



Local Government Commission

Mana Kāwanatanga ā Rohe

Decision
of reorganisation investigation process to be followed by
the Local Government Commission in its investigation
into reorganisation of local government in Southland

Introduction

1. This decision confirms the reorganisation investigation process to be followed by the Local Government Commission in its investigation into reorganisation of local government in Southland.

Commission's decision

2. In accordance with clause 7, Schedule 3 of the Local Government Act 2002 (the Act), the Commission developed a draft written reorganisation investigation process (the process), setting out the matters in clauses 7(2) and 7(3), Schedule 3 of the Act.
3. In accordance with clause 7(4), Schedule 3 of the Act, the Commission has received and considered feedback on the process from :
 - Environment Southland
 - Gore District Council
 - Invercargill City Council
 - Southland District Council
 - Te Ao Mārama Incorporated, on behalf of Ngāi Tahu ki Murihiku and Papatipu Rūnanga Hokonui Rūnanga, Te Rūnanga o Awarua, Te Rūnanga o Oraka Aparima and Waihōpai Rūnanga.
4. The Commission has amended the process as a result of the feedback received as follows:
 - Emphasising engagement will be carried out
 - Reflecting Council statutory obligations such as Long-Term Plans and representation reviews

- Providing additional detail and outcomes regarding each phase of the process
 - Clarifying, and adding additional stakeholders to the indicative key stakeholder list
5. In accordance with clause 7(6) of the Act, the Commission has adopted the amended process for public notification and upload to the Commission's website.

Background

6. On 7 July 2025, the Commission agreed to investigate the Southland reorganisation initiative. A draft process was approved for consultation with councils and iwi on 21 August 2025.

Feedback

7. Feedback was received from Environment Southland, Gore District Council, Invercargill City Council, Southland District Council and Te Ao Mārama Incorporated.
8. The investigation process is a high-level document, designed to retain sufficient flexibility throughout our investigation. Any amendments made to the process during the investigation must be publicly notified. Some of the feedback received fell outside the scope of the process or related to a level of detail beyond the high-level scope of the document.
9. There were some consistent themes in the feedback received, although at times there were also differences in the outcomes sought. We discuss below the feedback received by theme.

Engagement

10. All parties emphasise the importance of on-going engagement throughout the investigation, with a clear preference for kanohi ki te kanohi (in-person) engagement. Concerns were expressed that the draft investigation process did not clearly require engagement to occur throughout the process.
11. We have always intended on-going engagement to occur throughout the investigation. However, we accept that the draft process did not adequately convey our intention.
12. We have amended the process document to reflect the intention of on-going engagement in:
- The table outlining the procedure and timetable (para 14)
 - Engagement with affected local authorities (para 26)

- Engagement with affected iwi and hapū (para 34); and
 - Engagement with key stakeholders and the community (para 39).
13. Some feedback suggested using citizens' assemblies as part of the investigation. The draft process section relating to key stakeholder and community engagement (paras 36-41) reflects our intention of using a variety of community engagement approaches throughout the investigation. This wording is flexible enough to include participatory democracy engagement approaches. We have not made any changes in response to this feedback.
 14. Some feedback highlighted the importance of the Southland Mayoral Forum, and Te Rōpū Taiao, a long-standing partnership between councils and Ngāi Tahu ki Murihiku and Papatipu Rūnanga.
 15. Both groups were included as stakeholder in Appendix D of the draft process. However, we have included paragraphs to the sections on engagement with local authorities (para 26) and iwi and hapū (para 34) to acknowledge that these bodies may be used for engagement, where appropriate.

Statutory processes

16. Some feedback requested that Councils' statutory obligations such as Long-Term Plans and representation reviews be acknowledged in the process document.
17. We acknowledged the pace of change in local government in the draft process and consider that it is also appropriate to likewise acknowledge these statutory processes. These have been reflected in additional paras 11-12.
18. Where possible, we will avoid in-depth engagement relating to the investigation overlapping with councils undertaking significant statutory consultation relating to these processes.

Timetable

19. The investigation timetable in the draft process document aimed to complete the investigation as quickly as possible, while allowing for thorough community engagement to support participation in any resulting poll.
20. Feedback relating to the proposed timetable was varied:
 - Some feedback requested longer timeframes with additional feedback loops;
 - Other feedback requested a reduced timeframe, concluding by December 2026.

21. The rationale for the request for a reduced timeframe was to align with Long-Term Plan processes and to reduce pressure on council officials. This suggests that a longer investigation process may risk affecting council officer morale and productivity at each council.
22. To complete the process by December 2026 would require us to be able to approve a draft reorganisation plan by mid-2026, and we are not confident this could be achieved. Furthermore, a shorter timeframe may also compromise community engagement and public understanding, risking community participation in any poll that might eventuate.
23. We therefore decline the request for a shorter timeframe, to ensure thorough community engagement can occur throughout the process.
24. The requests to extend timeframes are aimed at allowing parties to respond to the findings of each phase before the next begins.
25. In the draft process, phases 1 and 2 included on-going engagement with councils and Te Ao Mārama Incorporated. Phase 3 involved a formal consultation process, including submissions and hearings.
26. We consider that the draft investigation process may have lacked clarity regarding the expected output of each investigation phase. We have amended the process to:
 - Confirm that the Commission will report on phase 1 outcomes; and
 - Clarify the phase 2 will result in either a report on phase 2 outcomes, or a draft reorganisation plan, which would trigger phase 3.
27. A proposed 6-week feedback period at the end of each phase would add at least three months to the process and potentially risk formal consultation on a draft reorganisation plan overlapping with councils' Long-Term Plan consultations – something councils have specifically asked us to avoid.
28. To delay consultation on a draft reorganisation plan until after Long-Term Plans were adopted could push a final reorganisation plan to late-2027, with a poll in early 2028. This would add over 6 months to the process.
29. There is no perfect timetable for a reorganisation investigation that will meet the expectations of all parties. A compromise is required between speed, minimising disruption, and ensuring a transparent and thorough process. On balance, we think that the timetable proposed in the draft process strikes the correct compromise and should be confirmed.
30. However, we consider additional clarification to the process would be beneficial. In the table outlining the investigation procedure and timetable we have:
 - Emphasised that there will be on-going, iterative engagement with councils and Te Ao Mārama Incorporated; and

- Clarified that any poll would occur approximately three months after the final reorganisation plan is released.

Financial analysis

31. Some feedback requested that a robust cost-benefit analysis, including transition costs, debt implications, and timings of potential savings, be undertaken early in the process to support informed community dialogue.
32. Other feedback suggested that phase 1 should be extended to ensure financial information was available to help communities understand any potential savings and the implications of councils in potentially assuming others' work programmes and debt.
33. The rationale for this feedback was to ensure engagement was informed by robust financial information. A cost-benefit analysis would otherwise have been undertaken as part of the deep dive in phase 2. This request asks us to bring one part of the deep dive ahead to an earlier phase.
34. While financial efficiencies of any reorganisation model are important, efficiencies and cost-savings are only one of the nine objectives the Commission must consider in assessing options for reorganisation. To pull one part of the analysis forward risks elevating the importance of this factor above the other factors. It also risks being an inefficient use of the Commission's resources.
35. We have therefore declined this request. Instead, we have updated phase 2 to emphasise that a cost-benefit analysis will be completed as part of the deep dive, alongside other legislative objectives.

Key stakeholders

36. The draft process document included an indicative key stakeholder list in Appendix D, which was compiled from feedback received from councils. Additional stakeholders were suggested for inclusion in this list, and we have accepted and added these.
37. Some feedback suggested a potential regional bias in the key stakeholder list. To avoid this perception, organisations with multiple locations (such as Rotary Clubs or Women's Refuges) are now identified as 'Southland-based' rather than by specific location.
38. There was diverging feedback on whether neighbouring councils (Queenstown-Lakes District, Central Otago District and Clutha District) should be considered key stakeholders. We note that shared services currently exist with neighbouring councils, and concerns about communities of interest near the northern Southland boundary have been raised. We have therefore confirmed that neighbouring councils should remain on the key stakeholder list.

Resourcing

39. While resourcing is not strictly part of the investigation process, several councils raised concerns about their capacity to support the investigation. Some feedback specifically requested that the Commission base a staff member in Southland for the duration of the investigation and fund a 0.5FTE council resource at \$90,000 per annum.
40. These requests suggest a potential misunderstanding of the Commission's size and budget. While the Commission has sufficient resource to carry out the investigation, it does not have the capacity to move staff to Southland, nor the available budget to fund additional positions at councils, and we have declined these requests accordingly.

Additional individual feedback

41. There were various additional individual items within the feedback received. We have set these out, along with our response to each, below:
 - **Cross-boundary services and council-controlled organisations:** added to para 18
 - **Council-specific financial issues:** para 18 broadened to include financial management and council-specific financial issues;
 - **Environmental regulatory concerns:** para 18 already includes resource and environmental managements, which is sufficiently flexible to allow consideration of how independent environmental regulatory management can be maintained;
 - **Geographic spread, community board roles and rural/urban differences:** Para 18 has been expanded to clarify identification of communities of interest and appropriate representation arrangements;
 - **Sharing community feedback from recent representation reviews and water reform consultations:** The Commission already has the power to request this from councils;
 - **Advocacy to central government:** Appendix E reflects statutory objectives in Schedule 3 of the Local Government Act 2002 and should not be amended. However, regional strategic potential can be considered under the existing statutory objectives;
 - **Updates on legislative reform:** Para 10 notes that the Commission will monitor and report on relevant legislative reforms where necessary;
 - **Clarity on how phase 2 deep dive will be undertaken:** The Commission will lead the deep dive phase, assisted by external consultants. Councils' primary responsibility will be the provision of information. This is reflected in para 24;
 - **Detail in reorganisation plans and alternative proposals:** Schedule 3 of the Local Government Act sets out the required content for reorganisation plans – a footnote has been added to clarify this. Submitters to a formal

draft reorganisation plan may suggest alternatives, however only the final reorganisation plan is subject to a poll;

- **Transition body details:** Paras 46-47 cover the establishment of a transition body, which is also governed by Schedule 3. To include further detail at this stage would go beyond the scope of the process document;
- **Current local government structure:** This goes beyond the detail required for the process document; however, an explanation of current structures can be included in community engagement materials;
- **Data used to identify potential structures:** This is sufficiently covered by the phase 1 objectives;
- **Clarification of communities of interest:** This carries its usual meaning with regards to representation arrangements;
- **Statement relating to costs:** All councils and Te Ao Mārama Incorporated have been advised that the Commission is responsible for the costs of the investigation.

Conclusion

42. We confirm the investigation process in accordance with clause 7, Schedule 3 of the Local Government Act. The investigation process will be publicly notified and uploaded to the Commission's website.

Local Government Commission

Commissioner Brendan Duffy (Chair)

Commissioner Bonita Bigham

Commissioner Sue Bidrose

16 October 2025