. The regional sector's own Climate Group analysis (June 2026) makes the same case from the other direction: one flood-risk model can inform river management, infrastructure resilience, district planning, emergency management and adaptation planning at once, so a reorganisation that fragments these functions forgoes a scope economy the sector has itself identified.
- **Balance-sheet and insurability.** Flood assets are long-lived liabilities that grow with climate risk. Scale and a diverse asset base support affordable insurance and a balance sheet that can carry renewals. A small entity holding a few high-value schemes is exposed. (Module E to quantify.)
- **Fiscal risk in nested entities.** Where scheme delivery sits with a catchment or river-scheme entity inside one balance sheet, an imprudent local decision is not contained locally; moral-hazard and soft-budget risks need structural safeguards (ring-fenced

reserves, prudential limits, statutory anchoring), of the kind council river schemes already use.

- **Stranded assets on a thin base.** The unsustainable-assets case, developed in the funding-geography section below.
- **Transition and people risk.** Moving the function requires legislation and a workforce transition. The deliverability gate counts this against any non-trivial move.

## Local voice and accountability test

The test has three parts, applied to whatever destination the function lands on. For flood management, each gives a different answer.

**Subsidiarity.** Pass. Flood management stays at the catchment or regional level, the closest level that can deliver it well. The Head Start catchment-preservation rule says the same thing.

**Accountability.** Pass, with one caveat. The conflict often raised for flood management, a council consenting and policing its own flood works, is largely managed already: consenting of a council's own works can be put to independent commissioners under RMA s 100A,[25] which an applicant or submitter can require for a notified hearing and which councils often use voluntarily to manage the conflict. Two residual points are worth naming. First, compliance and enforcement on a council's own works has no independent-commissioner equivalent, so a council in effect monitors itself; this is the piece a national compliance regulator would absorb if one were established, and is the only part of the own-works question the reform touches. Second, in a unitary authority that combines flood-works delivery with district land-use consenting and plan-making, the same body both builds flood protection and permits the development that relies on it; the NPS-NH hazard-avoidance direction is the national backstop that keeps that discipline honest. Neither point changes the destination; both are design details a proposal should name.

**Fiscal equivalence (who pays).** This is the most important issue for flood management, along with the funding question in the funding-geography section below. Where a scheme is funded by targeted rates on the landowners it protects, those who pay and those who benefit are close to the same people. Where a stop bank protects a small population on a thin rate base, or a region funds flood management from general rates, the who-pays question is open: do the people who benefit, and those whose land use upstream adds to

[25] Resource Management Act 1991, s 100A (independent decision-makers available on request for a notified application proceeding to a hearing). https://www.legislation.govt.nz/act/public/1991/0069/latest/DLM235211.html

the risk, actually carry the cost? A good Head Start proposal states its funding basis plainly and does not dress up a cross-subsidy as the cost of the function. The funding-geography section below sets out the funding risk in detail.

## Where each part of flood management should sit

"Flood warning and flood management" is one function made up of eighteen activities across six groups. The question is not about the whole function. It is about where each activity sits, and the realistic options for each. The options: regional delivery; a shared service across regions; national sharing of methods; wholly central; or integration through the Regional Combined Plan.

### Group A. Knowledge and information layer

**TABLE A.2: GROUP A. KNOWLEDGE AND INFORMATION LAYER**

| # | Sub-activity | First-cut allocation | One-line basis |
|---|---|---|---|
| A1 | Hazard identification and modelling (catchment hydrology, floodplain mapping, climate-loaded design rainfall) | Regional delivery, with formal national methodology-sharing anchored at Earth Sciences NZ | Catchments differ enough that uniform models are a worse fit; methodology and tools benefit from sharing. |
| A2 | Hazard data and real-time monitoring (river gauges, rainfall telemetry, asset condition) | Regional delivery, with national data-sharing | Physical assets are local; the data layer benefits from being national. |
| A3 | Risk-based standards setting (development control versus scheme level of service) | Development-side standard set nationally by NPS-NH 2025; scheme level of service remains a regional choice | NPS-NH binds land-use decisions in hazard areas, not the level of protection a scheme provides. |

### Group B. Warning and response (Appendix A6 carries the response side)

**TABLE A.3: GROUP B. WARNING AND RESPONSE (APPENDIX A6 CARRIES THE RESPONSE SIDE)**

| # | Sub-activity | First-cut allocation | One-line basis |
|---|---|---|---|
| B1 | Real-time forecasting and warning generation | National operational backbone (Earth Sciences NZ / AFAS), plus regional catchment overlay | AFAS provides hourly forecasts for around 60,000 river reaches; operational, not statutorily designated. |
| B2 | Public warning dissemination | Regional, with CDEM interface | Boundary handled by Appendix A6. |

## Group C. Physical works (the heart of the function)

### TABLE A.4: GROUP C. PHYSICAL WORKS (THE HEART OF THE FUNCTION)

| # | Sub-activity | First-cut allocation | One-line basis |
|---|---|---|---|
| C1 | Scheme planning and design | Regional, with shared-service option for design in small regions | Capability economy at regional scale; small regions can share a design team. |
| C2 | Scheme construction (capital works) | Regional | Asset-specific; no scale gain from a larger entity. Fast-track Approvals Act 2024[26] is an alternative pathway for major works. |
| C3 | Scheme operation and maintenance (stop banks, gates, pumps, vegetation, sediment) | Regional, or at catchment or river-scheme scale | Already delivered at scheme scale through targeted rates and advisory groups (the Rangitāiki-Tarawera scheme is the example); |

[26] The Fast-track Approvals Act 2024 provides an alternative consenting pathway for nationally or regionally significant projects, including flood-protection infrastructure. Decisions sit with an EPA-convened expert panel under joint ministers, with the Minister for Infrastructure deciding referral. This is a real bypass of regional consenting for major capital works, but does not change the function’s allocation; it changes the pathway for specific projects. https://www.legislation.govt.nz/act/public/2024/0056/latest/whole.html

| # | Sub-activity | First-cut allocation | One-line basis |
|---|---|---|---|
| | | | devolvable where the river system is kept whole. |
| C4 | River and drainage works (channel maintenance, gravel, willow control, riparian) | Regional, or at catchment or river-scheme scale bundled with C3 | Bundling is the scope economy; scheme-level delivery is viable with careful fiscal design. |

Group C is the scheme-delivery layer. Unlike the knowledge and information layer (Group A), it relates to the catchment and already runs at catchment or river-scheme scale, so it can devolve to a catchment or river-scheme entity or a delegated catchment board where the river system is kept whole and the fiscal-risk design is careful. The leadership functions in Group A (modelling, standards, prioritisation) are the ones that should stay at regional scale.

## Group D. Regulation

### TABLE A.5: GROUP D. REGULATION

| # | Sub-activity | First-cut allocation | One-line basis |
|---|---|---|---|
| D1 | RMA consenting of a council's own flood works | Regional, handled through independent commissioners | Council-as-applicant is a managed conflict; independent commissioners decide. Little to lift. |
| D2 | Compliance and enforcement on consented own works | Regional; the self-monitoring residual would fall to the signalled national CME regulator if it proceeds | No independent-commissioner equivalent for enforcement. Captures RMA-effects compliance only; the flood-protection function sits under SCRCA 1941 and the LGA, outside the RMA CME reform. |
| D3 | Dam safety regulation (Building Act regime) | Already centrally regulated under MBIE Building (Dam Safety) Regulations 2022 | Regulations cover classifiable dams (4m+ height and 20,000m$^3$+ stored fluid). Stop banks are explicitly excluded |

| # | Sub-activity | First-cut allocation | One-line basis |
|---|---|---|---|
| | | | under Building Act s7; engineering design standards apply to flood-protection assets through professional practice rather than a specific regulatory regime. |

## Group E. Planning integration (with TLAs and the new planning system)

### TABLE A.6: GROUP E. PLANNING INTEGRATION (WITH TLAS AND THE NEW PLANNING SYSTEM)

| # | Sub-activity | First-cut allocation | One-line basis |
|---|---|---|---|
| E0 | Influence on the Regional Combined Plan from a flood-risk perspective | Regional council technical input through the 2028 term; under Head Start, integration lands inside the unitary authority | The integration question lands inside the unitary authority, not at a separate body. Interim 2028-onward governance is unsettled. |
| E1 | Flood-risk content of district land-use components, now subsumed into the Combined Plan | TLA input within the Combined Plan, bound by NPS-NH | Stronger interface than the current arrangement; binding under the new planning system. |
| E2 | Climate adaptation planning, including managed retreat | Regional, within a national policy framework that is still settling | NAF 2025 sets a 2045 endpoint; no Climate Adaptation Act. Developed in the funding-geography section. |

## Group F. Resourcing and asset stewardship

### TABLE A.7: GROUP F. RESOURCING AND ASSET STEWARDSHIP

| # | Sub-activity | First-cut allocation | One-line basis |
|---|---|---|---|
| F1 | Funding and rating design (targeted, general, regional pooling, Crown residual) | Regional decision; Crown residual for reform-stranded communities | Evidenced by Wairoa, Westport, Hawke's Bay; developed in the funding-geography section. |
| F2 | Asset and liability management (balance sheet, depreciation, insurance, climate-loaded renewal) | Regional, with a case for inter-regional pooling on insurance | Scale supports affordable insurance. Module E to quantify. |
| F3 | Community engagement and resilience advice | Regional and local | Local audience, regional capability. |

**Lifting to central summary.** On the evidence, case for lifting up to central government is modest. Consenting of own works (D1) can be put to independent commissioners under RMA s 100A. The one genuine open question is compliance and enforcement on own works (D2), which would fall to the signalled national regulator if it proceeds, as general RMA compliance rather than a flood-specific lift, and is not yet drafted. A3's development-side risk standard is already set nationally by the NPS-NH. A1 and A2 sit best with national methodology-sharing and data-sharing rather than a wholesale lift; catchment specificity argues against centralising the operation. The regional sector's Climate Group reaches the same conclusion on shared modelling and data (joint procurement of hazard datasets, shared tools, pooled specialist capability), and the distinction holds: the economy is in sharing the tools and data rather than centralising delivery. Dam safety (D3) runs under a national regime administered by regional authorities, and excludes stop banks.

## Funding geography, unsustainable assets, and where managed retreat meets them

Some flood-protection assets still serve a real function but sit on a rate base that may not credibly carry them as they age and climate loadings rise.

The pattern is forward-looking as well as historical. **Wairoa** received $70m of Crown funding for flood mitigation, explicitly to avoid the need for Cat-3 buyouts; **Westport** received a $22.9m Resilient Westport package with partial relocation onto Pāmu land; **Hawke's Bay** received around $556m post-Cyclone Gabrielle across several purposes (flood works, transport and land buyouts), with the 50/50 Crown/council split applying to the Category 3 residential buyouts rather than the whole package.[27] Each was a bespoke Cabinet decision through a Crown Funding Agreement. There is no formula, no statutory trigger, and no settled framework. The National Adaptation Framework (17 October 2025) sets a 20-year transition ending in 2045, after which the Crown will not fund property buyouts in high-risk areas; hardship support continues but is no longer tied to property value. Near-term cost-sharing decisions were explicitly deferred past the 2026 election. There is no Climate Adaptation Act.

**The forward risk under Head Start.** A reorganisation that reshapes a region's rate base can create new versions of the Wairoa or Westport problem. The Head Start catchment-preservation rule prevents some of the worst cases (fragmented catchments), but it does not address the case where a sub-regional unitary authority absorbs a community whose flood assets are large relative to its share of the rate base. For reorganisation proposals, the asset-funding test should be applied explicitly: name each material flood-protection asset, identify the rate base after reorganisation, and state whether the rate base is sufficient or whether a wider funding base (regional pooling, or, in residual cases, a bespoke Crown contribution) is needed.

**The cost of disclosing risk.** Naming a high-risk asset honestly is costly. A region that surfaces a single high-risk area for the asset-funding test may face cross-subsidy claims from other parts of the region, and over time may find itself carrying a reform-imposed obligation it did not have before. But a region that hides the problem leaves itself exposed to a Wairoa-style outcome when the asset eventually fails. The framework asks regions to name the risk anyway, and the toolkit should be honest that doing so is politically hard.

**When the Crown has to step in.** Where these tests leave a community with no other workable option, the answer is a Crown contribution. The Government's position is that Crown help should shrink to zero by 2045, but in practice since 2023 it has been decided case by case in Cabinet. The Crown contribution is real, it is being used, and it is the unstated backstop while the national framework is unsettled. A Head Start proposal that needs Crown help to work should say so. One that does not should explain why.

**Asset-by-asset framing for the proposal.** For each material flood-protection asset:

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[27] Crown funding decided case by case through Crown Funding Agreements: Wairoa ($70m flood mitigation); Westport ($22.9m Resilient Westport package); Hawke's Bay (approximately $556m post-Cyclone Gabrielle across multiple purposes, with the 50/50 split applying to Category 3 residential buyouts). Westport: https://www.beehive.govt.nz/release/westport-receives-funding-protect-against-floods.

- Name the asset, its function, and the population and area it protects.
- Identify the current funding basis (targeted rate, general rate, or other).
- Assess whether the post-reorganisation rate base can credibly carry the asset under climate-loaded renewal costs.
- If not, state the proposed widening of the funding base (regional pooling, regional general rate, or, in residual cases, an explicit Crown contribution).
- Identify the trigger for managed-retreat consideration, recognising that the national policy framework is unsettled.

> **Three honest difficulties. First**, the catchment geography suggests delivery should be at sub-region scale while the funding problem suggests a wider rating base is better. Both are true: the function can be delivered at the catchment or regional level, and the funding base can be widened where the thin-base problem arises. **Second**, the spillover band depends on the region (low in a contained catchment with targeted rates; higher where flood is treated as a region-wide good), so our paper suggests it is Low to Medium. **Third**, the institutional setup is unsettled in two places: the interim 2028 governance under Head Start, and the proposed national compliance regulator. The paper sets out the options and the choices without picking one.

# A2. Biosecurity, pest management and biodiversity: the detailed assessment

## Where the test points, and what would move it

**For most regions, the tests point to keeping the function in regional delivery, with the national role being co-funding recognition and the existing national framework (border, incursion, national pest programmes), not a transfer of delivery to the centre. The destination is conditional on the proposed reorganisation, not a single national answer, and the burden of proof sits with any change.**

The evidence strongly suggests that regional delivery should be retained (Heuser|Whittington June 2026; Sapere December 2025 review;[28] 2025 Castalia report, which found established-pest management should be delivered "either via RUAs or some other regional delivery model";[29] and the Parliamentary Commissioner for the Environment). The case for moving delivery up (or down) has not been made, and the cost of getting it wrong is large.

There are three key issues that influence how RUAs should position themselves regarding the biosecurity function:

1. **Whether the reorganisation boundary cuts a containment or exclusion geography.** Pests do not respect council lines, and several programmes work as a containment core plus exclusion zones across multiple regions. For example, the rook eradication programme (where Canterbury has eradicated the pest) is contingent on continued control in the regions that still hold rooks. A boundary that splits such a geography, or a reorganisation that removes the cross-boundary coordination role, is a material risk and should be evaluated.
2. **The funding question.** There are significant national benefits from biosecurity, whereas funding is around 78 percent regional. This is a question the sector should pursue, not a proven case of underfunding (see the funding section below).
3. **Biodiversity benefits delivered with biosecurity.** Biosecurity and biodiversity are delivered by the same field teams, under the same access agreements, on the same

[28] Sapere, review of regional biosecurity delivery (December 2025), consistent with regional delivery being the appropriate and non-replicable model.

[29] The 2025 Castalia report to Te Uru Kahika (Table 4.4) found biosecurity appropriately delivered at regional scale, and flagged that the predominantly regional funding model does not always match the incidence of benefits. The firm's 2026 benefits report ("Benefits of regional and unitary council biosecurity interventions") is its own client-accepted evidence base and is cited directly through this paper. Both are built on, not re-described.

surveillance networks. Where a region runs a large integrated biodiversity programme, the case for keeping the combined function together is stronger still.

The sections below test these issues. For most regions the answer is to keep regional delivery intact, protect the coordination geography, and treat the funding point as a question to pursue. It is not a reason to move the function.

## The biosecurity function in context

Head Start is the pathway this paper applies the framework to: it is how a group of councils can propose to merge into a single unitary authority.[30] This paper asks where biosecurity, pest management and biodiversity should sit when a region reorganises that way. Two features of the wider policy and institutional landscape influence the answer: the reform settings around the function, and the national framework the function already operates within.

### Head Start and the reform settings

End state under Head Start: unitary authorities formed by bespoke legislation. The November 2025 "combined territories boards" construct was dropped after consultation, and the May 2026 DIA document does not name it; the interim body that replaces regional councils from 2028 in areas without an accepted proposal (a board of mayors, Crown commissioners, or a hybrid) is to be confirmed in 2027. Two points in the guidance bear on this function. The catchment-preservation rule (more than one unitary authority in a region is unlikely to be approved if it fragments catchment management) is written for freshwater and flood management, but the same logic applies to pest and weed geographies that cross boundaries. Therefore a proposal should make clear that the same logic applies, rather than assume it. Outline proposals should explain how regional functions that depend on coordination are maintained.

The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. The new planning system reshapes biodiversity regulation, but biosecurity

[30] Department of Internal Affairs, Simplifying Local Government / Head Start pathway, May 2026: councils may propose to merge regional and territorial functions into unitary authorities, with outline proposals due 9 August 2026. https://www.dia.govt.nz/simplifying-local-government

itself sits under the Biosecurity Act 1993[31] and the National Policy Direction for Pest Management,[32] largely separate from the RMA. A Biosecurity Act Amendment Bill is anticipated in 2026. The Parliamentary Commissioner for the Environment, in a 20 February 2026 submission, listed biosecurity as a function that must remain at regional or catchment scale and recommended pausing reform until a comprehensive functional review is complete.[33]

## Biosecurity already operates within a national framework

Several components of biosecurity already operate nationally. Biosecurity New Zealand (within MPI) is responsible for border management and leads incursion response, and sets national direction through the National Policy Direction for Pest Management. OSPRI, an industry-owned statutory body, runs the TBfree programme (co-funded by industry and the Crown) where bovine TB management overlaps with regional possum control. The National Wilding Conifer Control Programme is a national programme MPI funds. DOC contributes to site-led programmes on conservation land, and now also holds the predator-control functions of the former Predator Free 2050 Limited, which was disestablished in 2025.[34] RUAs lead the coordinated delivery layer that sits beneath this national framework, and our benefits report for Te Uru Kahika finds that layer is not replicable by the central programmes that would remain if regional funding were withdrawn.

## Interfacing local-authority functions

Two territorial authority functions are integral to the regional biosecurity function: reserves and parks management (district-owned reserves where pest and biodiversity work overlaps with regional programmes), and local pest control (territorial-level nuisance and urban pest and weed activity). However, this does not affect the overall finding that regional delivery under the national framework is best. It just adds one coordination point, that district reserve and urban-pest work should be included under the same regional plan and national

[31] Biosecurity Act 1993, the primary statute for biosecurity and pest management, under which regional councils prepare and administer regional pest management plans. https://www.legislation.govt.nz/act/public/1993/0095/latest/whole.html

[32] National Policy Direction for Pest Management 2015, made under the Biosecurity Act 1993, which sets national direction for regional pest management plans and programmes (Ministry for Primary Industries).

[33] Parliamentary Commissioner for the Environment, submission on Simplifying Local Government, 20 February 2026: it listed biosecurity as a function that must remain at regional or catchment scale and recommended pausing reform pending a comprehensive functional review.

[34] Predator Free 2050 Limited was disestablished in 2025, with its predator-control functions transferring to the Department of Conservation.

standards, so a reorganisation does not leave two tiers running inconsistent regimes on adjacent land.

### Biodiversity is wider than the biosecurity operation

Councils' biodiversity role is not only delivered through biosecurity operations. A large part of it works by supporting others to deliver: funding, advice and partnerships that enable landowners, mana whenua, community groups and trusts to do biodiversity work on their own land and in their own places.[35] This enabling work is relationship-based and place-based, and it points to the same destination as the rest of the function: regional delivery, where the relationships and the ecological knowledge sit.

## Profiling the function and testing the options

The framework is applied in two stages (as set out in our Interim Framework Note, 18 June 2026): a five-axis diagnostic profile (Module A) that places the function, and an assessment of the five destination options (Module B) that points to the answer.

### Module A profile: biosecurity, pest management and biodiversity

**TABLE A.8: MODULE A PROFILE: BIOSECURITY, PEST MANAGEMENT AND BIODIVERSITY**

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Low to Medium** | Field operations (control, surveillance, landowner engagement) track the area worked, not entity size. The genuinely scale-sensitive elements (border, national standards, shared data) already sit centrally or are shared, so a larger regional entity adds little. |
| 2. Geography | **Medium to High** (footprint: infestation or pathway zone, often supra-regional) | Pests and weeds cross catchments and council lines; the natural unit is the containment or exclusion geography, which frequently spans more than one region (the rook containment-plus-exclusion pattern). |
| 3. Expertise | **High** | Depends on scarce specialist staff (incursion response, surveillance, biocontrol) a small entity cannot hold on |

[35] Gerard Willis (Enfocus Ltd), Biodiversity: Roles and Functions of Regional Councils, report prepared for regional councils, November 2014; Regional council sector, Addressing New Zealand's Biodiversity Challenge: a regional council thinkpiece on the future of biodiversity management in New Zealand, July 2017.

| Axis | Band | One-line basis |
|---|---|---|
| | | standby; capability thins dangerously when fragmented. |
| 4. Spillover | **High** | Pests cross boundaries; under-control in one area imposes costs on neighbours and the nation; benefits are partly national. This raises a fiscal equivalence question, examined in the funding section below. |
| 5. Deliverability *(gate)* | **A move is hard and high-stakes** | Functions rest on the Biosecurity Act 1993 and regional pest management plans; regional delivery and shared services are available now within current law. A move to centralise delivery needs legislation and carries the disruption risk the benefits report sizes at around $1.7 billion. |

Delivery of biosecurity is tied strongly to the region: the relationships, the cross-tenure coordination, and the integrated biodiversity work all sit there. The parts that gain from national scale already sit centrally. So the function should not move. The open question is sources of funding, not the location.

## Assessing the five options

**Stay put.** Passes, and on this function it passes strongly. Every quantitative cost-benefit analysis the benefits report reviewed showed positive net benefits at the programme level, though not every individual pest component did; Sapere and Castalia find regional delivery is the appropriate and non-replicable model; the Parliamentary Commissioner for the Environment recommends it stay regional. The arrangement currently works, the case against it has not been clearly made, and the burden of proof sits with any change.

**Move up (centralise delivery).** Fails. It would strip out the local ecological knowledge, landowner relationships and cross-tenure coordination that established-pest delivery depends on. The benefits report finds the central programmes that would remain could not replicate the regional coordination function. Its $1.7 billion figure measures the cost of a five-year disruption to the programmes, which is what is at stake if that coordination breaks down, rather than the cost of centralisation as such. There is no evidence for moving biosecurity to a national body for consistency.

**Move down (to sub-regional or district delivery).** Fails. Sub-regional delivery worsens the cross-boundary coordination problem (a containment geography needs a single coordinating entity) and thins scarce specialist expertise further.

**Share it (shared service).** Passes as an option, and is strongly indicated for smaller post-reorganisation regions. Specialist biosecurity capability is scarce, and a small entity cannot sustain an incursion-response or surveillance team alone. Shared specialist teams across regions capture the expertise economy without moving the function. Cross-regional coordinated delivery already works: wilding-conifer and wallaby programmes run across several South Island regions, and one council can hold the national contract and coordinate delivery across regions. As with rook control, the gains hold only if every council in the geography acts together.

**Lift a piece.** Limited, and narrower than it first appears. The national components (border, incursion response, national pest programmes, national policy direction) are already central, so there is little left to lift. National methodology and data are best handled as a sharing arrangement among the regional councils and MPI, not a transfer of delivery. The genuinely national element that is not yet settled is co-funding, which is a question about who pays, examined in the funding section below, not a question about where the function sits.

## Risks of moving, splitting, or sharing this function

- **Coordination-geography fragmentation.** A reorganisation boundary that cuts a containment or exclusion geography breaks the single-coordinator model these programmes need. The rook case is the worked example.
- **Capability fragmentation.** Scarce specialist staff thin dangerously if split across smaller post-reorganisation entities. The shared-service option is the mitigation.
- **Loss of the integrated biosecurity-biodiversity operation.** Biosecurity and biodiversity are delivered by the same field teams at low marginal cost. Disaggregating them would either duplicate that infrastructure under another agency or abandon the biodiversity monitoring that runs alongside pest control (section 6 of the benefits report).
- **Funding withdrawal without replacement.** The benefits report is explicit: any reform that reduces regional funding without replacing it reduces delivery, and shifts cost from planned programme spend to unplanned pest damage. This does not save money; it defers and enlarges the cost.

- **Balance-sheet exposure is modest** relative to flood (the function is asset-light), but standing surveillance infrastructure and multi-year programme commitments funded off a thin base should be named where they exist (the funding section below).

## Local voice and accountability test

The test has three parts, applied to whatever destination the function lands on. For biosecurity, each gives a clear answer.

**Subsidiarity.** Pass for delivery, which stays regional and local, with a clear evidenced reason the national components (border, incursion, national programmes) sit centrally: build-once economics and a coordination role the local level cannot provide.

**Accountability.** Pass, provided the split names who answers for what. The regional council answers for delivery and on-the-ground outcomes; the national framework (Biosecurity New Zealand) answers for the border, incursion response and national direction. Where a shared-service vehicle is used for scarce specialist capability, the proposal should specify how it stays answerable to each member council. The cross-cutting Treaty settlements and co-governance gate applies here as it does to every function, and for biosecurity it is light: there are no pervasive biosecurity-specific co-governance arrangements that a reorganisation would disrupt, beyond the standard requirement to honour existing settlement redress. The gate is passed without special treatment.

**Fiscal equivalence (who pays).** There is tension between where biosecurity is funded, and where the benefits fall. Pests are a textbook externality. The H|W Te Uru Kahika benefits report (and Castalia report) shows the benefits of regional biosecurity are substantially national while around 78 percent of the funding comes from regional rates. That is a mismatch in principle, and the sector is right to make the national benefits visible and to pursue central co-investment that recognises them. But naming a mismatch is not the same as proving underfunding. The per-programme analysis of who benefits and who exacerbates the risk, which would justify changing funding settings, has not been done; the benefits report identifies it as future work. A defensible proposal states the funding basis honestly and pursues the co-investment conversation; it does not present the mismatch as a settled case for a particular reallocation.

## Where each part of the biosecurity function should sit

"Biosecurity, pest management and biodiversity" is a combined function with sub-activities across several groups. The key allocation question is where each **sub-activity** should sit, and what the realistic options for each. The options drawn from the framework are: regional delivery; shared service across regions; national methodology and data sharing; already-central national components; and co-funding recognition.

### TABLE A.9: WHERE EACH PART OF THE FUNCTION SHOULD SIT

| Sub-activity | First-cut allocation | One-line basis |
|---|---|---|
| Regional pest management plans, operations, predator and weed control | Regional delivery | Local ecological knowledge and relationships; the dominant model for established pests; not replicable centrally (the benefits report). |
| Landowner engagement and cross-tenure coordination | Regional delivery | The coordination role that makes containment work (the rook case); a single regional coordinator is the unit. |
| Biodiversity site work and monitoring | Regional delivery, integrated with pest control | Same field teams, access agreements and networks as pest control; disaggregation duplicates or abandons it (section 6 of the benefits report). |
| Biodiversity partnerships and community support | Regional delivery | Enables landowners, mana whenua, community groups and trusts to deliver; relationship-based, not replicable centrally |
| Specialist incursion-response and surveillance teams | Regional, or shared service across regions | Scarce expertise; shared across small regions to stay sustainable. |
| National pest and biosecurity standards; surveillance methodology | National methodology sharing (MPI and the regional councils), not a transfer | Consistency makes the national surveillance picture work; the operation stays regional. |
| Shared pest and biosecurity data infrastructure | National data sharing | Fixed-cost infrastructure RUAs currently part-fund; a shared platform (potentially MPI-hosted) is the efficient form. |

| Sub-activity | First-cut allocation | One-line basis |
|---|---|---|
| Border, incursion coordination, national pest programmes | Already central (Biosecurity New Zealand, OSPRI/TBfree, National Wilding Conifer Control Programme) | Economies of scale and specialist capability at the border; already sits centrally. |
| Funding and co-investment | Regional rates plus a national co-investment question | Benefits substantially national, funding around 78 percent regional; a question to pursue, not a prescribed change (the funding section below). |

**Candidates for lifting to central government summary.** The evidence shows the case to lift to central government is narrow. The national components are already central. Standards, methodology and data are best handled as sharing arrangements among MPI and the regional councils, not transfers. Delivery, coordination and the integrated biodiversity work stay regional. The genuinely unsettled national element is co-funding, which is examined as a funding question rather than a relocation.

## National benefit, regional funding, and unsustainable assets

The benefits of biosecurity are widely shared and substantially national, while the funding is predominantly regional. The benefits report finds funding comes from regional rates at a weighted average of 78 percent, with the remainder from central sources tied to specific national programmes (MPI national programmes, TBfree, DOC site-led work). The median council funds 90 percent of its biosecurity programme from rates. Scale also buys resilience: a small rating base facing a new incursion faces a cost shock it may not be able to absorb, and affording the full range of biosecurity expertise needs scale.

**The case for co-investment.** The benefits report supports the sector making the national benefits visible and pursuing central co-investment that recognises them; it judges increased co-investment “probably justified”. It does not support a specific reallocation now, because the per-programme beneficiary-incidence analysis that would set the level and mechanism of co-investment has not been done. The benefits report places that work in a future phase, and a co-investment framework would need to distinguish programmes whose benefits are genuinely local from those whose beneficiary base is national. A Head Start proposal should name the pattern and pursue the conversation, not claim the case is settled.

**The forward risk under reform.** The forward risk is that a reorganisation disturbs the funding or the coordination that makes the function work. The benefits report sizes a five-year disruption at around $1.7 billion. A reorganisation that reduces regional funding without replacing it, or that fragments a coordination geography, converts a controlled problem into an uncontrolled one.

**Unsustainable assets.** This function is asset-light compared with flood, so there is little here. It bears on two things: standing surveillance infrastructure, and multi-year programme commitments (pest eradication or predator control) funded off a thin or shrinking base. Where a small region has committed to a long programme it cannot sustainably fund alone, name it, and show whether a shared service, a wider funding base, or a national contribution carries it.

> **Honest mapping difficulties.** Two uncertainties sit under this paper. **First**, the function genuinely combines three strands (biosecurity, pest management, biodiversity) that share staff and geography but differ in character; the paper holds them together because the delivery is integrated (section 6 of the benefits report), while flagging that the biodiversity strand has a stronger place-based dimension than pest operations. **Second**, the funding mismatch is real in principle but not yet worked into a costed case for change, so the paper names it as a question and stops there.

# A3. Transport: the detailed assessment

## Where the test points, and what would move it

**For most regions, the tests point to keeping regional transport planning consolidated in the new unitary authority, as it largely already sits, while the delivery vehicle (contracted operations, a council-controlled organisation, or a local trust) is sized to the network. Where regions differ: metropolitan areas may need a Crown–local hybrid that co-governs and co-funds the network, and the rural and low-density tail needs a local or Crown-supported model. The destination is conditional on the proposed reorganisation and on urban form, not a single national answer.**

The RUA transport function truly "varies by region" according to our framework and the evidence. Te Uru Kahika's Transport Special Interest Group (TSIG) scored no single model as best across the board: transition and accountability risk rises steadily from the status quo through to full centralisation.[36] TSIG's analysis says cost-effectiveness is best for metropolitan areas and reduces for a fully national model, dragged down by transition cost and the loss of local responsiveness. The right transport model depends on urban form, density, ridership and fiscal capacity. Our paper is aligned with TSIG's findings.

There are two key issues that influence where the transport function should sit:

1. **Urban form.** The delivery vehicle and the degree of Crown involvement should match the scale and complexity of the network. A provincial-city network, a metropolitan network and a rural service area are three different problems. TSIG's five models are matched to those problems in the options assessment below. A single region can contain more than one of these problems, so the answer can vary within a region as well as between regions. For instance, a region with a metropolitan core may point to a Crown–local hybrid as the best option, while the rural areas of the same region would be better served by a local model.
2. **Network-geography integrity under the proposed boundary.** A reorganisation that fragments a functional travel-to-work network, or separates a commuter corridor from the city it serves, breaks the natural unit of the function. This is a first-order matter to resolve. We advise that RUAs test it explicitly wherever a network crosses a proposed boundary.

[36] Te Uru Kahika Transport Special Interest Group (TSIG), *Public Transport Futures* white paper (v2.0, 11 May 2026): a draft for discussion setting out five governance and delivery models and an indicative scoring; it does not itself recommend a single model. Sector working draft, cited with Te Uru Kahika's agreement.

One further issue bears on funding, though not on where the function sits: how the multi-source funding of public transport (fares, rates, the National Land Transport Fund, and Crown contributions) is arranged after reorganisation, and whether the reform direction toward more user-pays and more central direction changes its durability. The funding-durability section below develops this.

## The transport function in context

We apply the framework to the Head Start pathway: it is how a group of councils can propose to merge into a single unitary authority.[37] This paper asks where the transport function should sit when a region reorganises that way, and which parts of it, if any, should move. The wider policy and institutional landscape shapes that answer in three ways: the reform settings around the function, the existing allocation of transport roles, and the bodies the function interacts with outside the council. In preparing this paper, we took into account TSIG's white paper which sets out the context in full[38]; the summary here is only what a toolkit user needs before applying the test.

### Head Start and the reform settings

End state under Head Start: unitary authorities formed by bespoke legislation, combining the regional and district functions of a region in one entity. For transport, the consequence is direct. RUAs currently hold the public transport authority functions (except Auckland, which provides this via Auckland Transport). Integration of transport planning with the regional spatial plan therefore happens inside the unitary authority, as internal organisational design, not at a separate body.

The new planning system reshapes how transport planning is directed. The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Under those Bills,[39] each region gets a single combined plan built on a binding regional

[37] Department of Internal Affairs, Simplifying Local Government / Head Start pathway, May 2026: councils may propose to merge regional and territorial functions into unitary authorities, with outline proposals due 9 August 2026. https://www.dia.govt.nz/simplifying-local-government

[38] The 2025 Castalia report to Te Uru Kahika assessed the regional transport function as allocated appropriately at the regional level, on a split-level reading (planning regional; some functions shared or national). The interpretation here is consistent with that baseline and with the TSIG white paper, both of which are built on rather than re-described.

[39] Planning Bill (235-2, 2025) and Natural Environment Bill (234-2, 2025). The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Enactment is intended late 2026. Planning Bill:

spatial plan. Land transport planning is intended to be an implementing arm of that spatial plan: investment is meant to give effect to the planned growth pattern rather than run on a separate track. This strengthens the case for keeping regional transport planning at the regional or unitary authority level, where it can be tied to the spatial plan.

The reform direction also points toward more central involvement. The Ministry of Transport is being folded into a new Ministry of Cities, Environment, Regions and Transport (operational from 1 July 2026); the New Zealand Transport Agency Waka Kotahi's role is under review;[40] and the Government Policy Statement on Land Transport 2024 signals a shift toward user-pays mechanisms, including time-of-use charging and tolling.[41] None of this settles where the function sits, but it tilts the funding and governance context for the metropolitan models (developed in the funding-durability section below).

## Where the transport function sits today

Transport responsibilities are already distributed, and the function is not a blank sheet. Central government sets policy and funding direction through the Government Policy Statement. The New Zealand Transport Agency Waka Kotahi holds national oversight, sets procurement rules, co-funds approved activities from the National Land Transport Fund, and is rolling out the national ticketing solution (Motu Move) in partnership with the public transport authorities. Regional councils hold the public transport authority functions outside Auckland: the regional transport committee, which includes an NZTA representative, prepares the Regional Land Transport Plan for the regional council to approve, and the regional council adopts the Regional Public Transport Plan, designs and contracts networks, and manages the contracting framework (the former Public Transport Operating Model, now the Sustainable Public Transport Framework under the Land Transport Management Act 2003).[42] Territorial authorities are the road controlling authorities for local roads and manage

https://www.legislation.govt.nz/bill/government/2025/0235/latest/whole.html; Natural Environment Bill: https://www.legislation.govt.nz/bill/government/2025/0234/latest/whole.html.

[40] The Ministry of Transport is being folded into a new Ministry of Cities, Environment, Regions and Transport (operational from 1 July 2026), and the New Zealand Transport Agency Waka Kotahi's role is under review (Government machinery-of-government changes, 2026).

[41] Government Policy Statement on Land Transport 2024, which sets the Crown's land-transport funding priorities and signals a shift toward user-pays mechanisms, including time-of-use charging and tolling (Ministry of Transport).

[42] Land Transport Management Act 2003, under which regional councils prepare Regional Land Transport Plans and Regional Public Transport Plans and administer the public transport contracting framework (the Sustainable Public Transport Framework, formerly the Public Transport Operating Model). https://www.legislation.govt.nz/act/public/2003/0118/latest/whole.html

parking. Operators deliver the services under contract. The key reform question is how to allocate the roles in a reorganised structure so that accountability is clear.

### Interfacing local-authority functions

Two territorial functions sit alongside the regional function. **Local roading** is the road controlling authority function, the obvious function to consolidate with public transport planning in a unitary authority. Cabinet's signal about consolidating local and regional transport functions speaks to TLAs' local roading authority most directly. **Parking** is a territorial management function and a demand lever for public transport (pricing and supply of parking influence PT patronage). These two factors influence whether integration is justified, but they do not, on their own, change the recommended destination.

### The iwi and hapū interface

The iwi and hapū interface in transport is practical rather than statutory. Public transport decisions shape access to marae, kura, health services and employment for Māori communities, and regional transport planning engages iwi whose rohe span several districts. Wherever the function sits, that engagement should not thin out: a unitary authority inherits it whole, while fragmented delivery would ask iwi to engage several times over one network.

## Profiling the function and testing the options

The framework is applied in two stages (as set out in our Interim Framework Note, 18 June 2026): a five-axis diagnostic profile (Module A) that places the function, and the five destinations run as tests (Module B) that locate the answer. For transport, the destinations also carry an explicit mapping onto the five governance and delivery models in the TSIG white paper, so a reader sees the two vocabularies are the same menu.

### Module A profile: transport

**TABLE A.10: MODULE A PROFILE: TRANSPORT**

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Medium** | Genuine scale economies in procurement, technology (national ticketing is already centralised) and network operations, where a single network operator avoids wasteful duplication. But service-delivery cost tracks route-kilometres and patronage, not entity size, so a |

| Axis | Band | One-line basis |
|---|---|---|
| | | larger entity helps the back office more than the per-service cost. |
| 2. Geography | **High** (footprint: the functional travel-to-work network) | Public transport networks have a natural urban or metropolitan footprint; some cross regional and proposed amalgamation boundaries (Wellington commuter rail, the Waikato–Auckland corridor). This is the first-order conditioning point set out above. |
| 3. Expertise | **Medium** | Network planning, procurement and contract management need specialist capability a small entity struggles to hold and a shared service can sustain; less scarce and fragile than flood hydrology or biosecurity incursion capability. |
| 4. Spillover | **Medium** | High at metropolitan edges and on inter-regional commuter corridors, where one area's network serves another's residents; low for a self-contained provincial-town network. The band is a regional evidence question, not a single national answer. |
| 5. Deliverability *(gate)* | **Consolidation into the unitary authority is easy; a Crown–local hybrid or centralisation needs legislation and carries transition risk.** | Regional transport planning is anchored in the Land Transport Management Act 2003 and consolidates into a unitary authority by internal design, needing no new legislation. Moving delivery to a council-controlled organisation or a trust is available now under the Local Government Act 2002.[43] A Crown–local hybrid board (Model 4) or full centralisation (Model 5) needs legislation and carries the transition risk TSIG scores highest. |

Planning points to the regional or unitary authority footprint, where it already sits and where the new planning system will tie it to the spatial plan. The delivery vehicle and the degree of Crown involvement are what vary by urban form. Nothing suggests changing the regional planning model except full centralisation, which TSIG scores as the highest-risk model.

[43] Local Government Act 2002, under which a council may deliver a service through a council-controlled organisation or a trust. https://www.legislation.govt.nz/act/public/2002/0084/latest/whole.html

## Assessing the five options (mapped to the TSIG models)

The toolkit's five destinations and TSIG's five models are the same menu in two vocabularies. The table maps them; the standalone mapping note carries the detail and the best-fit context for each.

> **A region has already mapped its own options this way.** Environment Canterbury's options analysis, prepared for use with its territorial authorities,[44] sets out transport delivery options that line up directly with the TSIG models: merging the transport functions into a new urban unitary authority (the consolidate-up reading); a hybrid Crown and local entity focused on Christchurch, with a board appointed by the Minister and councils, bulk Crown funding, and board investment decisions deriving from the regional spatial plan (the Crown–local hybrid); and full national centralisation. The same region runs community vehicle trusts alongside Total Mobility for dispersed communities, which is the local-trust model in operation. So Canterbury is a worked example of the central point: one region can need a Crown–local hybrid for its city and a local-trust model for its rural tail at the same time. The destination can vary within a region, not only between regions.

### TABLE A.11: ASSESSING THE FIVE OPTIONS (MAPPED TO THE TSIG MODELS)

| TSIG model | Module B destination | Plain reading | Best-fit context (TSIG) |
|---|---|---|---|
| 1. Status quo through unitary authority | **Stay put** | Planning and delivery keep their current shape inside the new unitary authority | Regions consolidating governance but with limited appetite for delivery-model change, or prioritising stability during transition |
| 2. Local trust or council | **Move down** | Delivery drops to a community or local footprint (demand-responsive or low-frequency) | Rural communities, islands, remote settlements, small service towns where access matters more than scale |
| 3. PTA and RCA roles in the new unitary authority | **Consolidate up into the unitary authority** | Regional public transport planning and local roading sit in one entity | Provincial cities and growing regional centres |
| 4. Hybrid Crown and local | **Share it, or lift a piece** | The Crown co-governs and co-funds the metropolitan | Metropolitan conurbations and amalgamated urban |

[44] Environment Canterbury, options analysis of transport delivery models prepared for use with its territorial authorities (A3 pack: Options for delivering Regional Council functions, shared with the sector reference group, June 2026).

| TSIG model | Module B destination | Plain reading | Best-fit context (TSIG) |
|---|---|---|---|
| | | network through a skills-based board | regions; selected high-visitor or nationally significant economies (TSIG names Queenstown) |
| 5. Full centralisation | **Move up to central** | A national authority takes strategy, standards, funding and procurement; regions deliver under concession | National application where consistency, procurement scale or funding reform require a single national lead |

Run as tests:

**Stay put.** Passes for most regions, if a new unitary authority is proposed. The function consolidates into the unitary authority by internal design; regional planning keeps its current shape and ties to the spatial plan. The key weaknesses (network-geography integrity; the funding mix; the rural tail) are addressed within this destination rather than by moving the function. TSIG scores this the lowest-risk model, with the trade-off that it does not by itself capture efficiency or patronage gains.

**Move down (to a local footprint).** Passes for the rural and low-density parts of a transport system in a region only. A community trust or a direct council model suits remote settlements and small service towns where access outcomes matter more than scale economies. TSIG is honest that this model has weak scale economies and vulnerable funding durability; it is the right answer where viable patronage-based public transport is not on the table, so it is not a general option.

**Consolidate up into the unitary authority (the combined-picture reading).** This is the live destination for provincial cities and the reorganisation’s natural advantage. Bringing the public transport authority and road controlling authority roles into one unitary authority supports integrated land-transport planning. The combined-picture test below develops both the advantage and its condition (decision rights kept explicit).

**Share it, or lift a piece (the Crown–local hybrid).** The live destination for metropolitan networks. A skills-based board appointed by Ministers and councils co-governs the network, with bulk Crown funding and investment decisions deriving from the regional spatial plan. It scored highest on cost-effectiveness in TSIG’s indicative comparison where scale and patronage gains can be realised, though TSIG presents its scores as indicative rather than as a recommendation, and it deepens an arrangement that already partly exists (Crown co-funding of metro rail; the New Zealand Transport Agency Waka Kotahi inside regional planning). Its condition is exceptionally clear democratic-accountability design, which TSIG names as the model's key limitation.

**Move up to central (full centralisation).** This fails as a general answer. The TSIG report scores it the highest-risk model. A single national authority captures maximum procurement scale and standards consistency, but at the highest transition cost and the greatest risk to local voice and democratic accountability, with the loss of local knowledge and real-time network responsiveness. It is a defensible answer only in the narrow case where duplication, capability constraints or funding reform genuinely require a single national lead, and even there the cost-effectiveness gain over the hybrid model is not clear.

## Risks of moving, splitting, or sharing this function

- **Network fragmentation.** A reorganisation boundary that cuts a functional travel-to-work network, or separates a commuter corridor from the city it serves, breaks the natural unit. This is the first-order risk, the transport analogue of catchment fragmentation.
- **Blurred decision rights between roads and public transport.** Consolidating the public transport authority and road controlling authority roles in one unitary authority is an advantage, but it blurs accountability for road-versus-public-transport trade-offs unless the decision rights are kept explicit (see the combined-picture test below). TSIG flags this as the key limitation of the provincial-city model.
- **Loss of local responsiveness under centralisation.** The further the function moves from the network, the weaker the local knowledge and the slower the response to real-time network issues. TSIG scores this most severely for full centralisation.
- **Funding durability.** Public transport relies on a multi-source funding mix (fares, rates, the National Land Transport Fund, Crown contributions). A reorganisation or a reform-driven shift in that mix can leave services without a durable base. TSIG rates this risk highest for the local and hybrid models.
- **Transition and people risk.** A move to a Crown–local hybrid or a national authority needs legislation, a workforce transition, and the protection of service continuity through change. The deliverability gate counts this against the heavier models.

The toolkit's combined-picture test asks whether a regional function and the territorial functions it interfaces with should sit together, separately, or be coordinated. For transport, the interfacing functions are local roading (the road controlling authority function) and parking.

On one side, a unitary authority naturally co-locates regional public transport planning with local roading and parking. That is typically an advantage. Integrated land-transport planning needs the public transport network, the road network and the parking levers to be planned together, against the same regional spatial plan. Cabinet has signalled that the Head Start criteria will look for consolidation of local and regional transport functions, and the unitary authority form delivers it without a separate structural step. The provincial-city model in the TSIG white paper (Model 3) is built on exactly this co-location.

## The combined-picture test: public transport planning, local roading and parking

On the other side, co-location brings its own risk, and the TSIG white paper points this out. When the same entity holds both the public-transport-priority role and the roading role, the accountability for trade-offs between them can blur: a decision to give buses priority over general traffic, or to price parking to support patronage, is a genuine dispute, which needs a visible owner to resolve. The TSIG paper says that blurred accountability between the public transport authority and road controlling authority roles is the key limitation of the provincial-city model. It notes that central government has shown no appetite for simply merging the two roles into one undifferentiated authority.

The answer is to do both. Put public transport planning and local roading together in the unitary authority, because integrated planning needs them planned as one network. But be explicit about who decides when the two compete, for example over bus priority or parking pricing, so a ratepayer can still name who is answerable when roads win over public transport, or the reverse. Keeping them together captures the integration benefit; naming who decides keeps the accountability that would otherwise blur.

## Local voice and accountability test

The three parts of the test should be applied to whatever destination the function lands on. For transport, each gives a context-dependent answer.

**Subsidiarity.** Pass for planning, which stays at the regional or unitary authority level, the closest level that can plan a network well and tie it to the spatial plan. Delivery sits as locally as the network allows: a rural trust for a small service area, contracted operations or a council-controlled organisation for a provincial or metropolitan network. Only full centralisation moves the function above the level that can deliver it well, which is why it fails on subsidiarity except in the narrow national-lead case.

**Accountability.** Pass, provided the design names who answers for what. Within a unitary authority, the decision rights between the public-transport-priority role and the roading role must be explicit (see the combined-picture test above). Where delivery sits in a council-controlled organisation, the accountability question is the standard one for that vehicle: the Office of the Auditor-General's commentary on council-controlled organisations[45] shows that arm's-length delivery can put distance between elected members and operational decisions unless the reporting and oversight are deliberately designed. Where a Crown–local hybrid board governs a metropolitan network, the proposal must set out how the board stays answerable to both the Crown and local electors. The cross-cutting Treaty settlements and co-governance gate applies as it does to every function; for transport it is light, beyond the standard requirement to honour existing settlement redress and mana whenua interests in the spatial plan.

**Fiscal equivalence (who pays).** This is the part of the test with the most moving parts for transport, because the function is funded from several sources at once: fares paid by users, local rates, the National Land Transport Fund through the Government Policy Statement, and Crown contributions for specific projects. The reform direction is shifting this mix toward user-pays (time-of-use charging, tolling) and toward more central direction. A defensible proposal states its funding basis honestly: which services are carried by fares, which by rates, which by the National Land Transport Fund, and which depend on a Crown contribution. Where a service is kept for access reasons and cannot recover its cost from fares, that is a legitimate choice, but it should be named as a subsidy and its payer identified, not presented as if the service paid for itself. The section below develops the forward-looking funding-durability question.

## Where each part of transport should sit

"Transport" as a regional function is not a single block. The allocation question is where each part sits, and the realistic options for each, rather than where the whole function sits as one piece. The most useful cut is the planning-versus-delivery split, with two further categories: the parts that are already centralised, and the part that is genuinely a share with the Crown.

### TABLE A.12: WHERE EACH PART OF THE FUNCTION SHOULD SIT

[45] Controller and Auditor-General, commentary on council-controlled organisations and their accountability to elected members (Office of the Auditor-General).

| Sub-activity | First-cut allocation | One-line basis |
|---|---|---|
| Regional transport planning (Regional Land Transport Plan, Regional Public Transport Plan) | Regional or unitary authority; stays where it is | Strategic and integrative; already regional; tied to the regional spatial plan under the new planning system. |
| Network design and timetabling | Regional or unitary authority | The planning core; sits with the authority that holds the network. |
| Service delivery (operations) | Contracted to operators; vehicle is a separable choice (in-house, council-controlled organisation, or trust), sized to the network | A private-ish good with natural-monopoly characteristics; the delivery vehicle is the variable, not the location of planning. |
| Contracting and procurement | Regional or unitary authority, with a shared-service or national-procurement option for scale | Genuine scale economy in procurement; it can be shared without moving planning. |
| National ticketing | Already centralised (the national ticketing solution) | Build-once economics; already lifted, not a future decision. |
| Crown co-governance and co-funding of a metropolitan network | Share with the Crown (the hybrid board), in metropolitan contexts | Already partly exists (metro rail co-funding; the New Zealand Transport Agency Waka Kotahi in regional planning); deepened, not invented, by Model 4. |
| Supporting infrastructure (depots, stations, fleet where owned) | Regional or unitary authority, with Crown involvement where the asset scale and rail interfaces warrant it | Asset-specific; the balance-sheet scale of rail is the main reason for Crown involvement (see the unsustainable-assets section below). |

It does not make sense to elevate much of the transport function to central government. National ticketing is already centralised. Procurement and standards can be shared to capture scale without moving planning. The one genuinely Crown-facing element is the co-governance and co-funding of a metropolitan network, which could be shared with the Crown (rather than a transfer of the function), and which already partly exists for metro regions. Planning, network design and the delivery relationship stay regional or local.

## Unsustainable assets, funding durability, and the fiscal cross-reference

### Unsustainable assets

Transport can be affected by a funding sustainability problem because services and supporting assets (depots, fleet, stations) depend on patronage and farebox revenue that the demand base cannot sustain. This is an issue in two places. First, on the issue the TSIG white paper draws out: capacity services move large volumes on busy corridors and can recover a meaningful share from fares, while coverage services reach dispersed or isolated communities at low frequency and need high subsidy. Second, on the rural and low-density tail of services, where no governance model can make a patronage-based network viable and the only realistic option is a simple local model with explicit Crown support for the services worth keeping.

Rail operations relate most directly to governance structure chosen. Metropolitan rail in Wellington and Auckland carries a balance-sheet and renewal scale that a regional entity cannot easily hold alone, and the Crown already co-funds rail projects in both cities on a one-off basis (for example, City Rail Link and Wellington rail network upgrades). That asset scale is the strongest single reason to favour the Crown–local hybrid model for the two metros: it is the clearest case where co-investment and co-governance match where the money and the risk already sit.

### Funding durability under the reform direction

It is also important to consider if the reform direction make transport's multi-source funding more or less durable. Three policy changes signalled by the Government matter:

- The new planning system ties land transport investment to the regional spatial plan, which should make investment more predictable where the spatial plan is stable
- The Government Policy Statement on land transport 2024 signals a shift toward user-pays mechanisms (time-of-use charging, tolling), which could strengthen the farebox-and-charges base for high-demand urban networks while doing little for the coverage services that depend on subsidy.
- The general centralising drift (specifically, the new Ministry of Cities, Environment, Regions and Transport; the review of the New Zealand Transport Agency Waka Kotahi's role) points toward more central direction of the funding settings. Our analysis identifies these as live influences on funding durability. However, we do not take a position on the

merits of the Government Policy Statement or NZTA's settings, which sit outside the evidence this toolkit rests on.

> **Three honest difficulties. First**, metropolitan networks can cross proposed amalgamation boundaries, so the natural footprint of the function and the proposed unitary authority boundary may not coincide; the paper makes network-geography integrity a first-order condition, because the boundary does not always fit. **Second**, the rural and low-density tail is the case where no governance model delivers a viable patronage-based network; the honest answer is probably a local model with Crown support. **Third**, the public transport authority and road controlling authority roles sit inside a single unitary authority in several of the TSIG models, which is an integration advantage and an accountability risk at the same time; the paper keeps both in view.

# A4. Freshwater management and CME: the detailed assessment

## Where the test points, and what would move it

**For most regions, the tests point to keeping freshwater management delivery at the catchment or regional scale. Where regions differ: whether the catchment carries a Treaty settlement co-governance arrangement, and how the proposal manages the conflict of interest that a unitary authority concentrates. The standards and enforcement layers above delivery are being reshaped nationally by reforms already underway (with details lacking).**

The case for keeping delivery regional is clear, and for the same reasons as flood management: catchments are the natural unit that governance should cover, the capability sits regionally, and the Head Start guidance rules out reorganisations that fragment catchment management. However, the delivery of freshwater management is not moving, the layers around it are.

There are three key issues that influence how a region should position their freshwater management function:

1. **Catchment integrity under the proposed boundary.** Freshwater is the clearest case where the Government's catchment-management expectation applies (DIA, May 2026, page 6):[46] proposals will be assessed on whether they maintain effective catchment management, and a proposal that would fragment a catchment is unlikely to be supported. For a single-region proposal this is usually already satisfied; for a sub-regional or cross-boundary proposal it must be tested explicitly, because upstream and downstream effects are the core of the function.
2. **Whether the catchment is co-governed.** Where a Treaty settlement co-governance arrangement applies, the reorganisation must carry it forward with equivalent effect (see the accountability test and the risks section). This varies sharply by region.
3. **How the conflict of interest is managed.** A unitary authority concentrates rule-making, consenting, enforcement and discharging in one body. The proposal needs to show the internal separation that keeps the regulatory arm honest.

[46] Department of Internal Affairs, Simplifying Local Government / Head Start guidance, May 2026: proposals are assessed on maintaining effective catchment management. https://www.dia.govt.nz/simplifying-local-government

The sections below test these conditions. For most regions the answer is to keep delivery regional and the catchment whole, design the separation of the regulator from the operator, and treat the national standards and enforcement changes as matters being decided elsewhere.

## The function in context

We apply our framework to the Head Start proposal options: we are helping you influence decisions by a group of councils for how freshwater regulatory functions might be merged into a single unitary authority (or other institution). This paper asks where freshwater management and CME should sit when a region reorganises that way, and which layers of the function are being moved by reforms already underway. Freshwater is unusually exposed to those parallel reforms, so the context matters before the test is applied.[47]

### Where the freshwater function sits today

Freshwater regulation currently sits with regional councils, and with the unitary authorities that also hold the regional council functions, under the Resource Management Act (section 30): water quality and water quantity management, allocation, discharge consenting, freshwater objectives and limits in regional plans, monitoring and science, and compliance, monitoring and enforcement. Territorial authorities hold only the land-use and subdivision functions (section 31) that produce diffuse discharge.[48] A unitary authority holds responsibility for both. National direction in force includes the National Policy Statement for Freshwater Management 2020 (its Te Mana o te Wai hierarchy was already amended in 2024, and a replacement statement is signalled; see below) and the national environmental standards for freshwater and for sources of human drinking water.[49]

### The reforms reshaping the layers above delivery

- **National direction is being rewritten.** The National Policy Statement for Freshwater Management is being replaced. Its Te Mana o te Wai hierarchy of obligations was already removed from consent decisions by the Resource Management (Freshwater

[47] The 2025 Castalia report to Te Uru Kahika is the descriptive baseline. This paper builds on it and does not re-describe current arrangements.

[48] Resource Management Act 1991, ss 30 and 31 (regional council and territorial authority functions). https://www.legislation.govt.nz/act/public/1991/0069/latest/whole.html

[49] National Policy Statement for Freshwater Management 2020, and the National Environmental Standards for Freshwater and for Sources of Human Drinking Water (Ministry for the Environment).

and Other Matters) Amendment Act 2024,[50] and the signalled replacement rebalances that hierarchy into a set of more equally weighted objectives. Whether the replacement statement has been gazetted as at the date of this paper is not confirmed, so the paper states the direction of travel without asserting it has landed.

- **The new planning system splits limit-setting.** The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Under the Natural Environment Bill,[51] human health limits would be set nationally by the Minister, while ecosystem health limits would be set by regional councils through their natural environment plans. (These are the Bill's defined terms.) Allocation stays regional, with new tools (auctions and tenders) signalled.
- **A national compliance and enforcement regulator has been signalled.** Cabinet signalled in March 2025 that it is considering a national compliance and enforcement regulator. Freshwater is likely to be captured by this. The Government is still taking advice on whether to establish one. It is not in the December 2025 Bills, which keep compliance and enforcement with councils alongside strengthened EPA intervention powers, and any regulator would need separate legislation that has not been introduced. The toolkit treats it as a possible future change, not an assumed destination.[52]
- **Local Water Done Well changed stormwater delivery.** Councils must deliver three waters through financially sustainable, ring-fenced arrangements. Each TLA's approach is set in its water services delivery plan (due in September 2025 and now being implemented in many parts of the country). Any transfer of services and consents follows the model and the transfer agreement the council adopts. Many councils are moving drinking water and wastewater into water organisations; stormwater more often stays with the council. This interface is developed below and in the risks section.

[50] Resource Management (Freshwater and Other Matters) Amendment Act 2024, which removed the Te Mana o te Wai hierarchy of obligations from consent decisions.

[51] Natural Environment Bill (234-2, 2025). The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. It sets human health limits nationally and ecosystem health limits regionally.

[52] National compliance and enforcement regulator signalled by Cabinet in March 2025; not in the December 2025 Bills, which keep compliance and enforcement with councils alongside strengthened EPA intervention powers. The Government is taking advice on whether to establish one (Ministry for the Environment).

### Existing freshwater co-governance arrangements

Several catchments carry statutory Treaty settlement co-governance that a reorganisation must honour and carry forward: the Waikato River (Te Ture Whaimana, whose Vision and Strategy sits in the regional policy statement and prevails over national policy statements and, where more stringent, national environmental standards); the Whanganui River (Te Awa Tupua, the river as a legal person); the Rotorua Te Arawa lakes; the Rangitāiki River Forum; the Waipā River (Maniapoto); and Te Waihora / Lake Ellesmere.[53] These are anchored in binding Treaty settlements and, in places, legally prevail over national direction. They are the concrete reason co-governance is a live design question for freshwater, where it was not for the earlier function papers.

### Interfacing functions

Freshwater management interfaces with land-use planning (the territorial function, made by territorial authorities and included in the region's combined plan, that drives diffuse discharge), with stormwater (a Local Water Done Well function that discharges to the freshwater network), and with consenting and spatial planning (Appendix A5), where the same officer base often does both freshwater CME and wider consenting, so reorganising one without the other risks a gap. The flood-management interface (Appendix A1) sits where catchment management overlaps; this paper covers freshwater quality and allocation, not flood hazard.

## Profiling the function and testing the options

The framework is applied in two stages (as set out in our Interim Framework Note, 18 June 2026): a five-axis diagnostic profile (Module A) that places the function, and an assessment of the five destination options (Module B) that points to the answer.

### Module A profile: freshwater management and CME

TABLE A.13: MODULE A PROFILE: FRESHWATER MANAGEMENT AND CME

[53] Statutory Treaty-settlement co-governance includes Te Ture Whaimana o Te Awa o Waikato (Waikato River); Te Awa Tupua (Te Awa Tupua (Whanganui River Claims Settlement) Act 2017); the Te Arawa lakes; the Rangitāiki River Forum; the Waipā River (Ngā Wai o Maniapoto); and Te Waihora.

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Low to Medium** | Consenting, compliance visits and catchment work track the catchment, not entity size. The scale-sensitive layers (CME systems, monitoring methodology, data platforms) gain from sharing, and some already sit nationally. |
| 2. Geography | **High** (footprint: catchment) | Catchments are the natural unit; RUA boundaries were drawn to them; strong scope gains from bundling freshwater with flood, soil and land management. |
| 3. Expertise | **High** | Freshwater scientists, hydrologists and enforcement officers are scarce and fragile below regional scale. |
| 4. Spillover | **High** | Upstream land use drives downstream water quality; diffuse discharge crosses boundaries; the externality is the core of the function and gives the fiscal equivalence question real bite. |
| 5. Deliverability *(gate)* | **A move is hard, and the layers are in flux** | The function is anchored to regional councils by RMA section 30. National direction is being rewritten, the limit-setting split is in a Bill, and the national enforcement regulator is signalled but not drafted. Merging into a unitary authority consolidates every layer, including the conflict of interest, into one body. |

Delivery points strongly to the catchment and regional scale. The standards layer is already being split in the Bill (human-health limits national, ecological limits regional), and enforcement may move to the centre. The function does not move as a whole. Specific layers above delivery are being reshaped nationally.

## Assessing the five options

**Stay put.** Passes for delivery. Catchment geography is determinative and statutes make moving difficult. There are real scope economies alongside flood and land management. The Head Start catchment-preservation rule reinforces it.

**Move up (centralise delivery).** Fails. There are no scale gains for catchment delivery above the region, the externality is managed at catchment scale, and centralising would strip the local catchment knowledge that consenting and compliance depend on.

**Move down (to sub-catchment delivery).** Fails. It worsens the cross-boundary externality (the whole point of catchment management) and thins scarce science and enforcement capability.

**Share it (shared service).** Sensible for scarce freshwater science and specialist enforcement capability in smaller post-reorganisation regions, and for the monitoring methodology and data layer (the LAWA platform is the worked example). Captures the capability economy without moving the function.

**Lift a piece.** Yes, for specific layers, and mostly these are already moving rather than something this paper proposes. Human-health limits are moving to the Minister under the Natural Environment Bill. National direction (the freshwater national policy statement) is already national. Enforcement would move to the signalled national regulator if it proceeds, which is not assumed. Life-supporting-capacity limits, allocation, consenting, monitoring, science and accounting stay regional.

## Risks of moving, splitting, or sharing this function

- **Catchment fragmentation.** A reorganisation boundary that cuts a catchment splits the natural unit and the upstream-downstream management it requires. The Head Start guidance explicitly forbids this (DIA May 2026 doc, page 6).
- **Co-governance dilution.** Where a regional and a district council each hold a seat on a river authority, a merger can collapse two seats into one and shift the balance of Crown and iwi co-governance rights. This is a reorganisation risk for co-governed catchments.
- **Conflict-of-interest concentration.** A unitary authority concentrates rule-making, consenting, enforcement and discharging in one body, with no automatic independent-commissioner protection on its own consents. The accountability test below sets out the design fix.
- **Stormwater fragmentation.** Local Water Done Well lets stormwater delivery move (optionally and partially) to a separate water organisation, splitting a single hydrological network across the entity, the council and the transport authority. No guidance yet addresses how stormwater discharge consents transfer or who holds compliance accountability across the split. This is developed in the disaggregation below.
- **Capability fragmentation.** Scarce freshwater scientists and enforcement officers thin below a sustainable team size if delivery is split across smaller entities. The shared-service option is the mitigation.

- **Loss of scope economies.** Freshwater, flood, soil and land management share staff, data and catchment models; separating them loses the bundle. The regional sector's own Climate Group analysis (June 2026) makes the same case: shared catchment data and modelling serve several resilience functions at once, so fragmenting them forgoes a scope economy the sector has itself identified.

## Local voice and accountability test

The test has three parts: subsidiarity, accountability, and who pays. For freshwater, accountability is the part that needs the most thought.

**Subsidiarity.** Pass. Delivery stays at the catchment or regional level, the closest level that can manage an upstream-downstream system well. The catchment-preservation rule is the binding national expression of this.

**Accountability.** This is the main issue, on two fronts. First, the conflict of interest. A council sets the freshwater rules, issues the consents, polices compliance, and is itself a discharger through its own stormwater and wastewater networks. There is no rule requiring a council to use independent commissioners on its own consents (the Resource Management Act lets a submitter require them on a notified application, but does not compel a council to do so as applicant).[54] A unitary authority concentrates all of this. The design fix to specify now is internal separation of the regulatory arm from the operational and discharger arm, so that consenting and enforcement of the council's own discharges are not marked by the same part of the organisation that produces them. The signalled national compliance regulator would externalise enforcement and resolve this more cleanly, but it is not drafted, so a proposal should design the internal separation and flag the national regulator as the prospective external fix, not assume it. Second, co-governance. Where a catchment carries a Treaty settlement co-governance arrangement, the accountability question is whether a reorganisation preserves it. Head Start asks applicants to show that settlement arrangements transfer with equivalent effect, but that is a policy expectation, not a statutory guarantee, and it does not specify how instruments such as Te Ture Whaimana or Te Awa Tupua carry across. A proposal touching a co-governed catchment should treat this as a design requirement: show the transfer mechanism, and show that a merger does not collapse the co-governance representation.

[54] Resource Management Act 1991, s 100A (a submitter may require independent decision-makers on a notified application; the council is not compelled to use them as applicant). https://www.legislation.govt.nz/act/public/1991/0069/latest/DLM235211.html

**Fiscal equivalence (who pays).** Freshwater raises a genuine who-pays question, because the externality is at the heart of the function. The cost of maintaining water quality falls on ratepayers, while a significant part of the pressure comes from diffuse discharge that ratepayers as a whole do not cause. The cost of a credible compliance and enforcement capability is also real and sits on the regional rate base. A defensible proposal states its funding basis honestly and is clear about who benefits and who exacerbates the pressure. This paper names the question; it does not prescribe a funding change, because the per-source incidence work that would justify one has not been done.

## Sub-component disaggregation

Freshwater management and CME has many subsidiary and interrelated functions, which makes it difficult to disaggregate. It is important to be precise about sub-functions because the reforms currently underway implicate specific layers of freshwater management, not the whole. Each sub-component in the tables below is allocated to one of five outcomes drawn from the framework: it stays regional; it is already national; it would move to the signalled national regulator if that proceeds; it is best handled through national methodology and data sharing; or it is an interface with another function.

### Group A. Policy, objectives and limits

TABLE A.14: GROUP A. POLICY, OBJECTIVES AND LIMITS

| # | Sub-component | Where it sits, and where the test points |
|---|---|---|
| A1 | Human-health limits (drinking-water source protection) | Regional today; moving to the Minister nationally under the Natural Environment Bill. |
| A2 | Life-supporting-capacity limits and freshwater objectives | Regional, set through natural environment plans within national direction. Stays regional. |
| A3 | National direction (the freshwater national policy statement) | National, and being rewritten (the Te Mana o te Wai hierarchy rebalanced into more equally weighted objectives). |

### Group B. Allocation and consenting

TABLE A.15: GROUP B. ALLOCATION AND CONSENTING

| # | Sub-component | Where it sits, and where the test points |
|---|---|---|
| B1 | Water-quantity and allocation (takes, damming, diversion) | Regional (RMA section 30), catchment-shaped. New national allocation tools (auctions, tenders) are signalled. Stays regional. |
| B2 | Point-source discharge consenting | Regional (section 30 and section 15). Stays regional. |
| B3 | Diffuse-discharge and land-use effects | Regional water-quality management plus the territorial land-use interface. Stays regional, with the land-use interface as the main lever. |

## Group C. Compliance, monitoring and enforcement

### TABLE A.16: GROUP C. COMPLIANCE, MONITORING AND ENFORCEMENT

| # | Sub-component | Where it sits, and where the test points |
|---|---|---|
| C1 | CME of consents and freshwater rules | Regional today. Would transfer to the signalled national regulator if it proceeds. Not drafted, so not assumed. |
| C2 | CME on the council's own discharges (stormwater, wastewater) | Regional, and the sharp end of the conflict of interest. Internal separation of the regulatory arm from the discharger arm now; the national regulator as the prospective external fix. |

## Group D. Monitoring, science and data

### TABLE A.17: GROUP D. MONITORING, SCIENCE AND DATA

| # | Sub-component | Where it sits, and where the test points |
|---|---|---|
| D1 | Monitoring networks, science, state-of-environment reporting | Regional delivery, with national methodology and data sharing (LAWA). The shared layer is a clear scope economy. |
| D2 | Freshwater accounting | Regional, under the freshwater national policy statement. Stays regional. |

## Group E. Co-governance and Treaty arrangements

### TABLE A.18: GROUP E. CO-GOVERNANCE AND TREATY ARRANGEMENTS

| # | Sub-component | Where it sits, and where the test points |
|---|---|---|
| E1 | Statutory freshwater co-governance (Te Ture Whaimana, Te Awa Tupua, Rotorua lakes, Rangitāiki, Waipā, Te Waihora) | Settlement-anchored, and in places legally prevailing over national direction. Must transfer with equivalent effect; a merger risks the two-seats-into-one collapse. A design requirement on any proposal touching the catchment. |

## Group F. Interfacing functions

### TABLE A.19: GROUP F. INTERFACING FUNCTIONS

| # | Sub-component | Where it sits, and where the test points |
|---|---|---|
| F1 | Stormwater delivery | Council, or (optionally) a Local Water Done Well water organisation from 1 July 2026. The regional council still regulates the discharges under the RMA. Moving delivery to a separate entity gives a cleaner regulator-operator split, but optional and partial transfer fragments the network, and no guidance addresses how the discharge consents transfer or who holds compliance accountability across the split. An honest gap to surface. |
| F2 | Land-use planning (the diffuse-discharge driver) | Territorial function, drawn into the Regional Combined Plan. The interface that controls diffuse discharge. |
| F3 | Drinking-water and wastewater delivery | Local Water Done Well water organisations. Out of scope (a separate reform); flagged as an interface only. |

**Lift candidates summary. The lift is limited, and mostly already under way rather than something this paper proposes. Human health limits (A1) are moving to the Minister under the Natural Environment Bill. National direction (A3) is already national. Enforcement (C1) would move to the signalled national regulator if it proceeds, which the paper does not assume. The science and data layer (D1) is best handled as national**

**methodology and data sharing rather than a transfer. Everything else, the catchment delivery of the function, stays regional. This is the same basis biosecurity (Appendix A2) uses: separate what is already national from what a signalled reform would take from what stays regional, and do not overclaim a lift.**

## Funding, capability and unsustainable assets

RUAs' freshwater management function has far fewer assets than the flood management function, but it carries two cost bases that are important:

- Monitoring networks (gauges, sampling, laboratory and data infrastructure) that underpin credible freshwater science
- The cost of a credible compliance and enforcement capability.

Both are funded by the regional rate base, and both are vulnerable in a small post-reorganisation region that cannot sustain the specialist team or the network alone. We suggest that where this is an issue for your region, you should highlight it, and show whether a shared service, a wider funding base, or national data sharing are options to sustainably fund it in future. The fiscal equivalence question above (who pays for water-quality outcomes when diffuse discharge drives much of the pressure) is a harder, and more political, related issue. You should ensure your proposals are honest about this rather than presenting a cross-subsidy as the cost of the function.

> **Honest mapping difficulties.** Three uncertainties sit under this paper. **First**, the function splits across layers: catchment delivery is firmly regional, while the standards layer is being part-nationalised and the enforcement layer may move to the centre. The paper keeps the layers apart and gives each its own answer. **Second**, two pieces of the reform are genuinely unsettled as at the date of writing: whether a replacement freshwater national policy statement has been gazetted, and the model and timing of the national compliance regulator. The paper states the direction without claiming either has landed. **Third**, the stormwater interface under Local Water Done Well has a real regulatory gap (how discharge consents and compliance accountability transfer across split delivery) that no public guidance yet resolves. The paper names it openly.

# A5. Consenting and spatial planning: the detailed assessment

## Where the test points, and what would move it

**For most regions, the tests point to the regional and district planning functions integrating at the regional or unitary level, which is what the new planning system itself does and what a unitary authority delivers. The open question is whether the reorganisation can be sequenced so it does not disrupt the first-generation Regional Combined Plans.**

The direction our advice points to here is unusual for this toolkit. The new planning system integrates spatial planning, natural-environment planning and district land-use planning into one combined plan per region; the plan binds consents; and the capability to make and administer it sits best at regional scale. A unitary authority, which holds both the regional and district functions, will be the structure that is responsible for the combined plan. So our functional analysis points toward integration of planning functions. The framework supports integration here because it places each function at the scale that performs it best.

There are three key issues that influence how a region should position this function:

1. **The planning reform and the reorganisation happening at once.** The reorganisation and the first-generation combined plans run at the same time. This is the main issue, developed in its own section below.
2. **Whether the spatial-plan footprint matches the proposed boundary.** The combined plan is drawn at the scale of the region and its functional urban area. A sub-regional or cross-boundary proposal that cuts across that footprint splits the natural planning unit and should be tested explicitly. Integration does not have to mean one unitary authority for the whole region. Where more than one unitary authority forms within a region, the combined plan can still be made together, through a joint planning committee of those unitary authorities, and the Bill could also provide for more combined plans. So keeping the plan whole does not by itself force a region into a single authority.
3. **Who holds the pen during the transition.** Current regional councillors stay to the 2028 term to lead the first-generation plans; the interim body that follows is unsettled. A proposal should name how the combined plan is governed and approved through the transition.

The sections below test these issues. For most regions the answer is to integrate the planning functions at the unitary level, sequence the reorganisation against the plan-making timetable, and keep the spatial-plan footprint whole.

## The function in context

Head Start is the Government's pathway for a group of councils to merge into a single unitary authority, and this paper applies the framework to a region considering it. The framework is neutral about where a function should sit: it can point to keeping it regional, moving it up or down, sharing it, or bringing it together. This paper asks which of those fits consenting and spatial planning, in the form these functions take after the RMA reforms. For this function the test points to integration, because of the underlying drivers from the Government's RMA reforms: the planning statute (RMA) itself is being replaced, so that context is the substance of the analysis rather than the background. We refer to the function as consenting and spatial planning: its current statutory basis is the Resource Management Act 1991, and it will transition to the new planning legislation (Planning Bill and Natural Environment Bill) as the RMA reforms are completed.

### The new planning system

The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Enactment is intended late 2026. They replace the Resource Management Act with a system built around one combined plan per region (around 17 nationally, replacing more than 100 plans and policy statements across the country).[55] The combined plan is a single published document made of three parts, each with a different institutional author/decision-maker: a 30-year regional spatial plan, made by a committee of all the councils in the region; a natural environment plan, made by the regional council; and a land-use plan for each district, made by its territorial authority. The spatial plan sits at the top of the hierarchy, and lower-order plans and consent decisions must give effect to it. National direction sits above the plan (a national planning framework and national policy statements,

[55] Planning Bill (235-2, 2025) and Natural Environment Bill (234-2, 2025). The Planning Bill and Natural Environment Bill passed their second readings on 4 August 2026 and are now awaiting consideration by the Committee of the whole House, followed by third reading. Enactment is intended late 2026. Planning Bill: https://www.legislation.govt.nz/bill/government/2025/0235/latest/whole.html; Natural Environment Bill: https://www.legislation.govt.nz/bill/government/2025/0234/latest/whole.html.

including the National Policy Statement for Natural Hazards 2025).[56] Building consents remain a territorial function under the Building Act.[57] The first plans are expected across 2027 and 2028, but the Bill measures the timetable from Royal assent rather than fixed calendar dates, so any year given here is indicative. Because the Bills are not yet enacted, this paper treats the form of the function as a stated assumption and flags it as a sensitivity.

## Head Start and the transition

Under Head Start, a unitary authority would hold both the regional and the district functions in one body, so it would make and administer all parts of the combined plan itself. That consolidation comes from the reorganisation, not from the Planning Bill: without a unitary authority, the spatial plan, the natural environment plan and the district land-use plans will still have separate institutional authors. In November 2025 the Government dropped the proposal for "combined territories boards" after consultation. Current regional councillors will remain in office until 2028 to lead the first generation of regional spatial and natural-environment plans; the interim body that replaces them from 2028 in areas without an accepted proposal (a board of mayors, Crown commissioners, or a hybrid) is to be confirmed in 2027.[58] This means that a plan may be made under one governance arrangement and approved or administered under another. This creates a timing risk discussed below.

## A signalled national environmental compliance and enforcement regulator

Cabinet signalled in March 2025 that it was considering a national compliance and enforcement regulator. The Government is still taking advice on whether to establish one. It is not in the December 2025 Bills, which keep compliance and enforcement with councils alongside strengthened EPA intervention powers, and any regulator would need separate legislation that has not been introduced. If one were established, it would move the compliance-and-enforcement piece of consenting to the centre, but not plan-making or

[56] National Policy Statement for Natural Hazards 2025; notified 18 December 2025, in force 15 January 2026 (Ministry for the Environment). https://environment.govt.nz/publications/national-policy-statement-for-natural-hazards/

[57] Building Act 2004; building consents are issued by territorial authorities acting as Building Consent Authorities, separately from the resource consents that this function covers. https://www.legislation.govt.nz/act/public/2004/0072/latest/whole.html

[58] Department of Internal Affairs, Simplifying Local Government / Head Start guidance, May 2026. The "combined territories boards" proposal was dropped after consultation in November 2025; current regional councillors remain to the 2028 term to lead the first-generation plans, with the interim body that follows to be confirmed in 2027. https://www.dia.govt.nz/simplifying-local-government

consent-granting. The paper treats it as a possible future change, not an assumed one. This is the same regulator discussed in the freshwater paper (Appendix A4).[59]

### The Fast-track Approvals Act 2024

The Fast-track Approvals Act 2024 provides a separate consenting pathway for nationally or regionally significant projects.[60] Ministers decide whether to refer a project, the Environmental Protection Authority administers the application, and an expert panel appointed through the statutory process decides it. Referral is discretionary. It sits beside the regional consenting function rather than replacing it, and a reorganising region may be able to use it for major projects while its own consenting is in transition.

### Interfacing local-authority functions

Building consents (a separate Building Act function that stays territorial) and district land-use planning sit alongside planning. The land use planning function also shares an officer base in many cases with freshwater CME (Appendix A4): the same consent and compliance staff often do both, so a reorganisation that moves one without the other risks a gap. It also connects to flood management (Appendix A1): the combined plan is where flood-hazard risk is built into land-use decisions, so that development is steered away from flood-prone land (the natural-hazards national direction requires this).

## Profiling the function and testing the options

The framework is applied in two stages (as set out in our Interim Framework Note, 18 June 2026): a five-axis diagnostic profile (Module A) that places the function, and an assessment of the five destination options (Module B) that points to the answer.

### Module A profile: consenting and spatial planning

**TABLE A.20: MODULE A PROFILE: CONSENTING AND SPATIAL PLANNING**

[59] National compliance and enforcement regulator signalled by Cabinet on 24 March 2025 alongside the RMA reform announcement; not in the December 2025 Bills, and the Government is taking advice on whether to establish one (Ministry for the Environment). https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/rmreform/

[60] Fast-track Approvals Act 2024, a separate consenting pathway for nationally or regionally significant projects: Ministers decide referral, the Environmental Protection Authority administers the application, and an expert panel decides it. It sits beside the regional consenting function rather than replacing it. https://www.legislation.govt.nz/act/public/2024/0056/latest/whole.html

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Medium to High** | Plan-making and consenting systems gain from scale: one combined plan replaces several, and hearing panels, consenting systems and spatial-planning teams are more sustainable at regional scale. Site-specific consenting still needs local knowledge. |
| 2. Geography | **Medium to High** (footprint: the region and its functional urban area, not the catchment) | The spatial plan is drawn at regional scale and binds consents region-wide; cumulative effects and growth cross district lines. |
| 3. Expertise | **High** | Planners, consent officers, hearing commissioners and spatial planners are scarce and hard to sustain below regional scale. |
| 4. Spillover | **Medium to High** | The combined plan binds lower-order plans and consents across the region; one district's land-use and growth decisions affect the others. |
| 5. Deliverability *(gate)* | **Dominated by the concurrency of two reforms** | The function is defined by its statute, and the statute is being replaced at the same time as the reorganisation. Deliverability turns on sequencing the two changes, not on the location of the function. |

The function sits best at the regional and unitary-authority level. The new planning system organises it around one combined plan per region, while keeping the spatial plan, the natural environment plan and the district land-use plans as separate instruments with separate makers. There is nothing to support pulling plan-making or consenting below the region in a way that survives the reform. There is nothing to support pulling plan-making and consenting to the central government (except for national direction under future planning and natural environment laws). The open question is timing: when the reorganisation happens against the plan-making, not where the function sits.

## Assessing the five options

**Stay put.** For the regional function, passes and is strengthened: the reform keeps regional plan-making and brings it into one combined plan alongside the district land-use plans. The pre-reform pattern, with wholly separate regional and district plans, is no longer on offer; the reform draws them into a single combined plan for the region whether or not the region reorganises. What it does not do by itself is put them under one maker, and that is what a unitary authority adds.

**Move up (to national).** Fails for plan-making and consenting. National direction (the national planning framework and national policy statements) sets the frame, but the plans and the consents stay at regional and territorial level by design under the new system.

**Move down (keep district planning fully separate).** Fails. Under the reform each district's land-use plan sits within the region's combined plan rather than standing wholly apart, even though the territorial authority still makes it. Local input continues through that district land-use plan and through local representation.

**Share it (shared service).** Viable and sensible in some cases. Hearing panels, consenting systems, GIS and spatial-planning capability can be shared across a region, or between smaller regions, to protect scarce capability and consent throughput, especially during the transition.

**Lift a piece.** Two pieces sit above the region. National direction is already the national layer. Consent compliance and enforcement would lift to the signalled national regulator if it proceeds, which the paper does not assume. Neither lifts the plan-making or the consent-granting itself.

Taken together, the regional planning function stays at regional or unitary-authority scale, and a unitary authority is what brings the region's separate plan-makers, including the district land-use plans, into one body. The reform leaves that consolidation to local-government reorganisation, and it is exactly what a unitary authority delivers. This is the function in the set that most supports the unitary-authority model, and the toolkit should say so plainly.

## Risks of moving, splitting, or sharing this function

- **Concurrency disruption.** Reorganising while building the first-generation combined plans stretches the same people, systems and committees across two large changes at once. This is the dominant risk and has its own section below.
- **Spatial-plan footprint mismatch.** A sub-regional or cross-boundary proposal can cut across the spatial-plan footprint (the region and its functional urban area), splitting the natural planning unit.

- **Consent-throughput risk.** Consent processing can stall during a reorganisation, holding up development and imposing an economic cost. Shared capability and the Fast-track pathway are mitigations.
- **Transition-governance gap.** The combined plan may be made under one governance arrangement and approved under another, with no settled answer for who holds the pen between 2028 and the new entity bedding in.
- **The consenting and freshwater-CME interface.** On the combined picture, do both. Co-locate the functions in the unitary authority, because integrated planning needs them in one place, but keep the decision rights between the public-transport-priority role and the roading role explicit, so a ratepayer can still name who is answerable for a road-versus-public-transport trade-off.

## Local voice and accountability test

The test has three parts: subsidiarity, accountability, and who pays. For this function, accountability is the part that needs the most thought, and the difficulty is in the transition rather than the end state.

**Subsidiarity.** Pass at the regional scale, however, noting that there is a significant local voice cost. The integrated plan sits at the regional or unitary-authority level, which is the level that can hold a single coherent plan for the region. At the other end, a district that was its own decision-making council becomes one voice at a larger table rather than the body that decides. This means that a community, neighbourhood or rural ward can lose direct influence over the local planning and consenting decisions that affect it, and can be outvoted or have their interests subsumed into the region's. Community boards can provide a forum for local input. Because community boards have no rating power, no balance sheet and no final say on proposals, they will lack real influence. The combined plan's district chapters and local representation will soften the loss of subsidiarity but do not remove it. A Head Start proposal should be clear that integration will concentrate planning decisions, and should set out how it will protect local influence. Options include:

- Ward design
- Delegated decision-making to local committees where workable
- A delegated local body with its own rating power and balance sheet (we understand Bay of Plenty Regional Council may be considering such a model)

- Ensuring real weight for the district chapters that affect each community.

**Accountability.** Once a unitary authority is established and running, accountability is clear: one council prepares the combined plan and is responsible for issuing the consents that flow from it. That is a simplification over today's split, where a regional council and several district councils each hold part of the planning function. However, the simplification comes at a cost to accountability. Clearer accountability for the region as a whole comes with weaker direct accountability to each district, the local-voice cost set out under subsidiarity: a single body is easier to hold to account for the region, and harder for a particular community to influence on a decision that affects only it.

The transition period also presents challenges. Current regional councillors lead the first-generation plans to 2028; the interim body that follows is not yet confirmed; and the plan that integrates everything may be approved by a body whose form is still to be decided. A proposal should say how the combined plan is governed and approved through that changeover, not assume it.

There is a deeper accountability point in plan-making itself. A regional plan for water, air and the coast is not just an administrative document. A regional plan is decided by elected regional councillors, and that is how the regional community's preferences enter resource-management choices, within national direction and the environmental bottom lines the new Acts will set. Amalgamation into a unitary authority changes who holds that pen. The combined plan's policy choices would be made by the unitary authority's elected members, whose mandate spans the whole area, often a larger and more urban electorate. A proposal should address the question of whether the regional resource-management constituency, including rural, catchment and coastal interests and mana whenua, keeps an effective voice, or is outweighed in a larger body. How far this bites depends on how much discretion the new system leaves: national direction and a mandatory regional spatial plan narrow the local choices considerably, so the room for local democratic choice is smaller than it was under the RMA, though not removed. Ward design, committee structure and co-governance arrangements are where a proposal shows it has protected that voice.

Co-governance bears directly on this function: spatial and natural-environment planning intersect Treaty co-governance arrangements and mana whenua participation more directly than the pest or flood functions do. The combined plan must carry these forward, and a proposal touching a co-governed catchment or rohe should show how that participation transfers, on the same basis as the freshwater paper (Appendix A4).

**Fiscal equivalence (who pays).** The issue is not as material here than for RUAs' delivery functions. Plan-making is rates-funded and consenting is largely cost-recovered through consent fees, so the who-pays question is less fraught. The relevant fiscal point is the other way around: a unitary authority can capture some scale economies in plan-making and consenting systems (one plan, shared hearing and consenting infrastructure), which is a genuine efficiency of integration, not a cross-subsidy to be disclosed.

## Where each part of the function should sit

The function disaggregates cleanly, and the breakdown shows why integrating regional and district plan-making and consent-granting is the logical conclusion under the reformed system: the parts cohere at the regional or unitary-authority level, with national direction above and local input within. The allocation options drawn from the framework: integrate at the regional or unitary-authority level; already national; would move to the signalled national regulator; shared service; or a territorial interface.

### TABLE A.21: WHERE EACH PART OF THE FUNCTION SHOULD SIT

| Sub-component | Where it sits, and where the test points |
|---|---|
| Regional spatial plan (30-year) | Regional or unitary authority. The integrating instrument; binds lower-order plans and consents. |
| Natural environment plan | Regional or unitary authority, within national direction. Integrates with the spatial plan in the combined plan. |
| District land-use planning | Integrates up as chapters of the Regional Combined Plan; standalone district plans are subsumed. Local input through the chapters. |
| Resource consenting (granting) | Regional or unitary authority. Coheres with the plan that consents must give effect to. |
| Hearings and commissioners | Regional or unitary authority, with a shared-service option (shared hearing panels across or between regions). |
| Consent compliance and enforcement | Regional today; would move to the signalled national regulator if it proceeds. Not drafted, so not assumed. Shares an officer base with freshwater CME (Appendix A4). |

| Sub-component | Where it sits, and where the test points |
|---|---|
| National direction (national planning framework, national policy statements) | Already national; sets the frame the regional plan gives effect to. |
| Building consents | Territorial (building control); interfaces with resource consenting but is a separate regime. |

**The lift and share summary.** Little lifts and much integrates. National direction is already national. Consent compliance and enforcement would lift only if the signalled regulator proceeds. Hearings and consenting systems are strong candidates for shared-service arrangements. Everything else, the plan-making and consent-granting, integrates at the regional or unitary level, which is the destination the reform itself is building toward.

## Significant concurrency risk: reorganising while the first plans are being built

This is the central risk for the function, and it is the point where this paper connects to the Module D work on the risks of reform.

The reorganisation under Head Start and the first-generation Regional Combined Plans are scheduled to happen together. Outline proposals were due in August 2026, with final decisions in 2027, and the reorganisation takes effect around the 2028 local elections; the combined plans are to be notified across 2027 and 2028 and operational by 2029. A region that reorganises in this window is producing its single most important new plan with the same planners, consent officers, spatial-planning capability and committee time that the reorganisation itself consumes. The first combined plan sets the region’s land-use and environmental settings for a generation, and it is being made by an organisation that is changing shape underneath it.

The governance of the plan during the transition is the most important element. Current regional councillors are kept to the 2028 term precisely to lead the first-generation plans, but the interim body that follows is not yet confirmed, so the plan that integrates spatial, natural-environment and district planning may be initiated under one governance arrangement and approved or administered under another. Head Start proposals should not assume that the governance of plan making during this period will be settled.

Sequencing reduces the risk, and a defensible proposal should set out how it does so. The options include letting the regional entity substantially advance the first-generation plans before the reorganisation lands; staging the reorganisation so the planning function and its staff and systems transfer as a unit rather than mid-stream; and aligning the reorganisation timetable with the plan-making timetable rather than cutting across it. Integration is right. The point is timing: it has to be managed so the integration does not disrupt the very plans it is meant to produce.

## Funding and unsustainable assets

There are no unsustainable-asset issues for this function, because it depends on people and processes, not physical assets: its capability is its planners, consent officers and commissioners, and its main “asset” is the combined plan and the consenting system, not infrastructure on a thin rate base. The one capability risk is that a small post-reorganisation entity may not sustain a full planning and consenting team alone, and the answer there is a shared service. The fiscal point that does matter is the other way up: a unitary authority can capture real scale economies in plan-making and consenting.

# A6. Civil defence and emergency management: the detailed assessment

## Where the test points, and what would move it

**For most regions, the tests point to keeping civil defence at the regional scale, within the national network, which is what the reform itself retains. Where a unitary authority matches the civil-defence region, the joint-committee governance simplifies into one accountable entity, which is a benefit. The one issue that moves the answer is whether the proposed boundary matches the civil-defence region.**

The direction is fairly firm. Castalia found the function mostly appropriately allocated; the reformed system keeps the regional basis; and the national layer (the National Emergency Management Agency, national plans and mutual aid) sits above council structure regardless. The function does not need to move up or down. What changes with reorganisation is the clarity of the regional governance, and that turns on the boundary.

There is one key issue that influences how a region should position this function:

- **Whether the unitary boundary matches the civil-defence region.** Where it does, the joint committee of councils becomes one accountable entity, a simplification the reform actively enables. Where a sub-regional unitary authority is proposed, the civil-defence region is split and a joint Emergency Management Committee has to be re-created across the new authorities. A proposal should test this explicitly and name the governance it will use.

Two further issues influence the design: mutual aid and national coordination will continue regardless of structure (developed below), and recovery capability and recovery funding need to be protected through the transition (discussed in the recovery section).

## The function in context

We apply our framework to the Head Start pathway and the options it presents: it is how a group of councils can propose to merge into a single unitary authority, or present alternatives.[61] This paper asks where civil defence and emergency management should sit

[61] Department of Internal Affairs, Simplifying Local Government / Head Start pathway, May 2026: councils may propose to merge regional and territorial functions into unitary authorities, with outline proposals due 9 August 2026. https://www.dia.govt.nz/simplifying-local-government

when a region reorganises. The function is itself being reformed, so the reform context matters before the test is applied.

## Where the civil defence and emergency management function sits today

Civil defence operates under the Civil Defence Emergency Management Act 2002[62] on an all-hazards basis across the four phases of reduction, readiness, response and recovery. Each region has a CDEM Group: a joint committee on which each member council is represented by its mayor or chair, or an authorised elected member, administered by the regional council (or, where the region has one, a unitary authority), supported by a Coordinating Executive Group of chief executives, a Group Controller, and a Group Emergency Management Office. Each Group prepares a CDEM Group Plan. Above the Groups sits the National Emergency Management Agency, which holds the national layer and whose hosting moved from the Department of the Prime Minister and Cabinet to the Department of Internal Affairs in September 2025;[63] the national instruments are the National CDEM Plan and the National Disaster Resilience Strategy.

The Emergency Management Bill (introduced December 2025, select committee report dated 5 June 2026, not yet enacted) repeals and replaces the 2002 Act and gives effect to the Government’s response to the inquiry into the North Island severe weather events. It keeps the all-hazards, four-phase model and the regional basis, renames CDEM Groups as Emergency Management Committees, clarifies that the committee holds regional coordination and governance while each member authority is responsible for local delivery, requires at least one Māori member on each committee and stronger engagement with Māori and communities, and strengthens recovery and national direction. Because the Bill is not enacted, this paper treats the reformed shape as a stated assumption and flags it as a sensitivity.

## Where the boundary between civil defence and flood management sits

It is important to define precisely where the civil-defence function meets the flood-management function, because the two are easy to double-count or to let fall between them.

[62] Civil Defence Emergency Management Act 2002, under which civil defence operates on an all-hazards basis across reduction, readiness, response and recovery; to be repealed and replaced by the Emergency Management Bill (No 2). https://www.legislation.govt.nz/act/public/2002/0033/latest/whole.html

[63] The National Emergency Management Agency holds the national layer of emergency management; its hosting moved from the Department of the Prime Minister and Cabinet to the Department of Internal Affairs in September 2025.

This paper states the boundary that the flood-management paper (Appendix A1) leaves to here.

- **Flood management is a regional-council function** that is ongoing and continues regardless of whether there is any emergency: RUAs build and maintain flood schemes, manage catchments, do hazard modelling and mapping, and hold river-level telemetry and flood-warning systems. RUAs do this under the Soil Conservation and Rivers Control Act 1941, the RMA and the LGA. The flood warning *generation* is RUAs' core function. RUAs monitor river levels, model flood behaviour, and issue warnings of emergencies.
- **Flood response and recovery is the civil-defence function**: when a flood escalates beyond what routine flood management can handle, the civil-defence function coordinates the response and supports the move into recovery, under the emergency-management legislation. A formal declaration is not what brings the civil-defence function into play; coordination, controllers and public warnings can all operate without one. A declaration adds extraordinary statutory powers, such as evacuation and requisition, when they are needed.
- **Warning *dissemination* is shared**: the regional council generates the warning as part of flood management, and it is communicated to the public through civil-defence channels. The same regional council usually does both, but the statutory roles differ, so any Head Start proposal should keep the two functions distinct rather than merge them.

## Interfacing functions

Civil defence interfaces with flood management (above), with the recovery-to-adaptation link into land-use planning (the recovery section below), and with lifeline utilities and the local delivery each territorial authority provides. National coordination and mutual aid are a permanent feature of the function, examined in the test below.

## Iwi and hapū are often operational partners

Iwi and hapū are often operational partners in this function. Marae serve as welfare and evacuation centres in almost every significant activation, and the relationships that make that work (knowing who to contact, which marae can take how many, what support they need) are built before an event, not during one. HW discussions with Bay of Plenty Regional Council and residents evacuated in Gisborne District (post Cyclone Gabrielle) confirm this. Councils' iwi and hapū relationship teams carry much of this readiness, and because rohe do not follow territorial boundaries, the relationship network operates at regional scale. A reorganisation should treat these relationships as part of the emergency-management capability being moved: they cannot be transferred by organisational chart, and a proposal should say how they are carried.

## Profiling the function and testing the options

The framework is applied in two stages (as set out in our Interim Framework Note, 18 June 2026): a five-axis diagnostic profile (Module A) that places the function, and an assessment of the five destination options (Module B) that points to the answer.

### Module A profile: civil defence and emergency management

#### TABLE A.22: MODULE A PROFILE: CIVIL DEFENCE AND EMERGENCY MANAGEMENT

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Medium** | Coordination, the Group office, controllers, the emergency operations centre and systems gain from regional scale; local delivery (readiness and first response) stays local. |
| 2. Geography | **Regional, within a national network** | The natural unit is the civil-defence region plus the national system. Emergencies cross boundaries and depend on mutual aid between regions. |
| 3. Expertise | **Medium to High** | Controllers, recovery managers and emergency-management professionals are scarce and hard to sustain at small scale. |
| 4. Spillover | **High** | Emergencies cross boundaries; mutual aid and national coordination are essential; one region’s event draws on its neighbours and the centre. |
| 5. Deliverability *(gate)* | **A reform is in train; the regional basis is retained** | The Emergency Management Bill is reported back but not enacted. It keeps the regional basis and renames the Group a committee. A unitary authority co-extensive with the region simplifies governance; a sub-regional unitary authority fragments it. |

The function sits best at the regional level within a national network. Nothing suggests it should be elevated to central government beyond the national coordination that already sits centrally, and nothing suggests delivering below the region in a way that survives the mutual-aid logic. What changes with reorganisation is the clarity of the regional governance, which depends on the boundary.

## Assessing the five options

**Stay put.** Passes. The reformed system keeps the regional basis, and Castalia finds the function mostly appropriately allocated. Where a unitary authority matches the region, "stay put" and a governance simplification are the same.

**Move up (to national).** Fails for delivery. The National Emergency Management Agency already holds the national layer. Response and recovery are place-based and depend on local knowledge and relationships, and mutual aid is coordinated regionally; centralising delivery would strip that.

**Move down (to sub-regional or district delivery).** Fails as a destination, and is the specific risk under a sub-regional reorganisation. It splits the civil-defence region, forces a joint committee to be re-created, and thins scarce controller and recovery capability.

**Share it (shared service).** This is how civil defence already works. Mutual aid is a sharing model by design, and controllers, recovery managers, specialist emergency-management capability and emergency-operations-centre infrastructure can be shared across regions, which is especially valuable for smaller post-reorganisation regions.

**Lift a piece.** Little lifts. National coordination and the national plans are already national, and the pre-event hazard-planning methodology is national guidance. The plan-making, coordination and delivery stay regional and local.

Taken together, the function stays regional, and where the unitary authority covers the same area as the civil-defence region, the joint-committee governance becomes a single-authority Emergency Management Committee. Like the planning function (Appendix A5), this is a place the test backs integration, conditional on the boundary.

## Risks of moving, splitting, or sharing this function

- **Boundary mismatch.** A sub-regional unitary authority splits the civil-defence region and forces a joint Emergency Management Committee to be re-created, losing the simplification a region-wide unitary authority would deliver. This is the dominant risk.

- **Loss of mutual-aid coordination.** Weakening the regional layer, or assuming a unitary authority internalises emergency management, undercuts the mutual aid and national coordination that emergencies depend on.
- **Recovery capability strain.** Recovery is the weakest phase and the most resource-intensive; a small post-reorganisation entity may not sustain a credible recovery capability, and major-event recovery exceeds any council's balance sheet.
- **Transition disruption.** Reorganising while the Emergency Management Bill beds in puts two reforms on the same timetable, a lighter version of the concurrency risk in the planning paper (Appendix A5).

## Local voice and accountability test

The test has three parts, applied to whatever destination the function lands on. For civil defence, the accountability part turns on the boundary.

**Subsidiarity.** Pass. The reformed model places regional coordination at the committee and local delivery with each authority, which keeps readiness and first response close to communities while coordinating at the scale emergencies require.

**Accountability.** This is where the boundary decides the answer. Under a unitary authority that covers the same area as the civil-defence region, one body answers for coordination, response and recovery, which is a genuine simplification over the present joint committee. Under a sub-regional unitary authority, accountability is diffused back into a re-created joint committee, the problem the reform is trying to reduce. Co-governance and Māori participation also bear directly on this function: the reform requires at least one Māori member on each committee and stronger Māori engagement in planning and recovery, and the Hawke's Bay recovery worked through iwi and post-settlement governance entities. A proposal should show how that participation carries into the new body.

**Fiscal equivalence (who pays).** Civil defence is funded from rates, often a regional targeted rate, and the who-pays for readiness and response is reasonably aligned with the region that benefits. Recovery is the exception, and it matters. Major-event recovery routinely exceeds a council's capacity and is met by a Crown cost-share, as in Hawke's Bay, so the de facto funding model for large recoveries is a Crown contribution. A proposal should be honest that a region's recovery capacity, after reorganisation, still rests on the Crown for events of any real scale.

## Where each part of the function should sit

The function disaggregates cleanly, and the disaggregation reinforces the read: coordination and capability sit regionally within a national network, delivery sits locally, and the national layer is already national.

**TABLE A.23: WHERE EACH PART OF THE FUNCTION SHOULD SIT**

| Sub-component | Where it sits, and where the test points |
| --- | --- |
| Regional coordination and governance (the Emergency Management Committee) | Regional. Simplifies into one entity where the unitary authority matches the region; re-aggregates as a joint committee where the unitary authority is sub-regional. |
| Readiness and first response | Regional coordination plus local delivery by each authority. |
| Group Controller, emergency operations centre, specialist capability | Regional, with a strong shared-service option across regions for smaller entities. |
| Recovery (recovery managers, transition, recovery agencies) | Regional and local, nationally supported; the weakest phase, being strengthened, and Crown-co-funded at scale. |
| Mutual aid | A shared, cross-regional model by design; not internalised to any one council. |
| National coordination, national plans, national direction | Already national (the National Emergency Management Agency). |
| Pre-event hazard-based land-use planning | National guidance (the Natural Hazards Commission methodology), applied through regional and district plans; the recovery-to-adaptation link below. |

## Recovery, and the link to adaptation

Recovery activities after a civil defence event are being changed by this reform and the wider hazard policy settings. The recovery phase has historically been the weakest of the four phases, and both the inquiry into the North Island severe weather events[64] and the

[64] Government Inquiry into the Response to the North Island Severe Weather Events, report to the Minister for Emergency Management and Recovery, 26 March 2024. It found New Zealand's emergency management system

Emergency Management Bill[65] aim to strengthen it. The Government and CDEM system appears to be using the recovery phase as a deliberate opportunity to reduce future risk rather than to rebuild in place. This means "recovery" is being used as an "adaptation" opportunity. The most concrete tool for this is the Natural Hazards Commission's Pre-event Land Use Planning Methodology, published in November 2025: a step-by-step method for councils to agree risk thresholds and land-use responses for hazard-prone areas before an event, so that recovery is faster and more deliberate. It is voluntary guidance, not a statutory requirement.[66]

However, the national CDEM framework that this 'recovery to adaptation' link would plug into is not settled. There is no enacted managed-retreat or climate-adaptation framework and near-term cost-sharing is unresolved. In our flood management paper, we highlight the same funding gap from the asset side: the cost of protecting or recovering flood-prone communities can exceed what their local rate base can carry, and there is no settled national framework for how the Crown and councils share it. Disaster/event recovery is being strengthened and the tools to connect recovery to adaptation exist and are improving, all at the same time as national settings that would make this connection routine business are still being decided. Local government reorganisation should protect the recovery capability and the relationships (with mana whenua, communities and the Crown) that a recovery depends on.

## Funding and unsustainable assets

There are no significant unsustainable asset issues for this function, because it depends on capability and relationships, not physical assets: its main standing assets are the emergency operations centre and systems, not infrastructure on a thin rate base. The fiscal point that does matter is recovery: major-event recovery exceeds any council's balance sheet and rests on a Crown contribution, a funding question of the kind the flood paper develops, not a

"not fit-for-purpose" and identified significant gaps, including in recovery; its findings underpin the current reform.

[65] Emergency Management Bill (No 2) (2025), reported back on 5 June 2026 and passed its second reading on 30 June 2026; it has not yet been enacted. When enacted it replaces the Civil Defence Emergency Management Act 2002. It was developed in response to the inquiry, strengthens the recovery phase, and requires each Emergency Management Committee to appoint at least one Māori member. (A first Emergency Management Bill was discharged on 8 May 2024.) https://www.legislation.govt.nz/bill/government/2025/0236/latest/whole.html

[66] Natural Hazards Commission Toka Tū Ake, Pre-event Land Use Planning Methodology (November 2025): voluntary step-by-step guidance for councils to agree risk thresholds and land-use responses for hazard-prone areas before an event.

stranded-asset problem. The one capability risk is that a small entity may not sustain the function alone, and the answer there is a shared service.

# A7. Regional economic development: the detailed assessment

## Where the test points, and what would move it

**For most regions the tests point to economic development sitting at the territorial and local level. In a reorganised region that means it passes to the new unitary authority, or is split across the new entities if more than one is formed. Where regions differ: a region with a genuine investment-attraction story can have the new entity, or its territorial authorities jointly, run a shared agency. That does not need a regional council or a separate regional tier.**

The test points this way for a simple reason: the benefits of economic development are local, and the council tier whose fiscal interest and policy levers align with them is the territorial authority. The section on economic development as a territorial function, below, sets out that argument. Nothing in the function suggests retaining as a regional-council role or moving to central government. Where regional councils are involved today, it is usually because territorial boundaries are too small to match the economic unit; an amalgamation at economic-unit scale removes that rationale.

One thing would change the delivery arrangement without changing the destination: whether a region has a genuine economic story to tell at scale (investment attraction, a regional brand, a sector cluster that crosses district lines). Where it does, a single agency makes sense. That agency can sit in the new unitary authority, or be run by the territorial authorities jointly where a region forms more than one entity. It does not require a regional council.

## How material is this function

The function is small and unevenly present. A short, sourced picture (figures as at the 2024–34 long-term plans and 2024–25 annual reporting):

- **Most regional councils spend little or nothing on it.** Several run no economic development activity at all. Where a clean same-source figure exists, the spend is well under one percent of revenue (Greater Wellington's economic development activity is about 0.3 to 0.8 percent of revenue, the clearest published example).
- **One regional council has exited.** Waikato's joint agency, Te Waka, closed in June 2024.

- **The agencies are usually not the regional council's.** Many well-known economic development agencies are owned or funded by territorial authorities or trusts, not by the regional council: examples include agencies owned by city or district councils, and the Crown-endowed trust on the West Coast.

This matches the 2025 Castalia report to Te Uru Kahika,[67] which treats economic development as reflecting each council's own choices: it is a discretionary function under the general power of competence[68] rather than a mandated one, and Castalia notes the agencies are often funded by territorial authorities. Castalia's own judgement is that the function should be subject to a cost-benefit review, flagging the same fiscal mismatch this paper turns on.

## Economic development is a territorial function

Several reasons explain why economic development is (or should be) principally a TLA function.

### The fiscal equivalence argument

Economic development exists to grow local business activity, jobs and household prosperity. The tier that captures most of the fiscal return on that growth, a larger business and household rating base, is the territorial authority, which rates the local property base and holds the levers that most directly shape local economic activity: land use, local infrastructure, town centres and district consenting. A regional council holds few of those levers. Its remit is environmental and regional, and although a growing local economy lifts its rating base too, it captures proportionately far less of the return than the territorial authority does. So when a regional council funds economic development, it spreads the cost across a wide regional rate base for benefits that are largely local, and for fiscal upside that mostly accrues elsewhere. That is the fiscal equivalence mismatch, and it is why the function sits at the territorial level. Under a unitary authority, which combines the regional and territorial roles, the mismatch is largely resolved: the unitary authority holds the territorial relationship and can pursue economic development on the proper fiscal basis.

[67] 2025 Castalia report to Te Uru Kahika, community leadership and economic development function (Table 4.7). The interpretation here builds on Castalia's "reflects RUAs' choices" finding.

[68] Local Government Act 2002, s 12 (the general power of competence): a local authority has full capacity to carry on any activity, which is the basis on which councils undertake economic development as a discretionary rather than a mandated function. https://www.legislation.govt.nz/act/public/2002/0084/latest/whole.html

## Profiling the function

The five-axis profile points the same way (the standalone profile carries the detail):

### TABLE A.24: PROFILING THE FUNCTION

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Low** | Economic development is relationship and convening work; a larger entity buys little. The scale-economy case for consolidation is weak. |
| 2. Geography | **Low** (footprint: the place or community) | The natural unit is the place, not a catchment or a network. Benefits are local. |
| 3. Expertise | **Low to Medium** | Some specialist investment-attraction and sector skills, but not the scarce, fragile capability of the regulatory functions. |
| 4. Spillover | **Low to Medium** | Local delivery has low spillover. The wider economic geography (labour markets, clusters, supply chains) does cross district boundaries, but that is a coordination point territorial authorities can handle jointly, not a case for a separate regional delivery tier. |
| 5. Deliverability *(gate)* | **Easy** | The function is discretionary and asset-light. It passes to the new entity by internal design. The Head Start reorganisation itself needs enabling legislation, but the function does not need its own. |

## Assessing the options

The destination tests reach the territorial answer quickly. The function sits at the territorial and local level, which under Head Start is the new unitary authority.[69]

### TABLE A.25: ASSESSING THE OPTIONS

[69] Department of Internal Affairs, Simplifying Local Government / Head Start pathway, May 2026: councils may propose to merge regional and territorial functions into unitary authorities, with outline proposals due 9 August 2026. https://www.dia.govt.nz/simplifying-local-government

| Destination | Verdict | Why |
|---|---|---|
| Stay put (regional-council function) | Fails | Fails the who-pays test: the cost falls on a wide regional rate base for benefits and fiscal returns that are largely local and territorial. |
| Move up (to central government) | Fails | The function is place-based; central government already runs its own regional-development settings separately. |
| Move down (to the territorial and local level) | **Pass** | This is where the relationship, the main levers and most of the fiscal return sit. Under Head Start that level is the new unitary authority. |
| Share it (a regional shared service) | Not needed | Any coordination a region needs can be done by its territorial authorities jointly, without a separate regional tier. |
| Lift a piece | No | No sub-component has a national scale or spillover case that the place-based delivery lacks. |

## What reorganisation means for this function

For a Head Start proposal the practical answer is short. Economic development passes to the new unitary authority. Where a region forms more than one entity, it is split across them, with any shared agency or regional narrative coordinated by those entities jointly rather than held by a separate regional body. Because the function is small and often duplicated across regional, sub-regional and district agencies, reorganisation is the moment to rationalise that duplication into a single clear arrangement.

# A8. Maritime navigation: the detailed assessment

## Where the test points, and what would move it

**For most regions the tests point to keeping maritime navigation as a regional delivery function, held by whatever entity results from reorganisation, inside the existing Maritime New Zealand national framework. The national standards and certification are already central, so nothing material moves. Where regions differ: a region without a significant harbour or port carries little of this function, and small coastal entities may share specialist capability rather than each holding it alone.**

The confidence of our finding is high and the reform tension is low. The 2025 Castalia report to Te Uru Kahika assessed the maritime navigation functions as appropriately allocated,[70] and the analysis below agrees. The application of the framework below shows why:

## Profiling the function

The five-axis profile points to regional delivery within the national framework (the standalone profile carries the detail):

**TABLE A.26: MODULE A FIVE-AXIS PROFILE**

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Low to Medium** | The scale-sensitive elements (national standards, certification, the national oil-spill tier) already sit with Maritime New Zealand. Physical delivery (the harbourmaster, aids to navigation, regional response) tracks the harbour and coastline, not entity size. |
| 2. Geography | **Medium** (footprint: the harbour and regional coastline) | The natural unit is the harbour and the regional coast. It is contained and fairly definite. |
| 3. Expertise | **Medium to High** | Harbourmasters and navigation-safety specialists are scarce, sustainable at regional scale and fragile in a very small entity. This is what makes the shared-service option useful for small regions. |

[70] Castalia, Functions of Regional and Unitary Councils in New Zealand (report to Te Uru Kahika, 2025).

| Axis | Band | One-line basis |
|---|---|---|
| 4. Spillover | **Medium** | Local navigation effects are contained to a harbour or stretch of coast, but the function also carries national spillovers: port efficiency affects national supply chains, and a major oil spill has regional and national consequences. National standards and the national oil-spill tier sit centrally precisely to manage that. |
| 5. Deliverability *(gate)* | **Easy** | The function is assigned by the Maritime Transport Act 1994 and passes to the resulting entity by internal design. The Head Start reorganisation itself needs enabling legislation, and any sharing or transfer of statutory roles follows the Act's process, but the function does not need its own legislation. |

The axes agree: keep delivery at the harbour and regional scale, with the national standards where they already sit. Nothing suggest the function should go above the region except the standards, which are already central.

## Assessing the options

When we apply the destination tests, the answer is clear. Maritime navigation should be kept as a regional delivery function: the harbour-scale footprint is the right unit, and the capability already sits there. Lifting the function to central government is not warranted, because the national elements (standards, certification, the national oil-spill tier) are already held centrally by Maritime New Zealand, so there is nothing material left to lift. Moving the function down is possible in a limited way: the Act lets a harbourmaster be appointed for a particular port, harbour or waters, so a harbour-specific arrangement can fit a region with distinct harbours. The key constraint is expertise rather than geography: a shared harbourmaster is a better way to hold scarce capability than splitting it. Sharing the function and resources needed for it is one option for small regions: a shared harbourmaster or shared navigation-safety capability across neighbouring entities could capture the economy of scope in expertise (if designed carefully) without changing where the function sits.

Our framework is agnostic about which entity should hold the maritime function. It can be the new unitary authority, or a shared entity owned and governed jointly by the relevant councils, as long as the reserved statutory decisions (appointing the harbourmaster and making navigation bylaws) stay with an authorised council or public body in accordance with law. The test we apply is about the scale at which the capability sits, not the institutional label.

**Where each part of maritime navigation should sit.** The split between national standards and regional delivery already exists, and the paper simply confirms it:

### TABLE A.27: WHERE EACH PART OF THE FUNCTION SHOULD SIT

| Sub-component | Where it sits | Note |
|---|---|---|
| Navigation-safety standards, maritime rules, operator certification, the national oil-spill tier | Already central (Maritime New Zealand) | Not a future lift; already held nationally. |
| Harbourmaster, navigation-safety bylaws, local aids to navigation, regional oil-spill response, moorings | Regional delivery; passes to the resulting entity, with a shared-service option for small regions | The delivery layer. The institution can be the unitary authority, or a shared cross-council entity for the operational work, with harbourmaster appointment and bylaw-making reserved to an authorised council. |

## Local voice and accountability test

- **Subsidiarity.** Pass. Delivery sits at the harbour and regional scale, the closest level that can do it well, under national standards.
- **Accountability.** Pass, with one design point. A ratepayer can name the council, or the successor unitary authority, answerable for navigation safety. The caveat is the port-ownership conflict set out below: where the council owns the port company, the harbourmaster's independence has to be protected in the governance design.
- **Fiscal equivalence (who pays).** Reasonable. The function is funded by a mix of regional rates and user charges (port and mooring fees), and the national oil-spill tier is funded by an industry levy through the New Zealand Oil Pollution Fund, so the costs broadly fall on the users and beneficiaries.

## Interfaces and honest difficulties

The live interfaces for this function are with central government, with port companies, and with territorial authorities. Territorial authorities can own port companies, marinas, wharves and boat ramps (Christchurch City Council, for example, owns Lyttelton Port Company through its holdings company), so the regional-to-territorial framing is thinner here than in the other papers, not absent. It matters most when reorganisation brings port ownership, coastal planning and navigation regulation together in one unitary authority.

- **Maritime New Zealand (central).** Holds the national standards, certification and oversight, and leads the national tier of the marine oil-spill response. The regional role sits beneath this national framework, as it already does.
- **Port companies.** Many ports are operated by companies that a council owns through a council-controlled organisation, and the harbourmaster regulates navigation safety in waters where the council may also own the port operator. That is a latent conflict of interest. It is managed by design rather than removed: the harbourmaster holds statutory navigation-safety powers, though the role is appointed by the council and is not institutionally independent of it, and Maritime New Zealand's Port and Harbour Marine Safety Code is a voluntary standard rather than external control. So where the successor council owns the port company, a proposal should protect the harbourmaster's reporting lines, delegations and enforcement decisions. It is worth naming, and it does not change where the function sits.

**Honest difficulty.** The size of this function varies a lot by region. A region with a major commercial port and busy recreational waters carries a substantial harbourmaster and navigation-safety function; a region with little harbour activity carries very little. So the case for a shared service, and the materiality of the function, differ markedly across regions. The framework handles this by being agnostic about the institution and by offering the shared-service option, rather than prescribing a single arrangement.

**Unsustainable assets are not a real issue here.** Maritime navigation holds some physical assets (navigation aids and oil-spill response equipment), but they are minor relative to the asset-heavy functions, so the asset-funding problems that may exist for flood schemes do not apply here.

**Two boundaries to note. During a wider civil-defence event, the civil defence and emergency management function (Appendix A6) coordinates the multi-agency response, but the maritime statutory roles continue: Maritime New Zealand, the harbourmaster, the regional on-scene commander and the oil-spill responders keep their functions whether or not a state of emergency is declared. This paper covers the standing navigation-safety and oil-spill-response function. And pilotage has three layers: Maritime New Zealand sets the national rules (compulsory pilotage areas and pilot licensing under Maritime Rules Part 90), port companies usually provide the**

**service, and the harbourmaster has a local risk and oversight role. It is part of the navigation-safety picture rather than a separate allocation question.**

# A9. Regional parks and community facilities: the detailed assessment

## Where the test points, and what would move it

**For most regions that hold regional parks, the tests point to keeping them with the regional or unitary authority, because the assets span districts, serve a region-wide recreation and conservation network, and align costs with the regional community that benefits. Where regions differ: a genuinely localised park, or one where territorial delivery is more efficient, can be owned or operated at the district level; and any reallocation must clear the Reserves Act, trust, management-plan and mana whenua steps asset by asset.**

Our analysis follows the Castalia baseline. Regional parks are held by regional councils in six of the seven cases, and Castalia found that the subsidiarity and fiscal equivalence tests both point to regional allocation for assets that span districts. The function does vary a lot by region, from no holdings to a substantial estate, so the destination is applied asset class by asset class, but the starting point is to retain regional ownership.

### The iwi and hapū interface

Regional parks carry a deeper iwi and hapū interface than most assets. Many contain wāhi tapu and sites of significance, some land carries settlement or cultural redress instruments, and management planning under the Reserves Act engages mana whenua as a matter of course. Any transfer must first check what attaches to the land: settlement instruments, statutory acknowledgements and co-management arrangements bind the holding entity and do not move automatically with a reorganisation. Park management is also often where a council's day-to-day partnership with hapū is most visible.

## Profiling the function

The profile below covers the regional park assets a unitary authority would inherit, not the much larger set of local and community parks; the detailed Module A profile is provided separately:

TABLE A.28: MODULE A FIVE-AXIS PROFILE

| Axis | Band | One-line basis |
|---|---|---|
| 1. Scale | **Low to Medium** | Day-to-day operations (rangers, grounds) are local, but network strategy, conservation and asset management across a regional estate carry some scale. |
| 2. Geography | **Medium to High** | Regional parks commonly span more than one district and follow a river, coast or ecological network rather than a council boundary. |
| 3. Expertise | **Medium** | Conservation, ecological and asset-management capability for a regional estate is more specialist than local grounds-keeping. |
| 4. Spillover | **Medium** | Benefits are contained within the region rather than one locality, and include public goods (health, biodiversity, flood and ecological function, amenity) that cross district lines. |
| 5. Deliverability *(gate)* | **Moderate** | Park land is often Reserves Act land, or held under Local Government Act s 139 protection, subject to trusts, management plans and mana whenua arrangements, so reallocation needs an asset-by-asset title and instrument review, plus the Head Start enabling legislation. |

The profile points to the regional or unitary authority level for assets that span districts, with localised assets and operational delivery the genuine exceptions.

## Assessing the options

### TABLE A.29: THE FIVE DESTINATIONS TESTED

| Destination | Verdict | Why |
|---|---|---|
| Stay put (with the regional or unitary authority) | **Pass** for region-spanning assets | As per the Castalia report: parks that span districts and serve a regional network sit with the RUA, with strong benefit-cost alignment. A unitary authority holds both tiers, so it holds them together. |

| Destination | Verdict | Why |
|---|---|---|
| Move up (to central government) | Conditional | The function is mostly place-based, so for most parks there is no national case. The exception is a park whose conservation value is of national significance and outweighs its recreation and amenity role: the Crown already holds high-value conservation land through DOC,[71] and that can be the better home. |
| Move down (to the territorial level) | Conditional | Right for a genuinely localised park, or where territorial ownership or contracted delivery is more efficient (Castalia's localised-efficiency case). Wrong where it fragments a region-spanning network, or a sub-regional unitary authority would leave a wide-serving park on a thin rate base. |
| Share it | Viable | Specialist conservation and asset-management capability can be shared across smaller entities, and operations can be contracted or territorially delivered while the RUA retains ownership and the network strategy. |
| Lift a piece | No | No sub-component has a national scale or spillover case. |

## Local voice and accountability test

- **Subsidiarity.** The right level matches the asset's user and ecological catchment: regional for a park that spans districts or follows a river or ecological network, local for one contained in a single community. The Castalia report sets out that for region-spanning parks the lowest level that can deliver them is the region.
- **Accountability.** A ratepayer should be able to name the council, or successor unitary authority, answerable for each park. Asset stewardship, Reserves Act management plans, statutory trusts and mana whenua partnerships (for example Hawke's Bay's Hawea Historical Park, an equal partnership between hapū and the regional council)[72] must carry forward with equivalent effect.
- **Fiscal equivalence (who pays).** Test against incidence, not assumption. A region-spanning park left on one sub-region's rate base after reorganisation creates exactly

[71] The Department of Conservation administers the public conservation estate (national parks, reserves and other conservation land) under the Conservation Act 1987 and related legislation. https://www.legislation.govt.nz/act/public/1987/0065/latest/whole.html

[72] Hawke's Bay Regional Council, Hawea Historical Park, managed as an equal partnership between hapū and the regional council.

the mismatch the framework is meant to catch. For parks held and funded regionally, Castalia finds a strong match between who benefits and who pays. Where a park or facility serves people beyond the council that owns it, the councils whose residents use it can share its cost through a funding agreement, with each council's share set by a formula reflecting population and distance from the asset; this is a settled way to handle a wide-serving facility without moving it or merging councils.[73]

## Where each part of the function should sit

The shared taxonomy separates ownership, operations and facilities, and they can land differently:

**TABLE A.30: WHERE EACH PART OF THE FUNCTION SHOULD SIT**

| Sub-component | Where it sits | Note |
|---|---|---|
| Park land ownership (title) | Regional or unitary authority for region-spanning, network or catchment parks; territorial for genuinely localised parks; the Crown (DOC) for a park whose conservation value is of national significance | Reallocation gated by Reserves Act classification, LGA s 139 protection, trusts and mana whenua arrangements. |
| Operations (rangers, grounds, visitor services) | Delivered regionally, or contracted or territorially delivered where more efficient | The RUA can retain ownership and network strategy while sharing or contracting delivery. |
| Discrete community facilities | More often territorial or local | Pools, halls and local reserves are the territorial part of the function. |

## Interfaces and honest difficulties

The interfaces are broader than territorial parks alone. Several regional parks exist because of, and are managed with, other regional functions: flood and river management, soil conservation, biodiversity and biosecurity, coastal and freshwater management, water-supply catchments, and DOC land, alongside mana whenua governance. Environment Canterbury's Waimakariri River Regional Park, created from river-protection land, is the clearest case.

[73] Regional facilities used by more than one district are sometimes funded across the relevant councils through a cost-sharing agreement, with each council's contribution set by a formula reflecting population and distance from the facility. Such arrangements have operated in New Zealand for decades.

Separating park ownership or operations from the underlying function can fragment asset management and misallocate costs, so a proposal should map each park's primary and secondary functions before moving it.

**Honest difficulty.** The parks owned by RUAs vary a lot, from none to a substantial estate, so the allocation is genuinely case by case. Holding existing regional parks in future regional ownership should be the default, and where local (ie, subregional) ownership is proposed, that should be tested with evidence such as: visitor catchment, the number of districts served, ecological or hazard-network function, statutory purpose, and comparative delivery cost. We suggest you identify this evidence in each case because there is no single clear answer because park ownership is so varied between RUAs.

**The unsustainable-assets question.** Unlike maritime, parks are asset-heavy: land, facilities, and long-lived renewal and capital obligations, sometimes with restricted funds or endowments. Reorganisation may leave a park that serves a wide catchment of users (and ecosystem service beneficiaries) with thin sub-regional rating base that cannot fund it. Reorganisation might also separate a park from the regional balance sheet that carries it. For each material asset, we suggest you record value, debt, renewal profile, restricted funds and revenue, and test the rating incidence.

# Appendix B: Evidence from the five existing unitary authorities

This appendix carries the evidence behind the lessons in section 3: the record of the five existing unitary authorities, drawn from published sources and from interviews with senior staff at Gisborne District Council and with representatives of Marlborough District Council, both in July 2026 and recorded with consent. Interview material is reported collectively and is not attributed to individuals; where a council assesses its own performance, the text says so.

## Where the case for unification is over-claimed

Three claims are made repeatedly for putting regional and territorial functions in one entity. The evidence from the five unitary authorities does not support any of them.

### Amalgamation has not been shown to save money

Amalgamated councils have claimed savings. Auckland Council points to cumulative operating savings since 2010 and lists "savings and efficiencies" among the gains of the merger.[74] Marlborough credits a single rating and customer-service department with economies of scale in key areas, though its own stated driver in 1992 was to avoid increasing costs rather than to cut them.[75] These are the councils' own assessments of their own performance.

There is no independent evidence to support these claims. The Royal Commission projected efficiency gains of roughly $76 million to $113 million a year from the Auckland merger, but no independent body has confirmed those gains. The post-implementation review of the amalgamation proposed at the time was never completed or published. Auditor-General reports are often cited in relation to Auckland's merger, but they do not evidence savings: the 2012 report was an observational review that quoted the council's own unaudited figures, and the 2018 report audited an internal review process on two unrelated service projects, not the merger. In Marlborough, an establishment-era financial analysis projected

[74] Auckland Council, *10 Years Together* (OurAuckland, 2020), claiming approximately $2.4 billion in cumulative operating savings since 2010; and *Memo: Views from Marlborough and Auckland Councils* (provided by Te Uru Kahika, June 2026), which lists "savings and efficiencies" among regional-leadership gains.

[75] *Memo: Views from Marlborough and Auckland Councils* (provided by Te Uru Kahika, June 2026); the driver "not to increase costs" is also recorded in Heuser|Whittington, *Simplifying Local Government: Looking at the evidence* (2026).

savings of roughly $400,000 to $700,000 a year; no after-the-fact measurement has ever been done, and council staff describe the ongoing savings as real but unquantified.[76][77][78][79]

A neutral national study shows that savings from larger size are unlikely. The Infrastructure Commission's 2022 work on cost efficiency, covering services that make up 52 percent of council operating spending, found that council size neither raises nor lowers cost efficiency.[80] Auckland is a high-cost outlier on building consents despite being the largest council, at around $5,000 to process a consent for a $350,000 home.[81] Nelson has a single rating system and still had a combined rates and storm-charge rise of about 15 percent in 2024/25.[82] The savings figure in the current Nelson-Tasman merger debate, up to 6.1 percent of about $617 million in combined spending, is a consultant's projection conditional on full integration, not a result drawn from any after-the-fact analysis of the accounts.[83]

Given the weak evidence of cost savings (and independent analysis pointing to cost increase), a region should justify a unitary authority on coordination, capability and a single voice, and treat cost savings as unproven.

## Unification does not create regional capability

Combining functions does not automatically create the capability to discharge them. Gisborne holds the full regional regulatory function, yet the 2023 Ministerial Inquiry into land use found its monitoring and compliance arm under-resourced and the regime administered

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[76] Royal Commission on Auckland Governance (2009) projection, as reported in New Zealand Infrastructure Commission / Te Waihanga, *Does size matter? The impact of local government structure on cost efficiency* (July 2022), https://tewaihanga.govt.nz/our-work/research-insights/does-size-matter-the-impact-of-local-government-structure-on-cost-efficiency

[77] Te Waihanga (2022), op. cit.: "the originally proposed post-implementation review of Auckland Council amalgamation has not been completed and published."

[78] Office of the Auditor-General, *Auckland Council: Transition and emerging challenges* (December 2012). The report states it did not systematically consider efficiency or value for money; the approximately $81 million of first-year efficiencies it cites are the council's own unaudited figures.

[79] Office of the Auditor-General, *Effectiveness of Auckland Council's post-implementation review process* (December 2018) — an audit of the council's review process on the Contact Centre Consolidation and Libraries Fit for the Future projects.

[80] Te Waihanga (2022), op. cit.: "council size does not decrease or increase cost-efficiency." The services tested (road maintenance, building consents, overhead) comprise 52 percent of council operating expenses.

[81] Te Waihanga (2022), op. cit.

[82] Nelson City Council, *Long Term Plan 2024–2034*, rates affordability key issue: an 8.2 percent average rates rise plus a $300 Storm Recovery Charge (approximately 15.3 percent combined) for 2024/25, https://shape.nelson.govt.nz/long-term-plan-2024-2034-1/key-issue-rates-affordability

[83] Janine Dowding, think-piece for the Nelson Tasman Chamber of Commerce (2025), as reported in RNZ, *Report urges re-consideration of Nelson-Tasman councils merger* (January 2025), https://www.rnz.co.nz/news/national/540445/report-urges-re-consideration-of-nelson-tasman-councils-merger

too permissively. The Crown had to provide a statutory resource-management adviser. In an interview, senior Gisborne staff confirmed this: the issue of depth of capacity pre-dated Cyclone Gabrielle: court judgments after the 2018 Queen's Birthday floods were already critical of the council's regulatory depth, and the capability was rebuilt reactively over several years. The council's own assessment is that the function is now proportionate to the risk.[84][85][86][87]

The constraint is structural, not a failing peculiar to one council. A unitary authority of 54,000 people is relatively small compared to many TLAs. This means it is difficult to sustain its own deep expertise in hazard science, river engineering or biosecurity surveillance. Nelson supports capability by sharing expertise across several functions with Tasman, buying field delivery from Nelmac (now Kūmānu), Nelson's council-owned environmental services company, and drawing on national platforms such as the shared monitoring network and the biocontrol collective.[88] Gisborne does this same thing for single roles: one geotechnical engineer underpins consents and post-event building assessments, with spare capacity now offered to other councils.[89] The unitary form changes who the council shares or buys that capability from.

In a 2026 LGNZ session, the Tasman chief executive and the Marlborough mayor described specialist roles such as river engineers and marine scientists as a recurring challenge for smaller centres, and said a unitary authority needs a sufficient population and rating base to fund the full function set.[90] They added that shared services can build scale but are not a guaranteed cost saving.

This means that holding a function in a unitary authority is not the same as discharging it well at scale. A reorganisation that creates more small entities should expect the same capability gap.

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[84] Ministerial Inquiry into Land Uses in Tairāwhiti and Wairoa (2023).

[85] Beehive, *Government takes action on East Coast land use report* (2023), https://www.beehive.govt.nz/release/government-takes-action-east-coast-land-use-report

[86] Gisborne District Council media statements on the Ministerial Inquiry (2023), https://www.gdc.govt.nz/council/news/council-responds-to-community-petition-about-forestry

[87] Interview with a senior Gisborne District Council director, July 2026 (recorded with consent; held on file).

[88] Kūmānu Environmental (formerly Nelmac), https://www.kumanu.co.nz/; Castalia, *Functions of Regional and Unitary Councils in New Zealand* (2025) on the shared monitoring network (5,200+ sites) and the National Biocontrol Collective.

[89] Interview with a senior Gisborne District Council director, July 2026.

[90] LGNZ, Simplifying Local Government Zoom series, Session 1: *How do unitary councils work?* (recorded 18 May 2026), Mayor Nadine Taylor (Marlborough District Council) and Leonie Rae (Chief Executive, Tasman District Council); written summary held on file.

## Coordination does not require a merger

Coordination across boundaries is achievable through durable joint arrangements, without the disruption and cost of reorganisation. However, joint committees and other joint arrangements cannot deliver a single regional voice.

Regional coordination across council boundaries does not require a single merged entity. Nelson and Tasman share catchments and a continuous urban area, and shared economic base. These economic and geographic facts are often used in national reform debates as a case for amalgamation more broadly. However, Nelson and Tasman have stayed as two separate unitary authorities for more than thirty years and coordinate through standing joint committees: a single civil defence organisation across both districts,[91] a joint regional transport committee, and a joint growth strategy.[92] Two long-standing joint business units also own and run major shared infrastructure between the councils. The Nelson Regional Sewerage Business Unit, owned equally by both, operates the Bell Island wastewater treatment plant in the Waimea Inlet.[93] The Nelson Tasman Regional Landfill Business Unit runs two regional landfills and sets region-wide disposal charges.[94] Both have operated for decades and carry real assets, debt and pricing between the two councils, which makes them a firmer test of joint delivery than an advisory forum. Voters have twice declined to merge the councils. The 2012 proposal, approved by the Local Government Commission, failed when Tasman rejected it by about 74 percent.[95]

Joint committees have limits. Under a joint committee, each council keeps its own rates, plans, balance sheet and elected members. A joint committee delivers operational coordination, not a single political voice or a merged back office. Those aspects are the genuine benefits of a true unitary council, considered in the next section

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91 Nelson Tasman Civil Defence Emergency Management Group, a joint committee under s 12(1)(c) Civil Defence Emergency Management Act 2002, https://www.nelsontasmancivildefence.co.nz/

92 Joint Committee of Nelson City and Tasman District Councils, agenda 13 March 2025 (Nelson Tasman Future Development Strategy implementation; Joint Nelson Tasman Regional Transport Committee), https://tasman.infocouncil.biz/Open/2025/03/JCN_20250313_AGN_4918_AT.PDF

93 Nelson Regional Sewerage Business Unit, Bell Island Wastewater Treatment Plant, https://www.nrsbu.govt.nz/bell-island-wastewater-treatment-plant

94 Nelson Tasman Regional Landfill Business Unit, https://www.ntrlbu.org.nz/; Commerce Commission authorisation of the joint arrangement (2016), https://www.comcom.govt.nz/news-and-media/news-and-events/2016/commission-receives-landfill-authorisation-application-from-the-nelson-and-tasman-councils/

95 RNZ, *Merger rejected by Tasman District* (2012) — Nelson approximately 57 percent in favour, Tasman approximately 74 percent against; a majority was required in each district, https://www.rnz.co.nz/news/national/103941/merger-rejected-by-tasman-district

## Unification under a unitary council can deliver a single voice, capital capacity and one interface

The evidence about over-claimed benefits is not a case against unitary councils. Three benefits are real, and a board of mayors under a coordination framework cannot reproduce them:

### *Regional leadership and a single voice*

Auckland met two of its reform's three original objectives: regional leadership and strategic direction.[96] It can now speak to central government with one voice through a single Auckland Plan and negotiate in New Zealand's unicameral and centralised decision-making system via a single Mayor. That benefit flows from a single directly elected governing body and a real organisation behind it. A committee of mayors, each accountable to their own district, cannot deliver this same sole voice.

### *Capital capacity increases under a unitary council*

A single balance sheet in Auckland created advantages. The larger balance sheet could fund investment that crossed earlier council boundaries, including the Central Interceptor and the regional transport and library networks.[97] The benefit depends on balance-sheet strength and borrowing tools rather than on governance form, so a coordinating board without borrowing authority does not gain it. On the other hand, balance sheet consolidation actually limited the CCO Watercare's borrowing capacity for many years until water sector reform effectively separated the Watercare borrowing capacity from Auckland Council's balance sheet.[98]

### *One rates bill, one front desk and one regulator*

The everyday visibility of one rates bill to ratepayers has existed at Marlborough since 1992. It comes with a condition: because a unitary authority regulates activity in its own region, role clarity has to be engineered. Marlborough keeps a "glass wall" between governance and regulation by sending consent hearings to an accredited committee or to independent commissioners. The wall was built in from day one through a unitary code of practice:

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[96] Asquith, McNeill & Stockley, *Amalgamation and Auckland city: A New Zealand success story?*, *Australian Journal of Public Administration* (2020), DOI 10.1111/1467-8500.12457.

[97] Heuser|Whittington, *Simplifying Local Government: Looking at the evidence* (2026).

[98] Local Government (Water Services Preliminary Arrangements) Act 2024, Part 4, which requires Watercare to be financially separate from Auckland Council and prohibits the council from providing financial support to Watercare. Before separation, rating agencies consolidated Watercare's borrowing within Auckland Council's balance sheet and self-imposed debt ceiling, constraining Watercare's borrowing capacity.

councillors on the assets-and-services side cannot sit on the regulatory side, and the choice between commissioners and councillor panels is now pragmatic rather than a requirement of the wall. The separation has not prevented collective problem-solving: faced with discharges from unsewered townships, the regulatory side took the problem to the council and secured sewerage investment. Unitary authority leaders treat this as essential rather than optional (eg, clear operational firewalls between regulatory decision-making and delivery). The benefit is real, but it is not costless.[99][100]

### *Emergency response mobilises faster inside one organisation*

Gisborne's experience of Cyclone Gabrielle and later severe-weather events points to a fourth benefit. Gisborne staff describe the unitary structure as unequivocally helpful to the response. Flood warning officers and building assessment staff sit in-house, which matters most in the hours before an event: in January 2026 the council stood up its incident management team 72 hours ahead of landfall. The breadth of staff inside one organisation (engineers, planners, wastewater technicians, communications) fills the incident-management functions without negotiating across organisations. Their observation, from careers spanning regional and district councils, was that in a unitary authority civil defence sits at the heart of the organisation, where in regional councils it was often a fringe concern. The contrast case is Hawke's Bay, where the coronial inquest into the Gabrielle response examined how responsibilities ran across the regional council and district councils. However, note this is one organisation's read of its own performance, and a single small entity also concentrates the entire response load on one workforce and one balance sheet.[101][102]

Taken together, the real case for a unitary authority is coordination, capability, a single voice and integrated emergency response. None of it is cost savings. None of these benefits can be realised without careful design.

[99] Heuser|Whittington, *Simplifying Local Government: Looking at the evidence* (2026); Marlborough District Council, resource consent hearings (Resource Hearings Committee of accredited councillors; independent commissioners), https://www.marlborough.govt.nz/services/resource-consents/resource-consent-hearings

[100] LGNZ Session 1 (18 May 2026), op. cit.

[101] Interview with a senior Gisborne District Council director, July 2026.

[102] Coronial inquest before Coroner Erin Woolley into the 13 deaths in Hawke's Bay resulting from Cyclone Gabrielle (Phase Two, Hastings District Court, commenced 9 October 2025; hearings continued into 2026), part of the joint inquiry into 19 deaths arising from the 2023 Auckland Anniversary floods and Cyclone Gabrielle. See RNZ, *Cyclone Gabrielle inquest: Witnesses urged not to take 'defensive' stance* (6 October 2025), https://www.rnz.co.nz/news/national/575122/cyclone-gabrielle-inquest-witnesses-urged-not-to-take-defensive-stance

## Choosing the variant that fits the region

"Unitary council" is not a single answer. The five existing unitary councils show a spectrum of how much local decision-making is retained inside the single regional entity. Each region considering its options for reform should choose the point on that spectrum that fits its geography and its people.

By the standards of the countries New Zealand usually compares itself with, its metropolitan areas are already governed by very few local authorities. Greater Sydney and Greater Melbourne each have more than 30 local councils, metropolitan Adelaide around 17, and metropolitan areas in the United States, Canada and the United Kingdom are typically run by many units rather than one.[103] New Zealand local government is, by comparison, unusually consolidated and centralised, and amalgamating regional and territorial functions into fewer, larger entities would make it more consolidated still. Most jurisdictions keep a strategic or combined authority sitting over many retained local councils, and do not abolish the local tier. Greater London keeps 32 boroughs under an elected metropolitan authority; Greater Manchester runs 10 councils under a combined authority. On the international evidence, the direction of travel is to keep a genuine regional layer, not to remove it.[104]

There are three broad variants on unitary council that we are aware of from discussions with the sector:

- **A single-tier unitary authority,** where one governing body holds both regional and territorial decisions and carries local voice through wards and representation reviews. This is how Gisborne operates, with no community boards and no geographic wards. Its experience is that rural and coast voice is carried through informal and relational channels rather than through structure. The council's own view is that this has worked, though it is asking itself whether community boards should be part of its future.
- **A unitary authority with a sub-council tier for local voice**, through community boards, wards or advisory groups. The mix varies: Tasman has community boards

[103] Council counts are for the commonly used greater-city definitions and are indicative, because metropolitan boundaries vary by source: Greater Sydney has 33 local government areas and Greater Melbourne 31 (the New South Wales and Victorian registers of local government areas, as at 2024-25); metropolitan Adelaide is cited at about 17 to 19 councils depending on the boundary drawn (Local Government Association of South Australia).

[104] Greater London: 32 boroughs plus the City of London, under the Greater London Authority. Greater Manchester: ten metropolitan boroughs under the Greater Manchester Combined Authority. Metro Vancouver: 21 member municipalities in the Metro Vancouver Regional District. Toronto region: upper-tier regional municipalities (Peel, York, Halton and Durham) over their lower-tier councils. Counts are of general-purpose councils, from the authorities' own member listings.

(Golden Bay and Motueka); Marlborough uses no community boards but runs standing advisory groups (Sounds, Picton, rural) alongside its ward system.

- **A unitary authority with subsidiary local leadership authorities**, where a statutory local body holds funded, durable decision rights inside the regional entity. This is the variant that retains the most local authority short of staying separate. We understand that this option is being discussed in Bay of Plenty.

The choice between them depends on two things. **Geography**: whether the region has a single dominant urban core, several centres, or a large sparse rural area. **Demography**: the depth of the urban-rural split and the Māori share of the population. Unitary authority leaders frame the same choice as a design task: local voice must be deliberately built in through wards, community boards, advisory groups and iwi representation, especially across regions with distinct rural, urban and coastal communities. Representation was settled as part of each establishment, not afterwards. A proposal should say which representation model it intends, and who decides it.

A few archetypes show how the choice tends to fall out. They are a starting point, not a verdict.

- **A single dominant urban core.** This resembles the Auckland setting, where strategic planning centres on the urban area that holds about 90 percent of the people.[105] Auckland's own planners put it bluntly: any amalgamated area needs a city in the middle of it.[106]
- **A large, multi-centre or strongly rural region.** This needs the local-voice tier designed in from the start. Marlborough's ward system grew out of exactly this, responding to early concerns that rural ratepayers were being subsumed by urban Blenheim.[107]
- **A self-contained region.** Where problems largely stop at the boundary, as Marlborough's do behind the Richmond and Kaikōura Ranges, a clean single-tier unitary authority can work.
- **A region that shares catchments and towns with its neighbour.** Nelson and Tasman are the case here: a region like this needs joint arrangements whatever structure it adopts.

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105 Heuser|Whittington, *Simplifying Local Government: Looking at the evidence* (2026).

106 *Memo: Views from Marlborough and Auckland Councils* (provided by Te Uru Kahika, June 2026).

107 Heuser|Whittington, *Simplifying Local Government: Looking at the evidence* (2026); *Memo: Views from Marlborough and Auckland Councils* (Te Uru Kahika, June 2026).

Therefore we suggest the key guiding principle for a region weighing reorganisation should be: pick the variant that carries local voice for your geography and demography.

The choice is not only among unitary variants. Two further structural questions sit alongside it.

The first is whether some regional-scale functions belong in a dedicated special-purpose body rather than inside any unitary authority. Catchment management, flood protection, drainage and pest management operate at the scale of rivers, aquifers and pest ranges, which rarely match council boundaries however they are drawn. New Zealand ran elected single-purpose bodies for these functions before 1989 (catchment, drainage and pest boards),[108] and international models persist, including the Dutch waterschappen and English Internal Drainage Boards.[109] Castalia and H|W advice to Bay of Plenty Regional Council reaches a related conclusion for flood management: it recommends moving from river-scheme advisory groups to formally empowered catchment boards that set targeted rates and hold delegated authority over scheme delivery, while catchment-wide leadership, hazard science and prioritisation stay regional.[110] The key point is that "unitary or not" is not the only institutional question; where a function's natural scale crosses council lines, a special-purpose body or a binding catchment joint committee is a live option a region should weigh.

The new planning system provides for one combined regional plan per existing region. As the New Zealand Initiative's June 2026 analysis notes, that creates pressure toward a single unitary authority per region to own each plan.[111] The pressure is real but not decisive: it can be met by providing for more combined plans, or by joint planning committees where several unitary authorities sit within one region.

## Treaty settlements and Māori representation are built into the existing structures

Reorganisation needs to take into account existing Māori rights, interests and Treaty settlements. The evidence suggests there are two main considerations relating to how this is done:

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[108] Catchment boards were established under the Soil Conservation and Rivers Control Act 1941 and were absorbed into regional councils in the 1989 reforms. See also New Zealand Initiative, *Head Start Done Right* (Nick Clark, June 2026), Part VI.

[109] New Zealand Initiative, *Head Start Done Right* (Nick Clark, June 2026),

[110] Castalia, *Functional Allocation Report for Bay of Plenty Regional Council* (February 2026), section 6.1 (strengthening catchment-based democratic structures — formal catchment boards).

[111] Planning Bill 235-2 (2025); New Zealand Initiative, *Head Start Done Right* (Nick Clark, June 2026).

- Settlement and co-governance machinery is generally bound to the current entity. Statutory acknowledgements from the settlements are attached to that council's plans.
- Representation experience is mixed and contested: At the 2025 binding polls some unitary authorities retained Māori wards (Gisborne) and some removed them (Nelson, Tasman). Auckland has an appointed Independent Māori Statutory Board that sits outside the ward-referendum regime.

The key point is that Māori interests in the existing unitary authorities are held in settled, statutory arrangements, and those arrangements interact with structure in ways that a boundary change cannot avoid.

### *No evidence that outcomes for Māori rights and interests are better or worse under unitary structure*

The record does not show that Māori rights and interests fare better under one structure than another. None of the published assessments of the five unitary authorities examine settlement implementation or kaupapa Māori outcomes, and our interviews did not change that. There is no evidence on which to base a view, and the political dynamics around a unitary table are the same as around any council table. One observation from the interview with Gisborne is that it has Māori wards, but no geographic wards, so representation does not map to hapū and iwi rohe.

Institutional redesign has included explicit mechanisms to reflect Tiriti and settlement obligations. When the Crown replaced Environment Canterbury's elected council with commissioners in 2010, the review that preceded the intervention found the council's relationship with Ngāi Tahu under-resourced and in need of strategic priority. The response was to include a Ngāi Tahu commissioner, appointed with Te Rūnanga o Ngāi Tahu's support, as one of the seven commissioners, with responsibility for Treaty and settlement obligations assigned by name. Legislation later gave Ngāi Tahu the right to appoint two councillors. The lesson for a reorganisation proposal is that settlement relationships have needed explicit machinery whenever structures change. They have not transferred automatically across.[112]

[112] Investigation of the Performance of Environment Canterbury under the Resource Management Act and Local Government Act (report to Ministers, February 2010), section 3.3.5; ministerial announcement of the Environment Canterbury commissioners (April 2010); Canterbury Regional Council (Ngāi Tahu Representation) Act 2022.

## Running reorganisation alongside the new plans is a material risk

Upcoming planning legislation requires regional spatial plans and natural-environment plans that cover areas bigger than a single district, on tight statutory timeframes. Head Start reorganisation would be running at the same time. Doing both together is a material risk, and the unitary authorities show why. Established unitary authorities are ready because of long integration, A newly created entity starts without it.

Marlborough's own account is that integration succeeded, and that it took years even with everything in its favour. Full integration took six to seven years, carried by unanimous political commitment to making the merger work. The new spatial and natural-environment plans demand a science base and a level of political unanimity that a newly created, contested entity will not have on day one. Marlborough had both, and still took the better part of a decade.[113]

Gisborne makes the same point from the other direction. A single shock, Cyclone Gabrielle, was enough to force the council off its normal ten-year planning cycle and onto a three-year recovery plan. A council already at full stretch cannot absorb a reorganisation on top of its statutory planning work. The planning bills set the same plan-making timeframes whether an entity must produce one plan or both a land-use plan and a natural environment plan, with no grace period. A newly merged entity would face the doubled planning load on an unadjusted clock.[114][115]

Auckland shows what doing this properly actually takes. New Zealand's one large amalgamation needed special institutional architecture twice over, for two distinct tasks:

- The reorganisation itself was not done by sitting mayors. It was designed by a dedicated Royal Commission with its own secretariat, funding and quasi-judicial powers, and delivered by a standalone transition agency with an independent governing body.[116]

[113] Heuser|Whittington, *Simplifying Local Government: Looking at the evidence* (2026); corroborated in *Memo: Views from Marlborough and Auckland Councils* (Te Uru Kahika, June 2026).

[114] Gisborne District Council, *2024–2027 Three Year Plan* (legislative change permitting a three-year plan in place of the long-term plan), https://www.gdc.govt.nz/council/2024-2027-three-year-plan; Department of Internal Affairs, Local Government Cyclone Response.

[115] Interview with a senior Gisborne District Council director, July 2026; cf. Planning Bill 235-2 (2025) timeframes.

[116] Royal Commission on Auckland Governance (report 2009); Auckland Transition Agency. See Heuser|Whittington, *Simplifying Local Government: Looking at the evidence* (2026).

- The planning that followed then needed its own bespoke machinery. Auckland's combined Unitary Plan pulled the regional policy statement, the regional and coastal plans, and the seven legacy district plans into a single document. To get that done in reasonable time, Parliament legislated a special process run by an Independent Hearings Panel sitting apart from the council; officials judged the standard Resource Management Act process would have taken at least five more years.[117]

Unification, and the integrated planning that follows, each need purpose-built and resourced structures. Auckland had the structure for one task at a time, and it still took years. Head Start proposes that a committee of mayors design the reorganisation, govern the regional functions and produce the new plans all at once, without any of that machinery. The claim that this can be sequenced and resourced away needs proof, and the evidence does not provide it.

[117] Local Government (Auckland Transitional Provisions) Act 2010 (as amended in 2013, Part 4); Auckland Unitary Plan Independent Hearings Panel, http://www.aupihp.govt.nz/ — the special process was established because the standard Resource Management Act process was judged likely to take at least five more years.